

**“A STUDY OF FINANCIAL ANALYSIS ON
BAJAJ FINANCE LIMITED”**

Submitted in partial fulfillment of the requirements for the reward of

MASTER OF BUSINESS ADMINISTRATION

BY

DEVAGURU B

REGISTER NO: 42410151



**DEPARTMENT OF BUSINESS ADMINISTRATION
SCHOOL OF MANAGEMENT STUDIES**

SATHYABAMA

**INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)**

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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **DEVAGURU.B (42410151)** who has done the Project work entitled “**A STUDY OF FINANCIAL ANALYSIS ON BAJAJ FINANCIAL LIMITED** ” Under my supervision from OCTOBER 2023 TO DECEMBER 2023.

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DECLARATION

I **DEVAGURU.B 42410151** hereby declare that the Project Report entitled **“A STUDY OF FINANCIAL ANALYSIS ON BAJAJ FINANCE LIMITED”** done by me under the guidance of **Dr.A.MEERA** is submitted in partial fulfillment of the requirements for the award in Masters of Business Administration.

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ABSTRACT

The Project Entitled “A STUDY OF FINANCIAL ANALYSIS ON BAJAJ FINANCE LIMITED”. This study conducts a thorough financial analysis of Bajaj Financial Services, a leading financial institution operating in the Indian market. 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 through comparative analysis and to provide suitable suggest improving the financial performance of the company.

This study has been organized in to six chapters. The first chapter includes general introduction, industry profile, company profile, need and objective of the study. The second chapter is Review of literature this is based on the famous authors view about the financial performance and the journal information also included. The third chapter is research methodology which includes research design, sources of data and tools used for analysis. The fourth chapter is Data analysis and interpretations which includes charts and tables. The fifth chapter is Findings, suggestions and The sixth chapter is conclusions.

The collected data has been analyzed using various statistical and financial tools like comparative statements, common size statements, and Ratio analysis. After analyzing the data, general specific findings are sought out through inference. Suggestions and recommendations are formulated from the summary of finding.

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CHAPTER 1

1.1 INTRODUCTION OF THE STUDY:

FINANCIAL ANALYSIS:

Financial analysis is the process of evaluating businesses, projects, budgets, and other finance-related transactions to determine their performance and suitability. Typically, financial analysis is used to analyze whether an entity is stable, solvent, liquid, or profitable enough to warrant a monetary investment.

Financial analysis is the process of identifying the financial strengths and weakness of firm by properly establishing relationship between the items of the balance sheet and profit and loss account. The purpose of financial analysis is to diagnose the information contained in the financial statements so as to judge the profitability and financial soundness of the firm. A financial analyst, analyses the financial statements with various tools of analysis before commenting upon the financial position of the enterprises.

KEY TAKEAWAYS:

- If conducted internally, financial analysis can help fund managers make future business decisions or review historical trends for past successes.
- If conducted externally, financial analysis can help investors choose the best possible investment opportunities. Fundamental analysis and technical analysis are the two main types of financial analysis.
- Fundamental analysis uses ratios and financial statement data to determine the intrinsic value of a security.
- Technical analysis assumes a security's value is already determined by its price, and it focuses instead on trends in value over time.

Understanding Financial Analysis:

Financial analysis is used to evaluate economic trends, set financial policy, build long-term plans for business activity, and identify projects or

companies for investment. This is done through the synthesis of financial numbers and data. A financial analyst will thoroughly examine a company's financial statements the income statement, balance sheet, and cash flow statement. Financial analysis can be conducted in both corporate finance and investment finance settings. One of the most common ways to analyze financial data is to calculate ratios from the data in the financial statements to compare against those of other companies or against the company's own historical performance.

For example, return on assets (ROA) is a common ratio used to determine how efficient a company is at using its assets and as a measure of profitability. This ratio could be calculated for several companies in the same industry and compared to one another as part of a larger analysis.

Corporate Financial Analysis:

In corporate finance, the analysis is conducted internally by the accounting department and shared with management in order to improve business decision making. This type of internal analysis may include ratios such as net present value (NPV) and internal rate of return (IRR) to find projects worth executing.

Many companies extend credit to their customers. As a result, the cash receipt from sales may be delayed for a period of time. For companies with large receivable balances, it is useful to track days sales outstanding (DSO), which helps the company identify the length of time it takes to turn a credit sale into cash.

The average collection period is an important aspect of a company's overall cash conversion cycle. A key area of corporate financial analysis involves extrapolating a company's past performance, such as net earnings or profit margin, into an estimate of the company's future performance. This type of historical trend analysis is beneficial to identify seasonal trends.

For example, retailers may see a drastic upswing in sales in the few months leading up to Christmas. This allows the business to forecast budgets and

make decisions, such as necessary minimum inventory levels, based on past trends.

Investment Financial Analysis:

In investment finance, an analyst external to the company conducts an analysis for investment purposes. Analysts can either conduct a top-down or bottom-up investment approach. A top-down approach first looks for macro economic opportunities, such as high-performing sectors, and then drills down to find the best companies within that sector. From this point, they further analyze the stocks of specific companies to choose potentially successful ones as investments by looking last at a particular company's fundamentals.

A bottom-up approach, on the other hand, looks at a specific company and conducts a similar ratio analysis to the ones used in corporate financial analysis, looking at past performance and expected future performance as investment indicators. Bottom-up investing forces investors to consider microeconomic factors first and foremost. These factors include a company's overall financial health, analysis of financial statements, the products and services offered, supply and demand, and other individual indicators of corporate performance over time.

Types of Financial Analysis:

There are two types of financial analysis:

- Fundamental analysis
- Technical analysis.

Fundamental Analysis:

Fundamental analysis uses ratios gathered from data within the financial statements, such as a company's earnings per share (EPS), in order to determine the business's value. Using ratio analysis in addition to a thorough review of economic and financial situations surrounding the company, the analyst is able to arrive at an intrinsic value for the security. The end goal is to arrive at a number that an investor can compare with a security's current price in order to see whether the security is undervalued or overvalued.

Technical Analysis:

Technical analysis uses statistical trends gathered from trading activity, such as moving averages (MA). Essentially, technical analysis assumes that a security's price already reflects all publicly available information and instead focuses

on the statistical analysis of price movements. Technical analysis attempts to understand the market sentiment behind price trends by looking for patterns and

trends rather than analyzing a security's fundamental attributes.

Financial Performance Analysis:

Financial Performance in broader sense refers to the degree to which financial objectives being or has been accomplished and is an important aspect of finance risk management. It is the process of measuring the results of a firm's policies and operations in monetary terms. It is used to measure firm's overall financial health over a given period of time and can also be used to compare similar firms across the same industry or to compare industries or sectors in aggregation.

Meaning Of Financial Statement Analysis:

The term 'financial analysis', also known as analysis and interpretation of financial statements', refers to the process of determining financial strengths and weaknesses of the firm by establishing strategic relationship between the items of the balance sheet, profit and loss account and other operative data.

"Analysing financial statements," according to Metcalf and Titard, "is a process of evaluating the relationship between component parts of a financial statement to obtain a better understanding of a firm's position and performance."

In the words of Myers, "Financial statement analysis is largely a study of relationship among the various financial factors in a business as disclosed by a single set-of statements and a study of the trend of these factors as shown in a series of statements."

The analysis and interpretation of financial statements is essential to bring out the mystery behind the figures in financial statements., ability to pay interest and debt maturities (both current and long-term) and profitability of a sound dividend policy.

The term 'financial statement analysis' includes both 'analysis', and 'interpretation'. A distinction should, therefore, be made between the two terms. While the term 'analysis' is used to mean the simplification of financial data by methodical classification of the data given in the financial statements, 'interpretation' means, 'explaining the meaning and significance of the data so simplified.

Balance Sheet:

The balance sheet is a report of a company's financial worth in terms of book value. It is broken into three parts to include a company's assets, liabilities, and shareholders' equity. Short-term assets such as cash and accounts receivable can tell a lot about a company's operational efficiency. Liabilities include its expense arrangements and the debt capital it is paying off. Shareholder's equity includes details on equity capital investments and retained earnings from periodic net income. The balance sheet must balance with assets minus liabilities equaling shareholder's equity. The resulting shareholder's equity is considered a company's book value. This value is an important performance metric that increases or decreases with the financial activities of a company.

Income Statement:

The income statement breaks down the revenue a company earns against the expenses involved in its business to provide a bottom line, net income profit or loss. The income statement is broken into three parts which help to analyses business efficiency at three different points. It begins with revenue and the direct costs associated with revenue to identify gross profit. It then moves to operating profit which subtracts indirect expenses such as marketing costs, general costs, and depreciation. Finally, it ends with net profit which deducts interest and taxes. Basic analysis of the income statement usually involves the calculation of gross profit margin, operating

profit margin, and net profit margin which each divide profit by revenue. Profit margin helps to show where company costs are low or high at different points of the operations.

Cash Flow Statement:

The cash flow statement provides an overview of the company's cash flows from operating activities, investing activities, and financing activities. Net income is carried over to the cash flow statement where it is included as the top line item for operating activities. Like its title, investing activities include cash flows involved with firm-wide investments. The financing activities section includes cash flow from both debt and equity financing. The bottom line shows how much cash a company has available.

Free Cash Flow and Other Valuation Statements:

Companies and analysts also use free cash flow statements and other valuation statements to analyse the value of a company. Free cash flow statements arrive at a net present value by discounting the free cash flow a company is estimated to generate over time. Private companies may keep a valuation statement as they progress toward potentially going public.

RATIO ANALYSIS:

Ratio analysis is a quantitative method of gaining insight into a company's liquidity, operational efficiency, and profitability by studying its financial statements such as the balance sheet and income statement. Ratio analysis is a cornerstone of fundamental equity analysis. Examples of ratio analysis include current ratio, gross profit margin ratio, inventory turnover ratio.

KEY TAKEAWAYS:

- Ratio analysis compares line-item data from a company's financial statements to reveal insights regarding profitability, liquidity, operational efficiency, and solvency.
- Ratio analysis can mark how a company is performing over time, while comparing a company to another within the same industry or sector.

- Ratio analysis may also be required by external parties that set benchmarks often tied to risk.
- While ratios offer useful insight into a company, they should be paired with other metrics, to obtain a broader picture of a company's financial health.

Investors and analysts employ ratio analysis to evaluate the financial health of companies by scrutinizing past and current financial statements. Comparative data can demonstrate how a company is performing over time and can be used to estimate likely future performance. This data can also compare a company's financial standing with industry averages while measuring how a company stacks up against others within the same sector.

Investors can use ratio analysis easily, and every figure needed to calculate the ratios is found on a company's financial statements. Ratios are comparison points for companies. They evaluate stocks within an industry. Likewise, they measure a company today against its historical numbers. In most cases, it is also important to understand the variables driving ratios as management has the flexibility to, at times, alter its strategy to make its stock and company ratios more attractive. Generally, ratios are typically not used in isolation but rather in combination with other ratios. Having a good idea of the ratios in each of the four previously mentioned categories will give you a comprehensive view of the company from different angles and help you spot potential red flags.

Types of Ratio Analysis:

Financial ratio analysis is often broken into six different types:

- Profitability
- Liquidity,
- Turnover,
- Coverage and
- Market prospects ratios.

Other non-financial metrics may be scattered across various departments and industries. For example, a marketing department may use a conversion click ratio to analyze customer capture.

Types of Ratio Analysis:

The various kinds of financial ratios available may be broadly grouped into the following six silos, based on the sets of data they provide:

Liquidity Ratios:

Liquidity ratios measure a company's ability to pay off its short-term debts as they become due, using the company's current or quick assets. Liquidity ratios include the current ratio, quick ratio, and working capital ratio.

Solvency Ratios:

Solvency ratio also called financial leverage ratios, solvency ratios compare a company's debt levels with its assets, equity, and earnings, to evaluate the likelihood of a company staying afloat over the long haul, by paying off its long-term debt as well as the interest on its debt. Examples of solvency ratios include: debt-equity ratios, debt-assets ratios, and interest coverage ratios.

Profitability Ratios:

These ratios convey how well a company can generate profits from its operations. Profit margin, return on assets, return on equity, return on capital employed, and gross margin ratios are all examples of profitability ratios.

Efficiency Ratios:

Also called activity ratios, efficiency ratios evaluate how efficiently a company uses its assets and liabilities to generate sales and maximize profits. Key efficiency ratios include: turnover ratio, inventory turnover, and days' sales in inventory.

Coverage Ratios:

Coverage ratios measure a company's ability to make the interest payments and other obligations associated with its debts. Examples include the times interest earned ratio and the debt-service coverage ratio.

Market Prospect Ratios:

These are the most commonly used ratios in fundamental analysis. They include dividend yield, P/E ratio, earnings per share (EPS), and dividend payout ratio. Investors use these metrics to predict earnings and future performance.

For example, if the average P/E ratio of all companies in the S&P 500 index is 20, and the majority of companies have P/Es between 15 and 25, a stock with a P/E ratio of seven would be considered undervalued. In contrast, one with a P/E ratio of 50 would be considered overvalued. The former may trend upwards in the future, while the latter may trend downwards until each aligns with its intrinsic value.

Application of Ratio Analysis:

The fundamental basis of ratio analysis is to compare multiple figures and derive a calculated value. By itself, that value may hold little to no value. Instead, ratio analysis must often be applied to a comparable to determine whether or a company's financial health is strong, weak, improving, or deteriorating.

Ratio Analysis Over Time:

A company can perform ratio analysis over time to get a better understanding of the trajectory of its company. Instead of being focused on where it is today, the company is more interested in how the company has performed over time, what changes have worked, and what risks still exist looking to the future.

Performing ratio analysis is a central part in forming long-term decisions and strategic planning.

To perform ratio analysis over time, a company selects a single financial ratio, then calculates that ratio on a fixed cadence (i.e. calculating its quick ratio every month). Be mindful of seasonality and how temporarily fluctuations in account balances may

impact month-over-month ratio calculations. Then, a company analyzes how the ratio has changed over time (whether it is improving, the rate at which it is changing, and whether the company wanted the ratio to change over time).

Uses of Ratio Analysis:

Ratio analysis serves three main uses.

- First, ratio analysis can be performed to track changes to a company over time to better understand the trajectory of operations.
- Second, ratio analysis can be performed to compare results with other similar companies to see how the company is doing compared to competitors.
- Third, ratio analysis can be performed to strive for specific internally-set or externally-set benchmarks.

1.2 COMPANY PROFILE:

Bajaj Finance Limited (BFL)

Bajaj Finance Limited (BFL) a subsidiary of Bajaj Finserv, is an Indian non-banking financial company headquartered in Pune.[6][7] It is one of the leading non-banking financial companies (NBFCs) of India with a customer base of 73 million and holds assets under management worth ₹270,050 crore (US\$34 billion).

As per the 2023 list of NBFCs issued by the Reserve Bank of India, Bajaj Finance Limited holds the second position in the upper layer based on scale-based regulation guidelines.

Type: Public

Traded as: BSE: 500034
NSE: BAJFINANCE
BSE SENSEX Constituent
NSE NIFTY 50 Constituent

ISIN: INE296A01024

Industry:	Financial Services
Founder:	Rahul Bajaj
Headquarters:	Pune, India
Key people:	Sanjiv Bajaj Rajeev Jain
Products:	Lending,Fixed Deposits, Mutual Funds
Revenue:	Rs. 11.359.59 crore (US \$ 1.4 billion) (FY2023)
Operating income:	Rs. 4256.05 crore (US \$ 530 million)(FY2023)
Net income:	Rs.3,157.79crore (US \$ 400 million) (FY2023)
AUM :	Rs.270,050crore (US \$ 34 Billion)
Total assets:	Rs. 138,003.57crore (US \$ 17 Billion)
Parents:	Bajaj Finserv (52.49%)
Subsidiaries:	Bajaj Financial Services Bajaj Housing Finance Bajaj Financial Securities
Rating:	CRISIL AAA+/Stable Long Term debt ICRA AAA+/Stable Non Convertible Debuntures CARE AAA+/Stable Non Convertible Debuntures

Websites: www.bajajhousingfinance.in

History:

Originally incorporated as Bajaj Auto Finance Limited on March 25, 1987, as a non-banking financial company, primarily focused on providing two and three-wheeler finance. After 11 years in the auto finance market, Bajaj Auto Finance Ltd launched its initial public issue of equity share and was listed on the Bombay Stock Exchange and National Stock Exchange of India. At the turn of the 20th century, the company ventured into the consumer durables finance sector and started offering small-size loans at zero interest rates. In the subsequent years, Bajaj Auto Finance diversified into business and property loans as well.

In the year 2006, the company's assets under management hit the ₹1,000 crore (US\$130 million) crore mark and are currently at ₹52,332 crore (US\$6.6 billion). 2010 saw the company's registered name change from Bajaj Auto Finance Limited to Bajaj Finance Limited.

By 2015, BFL was known to be the first in the industry to set up a series of Disaster Recovery (DR) data centers that ensure business continuity for customer acquisition, loan processing, and servicing. Additionally, by 2020, it started using data analytics and various big data tools to maintain its competitive position.

As of June 2022, Bajaj Finance has been working with RBL Bank and DBS Bank to issue co-branded credit cards. But, after the Reserve Bank of India opened the door for non-banking financial companies to enter the credit card industry, the company plans to introduce its credit card products by the beginning of the first quarter of 2023.

In January 2023, the company released its long-term strategy (LRS) to guide growth through different online and offline products. Under that strategy, Bajaj Finance launched its loan against property (LAP) business for micro, small, and medium-sized enterprise (MSME) customers, and has plans to launch new auto loans in the second quarter of 2024, microfinance in the fourth quarter of the same year, and tractor financing in the first quarter of 2025.

As of March 2023, the company deals in consumer lending, SME (small and medium-sized enterprises) lending, commercial lending, rural lending, deposits, and wealth management. And, has 294 consumer branches and 497 rural locations with over 33,000+ distribution points and 1,50,000+ stores.

Financials:

In the year 2021, an analysis using Spearman's rank correlation coefficient was conducted to examine the relationship between revenue factors and non-performing assets (NPA) parameters in Indian non-banking financial companies. Specifically, when studying Bajaj Finance, it was observed that there existed a statistically significant positive correlation between revenue and gross NPA ($P < 0.04$), profit after tax (PAT) and gross NPA ($P < 0.04$), as well as return on assets (ROA) and gross NPA ($P < 0.005$), with a negative correlation found in the latter case. Additionally, a similar study from Indian Institute of Management Bangalore noted the company's efforts in expanding its geographical reach, focus on product innovation, and emphasis on cross-selling as key contributors to its NPA performance.

In a study conducted in 2023, examining 30 companies listed on the Bombay Stock Exchange, which was subsequently published in the European Economic Letters journal, it was found that Bajaj Finance stock reached a maximum average return of 58.58%. This indicates a significant level of variability among the stocks over the past decade. The maximum average return surpasses the mean return of 13.70% by over four times, highlighting the substantial influence of Bajaj Finance's average return on the overall mean return.

For FY23, the company reported a 62% increase in profit after tax to ₹10,290 crore (US\$1.3 billion), driven by a 30% increase in net interest income to ₹26,401 crore (US\$3.3 billion). In the fourth quarter of FY23, the company recorded a net profit of ₹3,158 crore (US\$400 million), marking a 30% increase compared to the profit of ₹2,419.51 crore (US\$300 million) reported in the corresponding quarter of the previous year. The company's revenue from operations grew with a 24% rise to ₹11,359.59 crore (US\$1.4 billion) from ₹8,626.06 crore (US\$1.1 billion) in the same quarter of the previous year.

Funding and investments:

The parent company, Bajaj Finserv Limited, holds 52.49% of the total shares and has a controlling stake in the subsidiary.[21] Other major investors include Maharashtra Scooters Limited, the Monetary Authority of Singapore-Government of Singapore, Nomura Securities, BNP Paribas, Small cap World Fund INC, and AXIS Long Term Equity Fund. According to an exchange filing in June 2023, the company's assets under management reached approximately ₹270,050 crore (US\$34 billion),[28] reflecting a 32% increase from ₹204,018 crore (US\$26 billion) recorded earlier on June 30, 2022

Investments:

In 2017-18, Bajaj Finance acquired a 12.6 percent interest in the mobile wallet company MobiKwik.[31][32][33] Bajaj Finance and Sequoia Capital India had planned to sell MobiKwik shares worth around ₹69 crore (US\$8.6 million) and ₹95 crore (US\$12 million), respectively, through an Initial Public Offering in 2021, which has been postponed due to the poor economic conditions.

In November 2022, Bajaj Finance announced its intention to acquire Mumbai-based Snap Work Technologies for ₹93 crore (US\$12 million) through a combination of primary and secondary transactions. The acquisition was anticipated to be completed before 31 December 2022.

Non Banking Financial Companies:

A non-banking financial institution (NBFI) or non-bank financial company (NBFC) is a financial institution that is not legally a bank; it does not have a full banking license or is not supervised by a national or international banking regulatory agency. NBFC facilitate bank-related financial services, such as investment, risk pooling, contractual savings, and market brokering. Examples of these include insurance firms, pawn shops, cashier's check issuers, check cashing locations, payday lending, currency exchanges, and microloan organizations. Alan Greenspan has identified the role of NBFIs in strengthening an economy, as they provide "multiple alternatives to

transform an economy's savings into capital investment which act as backup facilities should the primary form of intermediation fail.

The term non-bank likely[vague] started as non-deposit taking banking institution. However, due to financial regulations adopted from English speaking countries, non-English speaking countries took "non-bank" as a single word. This is probably[vague] because in English speaking countries the term 'bank' is generally accepted as equivalent to 'financial institution' but outside English speaking countries, especially developing countries, see the term bank as deposit taking institutions only, and every other financial service providers as something that must not be termed a bank. This is possibly[vague] due to language differences. But also importantly, this is likely[vague] due to developing countries in the past having adopted the western banking system much later than the West. As developing countries adopted, or learned the financial system from English speaking countries, there was a higher focus in regulatory terms such as bank and non-bank, while not understanding that non-bank is actually a shortened version of non-deposit taking bank. This is in contrast to English speaking countries as in English speaking countries the general public, as well as regulatory institutions, refer to financial institutions as simply a "bank" in many instances. Operations of non-bank financial institutions are not covered under a country's banking regulations.

Role in Financial System:

NBFIs supplement banks by providing the infrastructure to allocate surplus resources to individuals and companies with deficits. Additionally, NBFIs also introduces competition in the provision of financial services. While banks may offer a set of financial services as a packaged deal, NBFIs unbundle and tailor these service to meet the needs of specific clients. Additionally, individual NBFIs may specialize in one particular sector and develop an informational advantage. Through the process of unbundling, targeting, and specializing, NBFIs enhances competition within the financial services industry.

Non-bank financial companies (NBFCs) offer most sorts of banking services, such as loans and credit facilities, private education funding, retirement planning, trading in money markets, underwriting stocks and shares, TFCs(Term Finance Certificate) and other obligations. These institutions also provide wealth management such as managing portfolios of stocks and shares, discounting services e.g. discounting of instruments and advice on merger and acquisition activities. The number of non-banking financial companies has expanded greatly in the last several years as venture capital companies, retail and industrial companies have entered the lending business. Non-bank institutions also frequently support investments in property and prepare feasibility, market or industry studies for companies. However they are typically not allowed to take deposits from the general public and have to find other means of funding their operations such as issuing debt instruments.

NBFCs are neither providing the cheque book nor saving account and current account. It only takes fixed deposit or time deposits.

Growth:

Some research suggests a high correlation between a financial development and economic growth. Generally, a market-based financial system has better-developed NBFIs than a bank-based system, which is conducive for economic growth.linkages between bankers and brokers.

Stability:

A multi-faceted financial system that includes non-bank financial institutions can protect economies from financial shocks and enable speedy recovery when these shocks happen. NBFIs provide “multiple alternatives to transform an economy's savings into capital investment, [which] serve as backup facilities should the primary form of intermediation fail.

However, in the absence of effective financial regulations, non-bank financial institutions can actually exacerbate the fragility of the financial system.Since not all NBFIs are heavily regulated, the shadow banking system constituted by these institutions could wreak potential instability. In particular, CIVs, hedge funds, and structured investment vehicles, up until the financial crisis of 2007–2008, were entities that focused NBFI supervision

on pension funds and insurance companies, but were largely overlooked by regulators.

Because these NBFIs operate without a banking license, in some countries their activities are largely unsupervised, both by government regulators and credit reporting agencies. Thus, a large NBFI market share of total financial assets can easily destabilize the entire financial system. A prime example would be the 1997 Asian financial crisis, where a lack of NBFI regulation fueled a credit bubble and asset overheating. When the asset prices collapsed and loan defaults skyrocketed, the resulting credit crunch led to the 1997 Asian financial crisis that left most of Southeast Asia and Japan with devalued currencies and a rise in private debt.

Due to increased competition, established lenders are often reluctant to include NBFIs into existing credit-information sharing arrangements. Additionally, NBFIs often lack the technological capabilities necessary to participate in information sharing networks. In general, NBFIs also contribute less information to credit-reporting agencies than do banks.

For continual growth and sustenance of NBFCs, it is important to have a regulation around them while maintaining their innovativeness. An introduction of regulatory sandbox in different ecosystem will help them achieve the desired results.

1.3 OBJECTIVES OF THE STUDY:

1.3.1 PRIMARY OBJECTIVES:

- To understand the financial analysis of the BAJAJ finance Limited.

1.3.2 SECONDARY OBJECTIVES:

- To compare the study of financial statement of 5 different years of Balance sheet.
- To study the different types of ratios in measuring the financial analysis of the BAJAJ Finance.
- To identify the trend position of the Company.

1.4 SCOPE OF THE STUDY:

The study covers almost the entire area of financials operations covered by “Bajaj Finance Limited”. The study has been conducted with the help of data obtained from auditing financial records. The auditing financial records of the company pertaining to past 5 years of auditing financial records are obtained from the company annual report. The Conclusions are drawn from the analysis done with the ratios, comparative, common size 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. 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

1.5 NEED FOR THE STUDY:

Financial analysis is a powerful mechanism which helps in ascertaining the strengths and weakness in the operation and financial position of an enterprise. Financial analysis is the starting point for making plans, before using any Sophistical forecasting and planning procedures. This study helps to understand financial position of the company. This study suggests possible solution to overcome working capital problem. The financial statements need to evaluate a company's profitability, liquidity, and solvency. The most common methods used for financial statement analysis are trend analysis, common-size statements, and ratio analysis. These methods include 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 analysed.

1.6 LIMITATIONS OF THE STUDY:

- The study is mainly carried out based on the secondary data provided in the financial statement.

- The ratio analysis gives only on the aspects of quantitative. It ignores the view of qualitative measurement.
- To do the ratio analysis mass data is required.
- The study has been carried out for the period of five years and it is not sufficient enough to analyze the entire aspect of the company.
- The Accuracy of the study depends on the accuracy of information and records provided by the Bajaj Finance Limited.

CHAPTER 2

2.1 Review of Literature:

Nirajini and Priya (2013) found a positive relation between capital structure and financial performance. It was contended that capital structure has significant impact on financial performance of listed companies in Sri Lanka.

Vatavu (2015) concluded that companies which maintain a high proportion of equity avoiding borrowed funds are more profitable ones. The author asserted that shareholders' equity has a positive Impact on firm's performance.

Rouf (2015) found that debt ratio, debt equity ratio and proprietary ratio have negative relationship With ROA and return of sales. Further, the total assets is positively related with firm's performance.

Mathijs Cosemans studied about the measurement and pricing of time-varying risk in stock markets. The investors will only hold mean-variance efficient portfolios, which mean that the portfolios should maximize expected returns for a given level of risk. The key element of portfolio theory is the concept of diversification which says that the risk of a portfolio can be reduced by allocating wealth across different stocks as long as their prices do not move together perfectly. The risk of a portfolio, measured by its return variance, therefore not only depends on the variances of the individual stocks in the portfolio, but also on the covariance's between these securities. In fact, because of diversification, the portfolio variance is more dependent on these covariance terms than on the individual risks. This contribution is known as the market beta of the security and is denoted as the covariance between the asset return and the market return, standardized by the variance of the market portfolio. Beta therefore measures the sensitivity of the return on an asset to variation in the return on the market.

Karin M K examined to find out index stock follows a particular trend. If stocks of a particular sector gave their investor huge return for one particular year does it the stock follow the same trend for the next years. In order to find out the trend the opening price and closing price for a period of eight year from 2001 to 2008 of Sensex index stocks considered. Based on the return arrived each 30 stocks are ranked using simple ranking method and analyzed for the presence of any particular trend. It has been found that the Sensex index stock does not follow any particular trend.

Ananth Madhavan Once a fairly esoteric subject, risk analysis and measurement has become a critical function for both portfolio managers and traders. Yet, accurate measurement and analysis of risk presents many practical challenges including the choice of risk model, pitfalls in portfolio optimization, horizon mismatches, and out-of-sample testing. This article provides a detailed overview of recent developments in risk analysis and modeling, with a focus on practical applications for both portfolio managers and traders. They demonstrate that these tools can provide invaluable insights regarding portfolio risk, but must be applied with considerable care.

Vijay S & Mehta, B (2012) concluded in their study that ratio analysis and the financial performance of the company is impacted by the various subsidies provided by the government from time to time and that this is likely to impact the overall financial health of the company.

Penman & Nissim (2001) during their study for the analysis of ratio analysis and equity valuation for the period comprising of 1996 to 1999 concluded that the ratio analysis depicted certain trends and patterns when they are deployed for the purpose of forecasting.

Carl B, Collier (2004) in their study concluded that financial ratio analysis is complicated and is dependent on the type of the industries in which the

business unit is operating. They based their conclusion while studying the financial analysis for Motorola corporation.

"The Role of Financial Institutions in the Global Economy" (2022) by Franklin Allen and Elena Carletti. This paper examines the role of financial institutions in the global economy and discusses the importance of regulation in ensuring financial stability.

"Financial Inclusion: A Review of the Literature" (2021) by Maria Ana Lugo and Michael R. Carter. This review paper examines the literature on financial inclusion, which is the process of ensuring that individuals and businesses have access to affordable financial services.

Jain, A., & Joshi, M. (2021). "A Study on the Impact of Covid-19 on Indian NBFCs." The study analyzes the impact of the Covid-19 pandemic on Indian NBFCs and finds that they faced significant challenges, including liquidity risk, asset quality deterioration, and reduced profitability.

"The Relationship between Financial Ratios and Stock Returns: Evidence from the Tehran Stock Exchange" by Salehi and Bagheri (2021)
- This study analyzed the relationship between financial ratios and stock returns in the Tehran Stock Exchange. The authors found that certain financial ratios, such as earnings per share and return on assets, were significantly related to stock returns in the Tehran Stock Exchange.

Agarwal, R. K., & Goyal, S. (2020). "Non-Banking Financial Companies (NBFCs) and Their Role in Indian Economy." The paper discusses the role of NBFCs in the Indian economy and their contribution to economic growth, financial inclusion, and job creation.

Wruck (2015) argue in the newspaper of theirs, **"Financial Conservatism: Evidence on Capital Structure out of Low Leverage Firms"**, which traditional businesses have comparatively excessive cost to reserve as well as run comparatively frequently inside industries to become responsive to

affordable distress. They feel the former feature is coherent with a big body of previous procedure documenting a complete opposite connection between cost to reserve influence as well as worth.

Thilakam and Saravanan (2018) write on “**CAMEL Analysis of NBFCs in Tamil Nadu**” in ‘International Journal of Business and Administration Research Review’. Financial intermediation is a crucial function of Banks, Non-Banking financial companies (NBFCs) and Development Financial Institutions (DFIs) the post reform period in India is characterized by phenomenal growth of NBFCs complementing the role of banks in mobilizing funds and making it available for investment purposes. During the last decade NBFCs have undergone wide volatility and change as an industry and have been witnessing considerable business upheaval over the last decade because of market dynamics, public sentiments and regulatory environment. To evaluate the soundness of NBFCs in Tamil Nadu over a decade, the authors made an attempt of CAMEL criteria for analysis of selected Companies. Based on findings the suggestions were offered to overcome the difficulties face by selected NBFCs in their development.

Shail Shakya (2017) published a working paper entitled “**Regulation of Non-banking Financial Companies in India: Some Visions & Revisions**”. Non-Banking Financial Companies are pioneer in their cash deployment, accessibility to the markets and others to count. NBFCs are known for their higher risk-taking capacity than the banks. Despite being an institution of attraction for the investors, NBFCs have played a significant role in the financial system. Many specialized services such as factoring, venture capital finance, and financing road transport were championed by these institutions. NBFC sector has more significantly seen a fair degree of consolidation, leading to the emergence of large companies with diversified activities. However, the recent financial crisis has highlighted the importance of widening the focus of NBFC regulations to take particular account of risks arising from the regulatory gaps, from arbitrage opportunities and from inter-connectedness of various activities and entities associated with the financial system. The regulatory regime is lighter and different than the banks. The

steady increase in bank credit to NBFCs over the recent years means that the possibility of risks being transferred from more lightly regulated NBFC sector to the banking sector in India can't be ruled out.

Ravi Puliani and Mahesh Puliani (2016) write a book entitled “**Manual of Non-Banking Financial Companies**”. The book discussed the glossary of terms that are used in banking operations and non-banking activities. The book covers the circulars and directions issued by Reserve Bank of India from time to time to control, manage and regulate the business of NBFCs.

Taxmann's (2013) published “**Statutory Guide for Non-Banking Financial Companies**” is published by Tax Mann's Publications, New Delhi. The book listed the laws relating to NonBanking Financial Companies. The rules and laws governing the kinds of businesses undertaken by different types of NBFCs are also discussed.

Amit Kumar and Anshika Agarwal (2014) published a paper entitled “**Latest Trends in Nonbanking Financial Institutions**” in ‘Academician: An International Multidisciplinary Research Journal’. In Indian Economy, there are two major Financial Institutions, one is banking and other is non-Banking. The Non-Banking Financial Institutions plays an important role in our economy as they provide financial services on wide range, they also work to offer enhanced equity and risk based products, along with this they also provide short to long term finance to different sectors of the economy, and many other functions. This paper examines the latest trends in Non- Banking Financial Institutions. This paper analyzes the growth and enhanced prosperity of financial institutions in India.

A potential cash machine Subramaniam, **Arun June 2012** The article focuses on the emergence and growth of the Bajaj Finserv, a new company in financial services industry in India, under the leadership of Sanjiv Bajaj, an engineer. It informs that the company is diversified, well capitalized and soundly managed as it owes its success to its growth in retail industries. It

also informs that the focus of the company is on the customers of retail industries as it has trained its agents to sell wider range of insurance products.

EMI Finance App for Pre-Approved Loans Business World (2015) The article offers brief information on the Bajaj Finserv Experia equated monthly instalment (EMI) finance app.

Bajaj Finserv Launches India's First Consumer Durable Finance App with Instant Loan Approvals (2015) The article reports on the launch of India's first easy monthly instalment (EMI) finance app from consumer durable finance company Bajaj Finserv. It says that the consumers will find the app useful for buying items, including smart phones, furniture, and televisions, on EMIs. Comments from Bajaj Finance Ltd's chief executive officer (CEO) Rajeev Jain is provided.

Dr. K. Prince Paul Antony and D. Bharath, (2022), Their study focused on financial performance of Bajaj Finserv. The main objective of this study is to measure the financial performance and to know the profit ability of the company. The study is based on the financial position of the firm by using ratio analysis, financial statements help the management to analyse profit, solvency, liquidity and efficiency. The study concluded that the company is in a good trend.

P. Bhaskar Yadav and Dr. K. Haritha, (2022), Their study focused on a Study on Ratio analysis of Bajaj Finserv with Reference to Sri ram Bajaj. The main objective of the study is to study the Liquidity position of the company and profitability position of the company. Secondary source of data were used. The study concluded that the current ratio is in standard position, debtors turnover ratio is efficient and the financial performance of the company is in standard position.

K. Sai Dakshayani and Dr. P. Viswanath, (2022), Their study focused on a Study on Profitability analysis at Bajaj Finserv Ltd. The main objective of the study is to analyse the profitability in terms of sales and to examine the

relationship of net profit and total assets efficiency. Secondary source of data were used for study. The study concluded that the growth of profitability of the company can be considered stable.

GOI (2008) defines Financial inclusion as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost. The meaning of financial inclusion is delivery of financial services to the low income groups especially the excluded sections of the population with the provision of equal opportunities. The main target is the access of financial services for better standard of living and income.

Rangarajan (2008) in his report has stated that providing access to 'financial services' to all groups of people, specifically to undeserved, underprivileged, disadvantaged and poor to reduce poverty and social cohesion is the main objective of 'financial inclusion'. Providing access to 'financial services' at a nominal price facilitates the empowerment of these groups and therefore, these groups must be considered as an important factor in all the efforts required for promoting inclusion. It is necessary that extending the scope of various activities such as credit, payment, remittance and insurance facilities of the organized financial system in order to involve maximum people having low incomes should be the main aim of 'financial inclusion'. The attempt must be to ensure strong financial inclusive system by lifting the poor from one level to another for combating poverty through credit.

Beck ET AL. (2008) asserted that discussion has recently extended to include the idea of 'financial inclusion' as a blockade to the economical growth and there is a requirement to create the environment of inclusive financial systems. Along with banking, companies dealing in insurance would be entailed to target Bottom of the Pyramid (BoP) customers so as to attain the inclusive banking and growth.

According to the Planning Commission (2009), Financial inclusion refers to universal access to a wide range of financial services at a reasonable cost.

These include not only banking products but also other financial services such as insurance and equity products. The household access to financial services includes access to contingency planning, credit and wealth creation. Access to contingency planning would help for future savings such as retirement savings, buffer savings and insurable contingencies and access to credit includes emergency loans, housing loans and consumption loans. On the other hand, access to wealth creation includes savings and investment based on household's level of financial literacy and risk perception

Bhatia and Chatterjee (2010) in their research paper have studied the 'financial inclusion' in the slums of Mumbai. It is identified that although 'financial inclusion' refers to the process of enabling access to useful banking services at a nominal price to underserved, marginalized and below poverty population, it has still a long way to go before becoming a reality in the urban people. It is concluded that opening of regional banks in rural areas, expanding banking network and introducing Lead Bank Scheme are some important measures taken to promote financial inclusion.

Cnaan, Moodithaya & Handy (2012) explained the term of financial inclusion in a simple way that having a bank account in the household is first step for connecting with the banking system. He stated that this can be used effectively as a tool to eradicate poverty and increase economic growth. It was stated that social and personal deprivation are contributing for increasing financial exclusion and becoming a barrier for financial inclusion. It was explained that bank account usage per population is capable to evaluate financial inclusion. This study was undertaken in the rural south India. The gap was found in terms of literacy and advance usage of services even though the accessibility of the account increased. It was added that the scope of 'financial inclusion' should not be restricted to having a bank account rather it must include all banking services. It was suggested that government must direct the banks for improving reachability, providing incentive to the banks, granting approval for introducing new products and creating favorable environment for inclusion in terms of reducing cost.

Memdani and Rajyalakshmi (2013) discussed the evolution and progress achieved in terms of FI. The level of inclusion persist has been compared with the other countries like China, Brazil, UK and Russia. It is concluded that the progress is too less in proportion of the population. It was suggested that there is prerequisite on the part of the banks and financial institutions to harmonize their energies in the direction of financial inclusion because the growth of the economy is determined on the basis of the inclusion's extent in the country.

Jangra (2014) in her research paper has studied the status of FI in India. Secondary data has been considered to review the FI status. It has been seen that exclusion's extent in India is higher in comparison of other developed countries in the world. TBI has undertaken various initiatives to improve the progress of inclusion in India. The approach is made on motivating and encouraging the people for accessing the financial services. Since, the level of literacy, lack of bank branches and less income are the barriers for FI in different states of country. It was suggested to put stress on the mechanism of credit delivery to boost the economic growth because for inclusive growth of the economy, the upliftment of the weaker section is very important.

Singh and Roy (2015) in their research paper have studied the assessment of concept of financial inclusion. Research is supported by the secondary data. It has been identified that although definitional aspects vary but mostly the literature is focused on the usage of basic services provided by banks such as money deposit, loan facility, micro finance facility, payment services, money transfer and insurance facility. Most of the definitional aspects of financial exclusion hover around lack of access whether voluntarily or involuntarily by some groups of the consumers. It is identified that financial stability of these groups of people could be ensured by providing low cost and safe access of financial services. It is concluded that the reason behind the financial exclusion needs to be understood and removed through better policy initiatives. However, as is the case with several issues in India, financial

inclusion has remained a pipe dream with a majority of Indians continuing to lack access to banking services.

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. 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. 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, in order 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.

Sathyakala, a study that was conducted between 2006 and 2015 in India on seven new generation private sector banks to investigate the link between

asset liability management techniques and financial situation found a correlation between the two. In order to conduct research, he made use of a wide variety of financial and statistical methods, including ratios (including spread, burden, and coverage ratios), growth rates, the t-test, the mean, the standard deviation, the coefficient of variance, and structural equation modelling. According to the findings of the survey, HDFC and Kotak Mahindra banks reported a better financial situation than the majority of other new generation banks over the time period covered by the study. In a similar vein, the asset and liability management methods of ICICI banks are consistent with industry norms when compared to those of other banks. According to the report, new generation banks need to reduce the maturity gap that exists between their assets and liabilities in order to avoid being exposed to liquidity risk.

Basappahas conducted an investigation on the asset and liability management procedures used by regional rural banks during the years 2011 and 2015, paying particular attention to Karnataka VikasGrammena Bank. Within the scope of the research, he investigated the methods of risk management used by Karnataka Bank with regard to the areas of credit risk, interest rate risk, and liquidity risk. According to the findings of the research, the level of capital adequacy ratio in Tier II of KVGB was inadequate in comparison to Tier I. The research also discovered that there was a considerable difference in the asset-liability gap and the interest gap throughout the course of the study period. But the maturity gaps for very short and short periods revealed a negative gap in the first three years and a positive gap in the following two years, while the maturity gaps for lengthy periods discovered a positive gap during the whole research period. This suggests that the company had a healthy liquidity position throughout the course of the investigation.

Jayanthihas used the CAMEL methodology to conduct an analysis of the efficacy of asset liability management in a variety of commercial banks throughout the period of 2003–2012. Statistical cost accounting and multiple regression analysis were two of the methods that were used in this research

to investigate the influence that ALM management has on the profitability of banks. According to the findings of the research, ALM procedures in the banking industry are noticeably distinct from one another. During the time period under review, the risk management capabilities of certain Indian banks were much lower than that of international banks. However, the findings of the research indicate that the banking industry is making progress toward the efficient application of ALM via the use of novel and sophisticated methods such as duration gap, simulation, and Value at Risk.

Rayganihas conducted a comparative analysis on the credit and liquidity risk management procedures of two Indian banks throughout the period of 2007 to 2013; these banks are SBI and ICICI. Nevertheless, this analysis did not take into account additional dangers that the banking industry faces, such as those caused by fluctuations in interest rates and currency rates, amongst others. In the study, he measured the liquidity risk of banks using various ratios, such as the Ratio of Core deposits to Total assets, the Ratio of Total loans to Total deposits, the Ratio of Time Deposits to Total Deposits, the Ratio of Liquid Assets to Total Assets, the Ratio of Prime Assets to Total Assets, the Ratio of Short Term Liabilities to Liquid Assets, the Ratio of Market Liabilities to Total Assets In a similar fashion, credit risk is evaluated using ratios such as NPA to TL, risk adjusted margin, TL to TA, TL to TD, TE to TA, TL to TE, TA to GDP, and so on. According to the findings of the research, both SBI and ICICI banks were exposed to credit and liquidity risk throughout the time period under investigation; however, the level of exposure was comparable in the case of liquidity risk but different in the case of credit risk. In the course of the research, he made use of t-tests as well as multiple regression analyses.

Rosy Karla has conducted an analysis of the performance of 20 different asset-based and core investment non-banking financial organizations between the years 2006 and 2015. The research looked at how certain NBFCS fared in terms of their increase in physical assets and how well they performed. According to the findings of the study, the company's assets and investments have been steadily growing throughout the course of the

research period, which is indicative of an increasing industry contribution to the financial sector.

Robinson (1952), writes “where enterprises leads, finance follows”. This hypothesis follows economic growth and development. In her views economic growth creates demand for financial sector and financial sector respond to these demands automatically.

Patrick (1966) causality between financial development and economic growth can either be supply-leading or demand-following. The supply-leading hypothesis...show more content...

Keeley and Furlong (1990) have analyzed the effects of financial regulation on risk taking by banks and investigate the factors involve in this.

Rajan (1992) mention the problems of bank-based system, argues that shareholders have a very little information about the bank manager, who controls not only the bank but also the firm through financing and the large banks tend to encourage firms to undertake very conservative investment projects and extract large amount of rent from firms, As a result these firms earn low profit and have less incentive to engage in new and innovative products.

Stiglitz (1994) support the idea of financial restraints, such as interest rate ceiling on deposit rate, by deepening the profit margins within certain limits, can in fact reduce the problem of moral hazards and adverse selection.

Rajan and Zingales (1996) analyzed the relationship between industry-level growth performance across countries and financial...show more content...The ratio of liquid liabilities (M3) to GDP, ratio of domestic credit provided by the banking sector to GDP and domestic credit to the private sector to GDP were the financial depth indicators used. Using the Granger causality test, the study found a short-run relationship between financial development and economic growth.

Arestis.P (2004) argue that the relationship between financial structure and economic development can be examined on the basis of competing theories of financial structure. According to his research results, market-based financial systems reduce inefficiencies associated with banks and enhance economic development better than bank-based financial system. He also notes that the structure of financial system changes in different stages of economic development.

Hamid et al. (2013) examined the causality between financial development, investment and economic growth in Tunisia for the period 1961-2010. They used a multivariate framework based on Vector Error Correction Model and co integration techniques. Their short run estimates revealed that finance does not lead to economic growth while the long run results showed the opposite conclusion. They also found out that investment was the main engine for economic growth both in the short and long

CHAPTER 3

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.

3.1 RESEARCH DESIGN: Descriptive study of research.

The proposed study is of Descriptive 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.

3.2 SOURCE OF DATA:

- This study is done by a secondary data.
- The secondary data is collected from the Bajaj Financial limited (BALANCE SHEET, INCOME DATA) in websites.

3.3 PERIOD OF STUDY:

- The period of study is One Month.
- The period covers 5 years data.

3.4 ANALYTICAL TOOLS USED:

- Ratio Analysis.
- Comparative Balance Sheet statement.
- Trend Analysis.
- Tables.
- Graphs.

3.5 THEORETICAL REVIEW RATIO ANALYSIS:

A ratio is a mathematical relationship between two items expressed in a quantitative form. Ratio can be defined as Relationship expressed in quantitative

terms between figures which have cause and effect relationship which are connected with each other in some manner or the other. Ratio analysis involves the process of computing determining and presenting the relationship of items or groups of items of financial statements.

3.5.1 Ratio Analysis Types and Formulas:

We calculate the formula for Ratio Analysis by using the following steps:

Current Ratio:

The current ratio is a liquidity ratio that measures whether a firm has enough resources to meet its short-term obligations. It compares a firm's current assets to its current liabilities, and is expressed as follows:-

- $\text{Current Ratio} = \text{Current Assets} / \text{Current Liabilities}$

Quick Ratio:

The Quick Ratio, also known as the Acid-test or Liquidity ratio, measures the ability of a business to pay its short-term liabilities by having assets that are readily convertible into cash. These assets are, namely, cash, marketable securities, And accounts receivable. These assets are known as “quick” assets since they can quickly be converted into cash.

- $\text{Quick Ratio} = (\text{Cash and Cash Equivalents} + \text{Accounts Receivables}) / \text{Current Liabilities}$

Cash Ratio:

The cash ratio is a measure of the liquidity of a firm, namely the ratio of the total assets and cash equivalents of a firm to its current liabilities. The metric calculates the ability of a company to repay its short-term debt with cash or near-cash resources, such as securities which are easily marketable.

- $\text{Cash Ratio} = \text{Cash And Cash Equivalents} / \text{Current Liabilities}$

Gross Margin Ratio:

The gross margin ratio compares the gross profit of a company to its net sales to show how much profit a company makes after paying its cost of goods sold:

- $\text{Gross margin ratio} = \text{Gross profit} / \text{Net sales} * 100.$
(Gross Profit = Total Operating Revenues - Operating Expenses)

Working capital Ratio:

Working capital is the difference between your current assets and current liabilities. You can use the working capital formula to determine whether or not your business will be able to meet current obligations, like payroll, bills, and loan payments.

- $\text{Working Capital} = \text{Current Assets} - \text{Current Liabilities}$

Debt-to-equity ratio:

A debt-to-equity ratio shows you how dependent your business is on debt. Debt-to-equity indicates how much equity is available to cover debts. To find this ratio, divide your company's total liabilities by your total shareholder equity.

- $\text{Debt-to-equity Ratio} = \text{Long Term Debts} / \text{Total Shareholder Equity}$

Debt-to-Total Assets Ratio:

The total-debt-to-total-assets ratio analyzes a company's balance sheet. The calculation includes long-term and short-term debt (borrowings maturing within one year) of the company. It also encompasses all assets—both tangible and intangible. It indicates how much debt is used to carry a firm's assets, and how those assets might be used to service debt. It, therefore, measures a firm's degree of leverage.

- Debt-to-Total Assets Ratio = Total Debts / Total Assets

Proprietary Ratio:

Proprietary ratio is a type of solvency ratio that is useful for determining the amount or contribution of shareholders or proprietors towards the total assets of the business. It is also known as equity ratio or shareholder equity ratio or net worth ratio.

- Proprietary Ratio = Shareholders Equity / Total Assets

Fixed Asset to Net Worth Capital:

This ratio establishes the relationship between fixed assets and shareholder funds. It is calculated by dividing fixed assets by shareholder funds. The shareholder funds include equity share capital, preference share capital, reserves and surplus including accumulated profits.

- Fixed Asset to Net Worth Capital = Fixed Asset / Share Capital Fund.

Fixed Asset Ratio:

Fixed Assets ratio is a type of solvency ratio long-term solvency which is found by dividing total fixed assets (net) of a company with its long-term funds. It shows the amount of fixed assets being financed by each unit of long-term funds.

It helps to determine the capacity of a company to discharge its obligations towards long-term lenders indicating its financial strength and ensuring its long-term survival.

- Fixed asset ratio = fixed asset / long term fund

Return on Equity Ratio:

Return on equity (ROE) is the measure of a company's net income divided by its shareholders' equity. ROE is a gauge of a corporation's profitability and how efficiently it generates those profits. The higher the ROE, the better a company is at converting its equity financing into profits.

- Return on Equity Ratio = Net Income / Shareholder Funds.

Net Profit Ratio:

Net Profit Margin (also known as “Profit Margin” or “Net Profit Margin Ratio”) is a financial ratio used to calculate the percentage of profit a company produces from its total revenue. It measures the amount of net profit a company obtains per dollar of revenue gained. The net profit margin is equal to net profit (also known as net income) divided by total revenue, expressed as a percentage.

- Net Profit Ratio = Net Profit / Net Sales *100

Fixed Asset Turnover Ratio:

Fixed Asset Turnover (FAT) is an efficiency ratio that indicates how well or efficiently a business uses fixed assets to generate sales. This ratio divides net sales by net fixed assets, calculated over an annual period. The net fixed assets include the amount of property, plant, and equipment, less the accumulated depreciation. Generally, a higher fixed asset ratio implies more effective utilization of investments in fixed assets to generate revenue. This ratio is often analyzed alongside leverage and profitability ratios.

- Fixed Asset Turnover Ratio = Net Sales / Fixed Asset

3.6 COMPARATIVE BALANCE SHEET:

The Comparative Balance sheet analysis is the study of the trend of the same items, group of items and computed items in two or more balance sheets of the same business enterprise on different dates. The changes in periodic balance sheet items reflect the conduct of a business. The changes can be observed by comparison of balance sheet at the beginning and at the end of a period and these changes can help in forming an opinion about the progress of an enterprise. The comparative balance sheet has two columns for the date of original balance sheets. A third column is used to show increase in figures. The fourth column is used to show decrease in figures. While interpreting 40 comparative balance sheet the interpreter is expected to study the following aspects: Current financial position and liquidity position and Long-term financial Position.

3.7 COMMON SIZE BALANCE SHEET:

Common size statement is a form of analysis and interpretation of the financial statement. It is also known as vertical analysis. This method analyses financial statements by taking into consideration each of the line items as a percentage of the base amount for that particular accounting period. Common size statements are not any kind of financial ratios but are a rather easy way to express financial statements, which makes it easier to analyse those statements. Common size statements are always expressed in the form of percentages. Therefore, such statements are also called 100 per cent statements or component percentage statements as all the individual items are taken as a percentage of 100.

CHAPTER 4

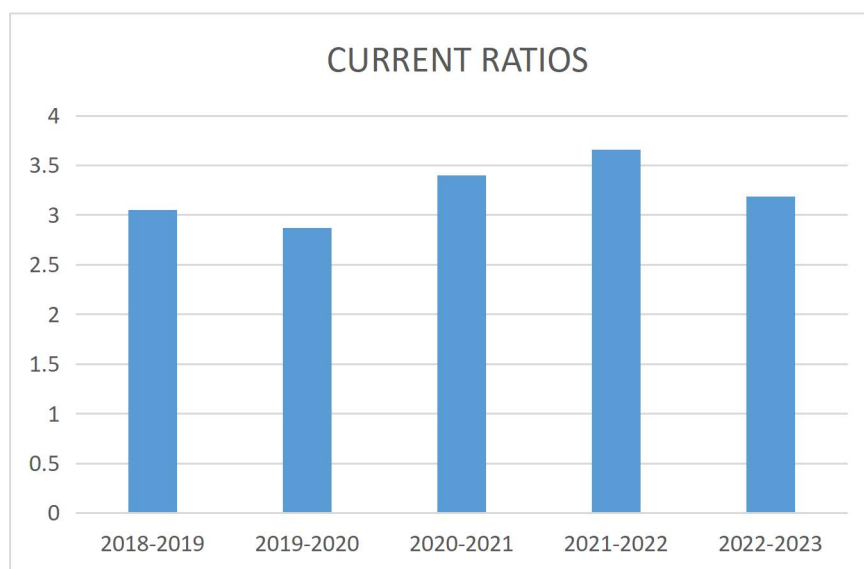
4.1 DATA ANALYSIS AND INTERPRETATION

4.1.1 Table: Current Ratio: Current Assets/Current Liabilities.

YEAR	CURRENT ASSETS	CURRENT LIABILITIES	CURRENT RATIOS
2018-2019	122,659.21	40,090.13	3.05
2019-2020	161,897.07	56,404.98	2.87
2020-2021	168,904.38	49,579.53	3.40
2021-2022	209,458.37	57,125.11	3.66
2022-2023	271,593.53	84,954.14	3.19

Source of data: Company Annual Report 2018-2019 to 2022-2023.

Interpretation: From the above table it is inferred that, the current ratio of the overall company is greater than 2.5 which means that it has 2.5 times its liabilities in assets and meets its financial obligations but the ratios is fluctuating year by year.

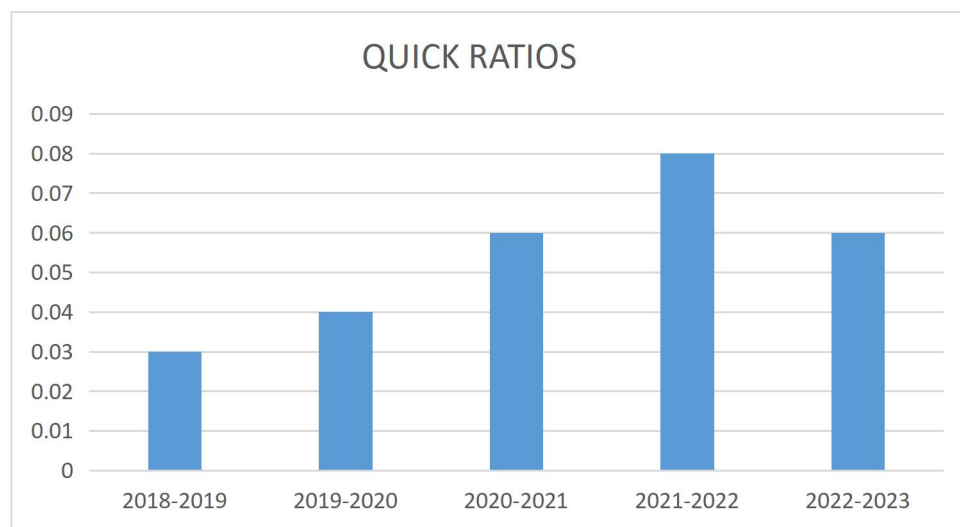


4.1.2 Table: Quick Ratio = (Cash and Cash Equivalent + Accounts Receivables) / Current Liabilities.

YEAR	CASH AND CASH EQUIVALENT + (ACCOUNTS RECEIVABLES)	CURRENT LIABILITIES	QUICK RATIOS
2018-2019	1157.41	40,090.13	0.03
2019-2020	2335.28	56,404.98	0.04
2020-2021	3283.42	49,579.53	0.06
2021-2022	4946.19	57,125.11	0.08
2022-2023	5604.24	84,954.14	0.06

Source of data: Company Annual Report 2018-2019 to 2022-2023.

Interpretation: From the above table it is inferred that, it doesn't have enough quick asset to meet all its current obligations. Quick ratio should aim for a ratio which is greater than or equal to 1. The overall company is lesser than 1 which means that the company has not able to pay off its current liabilities in short term and meets its financial obligations but the ratios is fluctuating year by year.

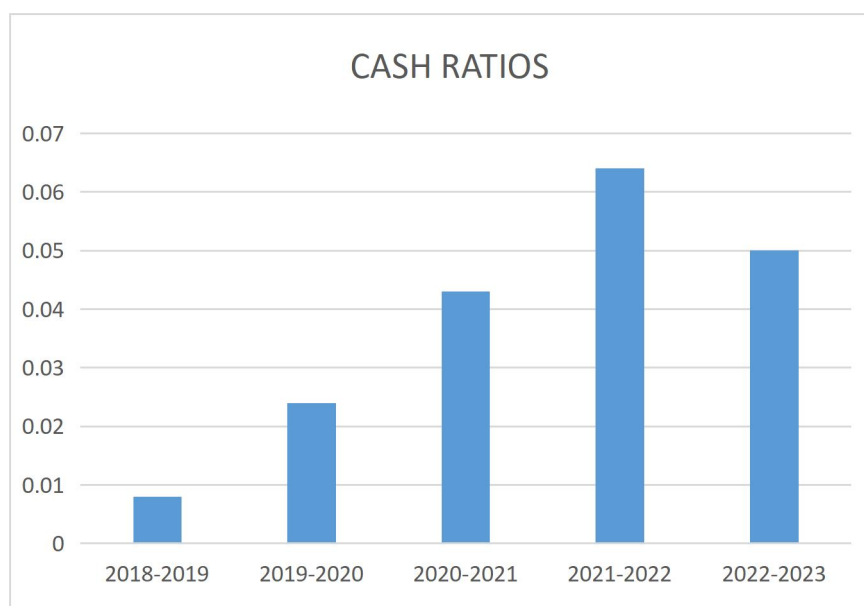


4.1.3 Table: Cash Ratio = Cash And Cash Equivalents / Current Liabilities

YEAR	Cash And Cash Equivalents	Current Liabilities	CASH RATIOS
2018-2019	348.71	40,090.13	0.008
2019-2020	1382.72	56,404.98	0.024
2020-2021	2,176.18	49,579.53	0.043
2021-2022	3680.30	57,125.11	0.064
2022-2023	4302.52	84,954.14	0.050

Source of data: Company Annual Report 2018-2019 to 2022-2023.

Interpretation: From the above table it is inferred that, the cash ratio of the overall company is lesser than 1 there are more current liabilities than cash and cash equivalent that indicates that a company is at risk of having financial difficulty. It means insufficient cash on hands to pay the short term debts .The ratios is fluctuating year by year.

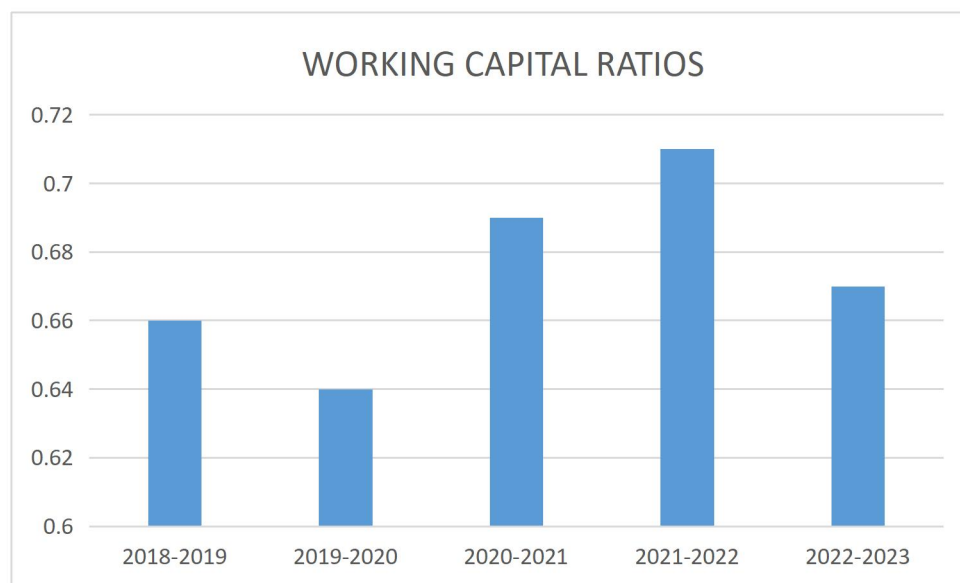


4.1.4 Table: Working Capital Ratio = (Current Assets – Current Liabilities) / Total Assets

YEAR	CURRENT ASSETS - CURRENT LIABILITIES	Total Assets	WORKING CAPITAL RATIOS
2018-2019	82569.08	124,232.51	0.66
2019-2020	105492.09	164,391.13	0.64
2020-2021	119324.85	171,526.87	0.69
2021-2022	152333.26	212,505.36	0.71
2022-2023	186639.39	275,228.67	0.67

Source of data: Company Annual Report 2018-2019 to 2022-2023.

Interpretation: From the above table it is inferred that, the Working Capital Ratio is increasing and decreasing in all the years. In 2021 - 2022 the working capital ratio has increased to 0.71 and decreased in 2023 to 0.67. which means that the company working capital is stable in all the years.

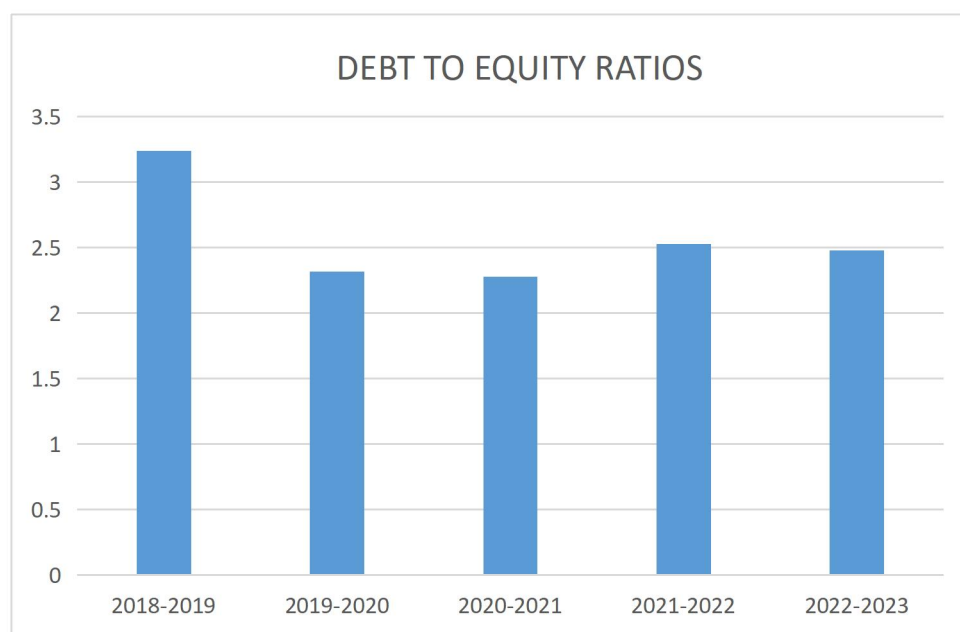


4.1.5 Table: Debt-to-equity Ratio = Long Term Debts / Total Share Capital

YEAR	Long Term Debts	Total Share Capital	DEBT TO EQUITY RATIOS
2018-2019	64,013.41	19,697.02	3.24
2019-2020	75,106.26	32,327.63	2.32
2020-2021	84,204.18	36,918.41	2.28
2021-2022	110,868.36	43,712.69	2.53
2022-2023	135,141.09	54,371.98	2.48

Source of data: Company Annual Report 2018-2019 to 2022-2023.

Interpretation: From the above table it is inferred that, the debt to equity ratio is another leverage ratio that compares a Company's total liabilities to its total shareholders' equity. In the debt equity ratio, a lower the percentage means that a Company is using less leverage and has a stronger equity position. In the year 2018 - 2019 the debt equity ratio is higher which means that the Company is having a higher leverage and in the year 2020 - 2023 the company maintains its leverages which is in a stronger equity position.

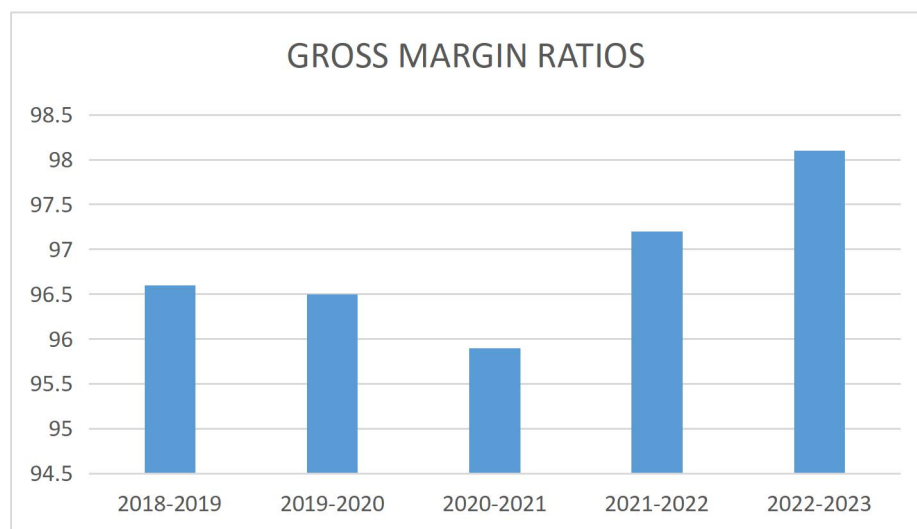


4.1.6 Table: Gross margin ratio = Gross profit / Net sales * 100.

YEAR	GROSS PROFIT	NET SALES	GROSS PROFIT RATIOS
2018-2019	17774.26	18,397.29	96.6
2019-2020	25317.40	26,223.07	96.5
2020-2021	25421.62	26,504.52	95.9
2021-2022	29886.87	30,739.15	97.2
2022-2023	39505.91	40,288.71	98.1

Source of data: Company Annual Report 2018-2019 to 2022-2023.

Interpretation: From the above table it is inferred that, the Gross profit ratio the higher the gross profit margin the better. A high gross profit margin means that the company did well in managing its cost of sales. It also shows that the company has more to cover for operating, financing, and other costs. The gross profit margin may be improved by increasing sales price or decreasing cost of sales. It states that gross profit ratio is increased in the year 2022-2023 with 98.1 and it is decreased in the year 2020-2021 with 36.48

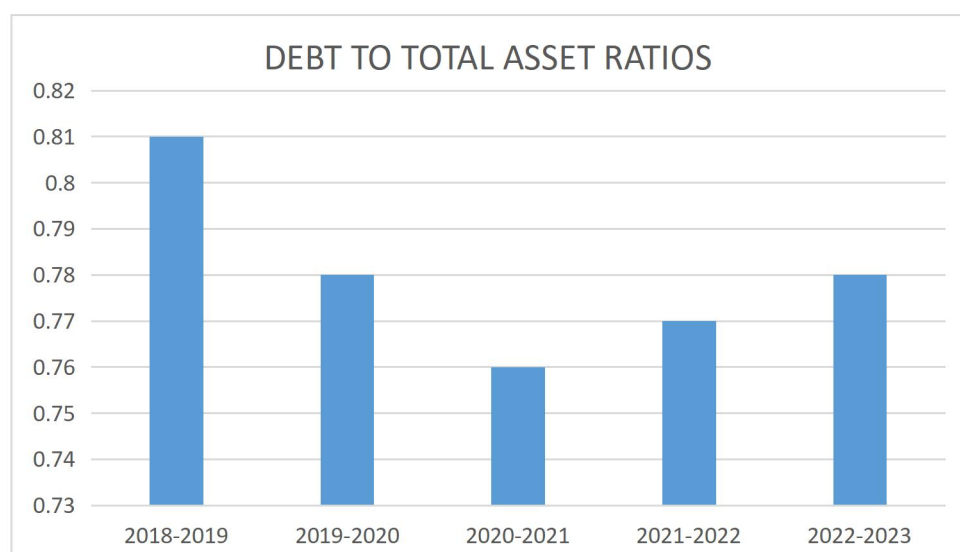


4.1.7 Table: Debt-to-Total Assets Ratio = Total Debts / Total Assets

YEAR	TOTAL DEBTS	TOTAL ASSETS	DEBT TO TOTAL ASSET RATIOS
2018-2019	101587.85	124,232.51	0.81
2019-2020	129806.43	164,391.13	0.78
2020-2021	131645.38	171,526.87	0.76
2021-2022	165231.92	212,505.36	0.77
2022-2023	216690.49	275,228.67	0.78

Source of data: Company Annual Report 2018-2019 to 2022-2023.

Interpretation: From the above table it is inferred that, the debt to total asset ratio enables comparisons of leverage to be made across different companies. The higher the ratio, the higher the degree of leverage, and consequently, financial risk. This is a broad ratio that includes long-term and short-term debt (Long term Borrowings maturing within one year), as well as all assets tangible and intangible. The debt to total asset ratio is increasing again for the last 3 years this shows that the company has a higher degree of leverage.

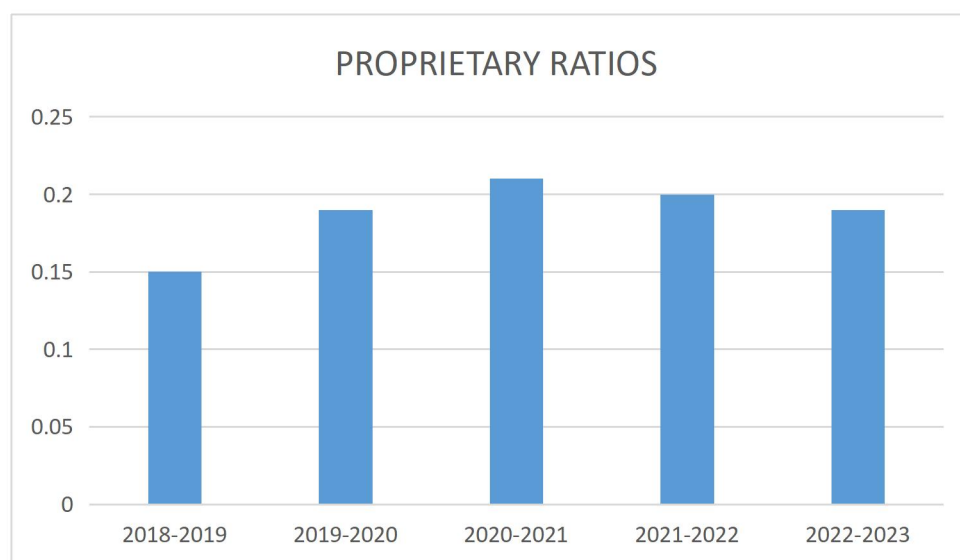


4.1.8 Table: Proprietary Ratio = Shareholders Equity /Total Assets

YEAR	Shareholders Equity	Total Assets	PROPRIETARY RATIOS
2018-2019	19,697.02	124,232.51	0.15
2019-2020	32,327.63	164,391.13	0.19
2020-2021	36,918.41	171,526.87	0.21
2021-2022	43,712.69	212,505.36	0.20
2022-2023	54,371.98	275,228.67	0.19

Source of data: Company Annual Report 2018-2019 to 2022-2023.

Interpretation: From the above table it is inferred that, It shows that proprietary ratio was high in the year 2021 with 0.21 and low in the year 2019 with 0.15. Thus, it can be said that the company is maintaining the long term solvency. The current year (2023) proprietary ratio is found to be 0.19. it is in a decreasing position. The Proprietary ratio which shows the relationship between the shareholders funds to total tangible assets. The ratio is in the decreasing manner due to the fluctuation in the total assets.

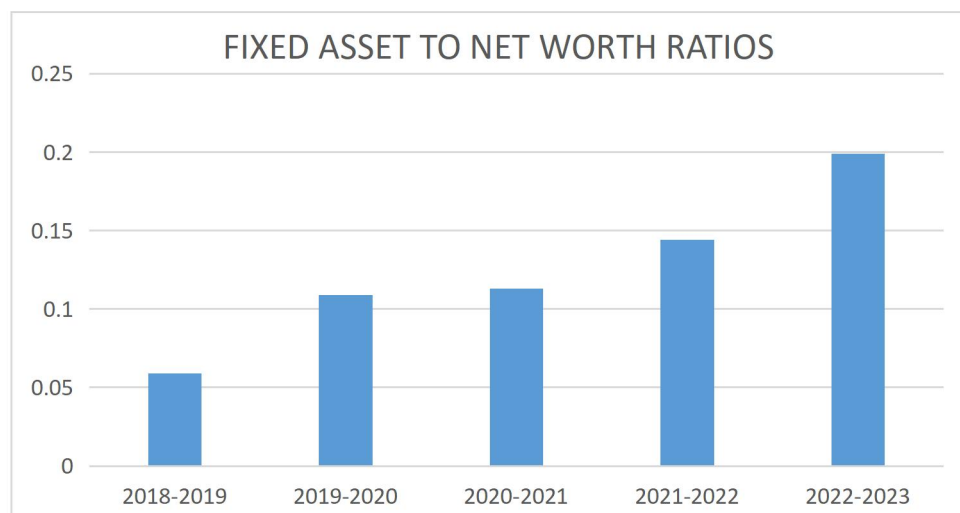


4.1.9 Table: Fixed Asset to Net Worth Capital = Fixed Asset / Share Capital Fund

YEAR	Fixed Asset	Share Capital Fund	TOTAL ASSET TO NET WORTH CAPITAL RATIOS
2018-2019	691.57	115.37	0.059
2019-2020	1317.72	119.99	0.109
2020-2021	1,363.49	120.32	0.113
2021-2022	1747.17	120.66	0.144
2022-2023	2384.19	120.89	0.199

Source of data: Company Annual Report 2018-2019 to 2022-2023.

Interpretation: From the above table it is inferred that, Fixed assets to net worth ratio 0.050 or higher is usually undesirable, as it indicates that the firm is vulnerable to unexpected events and changes in the business climate. This ratio indicates the extent to which the owners' cash is frozen in the form of fixed assets, such as property, plant, and equipment, and the extent to which funds are available for the company's operations (i.e. for working capital). The current year fixed asset to networth ratio is 0.19 which indicates that the firm is vulnerable to unexpected events and changes in the business climate.

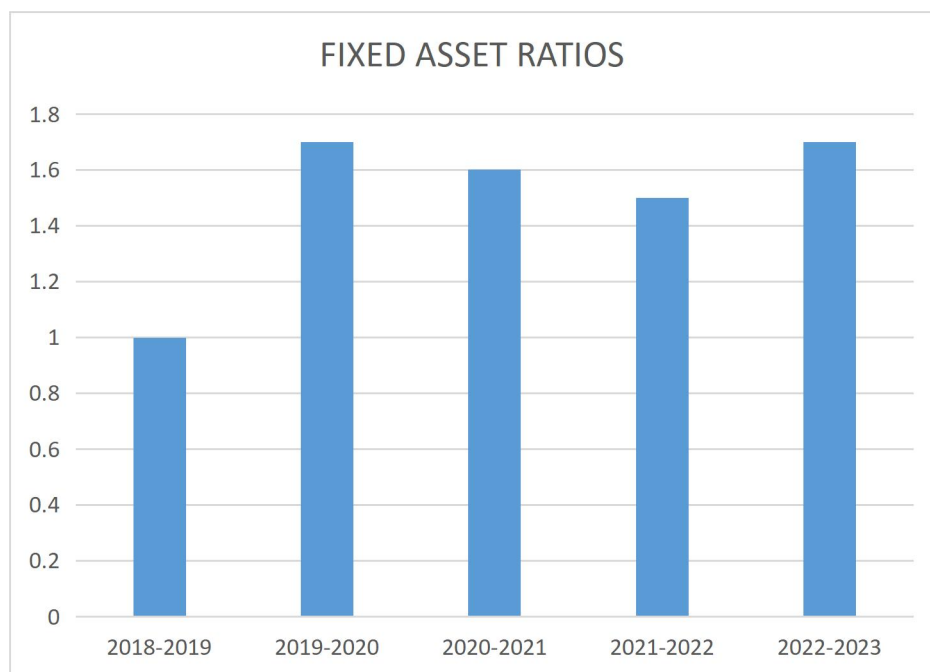


4.1.10 Table: Fixed asset ratio = fixed asset / long term fund*100:

YEAR	Fixed Asset	Long term Fund	FIXED RATIOS
2018-2019	691.57	64013.41	1
2019-2020	1317.72	75106.26	1.7
2020-2021	1363.49	84204.18	1.6
2021-2022	1747.17	110868.36	1.5
2022-2023	2384.19	135141.09	1.7

Source of data: Company Annual Report 2018-2019 to 2022-2023.

Interpretation: From the above table it is inferred that, the company has invested same amount in both long term fund and the fixed asset. Even though the current year (2022) fixed assets are in the decreasing rate that the ratios are equal to 1.5. This means that the company fixed asset position is satisfactory

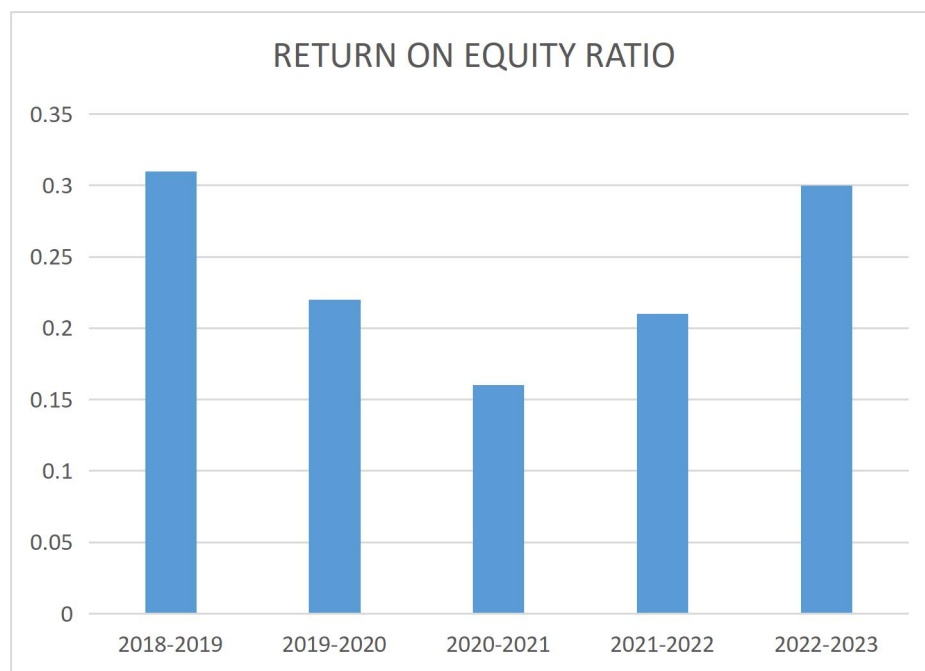


4.1.11 Table: Return on Equity Ratio = Net Income / Shareholder Funds

YEAR	NET INCOME	SHAREHOLDER FUNDS	RETURN ON EQUITY RATIO
2018-2019	6179.16	19,697.02	0.31
2019-2020	7322.12	32,327.63	0.22
2020-2021	5992.26	36,918.41	0.16
2021-2022	9503.78	43,712.69	0.21
2022-2023	15526.19	54,371.98	0.30

Source of data: Company Annual Report 2018-2019 to 2022-2023.

Interpretation: From the above table it is inferred that, the return on equity ratio Return on equity ratio (ROE) states that in the year 2018-2019 it is increased with 0.31 whereas it decreased in the year 2020-2021 with 0.16.

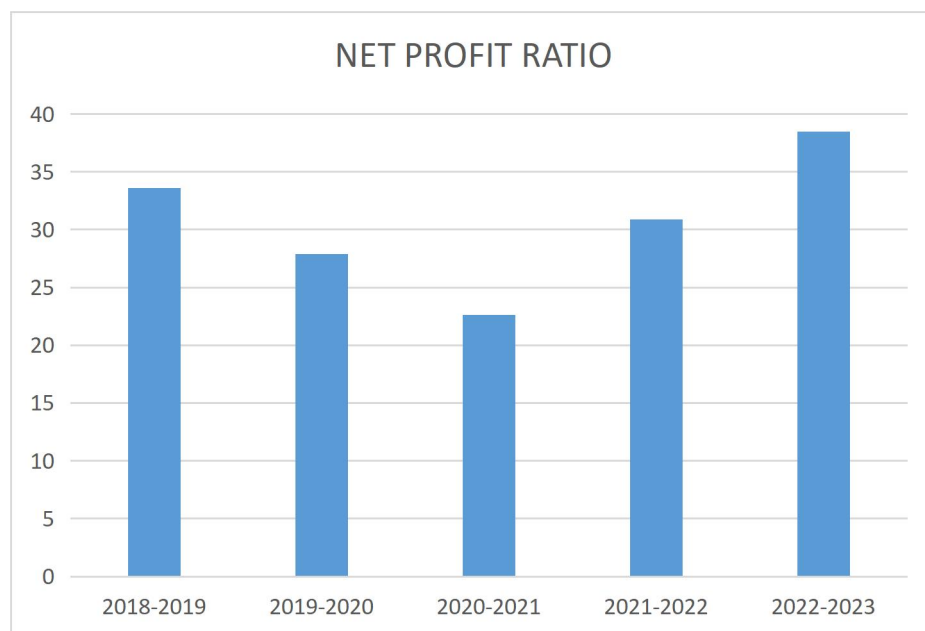


4.1.12 Table: Net Profit Ratio = Net Profit / Net Sales *100

YEAR	NET PROFIT	NET SALES	NET PROFIT RATIO
2018-2019	6179.16	18,397.29	33.6
2019-2020	7322.12	26,223.07	27.9
2020-2021	5992.26	26,504.52	22.6
2021-2022	9503.78	30,739.15	30.9
2022-2023	15526.19	40,288.71	38.5

Source of data: Company Annual Report 2018-2019 to 2022-2023.

Interpretation: From the above table it is inferred that, In 2019, the company having 33.6 % of net profit. In 2020 and 2021, the company having 27.9 % and 22.6 % of Net Profit which is decreased and increasing in 2022. In 2017, The Company Profit Decrease in 2020 and 2021 The company profit starts increase in 2022 and 2023.

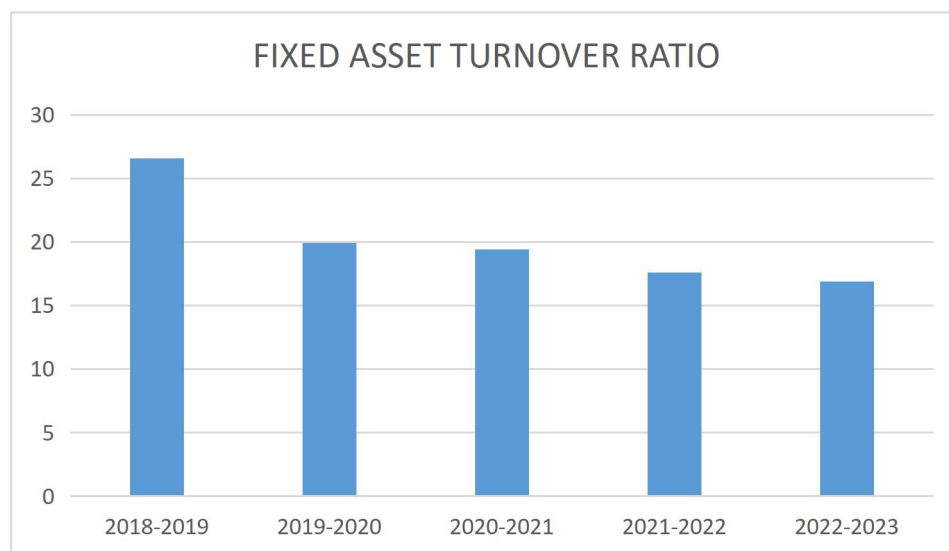


4.1.13 Table: Fixed Asset Turnover Ratio = Net Sales / Fixed Asset

YEAR	NET SALES	FIXED ASSET	FIXED ASSET TURN OVER RATIO
2018-2019	18,397.29	691.57	26.6
2019-2020	26,223.07	1317.72	19.9
2020-2021	26,504.52	1363.49	19.4
2021-2022	30,739.15	1747.17	17.6
2022-2023	40,288.71	2384.19	16.9

Source of data: Company Annual Report 2018-2019 to 2022-2023.

Interpretation: From the above table it is inferred that, the higher Fixed-asset turnover ratio is more favourable compared with a lower ratio. Which means the Analysis of fixed assets turnover ratio reveals that it is decreasing in the last year 2023 with 16.9 signifying that there is an improvement in the utilization of resources.



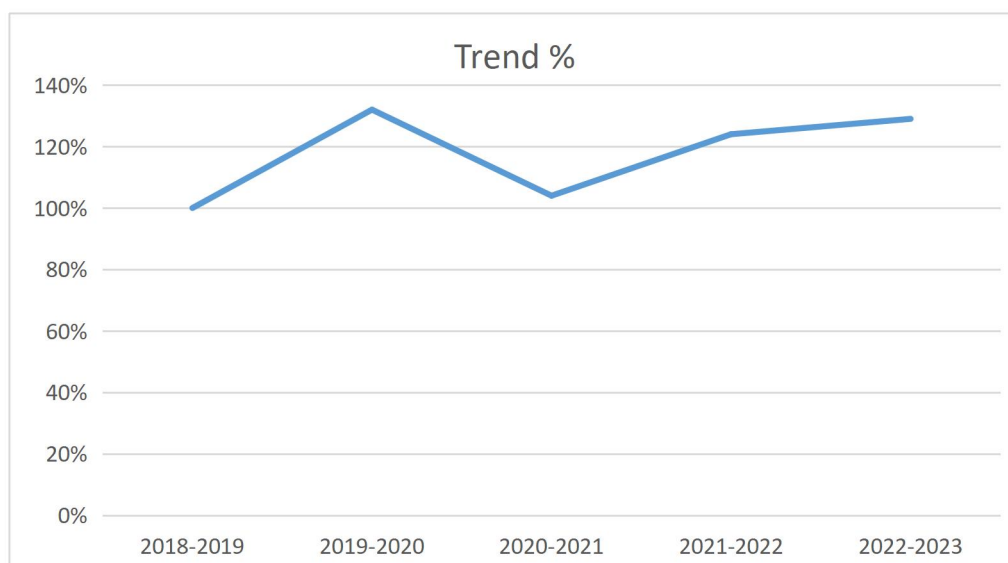
4.2 TREND ANALYSIS:

4.2.1 TREND PRECENTAGE OF CURRENT ASSET:

Year	Current Asset	Trend %
2018-2019	122,659.21	100%
2019-2020	161,897.07	132%
2020-2021	168,904.38	104%
2021-2022	209,458.37	124%
2022-2023	271,593.53	129%

Source of data: Company Annual Report 2018-2019 to 2022-2023.

Interpretation: From the above trend analysis showing, The Current Assets have continuously increased and decreased in all the years up to 2023. It is inferred as base year 2018. Current asset has been decreased during the year 2020, 2021 and 2023. The current year 2023 trend percentage for current asset is 129%

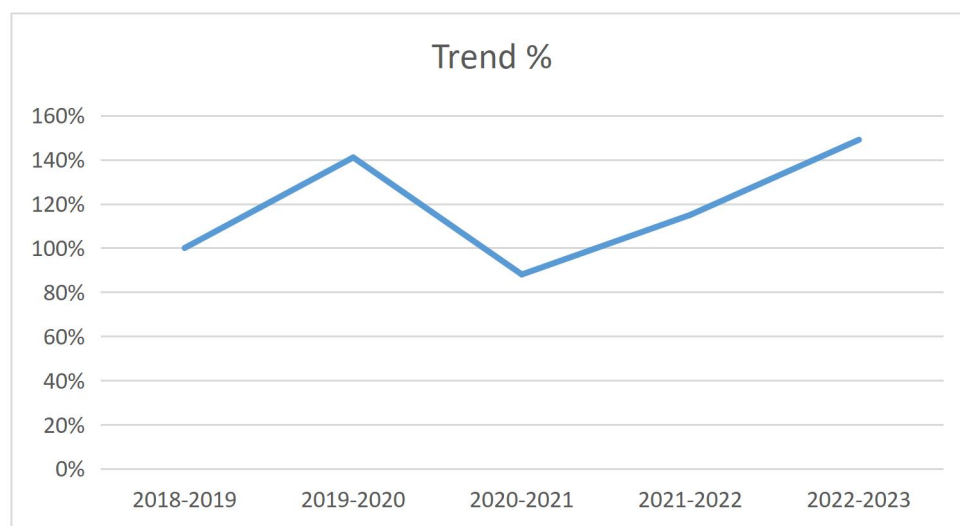


4.2.2 TREND PRECENTAGE OF CURRENT LIABILITIES:

Year	Current Liabilities	Trend %
2018-2019	40,090.13	100%
2019-2020	56,404.98	141%
2020-2021	49,579.53	88%
2021-2022	57,125.11	115%
2022-2023	84,954.14	149%

Source of data: Company Annual Report 2018-2019 to 2022-2023.

Interpretation: From the above trend analysis showing, The Current Liabilities have continuously increased and decreased in all the years up to 2023. It is inferred as base year 2018. Current Liabilities has been decreased during the year 2020 , 2021 and increasing in 2023. The current year 2023 trend percentage for current Liabilities is 149%

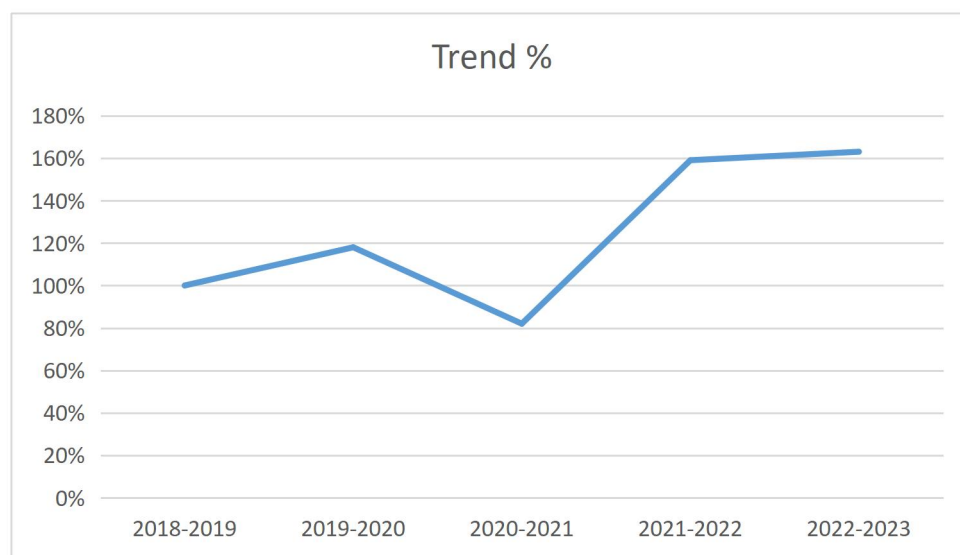


4.2.3 TREND PRECENTAGE OF NET PROFIT:

Year	Net Profit	Trend %
2018-2019	6179.16	100%
2019-2020	7322.12	118%
2020-2021	5992.26	82%
2021-2022	9503.78	159%
2022-2023	15526.19	163%

Source of data: Company Annual Report 2018-2019 to 2022-2023.

Interpretation: The Net Profit have continuously increased and decreased in all the years up to 2023, though in different proportions. Then it is inferred as base year 2018. Net Profit has been decreased during the year 2020 , and increasing in 2021 , 2023.The current year 2023 trend percentage for Net Profit is 163%.

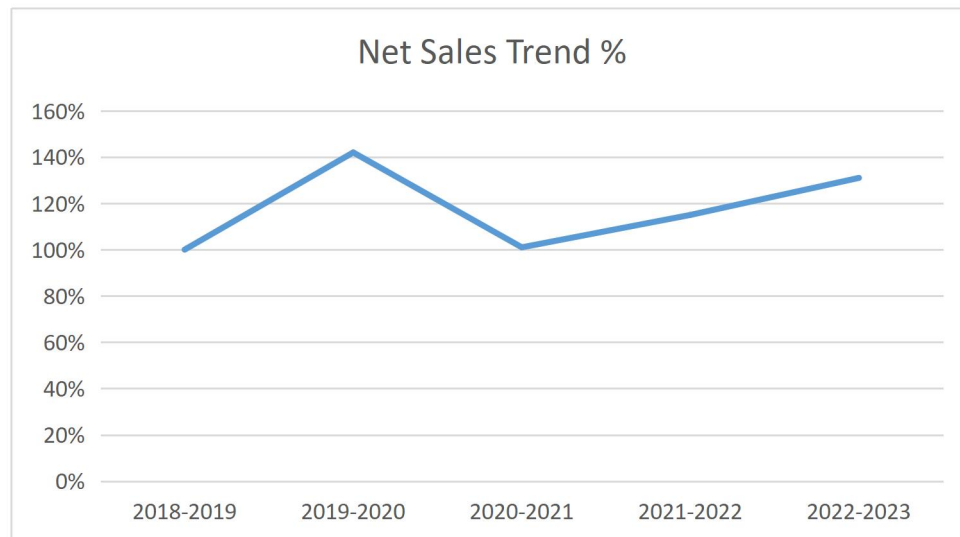


4.2.4 TREND PRECENTAGE OF NET SALES:

Year	Net Sales	Net Sales Trend %
2018-2019	18,397.29	100%
2019-2020	26,223.07	142%
2020-2021	26,504.52	101%
2021-2022	30,739.15	115%
2022-2023	40,288.71	131%

Source of data: Company Annual Report 2018-2019 to 2022-2023.

Interpretation: The Net Sales have continuously increased and decreased in all the years up to 2023, though in different proportions. Then it is inferred as base year 2018. Net Sales has been decreased during the year 2021 , 2022 , 2023.The current year 2023 trend percentage for Net Sales is 131%.



4.3 COMPARATIVE BALANCE SHEET

4.3.1 COMPARATIVE ANALYSIS OF BALANCE SHEET 2019 - 2020:

Year	2019 12MON	2020 12MON	INC	DEC
Equities and Liabilities				
Shareholder Funds				
Total Share Capital	115.37	119.99	4.62	--
Total reserve and surplus	19443.80	31994.47	12550.67	--
Employees stock options	137.85	213.17	75.32	--
Total Shareholders Funds	19697.02	32327.63	12630.61	--
Non Current Liabilities				
Long term borrowings	64013.41	75106.26	11092.85	--
Other long term liabilities	358.06	471.26	113.2	--
Long term provisions	73.89	81.00	7.11	--
Total Non Current Liabilities	64445.36	75658.52	11213.16	--
Current Liabilities				
Short term borrowings	37574.44	54700.17	17125.73	--
Trade payables	811.54	959.81	148.27	--
Other current liabilities	1704.15	745.00	--	959.15

Total Current Liabilities	40090.13	56404.98	16314.85	--
Total Capital and Liabilities Assets	124232.51	164391.13	40158.62	--
Non Current Assets				
Tangible asset	526.51	1097.26	570.75	--
Intangible asset	165.06	220.46	55.4	--
Capital work in progress	0.00	0.00	0.00	--
Intangible assets under development	0.00	0.00	0.00	--
Fixed Assets	691.57	1317.72	656.15	--
Deferred tax assets	669.03	850.13	181.1	--
Other noncurrent assets	209.43	322.94	113.51	--
Total non current assets	1573.30	2494.06	920.76	--
Current Assets				
Current investment	8599.03	17543.90	8944.87	--
Trade receivables	808.70	952.56	143.86	--
Cash and cash equivalent	348.71	1382.72	1034.01	--
Short term loans and advances	112512.82	141376.05	28863.23	--
Other current assets	389.95	641.84		
Total Current Assets	122659.21	161897.07	251.89	--
Total Assets	124232.51	164391.13	39237.86	--

4.3.2 COMPARATIVE ANALYSIS OF BALANCE SHEET 2020 - 2021:

Year	2020 12MON	2021 12MON	INC	DEC
Equities and Liabilities				
Shareholder Funds				
Total Share Capital	119.99	120.32	0.33	--
Total reserve and surplus	31994.47	36494.84	4500.37	--
Employees stock options	213.17	303.25	90.08	--
Total Shareholders Funds	32327.63	36918.41	4590.78	--
Non Current Liabilities				
Long term borrowings	75106.26	84204.18	9097.92	--
Other long term liabilities	471.26	687.06	215.8	--
Long term provisions	81.00	137.69	56.69	--
Total Non Current Liabilities	75658.52	85028.93	9370.41	--
Current Liabilities				
Short term borrowings	54700.17	47441.20	--	7258.97
Trade payables	959.81	1108.68	148.87	--
Other current liabilities	745.00	1029.65	284.65	--
Total Current	56404.98	494579.53	--	6825.45

Liabilities				
Total Capital Assets and Liabilities	164391.13	171526.87	7135.74	--
Non Current Assets				
Tangible asset	1097.26	1041.69	--	55.57
Intangible asset	220.46	270.74	50.28	--
Capital work in progress	0.00	7.07	7.07	--
Intangible assets under development	0.00	43.99	43.99	--
Fixed Assets	1317.72	1363.49	46.27	--
Deferred tax assets	850.13	945.90	365.77	--
Other non current assets	322.94	309.83	--	13.11
Total non current assets	2494.06	2622.49	128.43	--
Current Assets				
Current investment	17543.90	18396.91	853.01	--
Trade receivables	952.56	1107.24	154.68	--
Cash and cash equivalent	1382.72	2176.18	793.46	--
Short term loans and advances	141376.05	146686.87	5310.82	--
Other current assets	641.84	537.18		
Total Current Assets	161897.07	168904.38	--	104.66
Total Assets	164391.13	171526.87	7007.31	--

4.3.3 COMPARATIVE ANALYSIS OF BALANCE SHEET 2021 - 2022:

Year	2021 12MON	2022 12MON	INC	DEC
Equities and Liabilities				
Shareholder Funds				
Total Share Capital	120.32	120.66	0.34	--
Total reserve and surplus	36494.84	43194.47	6699.63	--
Employees stock options	303.25	397.56	94.31	--
Total Shareholders Funds	36918.41	43712.69	6794.28	--
Non Current Liabilities				
Long term borrowings	84204.18	110868.36	26664.18	--
Other long term liabilities	687.06	632.30	--	54.76
Long term provisions	137.69	166.90	29.21	--
Total Non Current Liabilities	85028.93	111667.56	26638.63	--
Current Liabilities				
Short term borrowings	47441.20	54363.56	6922.36	--
Trade payables	1108.68	1511.10	402.42	--
Other current liabilities	1029.65	1250.45	220.8	--
Total Current Liabilities	494579.53	57125.11	7545.58	--

Total Capital Assets and Liabilities	171526.87	212505.36	40978.49	--
Non Current Assets				
Tangible asset	1041.69	1282.58	759.11	--
Intangible asset	270.74	430.45	159.71	--
Capital work in progress	7.07	13.27	6.2	--
Intangible assets under development	43.99	20.87	--	23.12
Fixed Assets	1363.49	1747.17	383.68	--
Deferred tax assets	945.90	951.11	5.21	--
Other noncurrent assets	309.83	345.44	35.61	--
Total non current assets	2622.49	3046.99	424.5	--
Current Assets				
Current investment	18396.91	12245.54	---	6151.37
Trade receivables	1107.24	1265.89	158.65	--
Cash and cash equivalent	2176.18	3680.30	1504.71	--
Short term loans and advances	146686.87	191423.25	44736.38	--
Other current assets	537.18	843.39		
Total Current Assets	168904.38	209458.37	306.21	--
Total Assets	171526.87	212505.36	40553.99	--

4.3.4 COMPARATIVE ANALYSIS OF BALANCE SHEET 2022 - 2023:

Year	2022 12MON	2023 12MON	INC	DEC
Equities and Liabilities				
Shareholder Funds				
Total Share Capital	120.66	120.89	0.23	--
Total reserve and surplus	43194.47	53695.63	10501.16	--
Employees stock options	397.56	555.46	157.9	--
Total Shareholders Funds	43712.69	54371.98	10659.29	--
Non Current Liabilities				
Long term borrowings	110868.36	135141.09	24272.73	--
Other long term liabilities	632.30	491.02	--	141.28
Long term provisions	166.90	270.44	103.54	--
Total Non Current Liabilities	111667.56	135902.55	24234.99	--
Current Liabilities				
Short term borrowings	54363.56	81549.40	27185.84	--
Trade payables	1511.10	2091.44	580.34	--
Other current liabilities	1250.45	1313.30	62.85	---
Total Current Liabilities	57125.11	84954.14	27829.03	--

Total Capital Assets and Liabilities	212505.36	275228.67	62723.31	--
Non Current Assets				
Tangible asset	1282.58	1676.57	393.99	--
Intangible asset	430.45	627.78	197.33	--
Capital work in progress	13.27	14.60	1.33	--
Intangible assets under development	20.87	65.24	44.37	--
Fixed Assets	1747.17	2384.19	637.02	--
Deferred tax assets	951.11	937.09	--	14.04
Other noncurrent assets	345.44	310.59	--	34.85
Total non current assets	3046.99	3635.14	588.15	--
Current Assets				
Current investment	12245.54	22751.84	10506.3	--
Trade receivables	1265.89	1299.72	33.83	--
Cash and cash equivalent	3680.30	4304.52	624.22	--
Short term loans	191423.25	242268.93		--
and advances			50845.68	
Other current assets	843.39	968.52		
Total Current Assets	209458.37	271593.53	125.13	--
Total Assets	212505.36	275228.67	62135.16	--

4.4 COMMON SIZE BALANCE SHEET

4.4.1 COMMON SIZE BALANCE SHEET FOR 2019 - 2020:

Year	2019 12MON	PER CENT AGE	2020 12MON	PER CENT AGE
Equities and Liabilities				
Shareholder Funds				
Total Share Capital	115.37	0.00	119.99	0.00
Total reserve and surplus	19443.80	15.65	31994.47	19.4
Employees stock options	137.85	0.1	213.17	0.1
totalShareholders Funds	19697.02	15.9	32327.63	19.7
Non Current Liabilities				
Long term borrowings	64013.41	51.6	75106.26	45.7
Other long term liabilities	358.06	0.2	471.26	0.3
Long term provisions	73.89	0.00	81.00	0.00
Total Non Current Liabilities	64445.36	51.9	75658.52	46.02
Current Liabilities				
Short term borrowings	37574.44	30.24	54700.17	33.2
Trade payables	811.54	0.6	959.81	0.6
Other current liabilities	1704.15	1.3	745.00	0.5

Total Current Liabilities	40090.13	32.27	56404.98	34.3
Total Capital and Liabilities	124232.51	100	164391.13	100
Non Current Assets				
Tangible asset	526.51	0.4	1097.26	0.7
Intangible asset	165.06	0.1	220.46	0.1
Capital work in progress	0.00	0.0	0.00	0.0
Intangible assets under development	0.00	0.0	0.00	0.0
Fixed Assets	691.57	0.6	1317.72	0.8
Deferred tax assets	669.03	0.53	850.13	0.5
Other non current assets	209.43	0.16	322.94	0.2
Total non current assets	1573.30	1.2	2494.06	1.5
Current Assets				
Current investment	8599.03	7	17543.90	10.7
Trade receivables	808.70	0.7	952.56	0.6
Cash and cash equivalent	348.71	0.3	1382.72	0.8
Short term loans and advances	112512.82	90.6	141376.05	86
Other current assets	389.95	0.3	641.84	0.4
Total Current Assets	122659.21	98.7	161897.07	98
Total Assets	124232.51	100	164391.13	100

4.4.2 COMMON SIZE BALANCE SHEET FOR 2020 - 2021

Year	2020 12MON	PERCENT AGE	2021 12MON	PERCENT AGE
Equities and Liabilities Shareholder Funds				
Total Share Capital	119.99	0.00	120.32	0.07
Total reserve and surplus	31994.47	19.4	36494.84	21.3
Employees stock options	213.17	0.1	303.25	0.2
Total Shareholders Funds	32327.63	19.7	36918.41	21.5
Non Current Liabilities				
Long term borrowings	75106.26	45.7	84204.18	49.1
Other long term liabilities	471.26	0.3	687.06	0.4
Long term provisions	81.00	0.00	137.69	0.08
Total Non Current Liabilities	75658.52	46.02	85028.93	49.6
Current Liabilities				
Short term borrowings	54700.17	33.2	47441.20	27.7
Trade payables	959.81	0.6	1108.68	0.6
Other current liabilities	745.00	0.5	1029.65	0.6

Total Current Liabilities	56404.98	34.3	49579.53	28.9
Total Capital Assets and Liability	164391.13	100	171526.87	100
Non Current Assets				
Tangible asset	1097.26	0.7	1041.69	0.6
Intangible asset	220.46	0.1	270.74	0.2
Capital work in progress	0.00	0.0	7.07	0.0
Intangible assets under development	0.00	0.0	43.99	0.0
Fixed Assets	1317.72	0.8	1363.49	0.8
Deferred tax assets	850.13	0.5	945.90	0.6
Other noncurrent assets	322.94	0.2	309.83	0.2
Total non current assets	2494.06	1.5	2622.49	1.5
Current Assets				
Current investment	17543.90	10.7	18396.91	10.8
Trade receivables	952.56	0.6	1107.24	0.6
Cash and cash equivalent	1382.72	0.8	2176.18	1.2
Short term loans and advances	141376.05	86	146686.87	85.6
Other current assets	641.84	0.4	537.18	0.3
Total Current Asset	161897.07	98	168904.38	98.4
Total Assets	164391.13	100	171526.87	100

4.4.3 COMMON SIZE BALANCE SHEET FOR 2021 - 2022

Year	2021 12MON	PER CENT AGE	2022 12MON	PERCENT AGE
Equities and Liabilities				
Shareholder Funds				
Total Share Capital	120.32	0.07	120.66	0.0
Total reserve and surplus	36494.84	21.3	43194.47	20.3
Employees stock options	303.25	0.2	397.56	0.1
Total Shareholders Funds	36918.41	21.5	43712.69	20.6
Non Current Liabilities				
Long term borrowings	84204.18	49.1	110868.36	52.2
Other long term liabilities	687.06	0.4	632.30	0.3
Long term provisions	137.69	0.08	166.90	0.0
Total Non Current Liabilities	85028.93	49.6	111667.56	52.5
Current Liabilities				
Short term borrowings	47441.20	27.7	54363.56	25.6
Trade payables	1108.68	0.6	1511.10	0.7
Other current liabilities	1029.65	0.6	1250.45	0.5
Total Current Liabilities	49579.53	28.9	57125.11	26.9

Total Capital and Liabilities	171526.87	100	212505.36	100
Non Current Assets				
Tangible asset	1041.69	0.6	1282.58	0.6
Intangible asset	270.74	0.2	430.45	0.2
Capital work in progress	7.07	0.0	13.27	0.0
Intangible asset-under development	43.99	0.0	20.87	0.0
Fixed Assets	1363.49	0.8	1747.17	0.8
Deferred tax assets	945.90	0.6	951.11	0.4
Other noncurrent assets	309.83	0.2	345.44	0.2
Total non current assets	2622.49	1.5	3046.99	1.4
Current Assets				
Current investment	18396.91	10.8	12245.54	5.8
Trade receivables	1107.24	0.6	1265.89	0.6
Cash and cash equivalent	2176.18	1.2	3680.30	1.7
Short term loans and advances	146686.87	85.6	191423.25	90
Other current assets	537.18	0.3	843.39	0.4
Total Current Assets	168904.38	98.4	209458.37	98.6
Total Assets	171526.87	100	212505.36	100

4.4.4 COMMON SIZE BALANCE SHEET FOR 2022 - 2023

Year	2022 12MON	PERCE NT AGE	2023 12MON	PERCEN T AGE
Equities and Liabilities				
Shareholder Funds				
Total Share Capital	120.66	0.0	120.89	0.0
Total reserve and surplus	43194.47	20.3	53695.63	19.5
Employees stock options	397.56	0.1	555.46	0.2
Total Shareholders Funds	43712.69	20.6	54371.98	19.7
Non Current Liabilities				
Long term borrowings	110868.36	52.2	135141.09	49.1
Other long term liabilities	632.30	0.3	491.02	0.2
Long term provisions	166.90	0.0	270.44	0.0
Total Non Current Liabilities	111667.56	52.5	135902.55	49.4
Current Liabilities				
Short term borrowings	54363.56	25.6	81549.40	29.6
Trade payables	1511.10	0.7	2091.44	0.7
Other current liabilities	1250.45	0.5	1313.30	0.4
Total Current Liabilities	57125.11	26.9	84954.14	30.9

Total Capital and Liabilities	212505.36	100	275228.67	100
Non Current Assets				
Tangible asset	1282.58	0.6	1676.57	0.6
Intangible asset	430.45	0.2	627.78	0.2
Capital work in progress	13.27	0.0	14.60	0.0
Intangible assets under development	20.87	0.0	65.24	0.0
Fixed Assets	1747.17	0.8	2384.19	0.9
Deferred tax assets	951.11	0.4	937.09	0.3
Other noncurrent assets--	345.44	0.2	310.59	0.1
Total non current assets	3046.99	1.4	3635.14	1.3
Current Assets				
Current investment	12245.54	5.8	22751.84	8.3
Trade receivables	1265.89	0.6	1299.72	0.5
Cash and cash equivalent	3680.30	1.7	4304.52	1.6
Short term loans and advances	191423.25	90	242268.93	88
Other current assets	843.39	0.4	968.52	0.4
Total Current Assets	209458.37	98.6	271593.53	98.7
Total Assets	212505.36	100	275228.67	100

CHAPTER 5

5.1 FINDINGS:

- In the year 2023 the current Ratio was 3.19 whereas it is increased in the year 2022 with 3.66 and it is decreased in the year 2020 with 2.87.
- In the year 2023 the Cash ratio was 0.050 whereas it is increased in the year 2022 with 0.064 and decreased in the year 2019 with 0.008.
- In the year 2023 the Quick ratio was 0.06 whereas it is increased in the year 2022 with 0.08 and decreased in the year 2019 with 0.03.
- In the year 2023 the Working Capital Ratio was 0.67 whereas it is increased in the year 2022 with 0.71 and decreased in the year 2020 with 0.64.
- The debt to equity ratio for current year was 2.48 whereas it is increased in the year 2018-2019 with 3.24 and decreased in the year 2020-2021 with 2.28.
- The debt to Total Asset ratio for current year was 0.78 whereas it is increased in the year 2018-2019 with 0.81 and decreased in the year 2020-2021 with 0.76.
- The proprietary ratio was increased in the year 2020-2021 with 0.21 whereas it is decreased in the year 2018-2019 with 0.15 and current year ratio was 0.19.
- In the year 2023 the fixed asset to net worth Capital ratio was 0.19 whereas it is increased in the year 2023 with 0.19 and decreased in the year 2019 with 0.05.

- The Fixed Asset ratio was increased in the year 2019, 2023 with 1.7% whereas it is decreased in the year 2018-2019 with 1%.
- The Return on equity ratio for current year was 0.30 whereas it is increased in the year 2018-2019 with 0.31 and decreased in the year 2020-2021 with 0.16.
- The gross profit ratio was decreased in the year 2020-2021 with 95.9% whereas it is increased in the year 2022-2023 with 98.1%.
- The Fixed asset turnover ratio was decreased in the year 2022-2023 with 16.9% whereas it is increased in the year 2018-2019 with 26.6%.
- The Net profit ratio was increased in the year 2022-2023 with 38.5 % whereas it is decreased in the year 2020-2021 with 22.6%.
- The trend analysis shows that the current asset, Net Sales of past five years have drastically changed and thus the company's debt is getting much lower comparing to other 4 years and the Current Liabilities , Net profit of past five years have drastically changed and thus the company's debt is getting much higher comparing to Other Years.

5.2 SUGGESTIONS:

The Current Assets evaluate the composition especially the significant increase in short-term loans and advances. Ensure that these loans are being utilized efficiently, Monitor trade receivables and manage them effectively to maintain healthy cash flow.

In Current liabilities the Short-term borrowings have increased substantially. Ensure that the company has a well-defined strategy for managing short-term debt. Keep an eye on trade payables and other current liabilities to manage working capital effectively.

Assess the composition of non-current assets, particularly the growth in tangible and intangible assets. Ensure that these assets align with the company's strategic objectives and monitor the development of intangible assets to ensure that the company is investing wisely in areas that contribute to future growth.

In Non Current Liabilities the Long-term borrowings have significantly increased. Evaluate The terms and conditions of these borrowings and ensure they align with the company's long-term strategy, Monitor other long-term liabilities, and assess whether any reduction or optimization is possible. The company should focus on the financial plans and to create strategic partnership and to enhance the ideas for future predictions.

The shareholder funds have been increasing over the years, indicating positive equity growth and communicate effectively with shareholders about the use of funds and the company's financial health.

Develop a strategic plan for utilizing funds, balancing debt, and optimizing the capital structure. Consider future capital expenditures and investments to support long-term growth. Identify potential risks associated with the company's financial structure and develop mitigation strategies. Regularly review and update risk management policies.

The company should focus on the financial plans and to create strategic partnership and to enhance the ideas for future predictions.

CHAPTER 6

6.1 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 determines the analysis forecasting future financial position.

Through financial statement analysis, Bajaj Financial Services has shown positive trends in shareholder funds, total capital, and assets over the years. The company's strategic focus on both tangible and intangible assets, coupled with effective working capital management and suggests a proactive approach to growth. However, the increase in long-term borrowings needs careful monitoring to ensure sustainable financial health. Further qualitative analysis, industry benchmarking, and a detailed risk assessment would provide a more comprehensive view for stakeholders and potential investors.

A number of methods or devices are used for the analysis the balance sheet and income statements of the Bajaj Finance Limited for a period of 5 years (2019-2023). The analysis was done by using various financial tools, statistical tools. The graphs were used accordingly to support the analysis. This project entitled financial performance analysis helped in knowing the firm's financial strengths and weakness which helps the company to make better utilization of its resources.

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APPENDIX (ANNUAL REPORT)

CONSOLIDATED BALANCE SHEET 2018 - 2023:

Year	2019 12MON	2020 12MON	2021 12MON	2022 12MON	2023 12MON
Equities and Liabilities					
Share holder Funds					
Total Share Capital	115.37	119.99	120.32	120.66	120.89
Total reserve and surplus	19443.80	31994.47	36494.84	43194.47	53695.63
Employees stock options	137.85	213.17	303.25	397.56	555.46
total Share holders Funds	19697.02	32327.63	36918.41	43712.69	54371.98
Non Current Liabilities					
Long term borrowings	64013.41	75106.26	84204.18	110868.3	135141.0
Other long term liabilities	358.06	471.26	687.06	632.30	491.02
Long term provisions	73.89	81.00	137.69	166.90	270.44
Total Non Current Liabilities	64445.36	75658.52	85028.93	111667.5	135902.5
Current Liabilities					

Short term borrowings	37574.44	54700.17	47441.20	54363.56	81549.40
Trade payables	811.54	959.81	1108.68	1511.10	2091.44
Other current liabilities	1704.15	745.00	1029.65	1250.45	1313.30
Total Current Liabilities and	40090.13	56404.98	494579.5	57125.11	84954.14
Total Capital Liabilities and Assets	124232.5	164391.1	171526.8	212505.3	275228.6
Non Current Assets					
Tangible asset	526.51	1097.26	1041.69	1282.58	1676.57
Intangible asset	165.06	220.46	270.74	430.45	627.78
Capital work in progress	0.00	0.00	7.07	13.27	14.60
Intangible assets under development	0.00	0.00	43.99	20.87	65.24
Fixed Assets	691.57	1317.72	1363.49	1747.17	2384.19
Deferred tax assets	669.03	850.13	945.90	951.11	937.09
Other non current assets	209.43	322.94	309.83	345.44	310.59
Total non current	1573.30	2494.06	2622.49	3046.99	3635.14

assets					
Current Assets					
Current investment	8599.03	17543.90	18396.91	12245.54	22751.84
Trade receivables	808.70	952.56	1107.24	1265.89	1299.72
Cash and cash equivalent	348.71	1382.72	2176.18	3680.30	4304.52
Short term loans and advances	112512.8	141376.0	146686.8	191423.2	242268.9
Other current assets	389.95	641.84	537.18	843.39	968.52
Total Current Assets	122659.2	161897.0	168904.3	209458.3	271593.5
Total Assets	124232.5	164391.1	171526.8	212505.3	275228.6

