

## A Study of Financial Performance through Ratio Analysis – Sharekhan Securities

<sup>1</sup>N. Swaroopa,<sup>2</sup>Y. Sreenivasa Rao

<sup>1</sup>Department of MBA, Sri Chaitanya Institute of Technology & Research Ugc Autonomous Institution  
Khammam

<sup>2</sup>Department of MBA, Sri Chaitanya Institute of Technology & Research Ugc Autonomous Institution  
Khammam

### Abstract

Financial performance analysis through ratio analysis is an important method used to evaluate the profitability, liquidity, efficiency, and financial stability of an organization. This study focuses on analyzing the financial performance of Sharekhan Securities, one of the leading stock broking and financial service companies in India. Ratio analysis helps in understanding the company's operational efficiency, financial strength, and overall business performance by comparing financial data from different periods. The study examines various financial ratios such as liquidity ratios, profitability ratios, solvency ratios, and efficiency ratios to evaluate the company's financial position. Proper financial analysis supports management decision-making, investor confidence, and organizational growth. The research also highlights the importance of ratio analysis in identifying strengths, weaknesses, and areas requiring improvement. The study concludes that effective financial management and proper utilization of resources contribute significantly to the growth and financial stability of Sharekhan Securities.

**Keywords:** Financial Performance, Ratio Analysis, Sharekhan Securities, Financial Statement Analysis, Profitability Analysis, Liquidity Analysis, Solvency Analysis, Efficiency Ratios, Investment Performance, Financial Management.

### I. INTRODUCTION

Ratio analysis is a financial analysis technique used to evaluate the performance and financial condition of an organization by analyzing relationships between different financial statement items. It is widely used by investors, management, creditors, and financial analysts to assess profitability, liquidity, solvency, and operational efficiency. In the financial services industry, ratio analysis plays a major role in understanding the financial strength and business performance of stock broking companies. Sharekhan Securities is one of the leading brokerage firms in India that provides services such as stock trading, investment advisory, portfolio management, and online trading facilities to investors. The company operates in a highly competitive financial market environment where efficient financial management is essential for growth and sustainability. Ratio analysis helps in evaluating the company's ability to manage resources, generate profits, maintain liquidity, and meet financial obligations

effectively. This study aims to analyze the financial performance of Sharekhan Securities through ratio analysis and understand the company's operational efficiency, profitability, and financial stability over the years.

#### Research Objective:

- To study the concept and importance of ratio analysis.
- To analyze the financial performance of Sharekhan Securities.
- To examine the profitability position of the company.
- To study the liquidity position through liquidity ratios.
- To analyze solvency and long-term financial stability.
- To evaluate the efficiency of resource utilization.

- To study operational performance through efficiency ratios.
- To analyze the relationship between profitability and liquidity.
- To examine the company's financial strengths and weaknesses.
- To understand the importance of ratio analysis in decision-making.
- To study trends in financial performance over different years.

### Research Methodology:

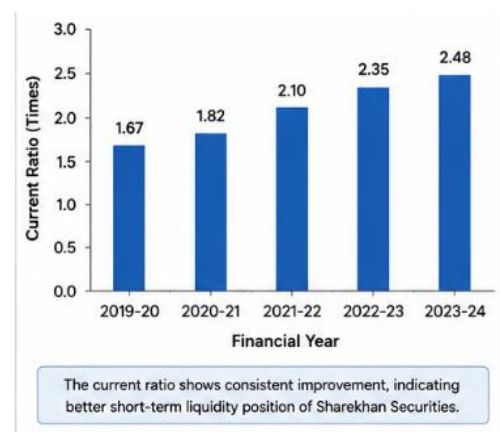
- The study is based on both primary and secondary data sources.
- Secondary data was collected from company reports, journals, books, and websites.
- Financial statements of Sharekhan Securities were analyzed for the study.
- Ratio analysis method was used for evaluating financial performance.
- Liquidity ratios, profitability ratios, and solvency ratios were examined.
- Comparative analysis was conducted to study financial growth trends.
- Percentage analysis and statistical tools were used for interpretation.
- Financial data from different accounting periods were compared.
- Graphs, charts, and tables were used for presenting financial information.

## II. REVIEW OF LITERATURE

Several researchers have emphasized the importance of ratio analysis in evaluating organizational performance and financial stability. Studies reveal that ratio analysis helps investors and management understand profitability, liquidity, operational efficiency, and solvency of companies. Previous research indicates that proper

financial analysis supports decision-making, investment planning, and risk management practices. Researchers observed that stock broking companies require effective financial management to maintain competitiveness and customer confidence in the financial market. Literature related to financial performance analysis highlights that liquidity ratios and profitability ratios are important indicators of business success and sustainability. Studies also suggest that technological advancements and digital trading platforms have significantly influenced the financial performance of brokerage firms. Research further indicates that organizations with strong financial planning and efficient resource utilization achieve better profitability and long-term growth.

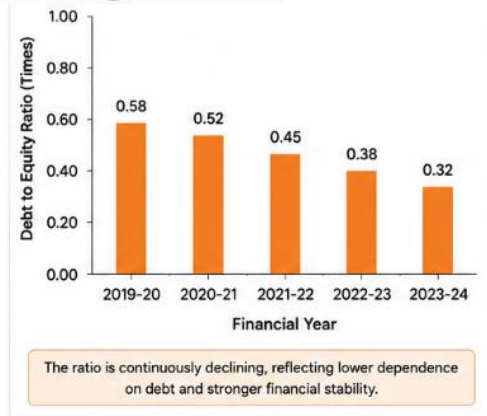
## III. DATA ANALYSIS & INFERENCES



**Fig 1: Current Ratio**

### INTERPRETATION :

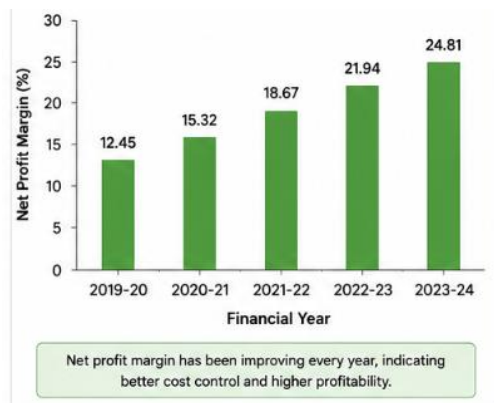
This bar graph explains the liquidity position of Sharekhan Securities from 2019–20 to 2023–24. The increasing current ratio indicates that the company has improved its ability to meet short-term financial obligations and maintain a strong working capital position.



**Fig 2: Debt To Equity Ratio**

#### INTERPRETATION:

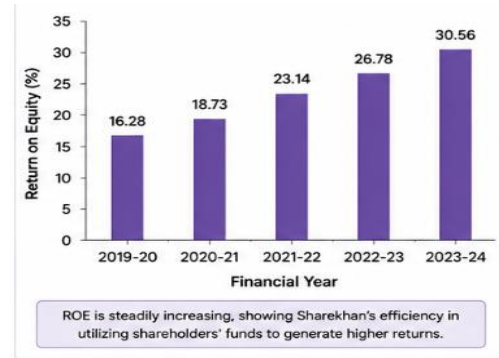
This graph shows the debt-equity ratio of Sharekhan Securities over five years. The decreasing trend indicates that the company is reducing its dependence on borrowed funds and maintaining better financial stability with lower financial risk.



**Fig 3: NET Profit Margin**

#### INTERPRETATION:

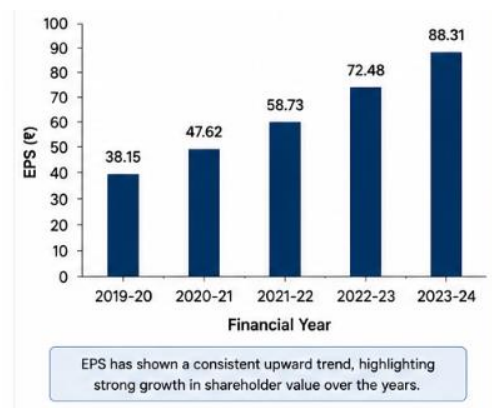
This chart represents the profitability performance of Sharekhan Securities. The steady increase in net profit margin shows that the company has improved its operational efficiency, cost management, and overall profitability during the study period.



**Fig 4: Return On Equity**

#### INTERPRETATION:

This graph explains how effectively Sharekhan Securities uses shareholders' funds to generate profits. The increasing ROE values indicate better management efficiency and improved returns for investors over the years.



**Fig 5: Earning Per Share**

#### INTERPRETATION:

This bar graph displays the Earnings Per Share of Sharekhan Securities from 2019–20 to 2023–24. The continuous growth in EPS reflects higher profitability and increasing value creation for shareholders, indicating strong financial performance of the company.

### IV. FINDINGS

- Sharekhan Securities maintains stable financial performance over the years.
- Ratio analysis helps evaluate profitability, liquidity, and operational efficiency.

- The company maintains adequate liquidity for meeting short-term obligations.
- Profitability ratios indicate effective financial and operational management.
- Efficient utilization of resources improves organizational performance.
- Technology and online trading platforms support revenue generation.
- Customer growth positively influences financial performance.
- Solvency ratios indicate good long-term financial stability.
- Effective cost management improves profitability and efficiency.
- Market competition influences the company's operational performance.
- Digital financial services increase investor participation and trading activities.

## V. CONCLUSION

Ratio analysis is an effective tool for evaluating the financial performance and operational efficiency of organizations. The study reveals that Sharekhan Securities maintains a stable financial position through proper liquidity management, profitability growth, and efficient utilization of resources. Financial ratios help in understanding the company's strengths, weaknesses, and overall financial stability. The company's effective financial management practices and digital trading services contribute significantly to customer satisfaction and business growth. However, continuous monitoring and financial planning are necessary to manage market competition and economic uncertainties effectively. Proper ratio analysis and financial management practices support long-term growth, profitability, and sustainability of Sharekhan Securities.

- Ratio analysis helps evaluate financial performance effectively.
- Sharekhan Securities maintains stable liquidity and profitability.

- Efficient resource utilization improves operational performance.
- Profitability ratios indicate effective financial management.
- Liquidity management supports smooth business operations.
- Solvency ratios reflect long-term financial stability.

## VI. FUTURE SCOPE

The future scope of the study on financial performance through ratio analysis of Sharekhan Securities can be expanded by analyzing the company's financial performance over a longer period. Examining trends in profitability, liquidity, solvency, efficiency, revenue, expenses, and cash flows can provide a clearer understanding of the company's financial stability and long-term growth prospects.

Future research can compare Sharekhan Securities with other leading stockbroking and financial-services companies in India. Ratios such as return on equity, net profit margin, current ratio, debt-equity ratio, asset turnover ratio, and operating ratios can be used to evaluate the company's competitive position and identify areas of financial strength and weakness.

The study can also be extended to examine the impact of changes in the Indian capital market on the financial performance of Sharekhan Securities. Factors such as stock-market volatility, trading volumes, interest rates, economic growth, regulatory changes, and investor participation may influence the company's revenues and profitability. Understanding these relationships can provide useful insights for future financial planning.

Another important area for future research is the impact of digital transformation on the company's financial performance. Online trading platforms, mobile applications, artificial intelligence, algorithmic trading, digital advisory services, and fintech competition are changing the securities industry. Future studies can examine whether technological adoption improves operational efficiency, customer acquisition, revenue generation, and cost management.

Finally, future research can combine traditional ratio analysis with advanced statistical and predictive techniques. Regression analysis, trend forecasting, benchmarking, and financial modelling can be used to predict future performance and identify important financial indicators. Such an integrated approach can help management, investors, and financial analysts make better decisions regarding the financial health and future growth of Sharekhan Securities.

## VII. REFERENCES

- [1] S. S. Kumbirai and F. Webb, "A financial ratio analysis of commercial bank performance in South Africa," *African Review of Economics and Finance*, vol. 2, no. 1, pp. 30–53, 2010, doi: 10.22004/ag.econ.11026.
- [2] D. Nissim and S. H. Penman, "Ratio analysis and equity valuation: From research to practice," *Review of Accounting Studies*, vol. 6, no. 1, pp. 109–154, 2001, doi: 10.1023/A:1011338221623.
- [3] J. A. Ou and S. H. Penman, "Financial statement analysis and the prediction of stock returns," *Journal of Accounting and Economics*, vol. 11, no. 4, pp. 295–329, 1989, doi: 10.1016/0165-4101(89)90017-7.
- [4] M. T. Soliman, "The use of DuPont analysis by market participants," *The Accounting Review*, vol. 83, no. 3, pp. 823–853, 2008, doi: 10.2308/accr.2008.83.3.823.
- [5] E. F. Fama and K. R. French, "Forecasting profitability and earnings," *The Journal of Business*, vol. 73, no. 2, pp. 161–175, 2000, doi: 10.1086/209638.
- [6] S. A. Richardson, R. G. Sloan, M. T. Soliman, and I. Tuna, "Accrual reliability, earnings persistence and stock prices," *Journal of Accounting and Economics*, vol. 39, no. 3, pp. 437–485, 2005, doi: 10.1016/j.jacceco.2005.04.005.
- [7] Y. Jin, "DuPont analysis, earnings persistence, and return on equity: Evidence from mandatory IFRS adoption in Canada," *Accounting Perspectives*, vol. 16, no. 3, pp. 205–235, 2017, doi: 10.1111/1911-3838.12142.
- [8] A. N. Berger and E. B. Di Patti, "Capital structure and firm performance: A new approach to testing agency theory and an application to the banking industry," *Journal of Banking & Finance*, vol. 30, no. 4, pp. 1065–1102, 2006, doi: 10.1016/j.jbankfin.2005.05.015.
- [9] R. M. DeYoung and K. P. Roland, "Product mix and earnings volatility at commercial banks: Evidence from a degree of leverage model," *Journal of Financial Intermediation*, vol. 10, no. 1, pp. 54–84, 2001, doi: 10.1006/jfin.2000.0305.
- [10] A. V. Thakor, "Bank capital and financial stability: An economic tradeoff," *Journal of Financial Intermediation*, vol. 24, pp. 1–19, 2015, doi: 10.1016/j.jfi.2014.06.001.
- [11] R. G. Rajan and L. Zingales, "What do we know about capital structure? Some evidence from international data," *The Journal of Finance*, vol. 50, no. 5, pp. 1421–1460, 1995, doi: 10.1111/j.1540-6261.1995.tb05184.x.
- [12] S. Titman and R. Wessels, "The determinants of capital structure choice," *The Journal of Finance*, vol. 43, no. 1, pp. 1–19, 1988, doi: 10.1111/j.1540-6261.1988.tb02585.x.
- [13] E. F. Fama and K. R. French, "Common risk factors in the returns on stocks and bonds," *Journal of Financial Economics*, vol. 33, no. 1, pp. 3–56, 1993, doi: 10.1016/0304-405X(93)90023-5.
- [14] R. F. Engle, "Autoregressive conditional heteroscedasticity with estimates of the variance of United Kingdom inflation," *Econometrica*, vol. 50, no. 4, pp. 987–1007, 1982, doi: 10.2307/1912773.
- [15] T. Bollerslev, "Generalized autoregressive conditional heteroskedasticity," *Journal of Econometrics*, vol. 31, no. 3, pp. 307–327, 1986, doi: 10.1016/0304-4076(86)90063-1.
- [16] W. F. Sharpe, "Capital asset prices: A theory of market equilibrium under conditions of risk," *The Journal of Finance*, vol. 19, no. 3, pp. 425–442, 1964, doi: 10.1111/j.1540-6261.1964.tb02865.x.
- [17] H. Markowitz, "Portfolio selection," *The Journal of Finance*, vol. 7, no. 1, pp. 77–91, 1952, doi: 10.2307/2975974.
- [18] J. Lintner, "The valuation of risk assets and the selection of risky investments in stock portfolios and capital budgets," *The Review of Economics and Statistics*, vol. 47,

no. 1, pp. 13–37, 1965, doi: 10.2307/1924119.

[19] M. C. Jensen, “The performance of mutual funds in the period 1945–1964,” *The Journal of Finance*, vol. 23, no. 2, pp. 389–416, 1968, doi: 10.1111/j.1540-6261.1968.tb00815.x.

[20] B. M. Barber and T. Odean, “Trading is hazardous to your wealth: The common stock investment performance of individual investors,” *The Journal of Finance*, vol. 55, no. 2, pp. 773–806, 2000, doi: 10.1111/0022-1082.00226.