FINANCIAL REPORT ANALYSIS

Fundamentals of Finance and Accounting

(ECONF212)

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PREFACE

This financial analysis report examines three companies - Gland Pharma, Indbank, and PNBHousing. Each of these companies operates in the financial sector, and this report will analyze their financial performance over the past few years.

The report aims to provide investors, stakeholders, and analysts with a comprehensive overview of the financial health of these companies. The report will analyze the companies' financial statements, key performance indicators, market trends, and future prospects.

The report consists of three sections, each dedicated to one of the abovementioned companies. In each section, we will provide a detailed analysis of the company's financial performance, including an assessment of its strengths, weaknesses, opportunities, and threats.

We have conducted extensive research using reliable and credible sources, including the companies' financial statements, annual reports, and other relevant financial data. Our analysis is based on the latest information available up to the abovementioned knowledge cutoff date.

We hope this financial analysis report will provide valuable insights to investors, stakeholders, and analysts interested in these companies. We encourage readers to review this report carefully and to use it as a tool for making informed investment decisions.

RATIOS USED FOR ANALYSIS

ACID-TEST RATIO

Also known as quick ratio ,it is used to measure a company's ability to meet its short term liabilities with its quick assets. This ratio also indicates how much a company is capable of paying its short term debts.

$$\text{Acid} - \text{Test Ratio} = \frac{\text{Current Assets} - \text{Inventory} - \text{Prepaid Expenses}}{\text{Current Liability}}$$

CURRENT RATIO

It is used to measure a company's ability to meet its short term liabilities with its current assets.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

CASH RATIO

Cash ratio indicates a company's abilities to pay its current liabilities with its cash equivalents and cash . cash equivalents and cash include demand deposits , cash on hand, short-term marketable securities that can be converted to cash.

$$\text{Cash Ratio} = \frac{\text{Cash + Cash Equivalents}}{\text{Current Liabilities}}$$

Where,

Cash equivalents= Commercial Paper, Marketable Securities, Money Market Funds, Short-Term Government Bonds

Current liabilities= The debts and obligations of the company that are due to be paid to creditors

- **OPERATING CASH FLOW RATIO**

Operating cash flow ratio indicates a company's ability to generate sufficient cash flow from its operations to cover its operating expenses and debts.

$$\text{Operating Cash Flow Ratio} = \frac{\text{Cash Flow from Operations}}{\text{Current Liabilities}}$$

- **DEBT RATIO**

It indicates the degree of reliability a company has over it's debt financing to fund its operations. this ratio also indicates how much a company is financed by debt which tells us about the financial leverage and greater risk.

$$\text{Debt Ratio} = \frac{\text{Liabilities}}{\text{Assets}}$$

- **<u>DEBT TO EQUITY RATIO</u>**

  It is a financial ratio which measures the amount of debt a company has in comparison to its equity. This indicates a level of dependency a company has over its debt financing to fund its operation.

$$\text{Debt to Equity Ratio (D/E)} = \frac{\text{Total Debt}}{\text{Total Shareholders Equity}}$$

- **<u>INTEREST COVERAGE RATIO</u>**

  It is a financial ratio which measures a company's ability to pay its interest on its debt.

$$\text{Debt Service Coverage Ratio} = \frac{\text{Net Operating Income}}{\text{Debt Service}}$$

- **<u>DEBT SERVICE COVERAGE RATIO</u>**

  It indicates a company's ability to generate enough cash flow which covers their debt obligations. it also defines a company's financial risk and its ability to pay its debts.

$$\text{Debt Service Coverage Ratio} = \frac{\text{Net Operating Income}}{\text{Debt Service}}$$

- ## INVENTORY TURNOVER RATIO

Defines the efficiency of how a company uses its inventory or how many times a company sells and replaces its inventory.

$$\text{Inventory Turnover Ratio} = \frac{\text{Cost of Goods Sold (COGS)}}{\text{Average Inventory}}$$

- ## ASSET TURNOVER RATIO

This ratio defines the efficiency of how a company uses it’s assets to generate revenue.

$$Asset\ Turnover = \frac{Net\ Sales}{Total\ Assets}$$

- ## RECEIVABLE TURNOVER RATIO

A financial ratio which indicates how many times a company collects its accounts receivable during a specific period. a high ratio indicates a greater cash flow management and efficiency while a very high ratio indicates a company limiting its sales potential.

$$\text{Receivables Turnover} = \frac{\text{Net Credit Sales}}{\text{Average Accounts Receivable}}$$

- **DAY SALES IN INVENTORY**

It indicates how efficiently a company manages it's inventory to turn it into sales which is how quickly the inventory's being moved. for example a low dsi indicates better inventory management.

$$\text{Days Sales of Inventory} = \left(\frac{\text{Average Inventory}}{\text{Cost of Goods Sold}}\right) \times 365$$

- **RETURN ON ASSETS**

Measures a company's ability to generate profit from its assets .

$$\text{Return on Assets (ROA)} = \frac{\text{Net Income}}{\text{Average Total Assets}}$$

- **RETURN ON EQUITY (ROE)**

This ratio measures a company's total profit generated for each dollar of the shareholder equity. this ratio also tells us how much profit a company generates from every shareholder which indicates a greater efficiency.

$$\text{Return on Equity (ROE)} = \frac{\text{Net Income}}{\text{Average Total Equity}}$$

- **GROSS MARGIN RATIO**

It measures a company's profitability or revenue after the deduction of costs for producing and delivering the service. It indicates how much profit a company is generating over sold units.

$$\text{Gross Margin (\%)} = \frac{\text{Gross Profit}}{\text{Revenue}}$$

- **OPERATING MARGIN RATIO**

It represents the amount of revenue generated after cutting the cost of operating expenses and sold goods. If the ratio is high it indicates more profit from the operations which leads to more profitability and efficiency.

$$\text{Operating Margin (\%)} = \frac{\text{EBIT}}{\text{Revenue}}$$

- **BOOK VALUE PER SHARE RATIO**

It measures the net asset value of a company on a per-share basis. It is also used to find the theoretical value of a company's share if liquidated at its net asset value.

$$\text{Book Value Per Share} = \frac{\text{Shareholders' Equity} - \text{Preferred Equity}}{\text{Weighted Average of Common Shares Outstanding}}$$

- **DIVIDEND YIELD RATIO**

It indicates the return of investment which an investor gets after investing in a company's stock in the form of dividends. Also the ratio indicates how much a company is paying a dividend in comparison to the stock price.

$$\text{Dividend Yield} = \frac{\text{Dividend Per Share (DPS)}}{\text{Share Price}}$$

- **EARNINGS PER SHARE RATIO**

It measures the net income earned by a company for each share in the stock. It is also used to analyze and evaluate a company's financial performance and other prospects.

$$\text{Earnings Per Share (EPS)} = \frac{\text{Net Income} - \text{Preferred Dividends}}{\text{Weighted Average Number of Shares Outstanding}}$$

- **PRICE EARNINGS RATIO**

It is used to measure the relative value of a stock .It indicates how much are investors are willing to pay for company's stock .

Price to Earnings Ratio (P/E ratio)

$$1.\ \text{P/E Ratio} = \frac{\text{Market Value per Share}}{\text{Earnings per Share}}$$

$$2.\ \text{P/E Ratio} = \frac{\text{Average Common Stock price}}{\text{Net Income per Share}}$$

COMPANY PROFILE

PNB Housing Finance Limited is a registered housing finance company that provides home loans to individuals and corporate entities to purchase, construct, repair, and renovate residential properties. It also offers non-housing loans such as loans against property, lease rental discounting, and builder loans. It serves a diverse customer base of salaried and -employed individuals and corporate entities.

PNB Housing Finance Limited is a publicly listed company traded on the NSE and BSE, owned by institutional and retail investors, and subject to SEBI regulations. It was initially incorporated as a subsidiary of Punjab National Bank, with post-public issue promoter holding 76% and public equity 24%.

HISTORY

PNB Housing Finance Limited was established in 1988 as a Punjab National Bank (PNB) subsidiary. It provided housing finance solutions to individuals and corporate entities to purchase, construct, repair, and renovate residential properties. In 2009, PNB sold a part of its stake in the company to private equity investors and listed its shares on the NSE and BSE. Today, PNB Housing Finance Limited is one of India's leading housing finance companies, with a presence across the country and a diverse portfolio of home loan products.

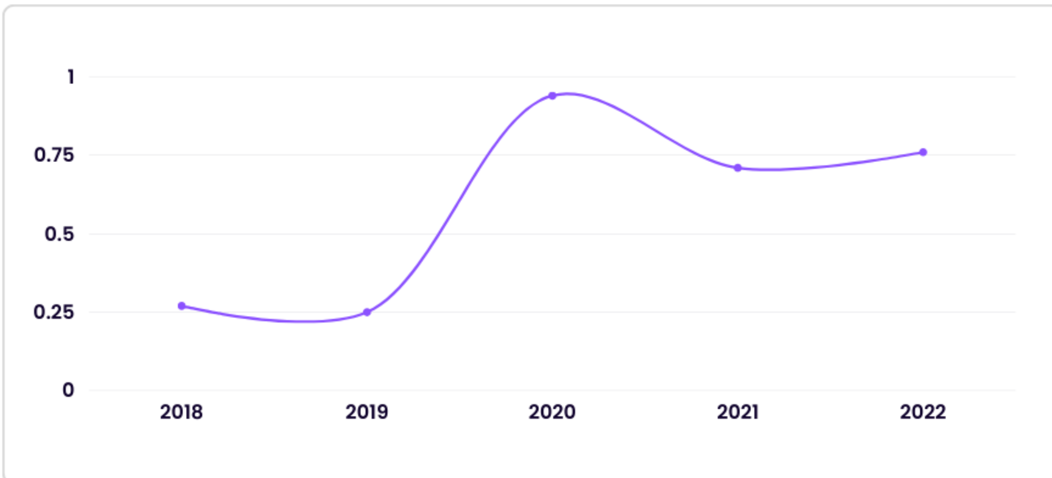
PNB Housing Finance Limited is a reputable housing finance company with a strong track record of providing customers with home loans and other financial products and services nationwide. It has a diverse product portfolio, customer-centric approach, nationwide presence, strong financial performance, and a strong balance sheet and capital adequacy ratio. PNB Housing Finance Limited offers home purchase loans, home construction loans, home extension loans, home renovation loans, plot loans, and non-housing loans such as loans against property, lease rental discounting, and builder loans. PNB Housing Finance Limited is committed to providing high-quality customer service and has implemented various measures to ensure that its customers have a seamless and hassle-free experience when availing its products and services.

LIQUIDITY RATIOS

Year	Current Ratio	Acid Test Ratio	Cash ratio	Operating cash flow ratio
2018	0.27	0.29	0.102	
2019	0.25	0.28	0.084	
2020	0.94	1.03	0.126	
2021	0.71	0.77	0.221	
2022	0.76	0.89	0.172	
MAX	0.94	0.28	0.221	
MIN	0.25	1.03	0.084	
AVG	0.589	0.652	0.141	

TREND ANALYSIS

CURRENT RATIO



An average current ratio of .589 indicates that PNB FIN LTD has fewer assets than its liabilities, i.e., its short-term obligations. This suggests that (but is not the only metric) the company has bad liquidity.

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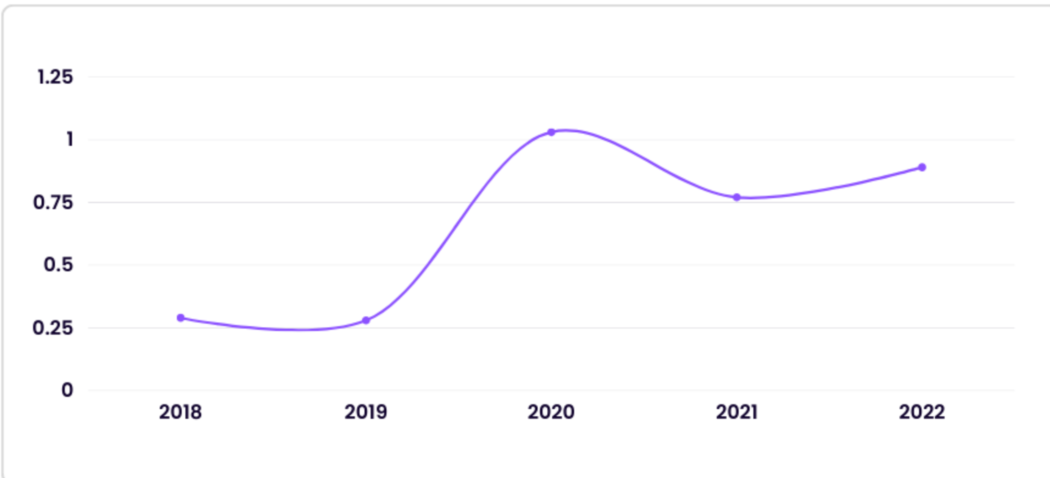
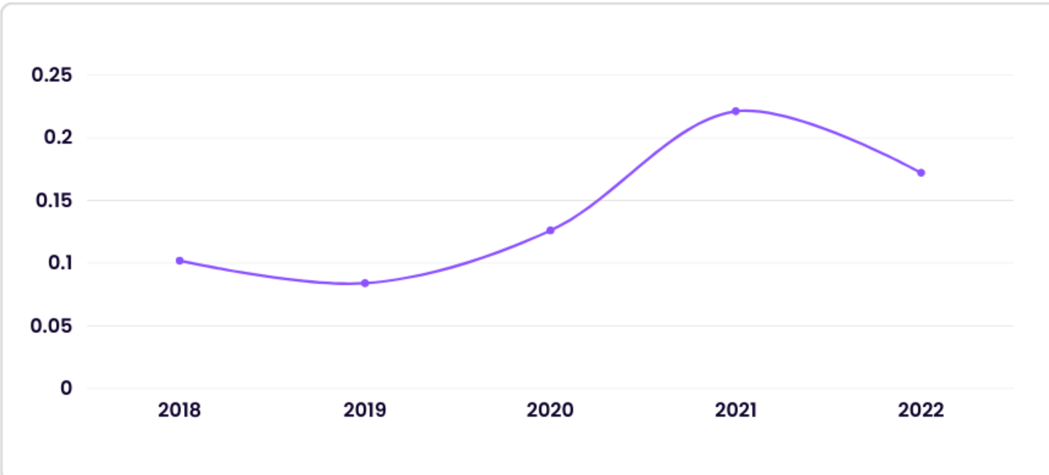
ACID TEST RATIO



An average acid test ratio/quick ratio of 0.652 suggests that the company has a low level of short-term liquidity and is in a weak financial position to cover its current liabilities. A low quick ratio indicates that the company is having a higher risk of defaulting on its short-term obligations.

Cash ratio

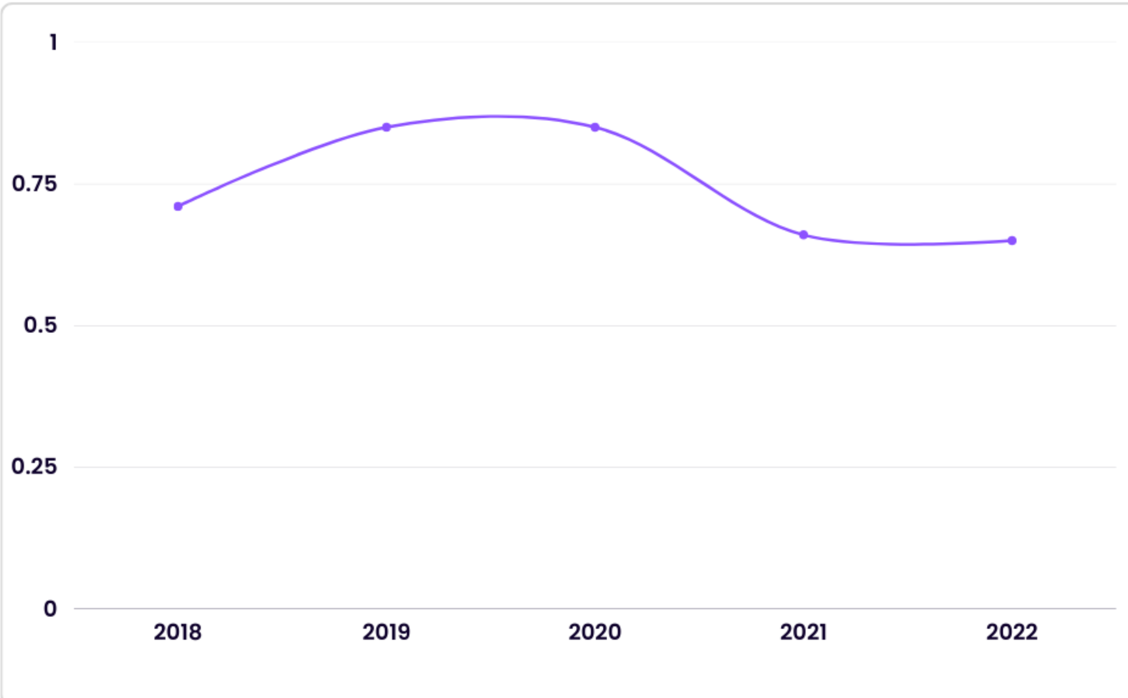


With an average cash ratio of 0.141 over the last 5 years, we can see that PNB has 0.141 rupees in cash or cash equivalents to cover each rupees of its current liabilities. Although the average value is less than 1, it is not necessarily a cause for concern since there are other metrics and ratios to take into account.

LEVERAGE FINANCIAL RATIOS

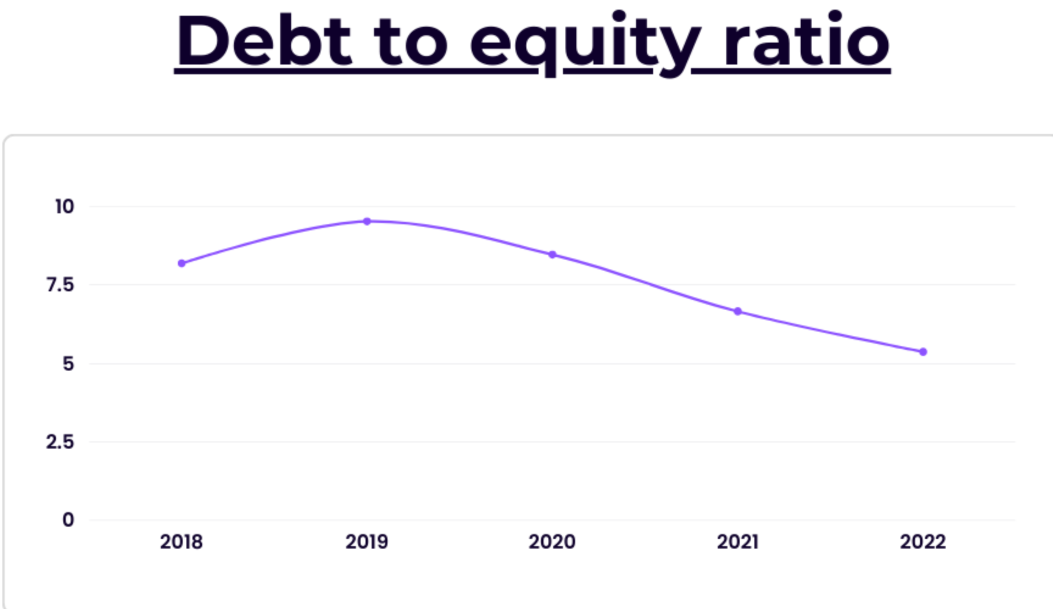
YEAR	Debt ratio	Debt to equity ratio	Interest coverage ratio	Debt service coverage ratio
2018	0.7104	8.19	1.35	0.45
2019	0.85	9.53	1.34	0.63
2020	0.85	8.47	1.14	0.61
2021	0.66	6.66	1.25	0.41
2022	0.65	5.37	1.28	0.44
MAX	0.85	9.53	1.35	0.63
MIN	0.65	5.37	1.14	0.41
AVG	0.744	7.644	1.27	0.53

Debt ratio



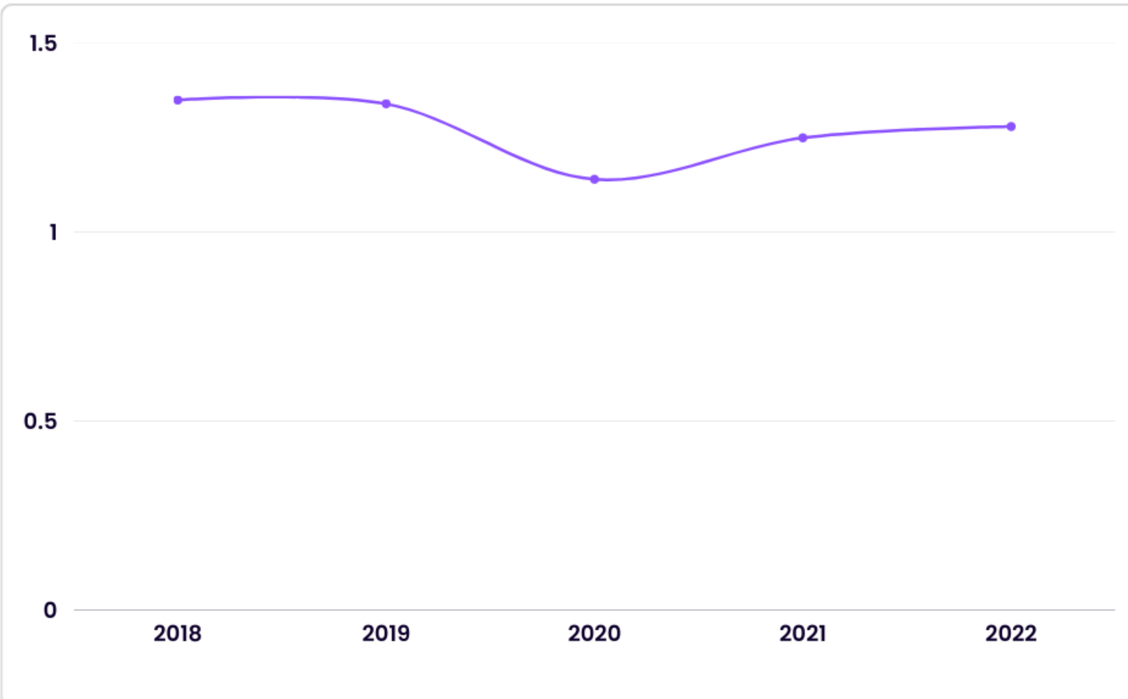
An average debt ratio of 0.744 suggests that PNB is at a relatively low level of debt compared to its assets, which indicates a lower level of financial risk.

Debt to equity ratio



_A high debt-to-equity ratio shows that a firm has more debt than equity, implying that it relies extensively on debt financing to support its operations and development plans. It may result in more significant interest expenditures and poorer profitability. Still, it may suggest that the firm uses cheap borrowing rates to finance its expansion plans. A high debt-to-equity ratio is neither excellent nor negative. Still, a very high debt-to-equity ratio may suggest that the firm is taking on too much debt and may be in danger of defaulting on its debt commitments if it cannot produce enough cash flow to satisfy its interest payments.

Interest coverage ratio



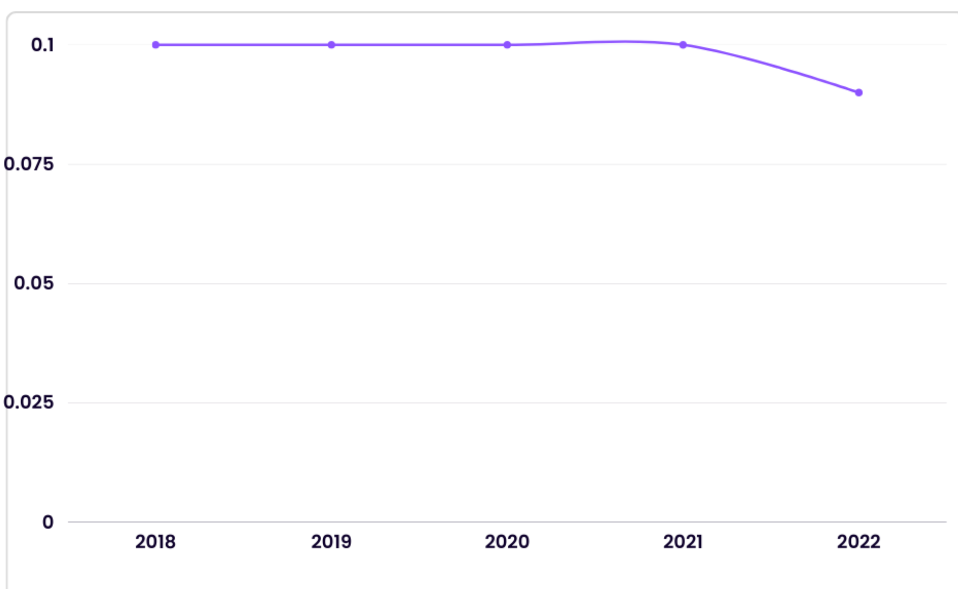
An average interest coverage ratio of 1.27 suggests that pnb is in a comfortable position to cover its interest expenses. We can see a steady increase in the value over the years, which is a good sign regarding the financial stability of the company.

EFFICIENCY RATIOS

Year	Asset turnover ratio	Inventory turnover ratio	Receivables turnover ratio	Days sales in inventory ratio

2018	.10	0	.191	0
2019	.10	0	.205	0
2020	.10	0	.252	0
2021	.10	0	1.69	0
2022	.09	0	1.41	0
MAX	.10	0	1.69	0
MIN	.09	0	.191	0
AVG	.098	0	.7496	0

Asset turnover ratio

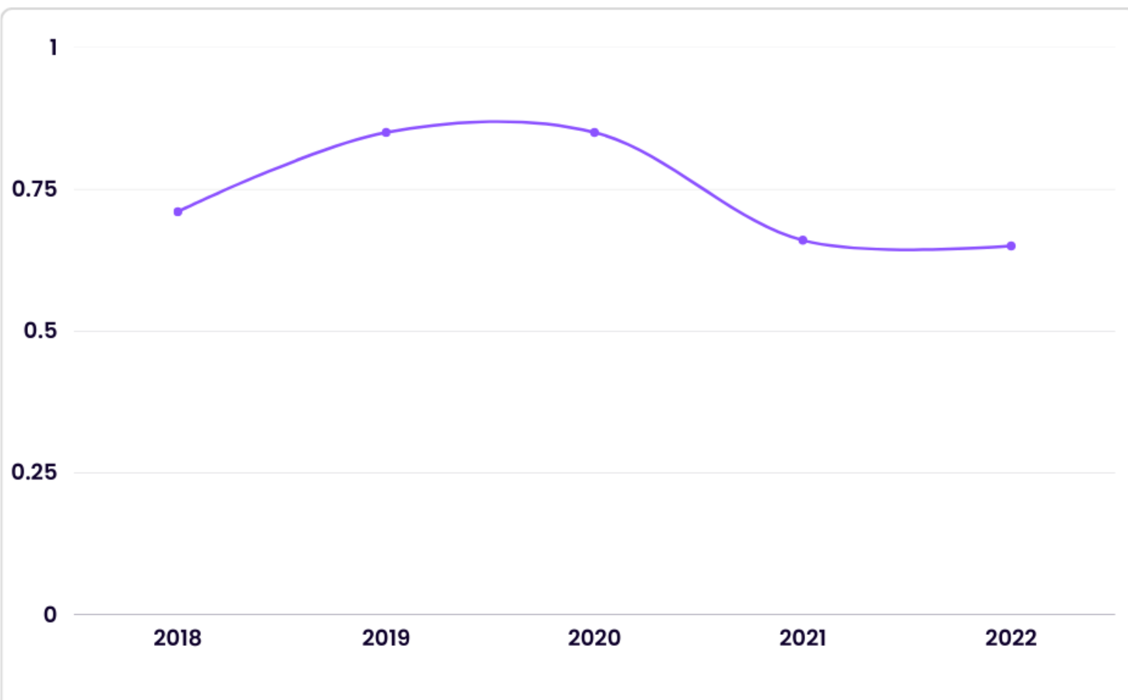


Overall, an average turnover ratio of .098 since 2018 suggests that PNB is generating relatively LOW revenue on its assets.

Inventory turnover ratio

An inventory turnover ratio of 0 indicates that the company does not have any inventory to sell for its revenue.

Receivables turnover ratio



The receivables turnover ratio is a financial measure of how efficiently a company collects its payments from customers. An average receivables turnover ratio of 0.749 indicates that on average PNB collects its receivables .749 times a year, which is a relatively MODERATE pace.

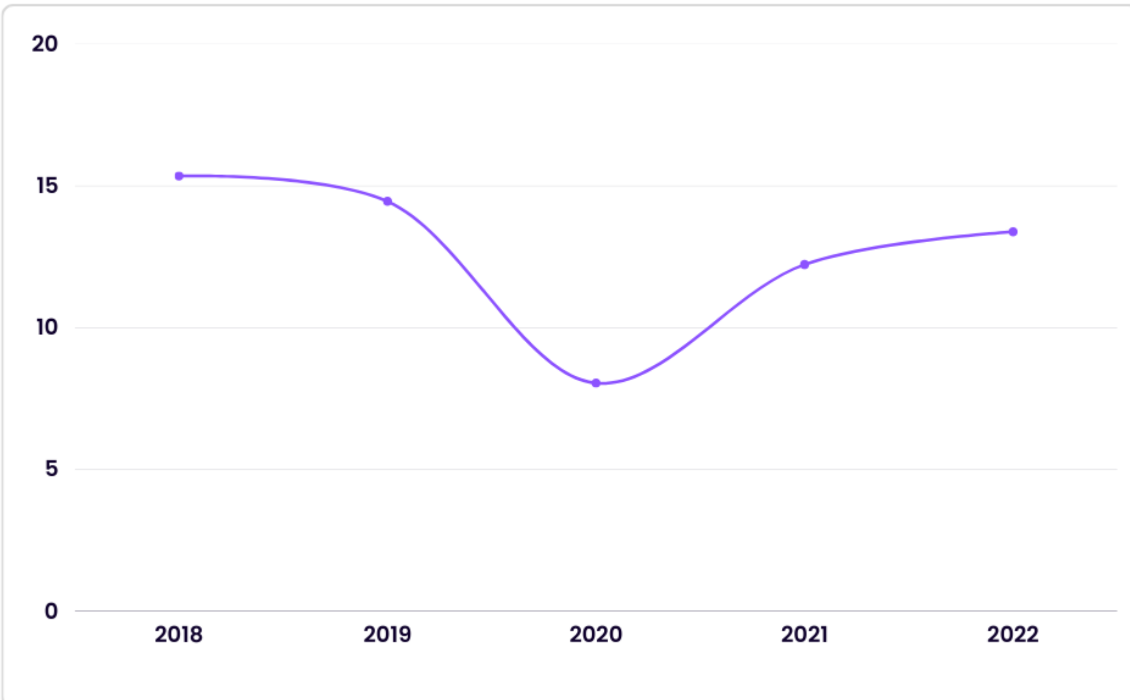
Days sales in inventory ratio

This indicates that Indibank did not sell any of its inventory in the study period.

PROFITABILITY RATIOS

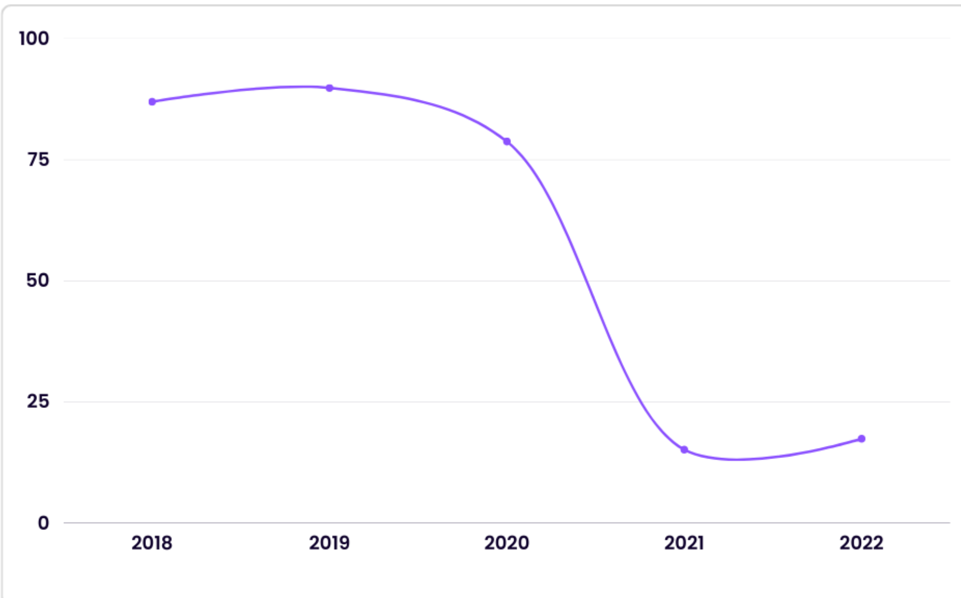
Year	Gross margin ratio	Operating margin ratio	Return on assets ratio	Return on equity ratio
2018	15.34	84.24	1.59	12.81
2019	14.45	87.38	1.62	15.79
2020	8.04	90.59	0.74	8.08
2021	12.22	79.80	1.24	10.42
2022	13.38	83.84	1.22	8.47
MAX	15.34	90.59	1.62	15.79
MIN	8.04	79.80	0.74	8.08
AVG	12.7	57.58	1.28	11.114

Gross margin ratio



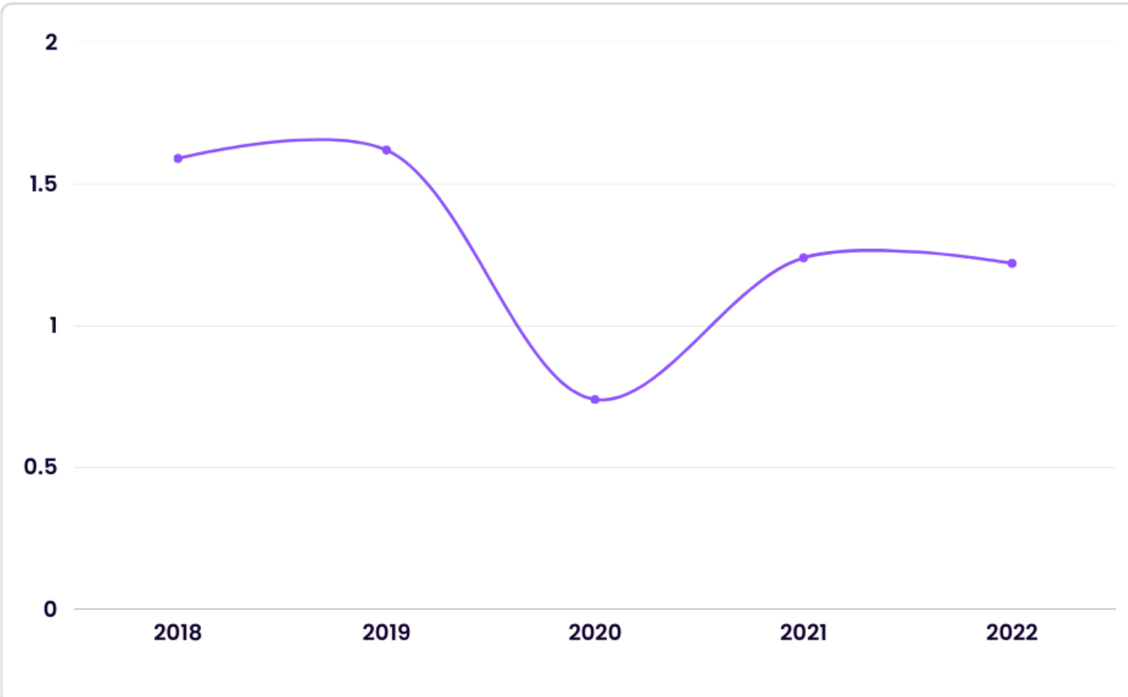
An average gross margin ratio of 12.7 indicates that PNB made an average of 12.7% profit of its total revenue during the last 5 years. While this is a relatively good margin.

Operating margin ratio



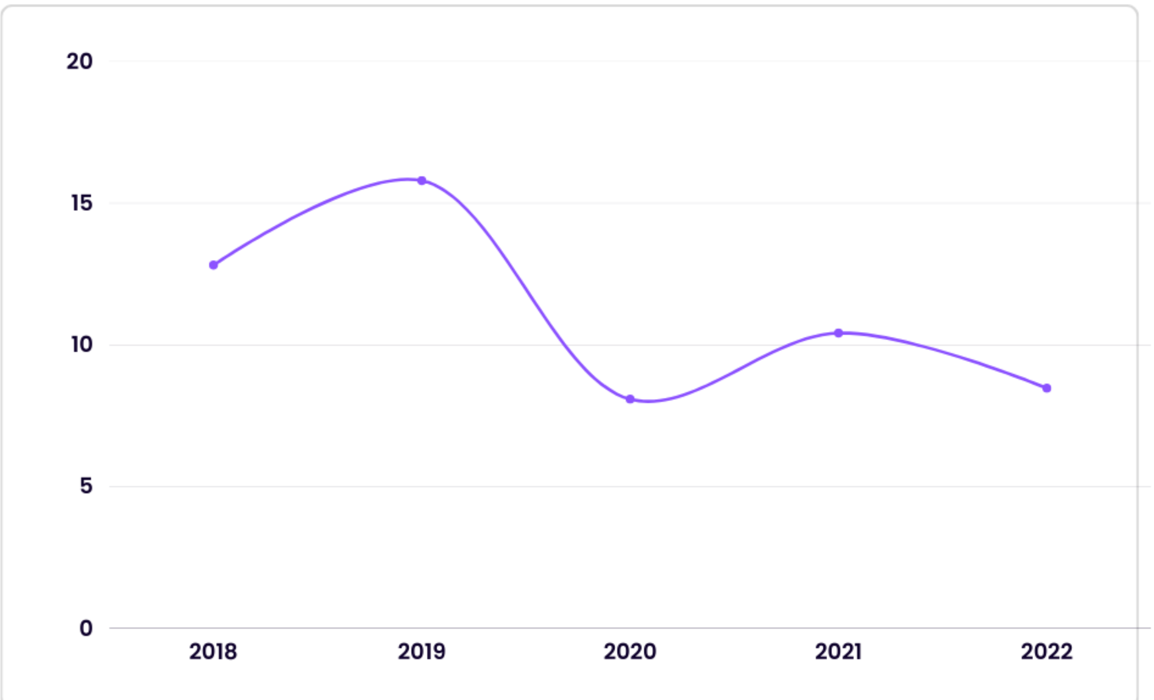
A more excellent operating margin ratio suggests that a corporation profits more per dollar of sales generated by its operations, which is a good indicator for investors. However, a high operating margin ratio is only sometimes sustainable, as it might be attributable to transient variables such as reduced operational expenditures or increased sales. Therefore, various financial ratios and measures, such as revenue growth rate, profitability over time, and overall financial stability, must be considered when analyzing a company's financial health.

Return on assets ratio



. A high ROA ratio implies that a firm is using its assets well to produce profits. It suggests that a firm can generate profits without relying too much on external funding sources or incurring excessive debt. However, a high ROA ratio may only be sustainable if the firm can generate large profits in the long run or if its assets are appropriately employed. A high ROA ratio is a solid predictor of a company's profitability and efficiency. Still, it should be viewed in conjunction with other financial ratios and indicators to provide a complete picture of the company's financial health.

Return on equity ratio

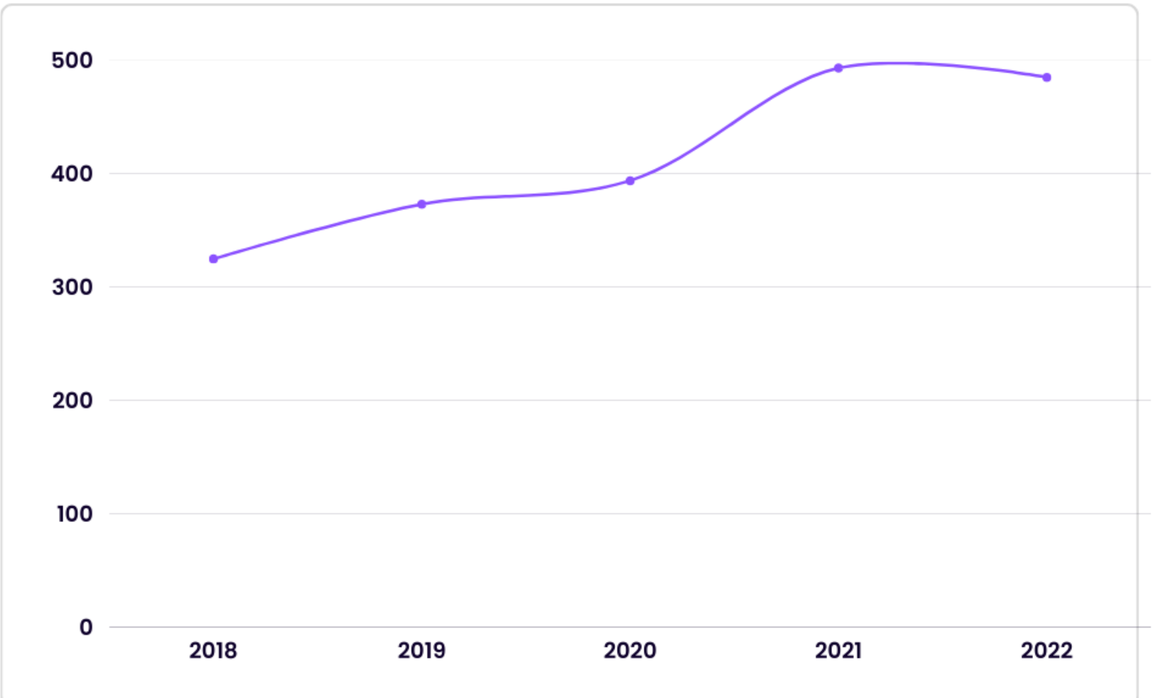


A high ROE ratio as 11.114 can indicate a business's good financial performance and managerial efficiency, an industry competitive advantage, or a strong market position. However, it is IMPORTANT to remember that a high ROE ratio does not always indicate that a firm is a wise investment. Financial metrics and qualitative factors, such as the company's industry, market conditions, and manageability, should also be considered when making investment decisions

MARKET VALUE RATIOS

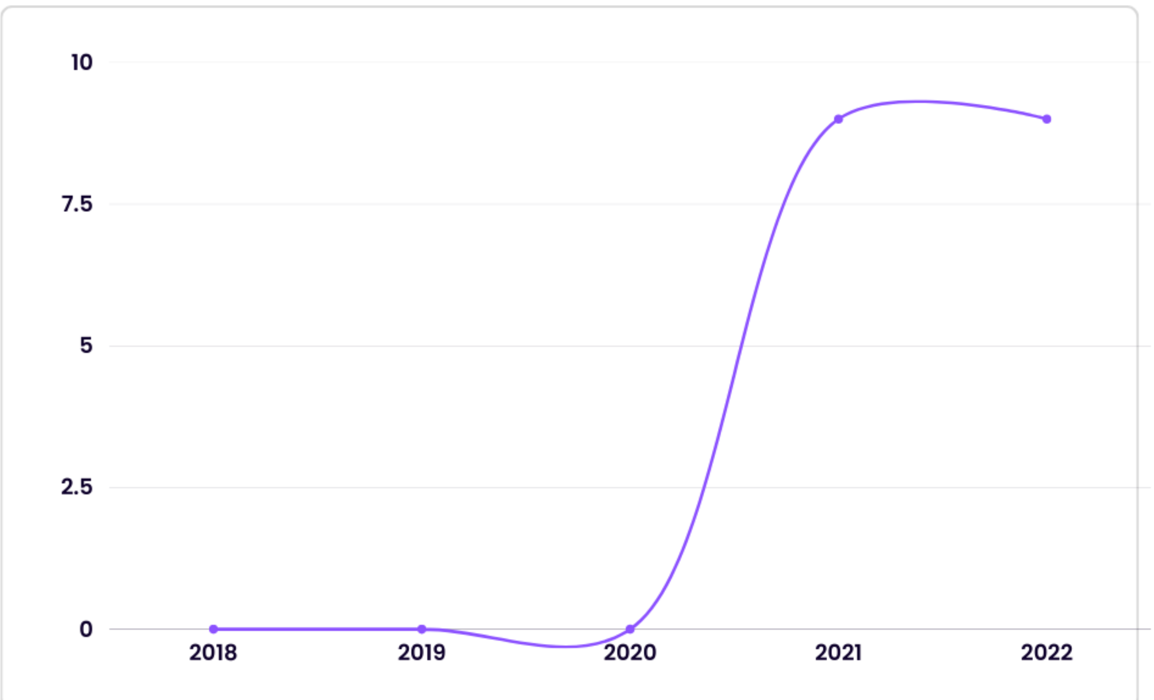
Year	Book value per share ratio	Dividend yield ratio	Earnings per share ratio	Price earnings ratio
2018	324.80	0	50.55	25.58
2019	373.09	0	70.76	12.15
2020	393.85	0	38.41	4.22
2021	493.20	9	54.98	6.78
2022	484.94	9	49.61	7.59
Max	493.20	9	70.76	25.58
Min	324.80	0	38.41	4.22
Avg	413.98	3.6	52.86	11.26

Book value per share ratio



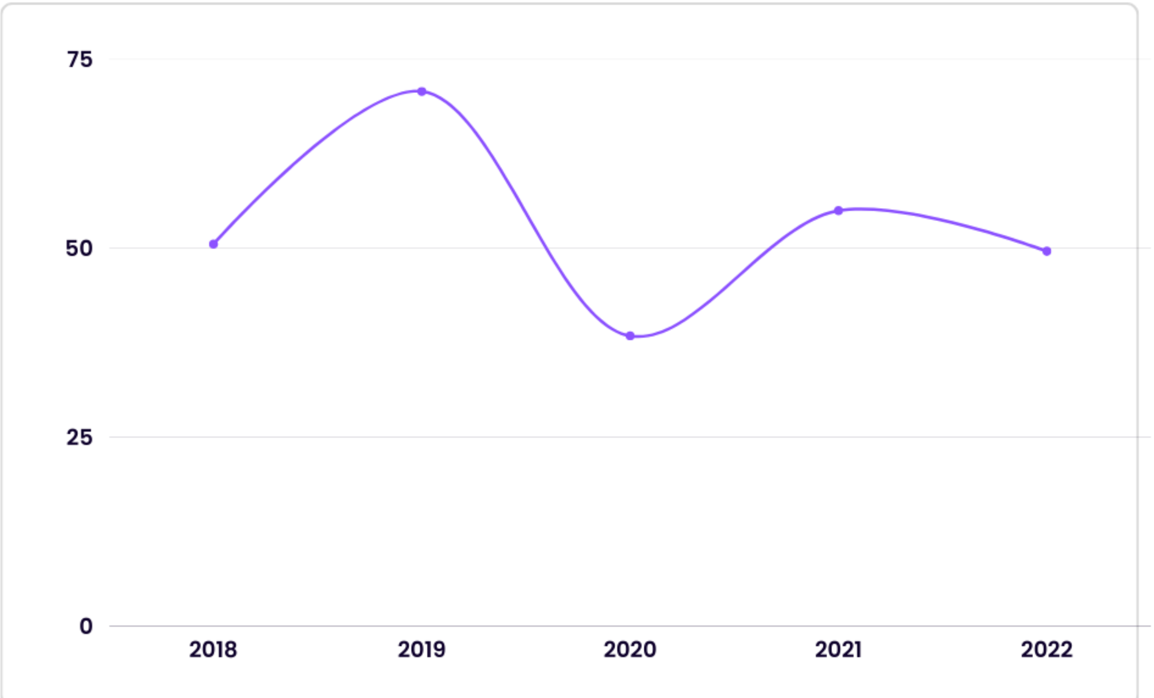
A more splendid book value per share like 413.98 indicates that the firm has more assets than liabilities and that earnings have been kept and contributed to shareholder equity. However, the book value per share does not account for the company's future development potential or the market value of its assets. It may not fully reflect the company's actual value.

Dividend yield ratio



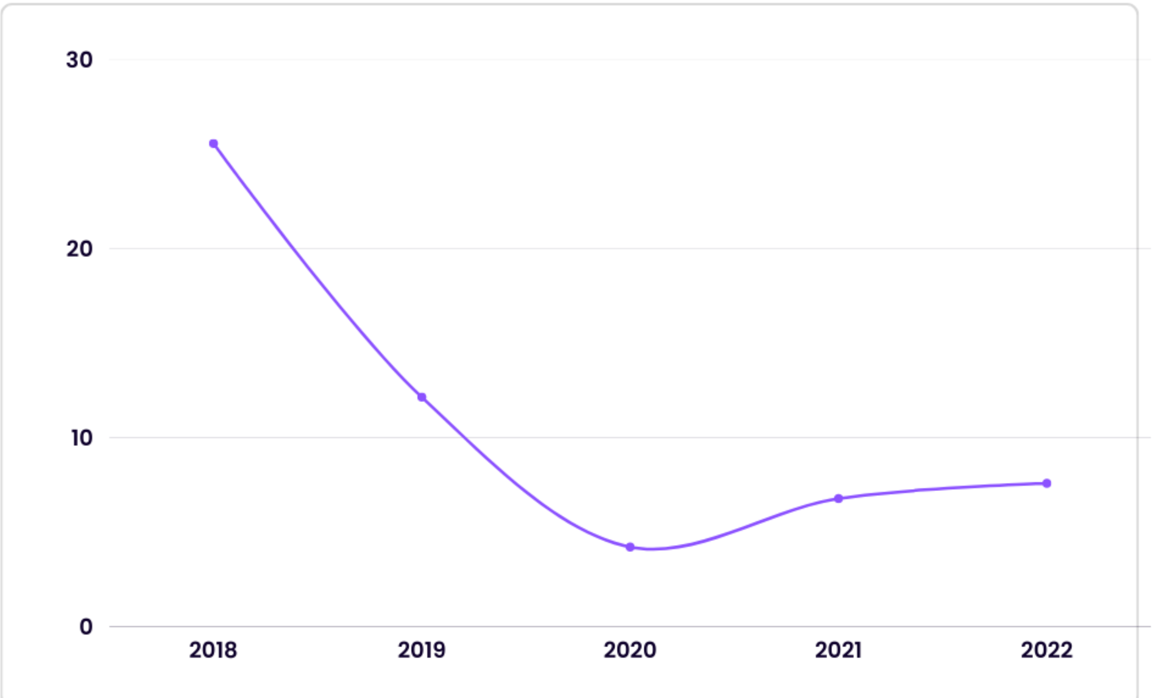
PNB Housing Finance started giving dividends in recent time.

Earnings per share ratio



A high EPS ratio like 52.86 is typically regarded as a favorable indicator by investors, implying that the firm is profitable and has a better potential for growth and dividend payments. However, it is essential to consider other aspects when evaluating a company's overall performance and prospects for future growth, such as revenue growth, cash flow, debt levels, and industry trends. Additionally, a high EPS ratio may be due to factors such as stock buybacks or other financial engineering rather than underlying improvements in the company's business operations.

Price earnings ratio



A high P/E ratio like 11.26 may indicate that investors are ready to pay a premium for each dollar of earnings created by the firm, indicating a solid expectation of future earnings growth. However, it can also signal that the company's stock is overvalued and may not be a viable investment option. When evaluating a company's stock and determining its investment potential, it is essential to consider other financial ratios and metrics and the company's industry and competitive landscape.

Indbank
Merchant Banking Services Ltd
(A Subsidiary of Indian Bank)

COMPANY PROFILE

INDBANK refers to Indbank Merchant Banking Services Limited, a subsidiary of Indian Bank that offers various merchant banking services. Indbank primarily offers services such as issue management, underwriting, portfolio management, loan syndication, and corporate advisory services. It caters to a wide range of clients, including small and medium enterprises, government entities, public sector undertakings, and high net worth individuals.

Apart from its core merchant banking services, Indbank also offers depository participant services, trading and depository services, and distribution of mutual funds and insurance products.

Overall, Indbank plays an important role in the Indian financial services industry by providing a range of specialized services to its clients.

HISTORY

In 1982, Indian Bank formed the Merchant Banking Division to offer specialty Merchant Banking and related services. This division later became Indbank Merchant Banking Services Limited (Indbank).

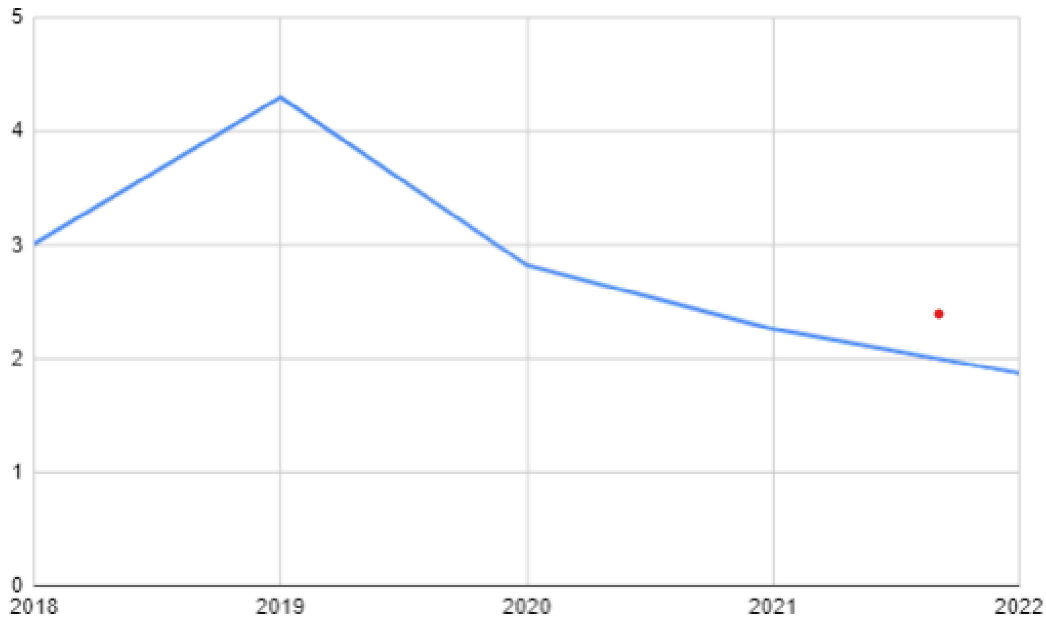
Between 1982 and 1989, the division managed 133 offerings with an aggregate value of Rs. 2250 crore. In addition, the division took a role in investor education initiatives at multiple locations across the nation. To take over the operations of Indian Bank's Merchant Banking division and to engage in other specialized activities like leasing, hire purchase, and other such activities that banks were only allowed to carry out through their subsidiaries, Indbank was established as a wholly owned subsidiary of Indian Bank in 1989. One of the few subsidiaries created by nationalized banks for the sole purpose of providing merchant banking and related services was Indbank.

LIQUIDITY RATIOS

Year	Current Ratio	Acid Test Ratio	Cash ratio	Operating cash flow ratio
2018	3.01	6.98	0.6	0.45
2019	4.3	10.34	0.45	0.49
2020	2.82	8.13	0.54	1.06
2021	2.26	11.39	0.96	0.41
2022	1.87	5.30	1.61	0.56
Average	2.85	8.43	0.83	0.59
Min	1.85	5.30	0.45	0.41
Max	4.3	11.39	1.61	1.06

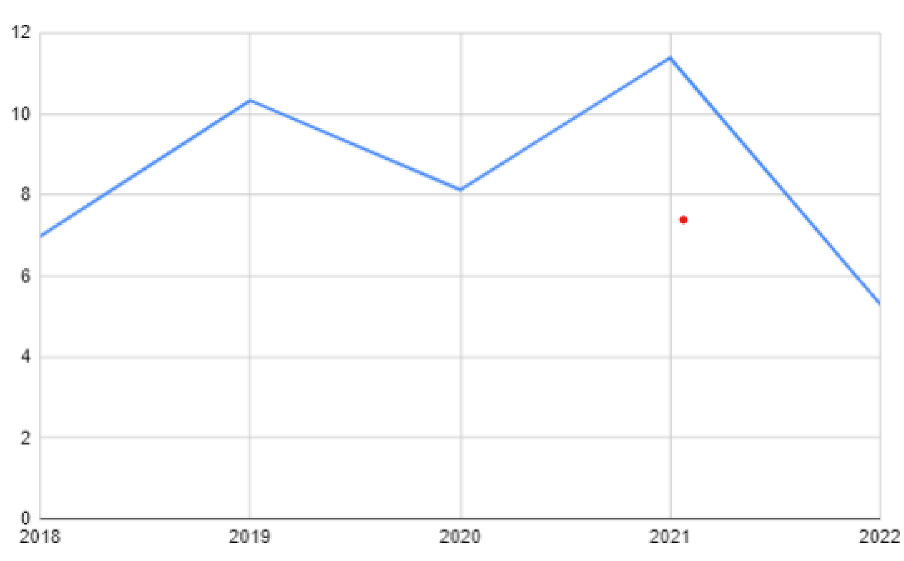
TREND ANALYSIS

Current Ratio



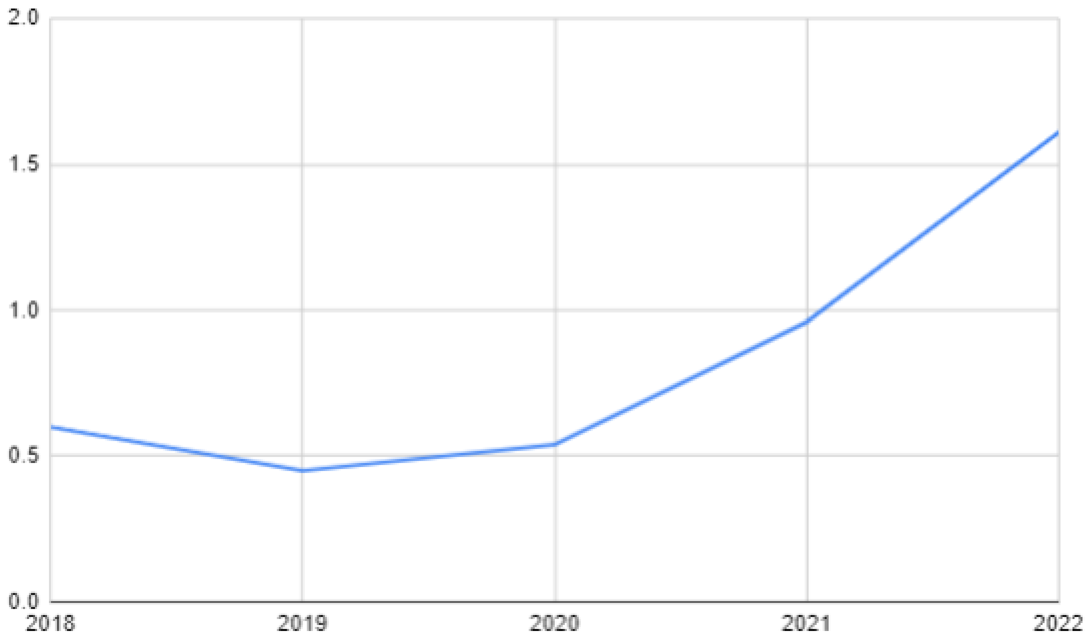
An average current ratio of 2.85 indicates that Indbank has more than enough assets to cover its liabilities ie. it’s short term obligations. This suggests that (but is not the only metric) that the company has good liquidity.

Acid Test Ratio



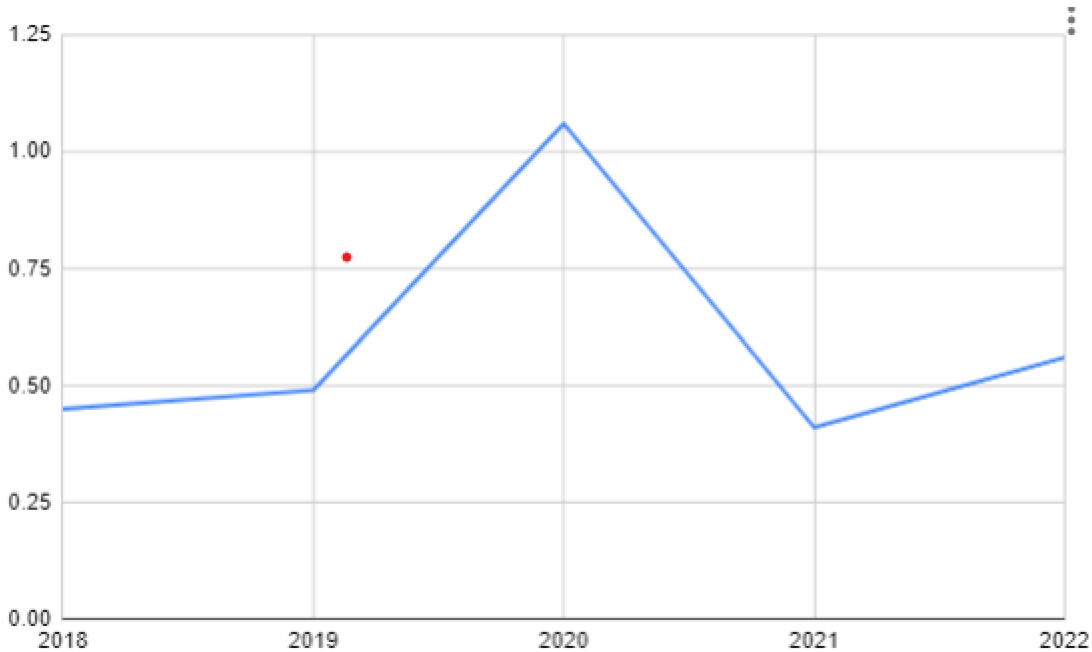
An average acid test ratio/quick ratio of 8.43 suggests that the company has a high level of short term liquidity and is in a strong financial position to cover its current liabilities. A high quick ratio indicates that the company has a lower risk of defaulting on its short term obligations.

<u>Cash Ratio</u>



With an average cash ratio of 0.83 over the last 5 years, we can see that Indibank has 0.83 rupees in cash or cash equivalents to cover each dollar of its current liabilities. Although the average value is less than 1, it is not necessarily a cause for concern, since there are other matrics and ratio to take into account.

Operating cash flow ratio



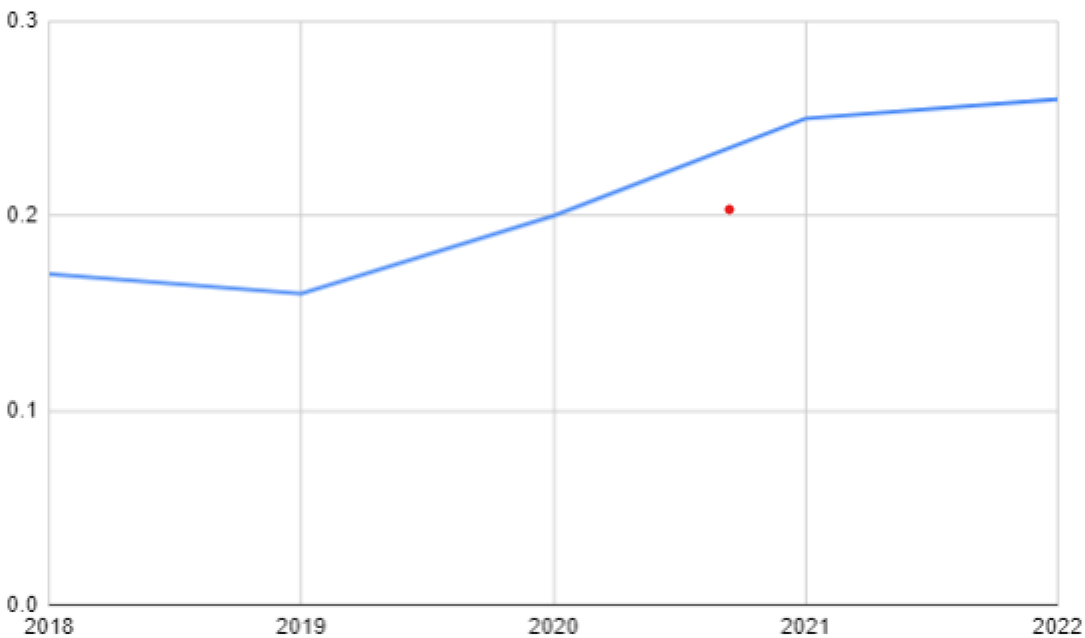
An average operating cash flow ratio of 0.59 suggests that Indibank might have some trouble in covering its current liabilities, and would have to rely on other sources of financing to meet its short term obligations

LEVERAGE FINANCIAL RATIOS

Year	Debt ratio	Debt to equity ratio	Interest coverage ratio	Debt service coverage ratio
2018	0.17	0	3.51	1.5
2019	0.16	0	2.18	1.2
2020	0.2	0	2.93	1.8
2021	0.25	0	4.2	2.2

2022	0.26	0	6.58	2.3
Average	0.21	0	3.88	1.8
Min	0.16	0	2.18	1.2
Max	0.26	0	6.58	2.3

Debt ratio

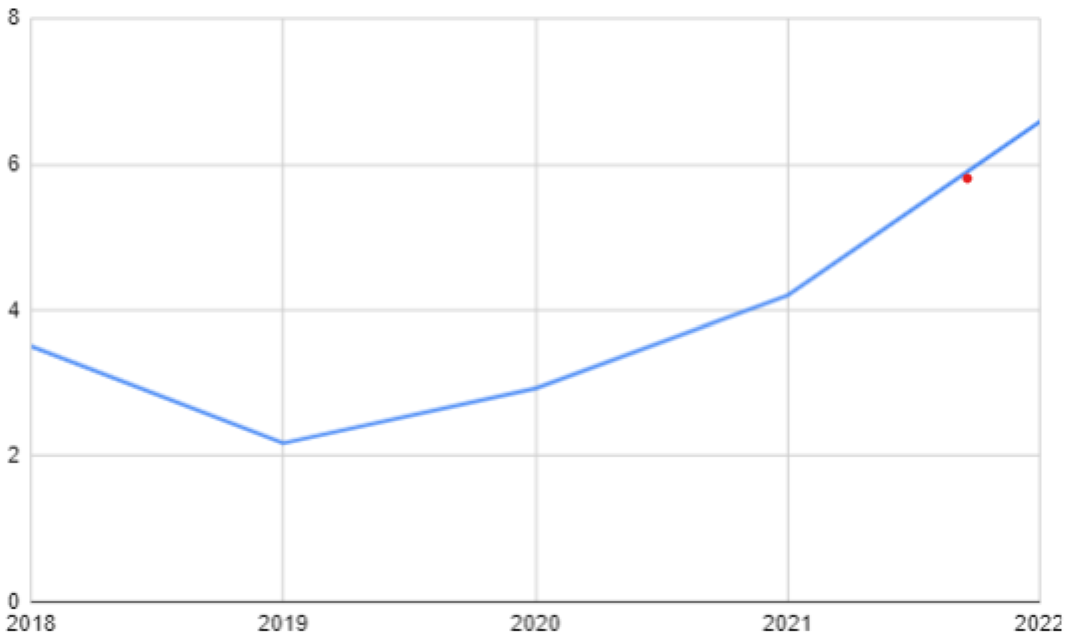


An average debt ratio of 0.21 suggests that Indibank is at a relatively low level of debt compared to its assets, which indicates a lower level of financial risk. But we can see the debt ratio rising over the years, with it reaching its maximum value of 0.26 in 202, which indicates that the company is changing its strategy and becoming less conservative.

<u>Debt to equity ratio</u>

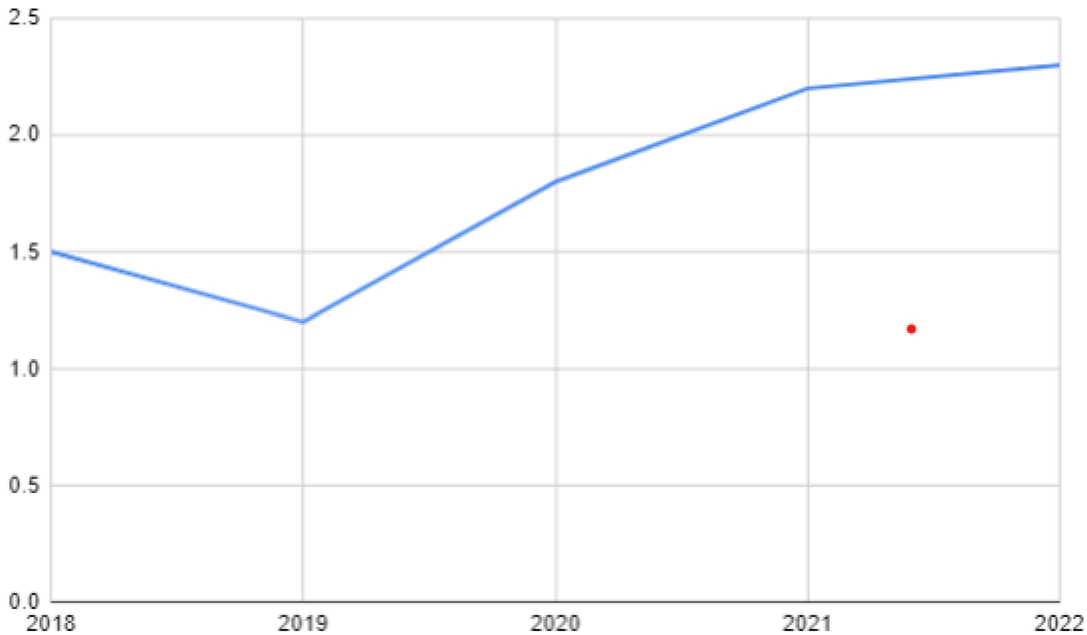
A debt to equity ratio of close to 0 indicates that Inidbank has no debt financing and its assets are almost entirely financed by equity. This may hinder its ability to take advantage of growth opportunities through equity financing.

<u>Interest coverage ratio</u>



An average interest coverage ratio of 3.88 suggests that Indibank is in a comfortable position to cover its interest expenses. We can see a steady increase in the value over the years, which is a good sign regarding the financial stability of the company.

Debt service coverage ratio



An average debt service coverage ratio of 1.8 suggests that the company has a comfortable margin of safety to cover its debt service obligations with its operating income and hence a lower level of financial risk.

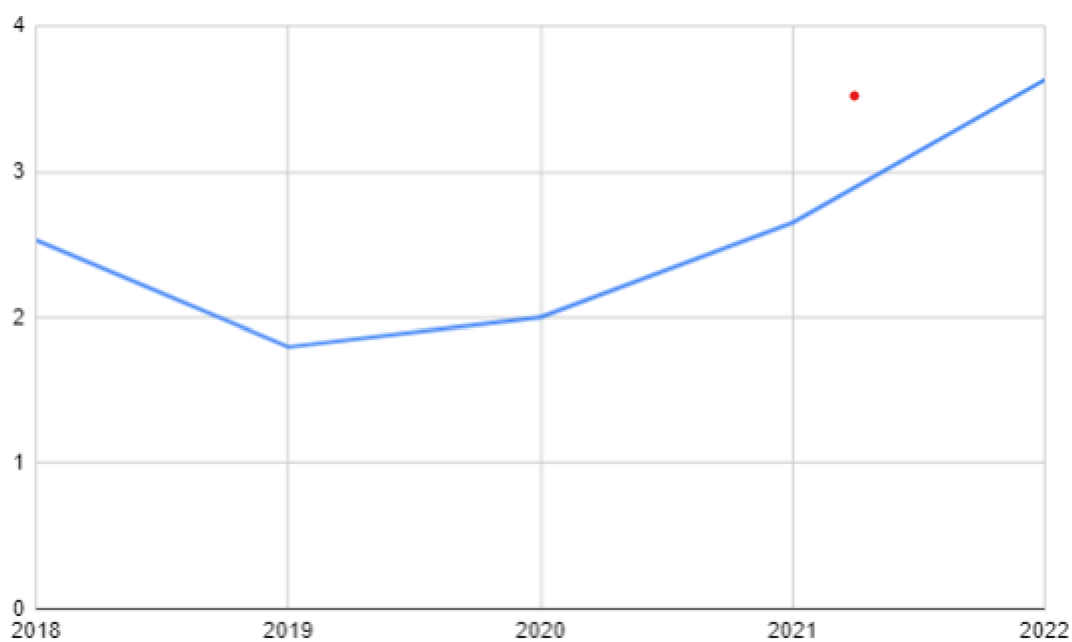
EFFICIENCY RATIOS

Year	Asset turnover ratio	Inventory turnover ratio	Receivables turnover ratio	Days sales in inventory ratio
2018	2.53	0	1.47	0
2019	1.80	0	1.55	0
2020	2.00	0	9.54	0

2021	2.65	0	3.74	0
2022	3.63	0	5.23	0
Average	2.52	0	4.31	0
Min	1.8	0	1.47	0
Max	3.63	0	5.23	0

Asset turnover ratio

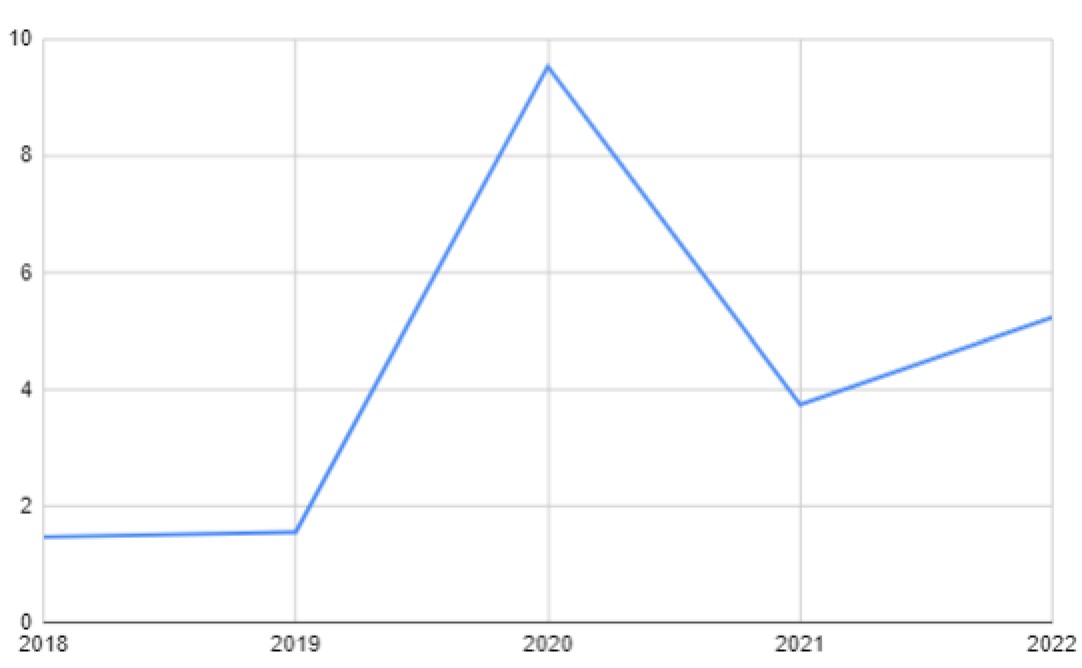
Overall, an average turnover ratio of 2.54 since 2018 suggests that Indibank is generating relatively high revenue on its assets. This is typically a favorable sign as the company seems to be efficiently using its assets, but must be confirmed with the other efficiency ratios and is not the only metric.



Inventory turnover ratio

An inventory turnover ratio of 0 indicates that the company does not have any inventory to sell for its revenue.

Receivables turnover ratio



The receivables turnover ratio is a financial measure of how efficiently a company collects its payments from customers. An average receivables turnover ratio of 4.3 indicates that on average Indibank collects its receivables 4.3 times a year, which is a relatively good pace.

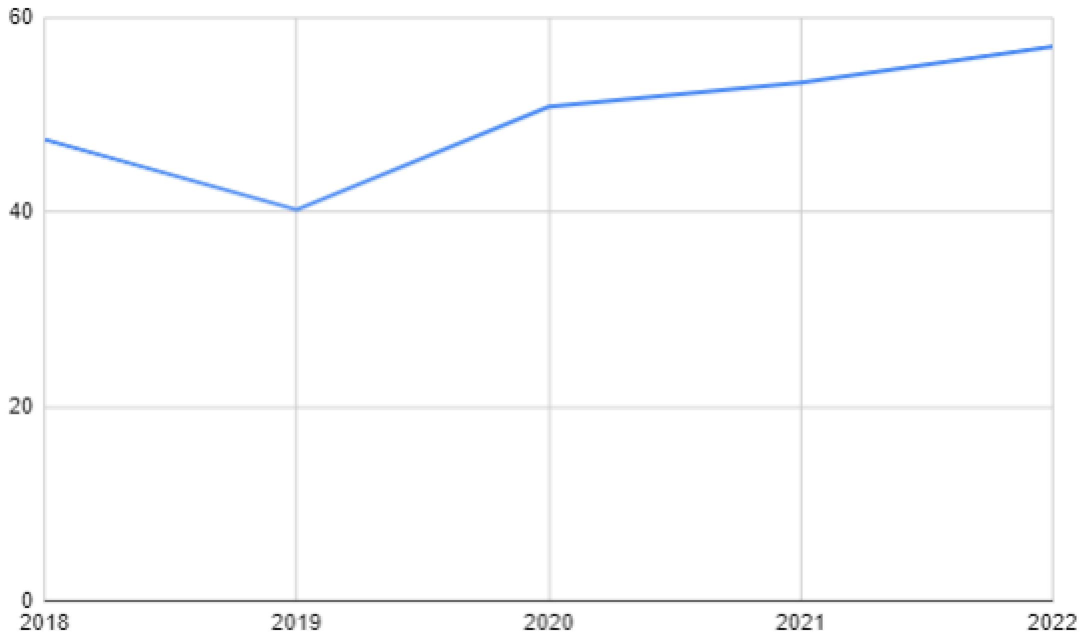
Days sales in inventory ratio

This indicates that Indibank did not sell any of its inventory in the study period.

PROFITABILITY RATIOS

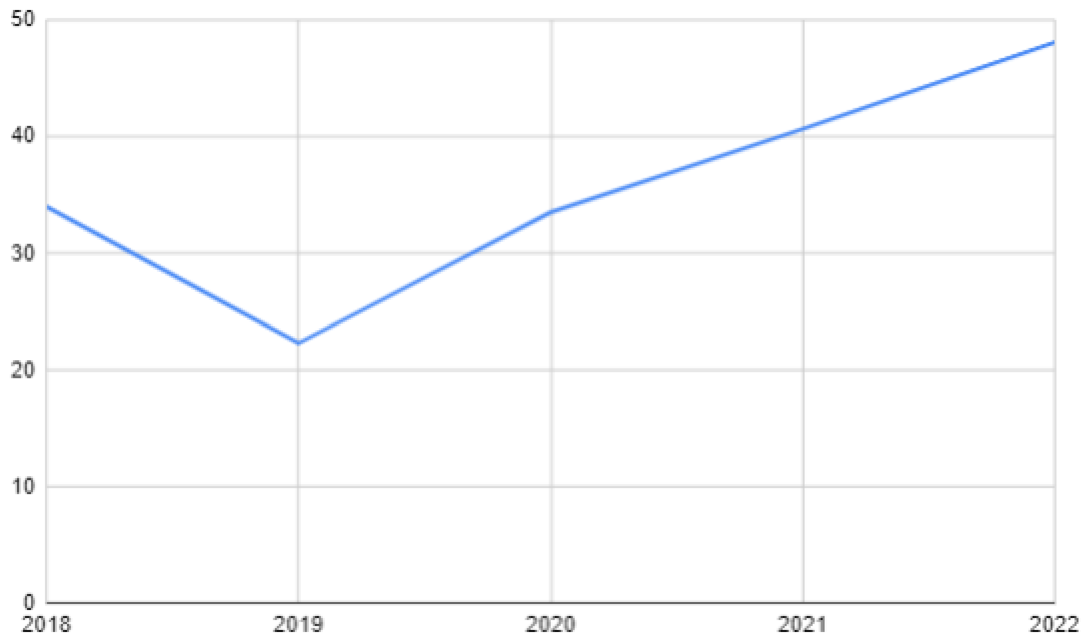
Year	Gross margin ratio	Operating margin ratio	Return on assets ratio	Return on equity ratio
2018	47.50	33.98	3.37	3.92
2019	40.26	22.30	2.61	3.03
2020	50.86	33.51	2.81	3.46
2021	53.35	40.66	4.81	6.3
2022	57.05	48.10	7.35	9.78
Average	49.80	35.71	4.19	5.30
Min	40.26	22.30	2.61	3.03
Max	57.05	48.10	7.35	9.78

Gross margin ratio



An average gross margin ratio of 49 indicates that Indibank made an average of 49% profit of its total revenue during the last 5 years. While this is a relatively good margin, we cannot deduce its performance with this alone, since a lower percentage than its competitors indicates that it is not correctly pricing its products/services.

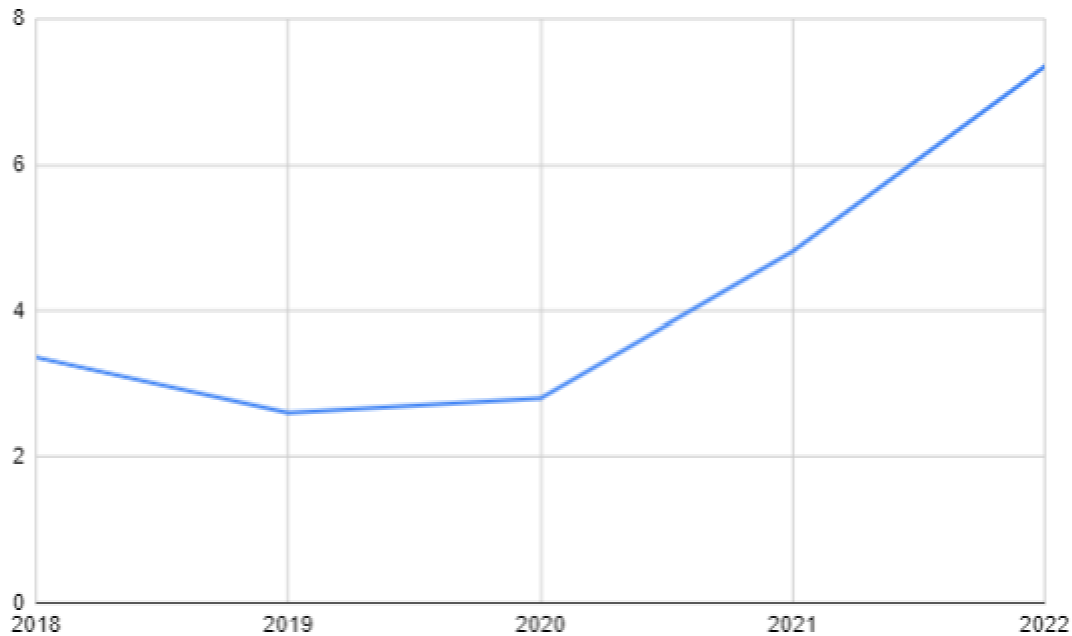
Operating margin ratio



An operating margin ratio of 35.71 indicates that Indibank is generating 35 paise of profit from each rupee of revenue earned from its core operations.

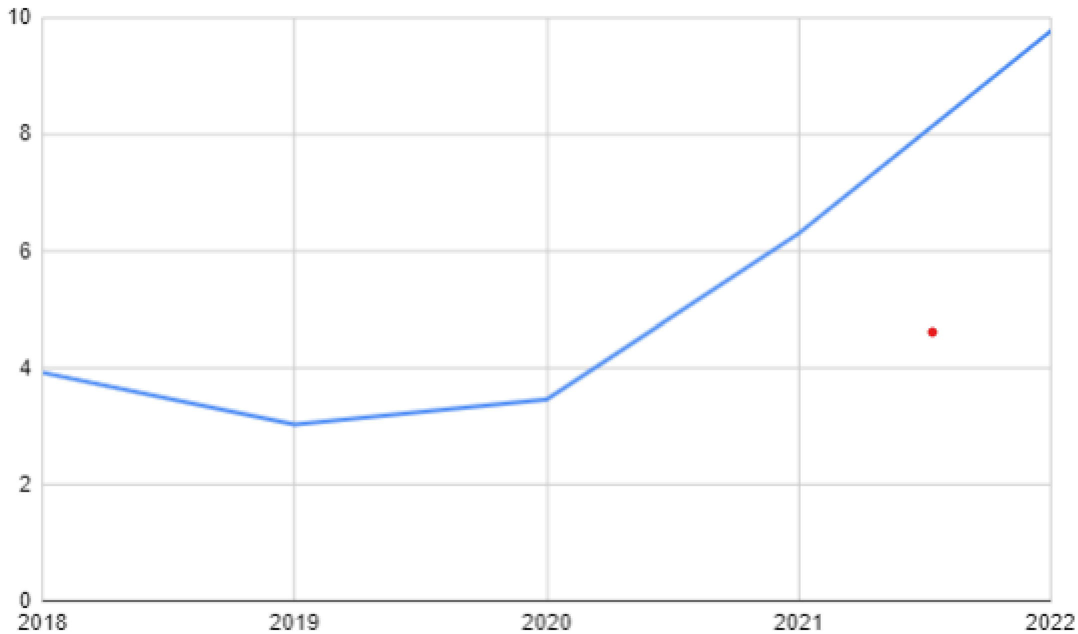
The interpretation of this ratio may vary depending on the sector and the size of the company. For example, some industries may have higher operating margins than others, and larger companies may have lower operating margins due to higher overhead costs.

<u>Return on assets ratio</u>



A ROA of 4 can be considered a decent return, but as with any financial ratio, the interpretation of this ratio depends on the industry and the company's specific circumstances. For example, some industries may have higher ROAs than others, and larger companies may have lower ROAs due to their size and complexity.

Return on equity ratio



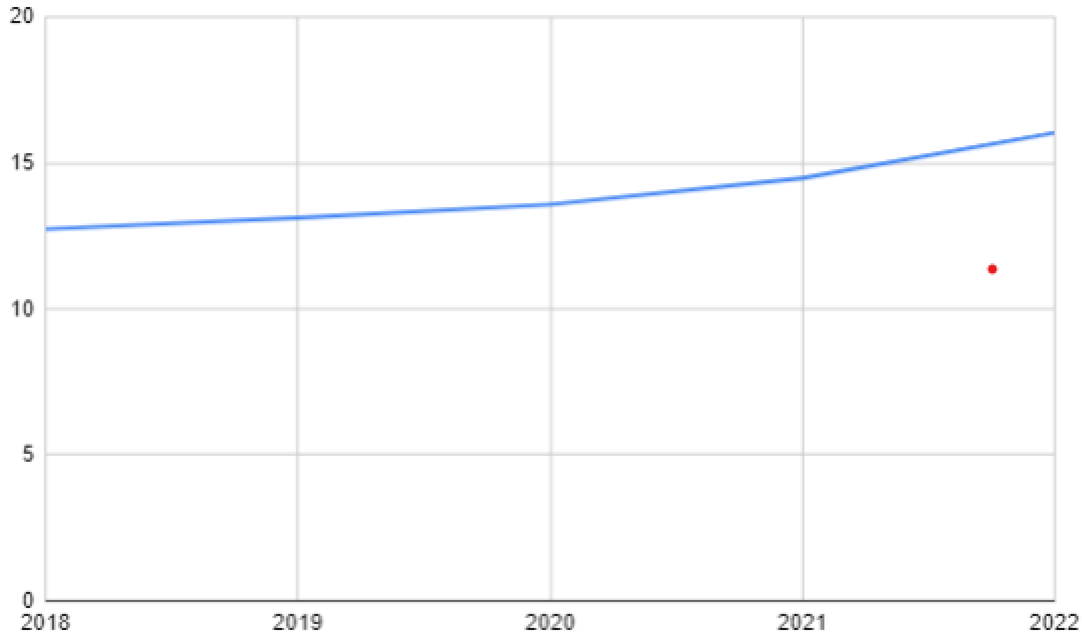
An ROE of 5.3 over the last 5 years in INDIBANK can be considered a low return, but it is important to keep in mind that the interpretation of this ratio depends on the industry and the company's specific circumstances.

Furthermore, if the company has a stable and consistent ROE over time, it may indicate that it is a financially stable company with a strong track record of generating profit for its shareholders.

MARKET VALUE RATIOS

Year	Book value per share ratio	Dividend yield ratio	Earnings per share ratio	Price earnings ratio
2018	12.73	0	0.48	11.1
2019	13.12	0	0.39	3.58
2020	13.57	0	0.47	2.60
2021	14.48	0	0.91	4.14
2022	16.03	0	1.57	4.5
Average	13.97	0	0.76	5.18
Min	12.73	0	0.39	2.60
Max	16.03	0	1.57	11.1

Book value per share ratio



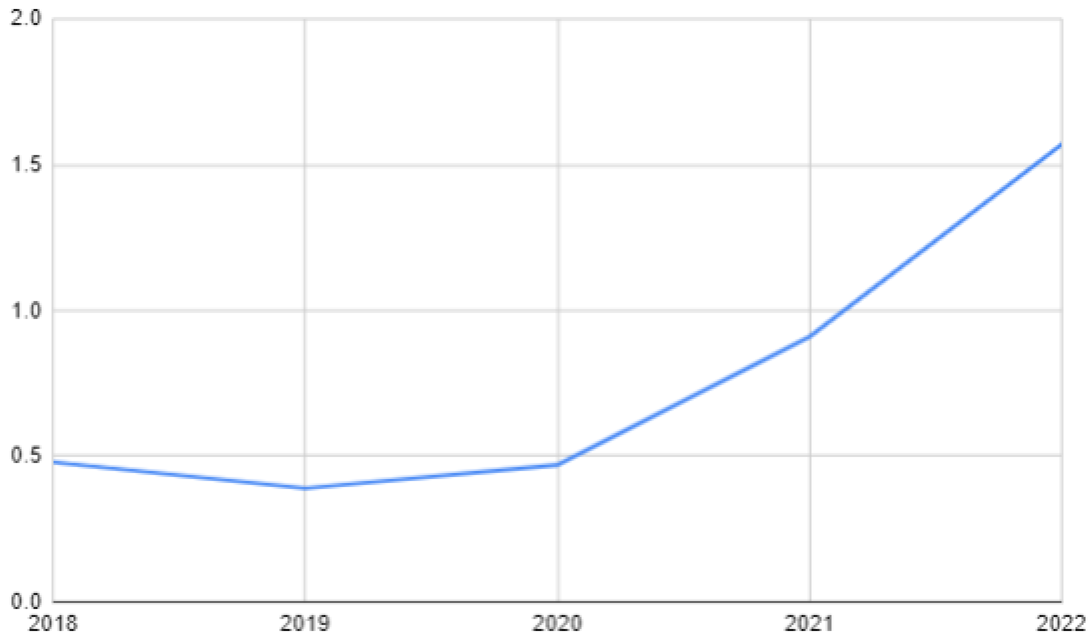
A book value per share (BVPS) ratio of 13.97 indicates the amount of a company's net assets that are attributable to each outstanding share of its common stock.

BVPS can be used as an indicator of the company's underlying value and can be compared to the current market price of the stock to determine whether it is undervalued or overvalued. However, it is important to note that BVPS does not take into account factors such as the company's growth potential or future earnings prospects, which can also affect the stock's value.

Dividend yield ratio

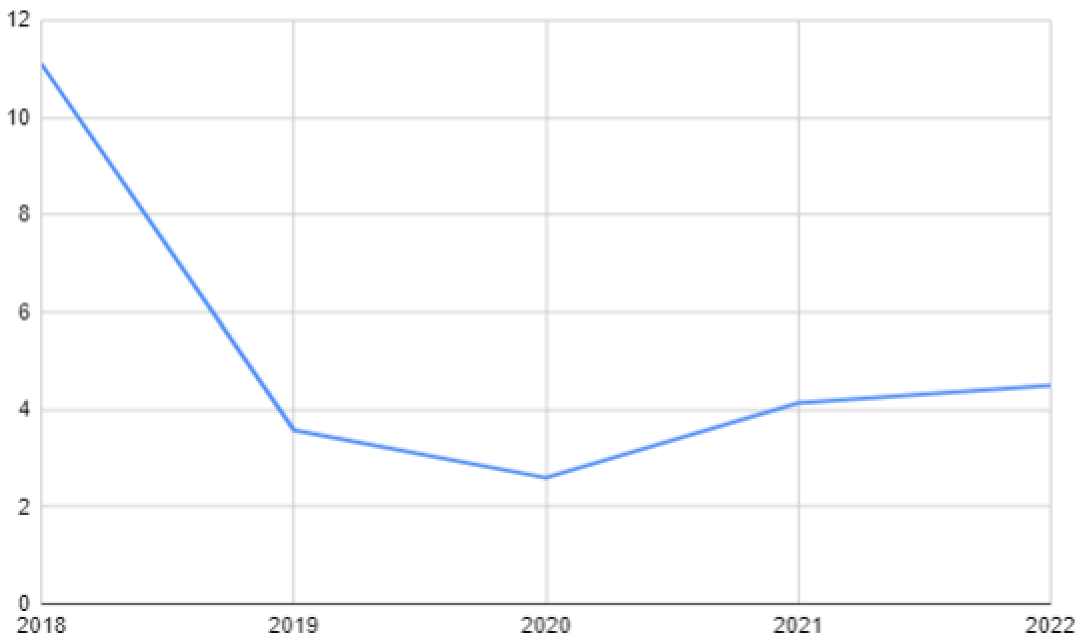
Indibank has not paid it’s shareholders dividends since 2018 and hence the dividend yield ratio is 0.

Earnings per share ratio



An EPS ratio of 0.76 generally indicates higher profitability or faster growth potential. We can also see that the value increases steadily over the last 5 years, which is a good sign for the growth and stability of the company.

Price earnings ratio



A relatively low P/E ratio such as 5.18 may suggest that the company's stock is undervalued or that investors are not confident about the company's future growth potential.

A decreasing price-to-earnings (P/E) ratio indicates that the stock price of the company is decreasing relative to its earnings per share (EPS). This means that either the stock price is falling or the earnings are increasing.

Gland Pharma Limited

COMPANY PROFILE

Gland Pharma is a corporation that manufactures medications. Oncology medications, ophthalmic solutions, and sterile injectables are among their areas of expertise.Gland Pharma is a publicly traded business that is listed on the stock exchanges in India.

One of the top pharmaceutical firms in India, Gland Pharma has won multiple accolades for its contributions to the sector and is largely recognised as one of the best. The business is renowned for its top-notch goods, cutting-edge manufacturing processes, and dedication to R&D. Gland Pharma has made substantial inroads in a number of nations, including the US, Europe, and Australia, with a strong focus on global markets. Overall, Gland Pharma is a fantastic business with a solid standing in the pharmaceutical sector.

HISTORY

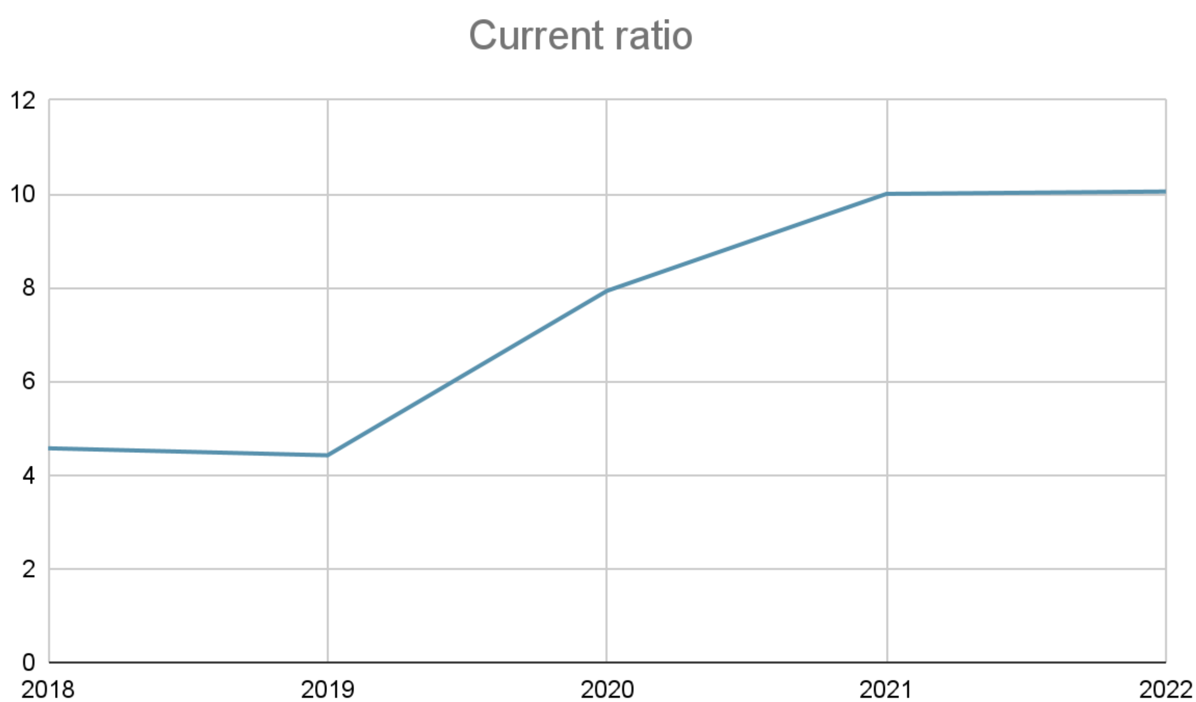
A group of scientists and businessmen established Gland Pharma in Hyderabad, India, in 1978. The business started out as a modest pharmaceutical research and development organization but quickly became a significant force in the Indian pharmaceutical market. The business has grown throughout time to include the production, promotion, and international distribution of pharmaceutical goods. A significant accomplishment for the business was the 2017 purchase of the majority of Gland Pharma by Shanghai Fosun Pharmaceutical Group.

LIQUIDITY RATIOS

Year	Current ratio	Acid Test Ratio	Cash Ratio	Operating cash flow ratio
2018	4.57	3.02	1.77	0.53
2019	4.42	2.36	1.41	0.35
2020	7.93	5.37	3.69	1.95
2021	10.00	7.17	5.86	1.18
2022	10.05	7.64	5.58	1.36
Average	7.39	5.11	3.66	1.07
Min	4.42	2.36	1.41	0.35
Max	10.05	7.64	5.86	1.95

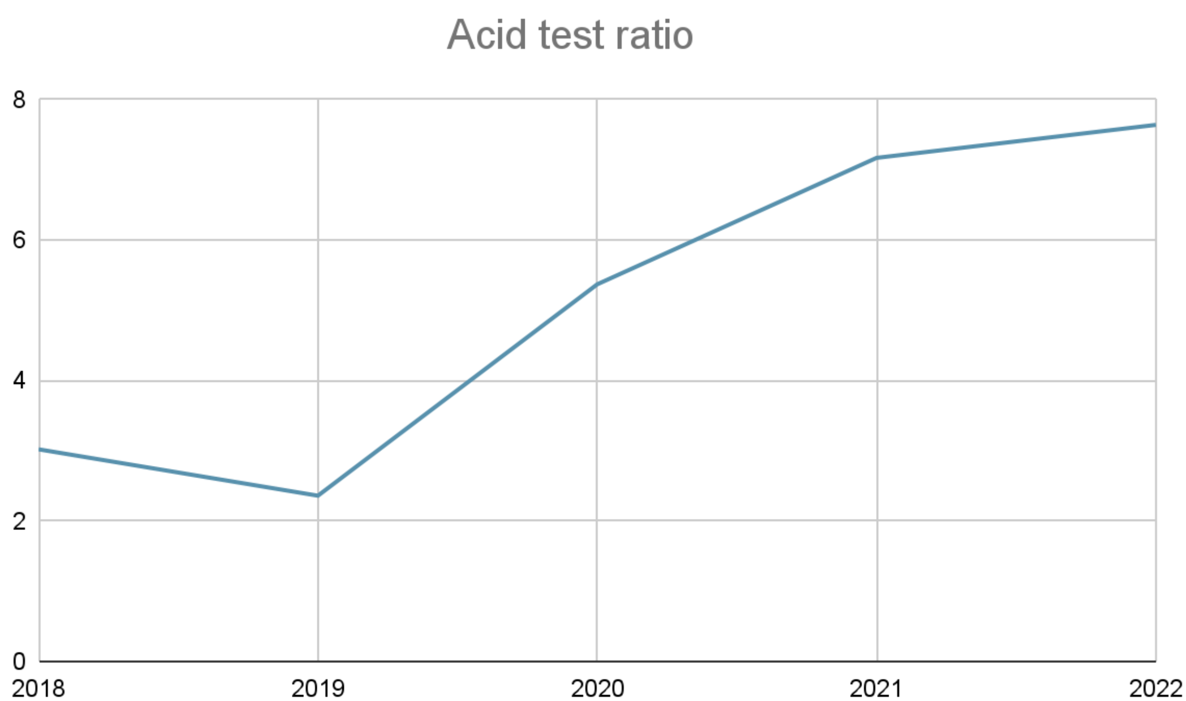
TREND ANALYSIS

Current ratio



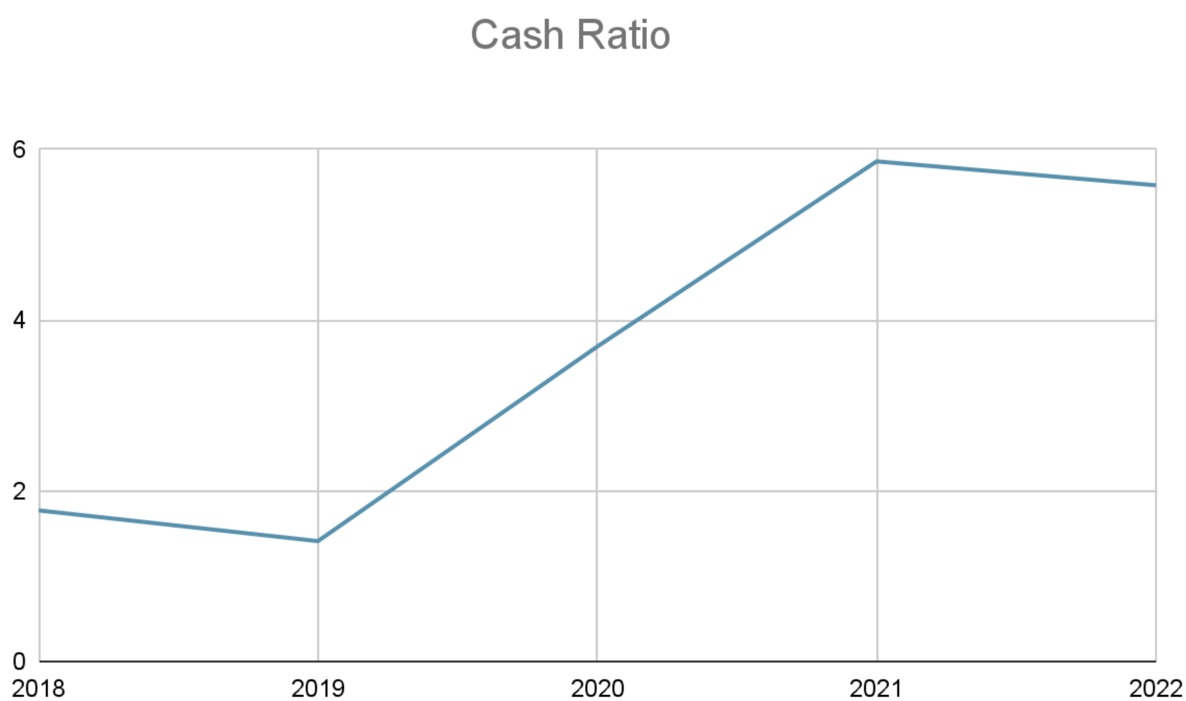
It is evident that Gland Pharma's current ratio has generally improved over time, which is a promising development. In particular, there was a notable increase in 2019 and a further increase in 2020 and 2022. An average current ratio of 7.39 indicates that Gland Pharma has more than enough assets to cover its liabilities indicating that it has a strong ability to pay off its short-term obligations.

<u>Acid test ratio</u>



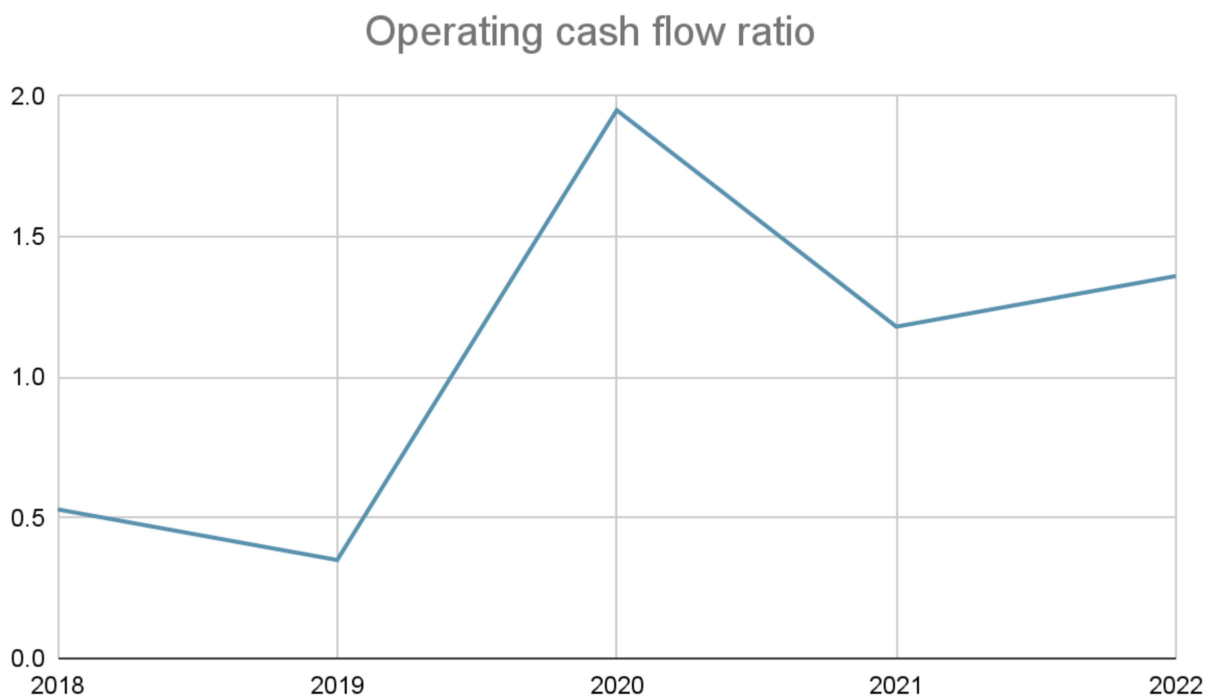
It can be observed that Gland Pharma's acid-test ratio has generally increased over the years. In particular, there was a significant increase from 2019 to 2020, followed by a further increase in 2021 and 2022. An average acid test ratio/quick ratio of 5.11 suggests that the company has a strong ability to settle its short-term liabilities using its most liquid assets.

Cash Ratio



With an average cash ratio of 3.66 over the last 5 years, we can see that Gland Pharma has 3.66 rupees in cash or cash equivalents to cover each dollar of its current liabilities indicating that the company has ample resources to cover its short-term obligations.

Operating cash flow ratio



An average operating cash flow ratio of 1.07 suggests that the company's operating cash flow is just sufficient to cover its current liabilities.

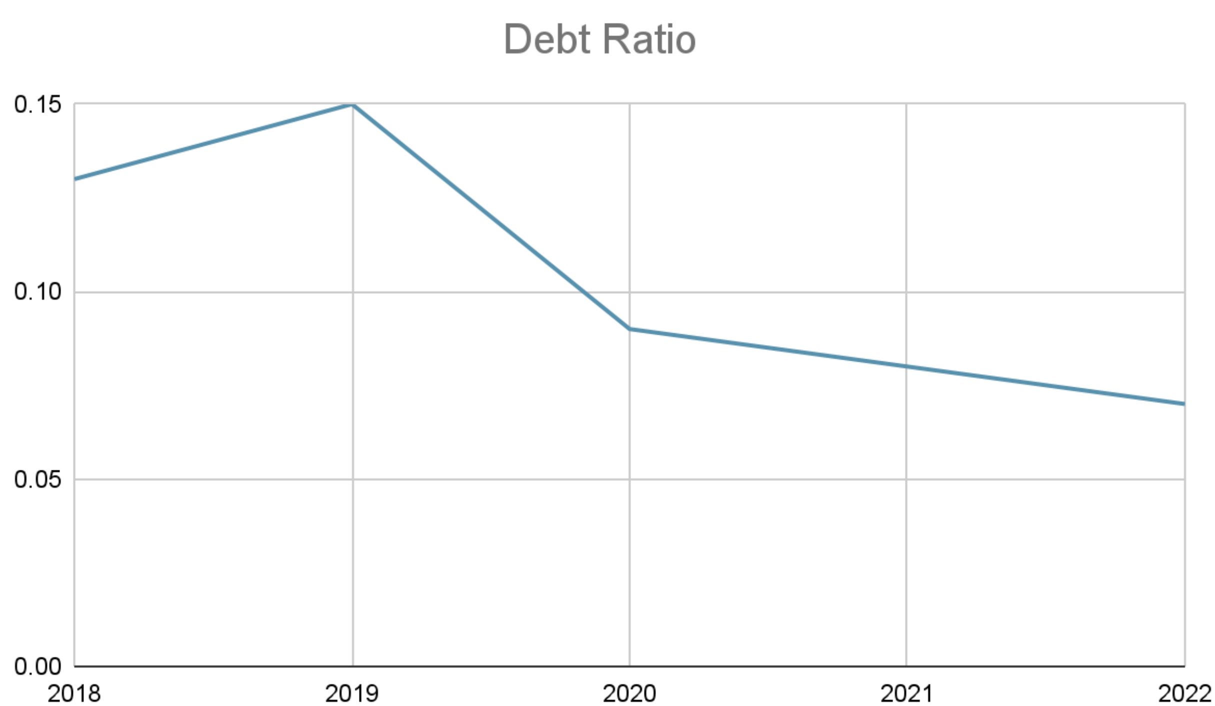
LEVERAGE FINANCIAL RATIOS

Year	Debt Ratio	Debt to Equity Ratio	Interest coverage ratio	Debt service coverage ratio
2018	0.13	0.25	123	85.47
2019	0.15	0.23	194	129.33
2020	0.09	0.16	139	201.61

2021	0.08	0.07	392	328.75
2022	0.07	0.07	310	413.23
Average	0.10	0.15	231.6	231.68
Min	0.07	0.07	123	85.47
Max	0.15	0.25	392	413.23

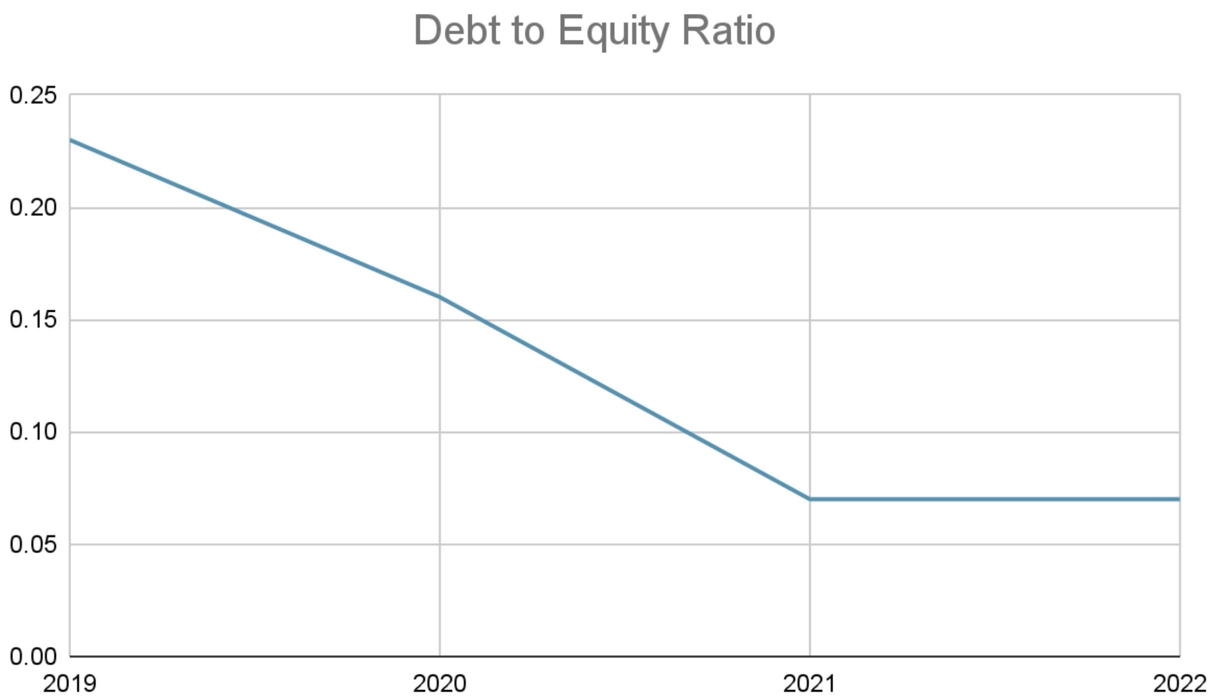
TREND ANALYSIS

Debt Ratio



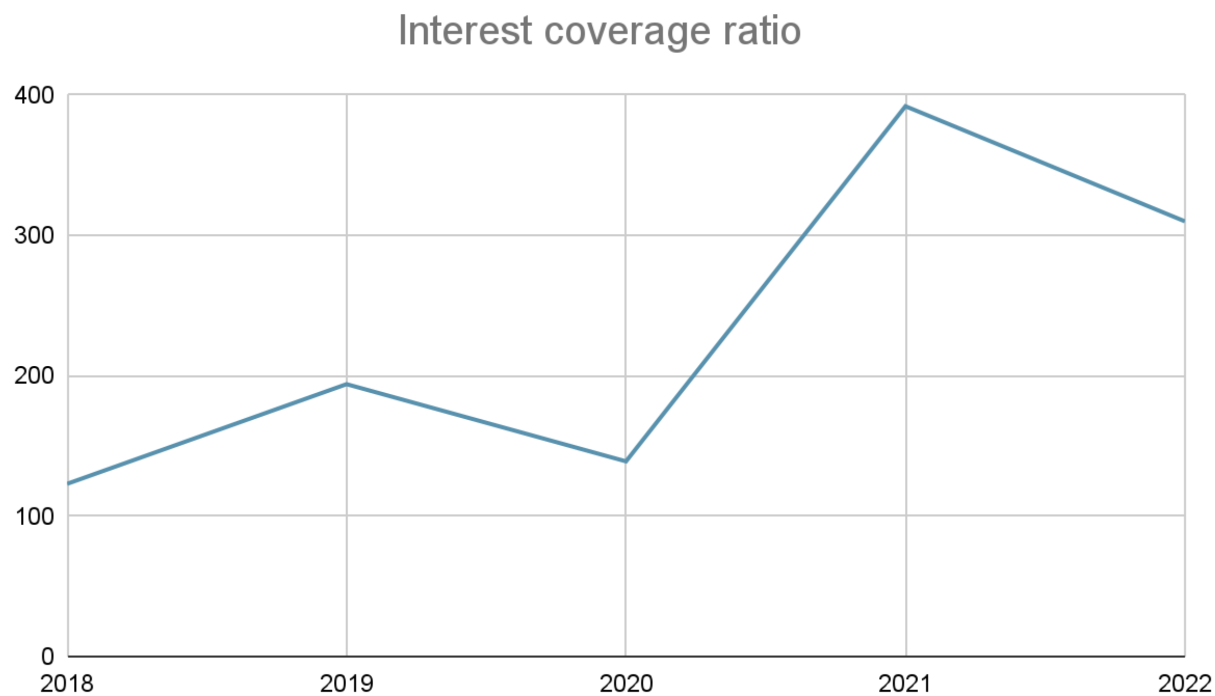
A debt ratio of 0.1 indicates that Gland Pharma is only financing 0.1 of its assets with debt, with the rest 0.9 being financed by equity. An average debt ratio of 0.21 suggests that Indibank is at a relatively low level of debt compared to its assets, which indicates a lower level of financial risk.

Debt to Equity Ratio



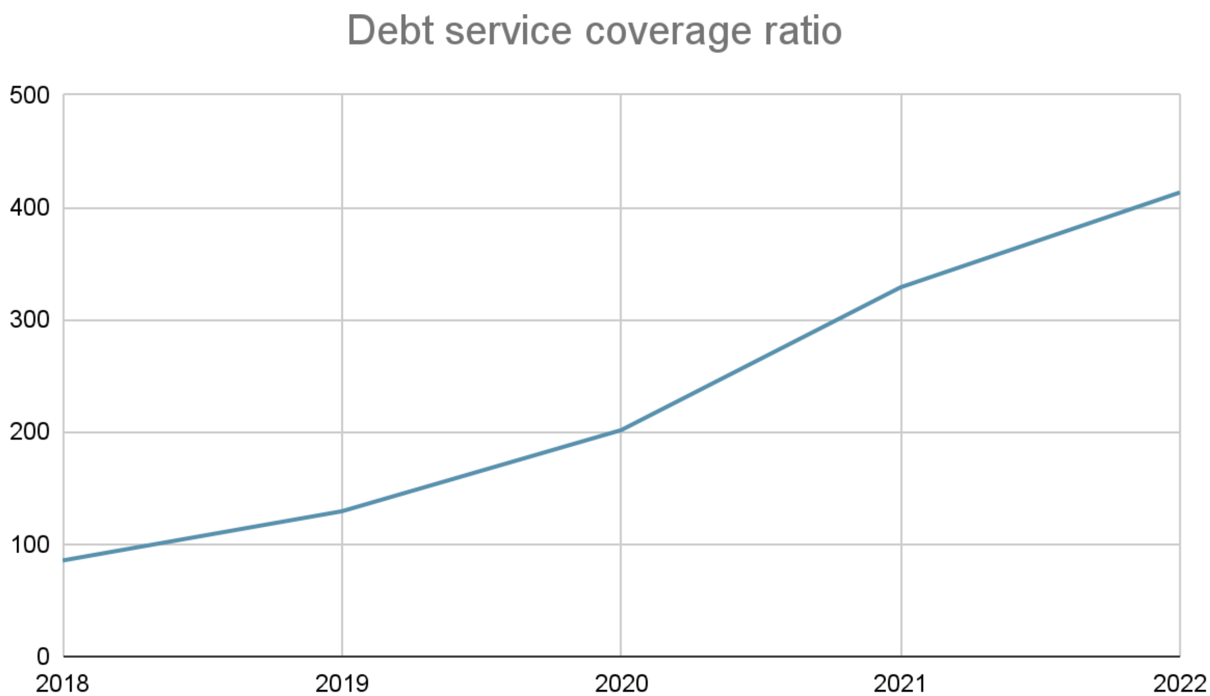
An average debt-to-equity ratio of 0.15 suggests that the company has a relatively low level of debt financing compared to its equity financing.With an average debt-to-equity ratio of 0.15, Gland Pharma is only using debt financing to fund 0.15 of every 1 rupee in equity financing. This shows that the company's operations and expansion are predominantly funded by equity financing, which can offer a degree of stability and flexibility in its financial structure.

Interest coverage ratio



Gland Pharma’s interest coverage ratio appears to be increasing over time, peaking in 2021. An average interest coverage ratio of 231.6 suggests that Gland Pharma is in a comfortable position to cover its interest expenses.

Debt service coverage ratio



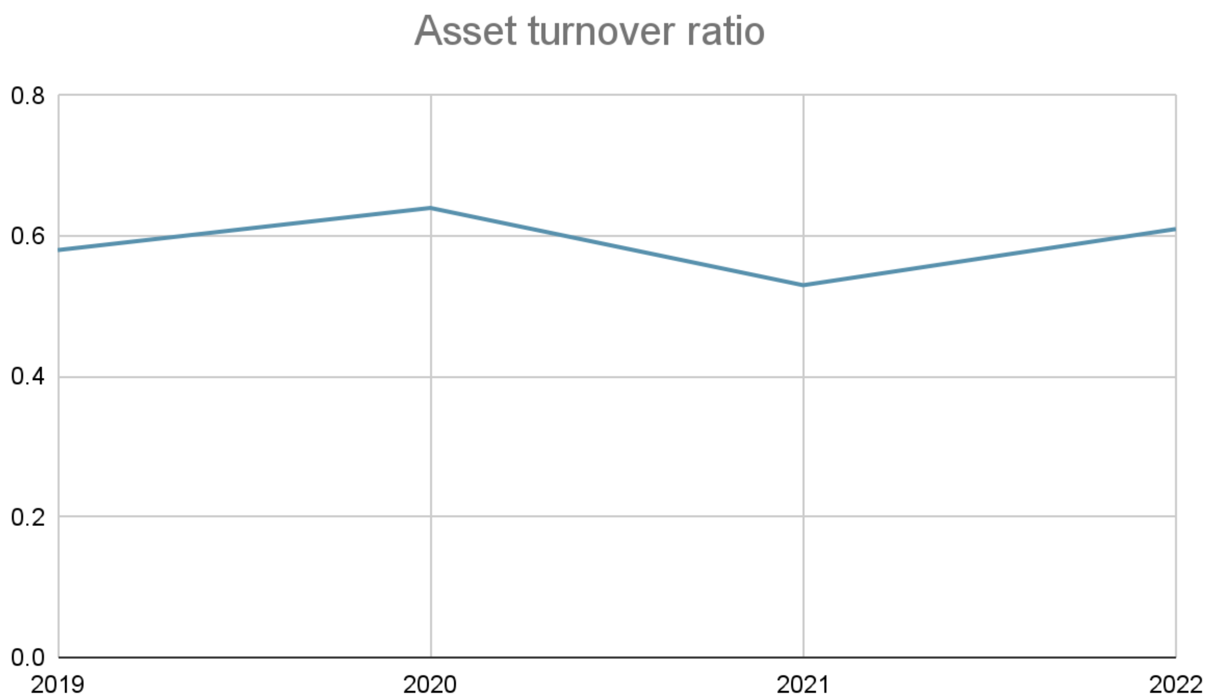
The debt service coverage ratio for Gland Pharma increased consistently from 2018 to 2022, indicating that the company is generating enough cash to cover its debt obligations.

EFFICIENCY RATIOS

Year	Asset turnover ratio	Inventory turnover ratio	Receivables turnover ratio	Days sales in inventory ratio
2018	0.55	3.16	-	0
2019	0.58	2.24	4.17	0
2020	0.64	3.48	4.75	0
2021	0.53	2.72	5.44	0
2022	0.61	1.66	4.71	0
Average	0.58	2.65	4.77	0
Min	0.53	1.66	4.17	0
Max	0.64	3.48	5.44	0

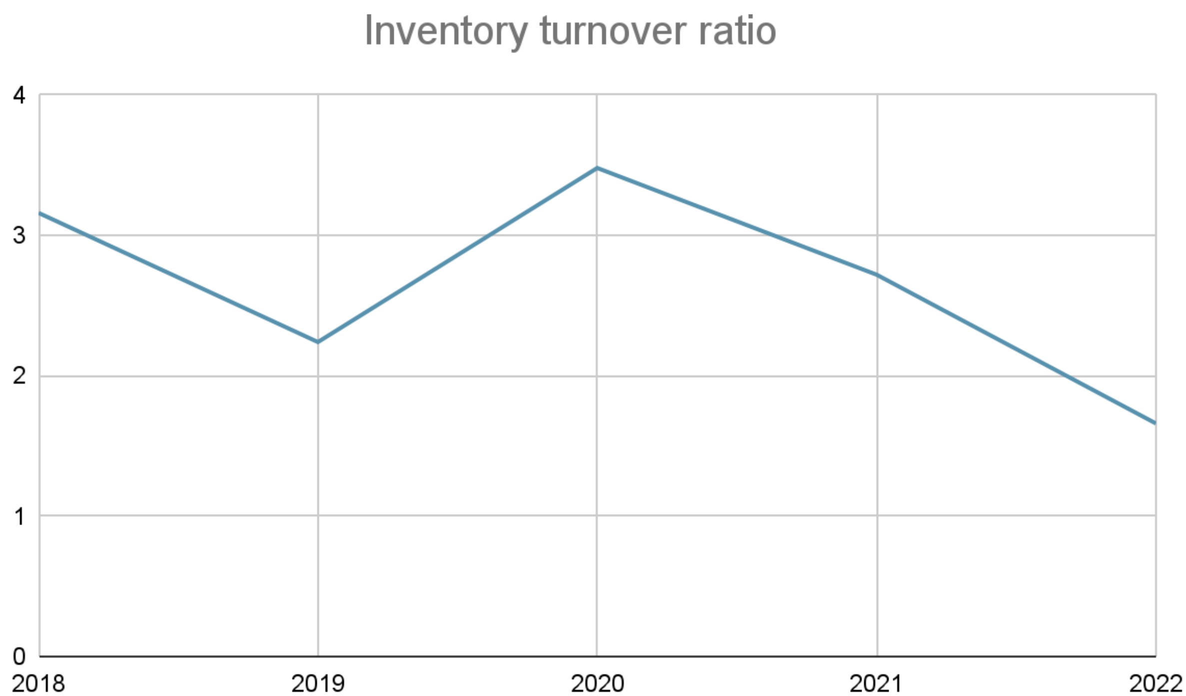
TREND ANALYSIS

Asset turnover ratio



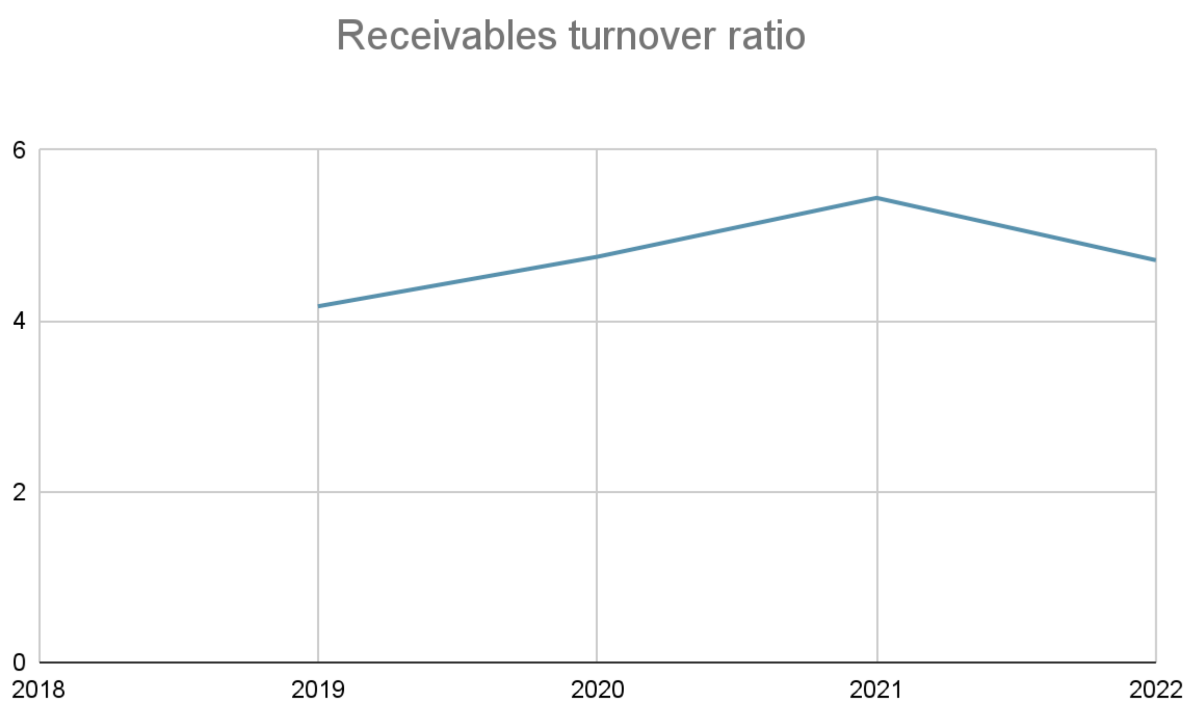
With an asset turnover ratio of 0.58, Gland Pharma is earning 0.58 rupees in revenue for every rupee that is invested in its assets.While this ratio is not particularly high,it may be influenced by the nature of the pharmaceutical sector, which frequently necessitates large investment in research and development and production facilities.

Inventory turnover ratio



The inventory turnover ratio for the company has varied over the last five years, with an average at 2.65 and going from a low of 1.66 in 2022 to a high of 3.48 in 2020.Investors typically view a continuously high inventory turnover ratio favorably since it shows that the business is effectively managing and selling its goods.

Receivables turnover ratio



The steady and comparatively high receivables turnover implies that the company is doing a good job in managing its accounts receivable and collecting payments from its customers.

Days sales in inventory ratio
This indicates that Indibank did not sell any of its inventory in the study period.

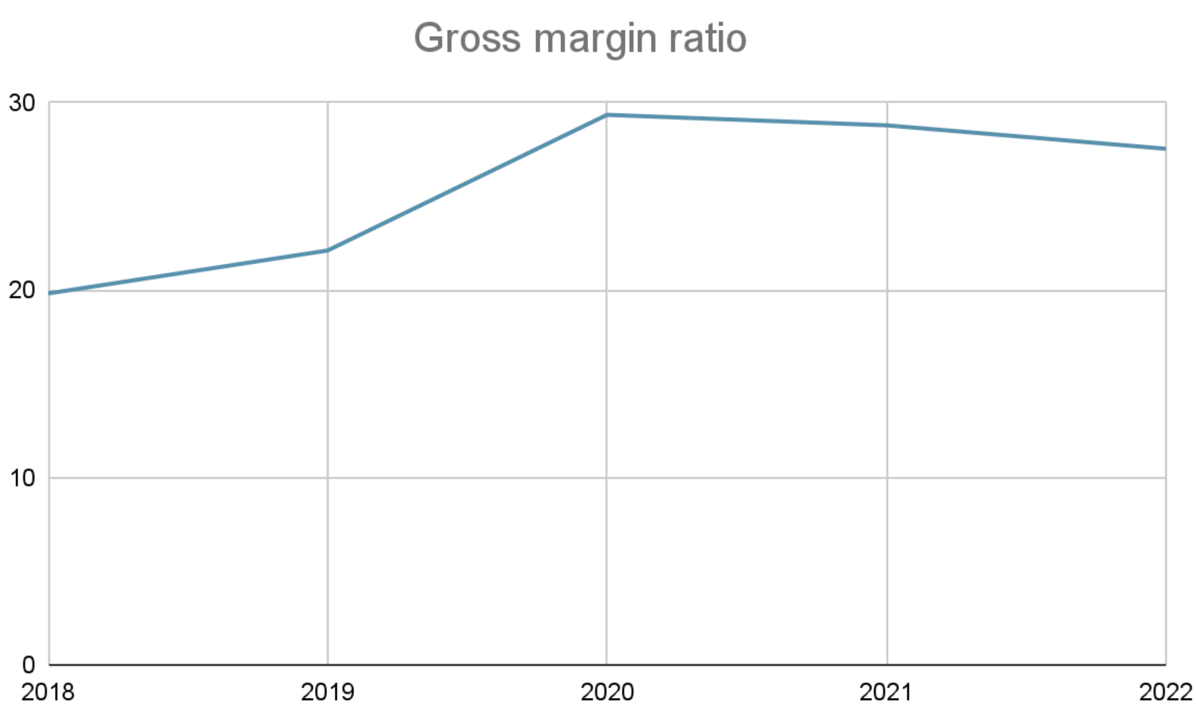
PROFITABILITY RATIOS

Year	Gross margin ratio	Operating margin ratio	Return on assets ratio	Return on equity ratio
2018	19.82	28.21	10.97	13.32

2019	22.11	30.54	12.83	15.78
2020	29.35	32.69	18.91	21.19
2021	28.79	34.75	15.35	16.88
2022	27.54	31.81	15.47	16.93
Average	25.52	31.60	14.71	16.82
Min	19.82	28.21	10.97	13.32
Max	29.35	34.75	18.91	21.19

TREND ANALYSIS

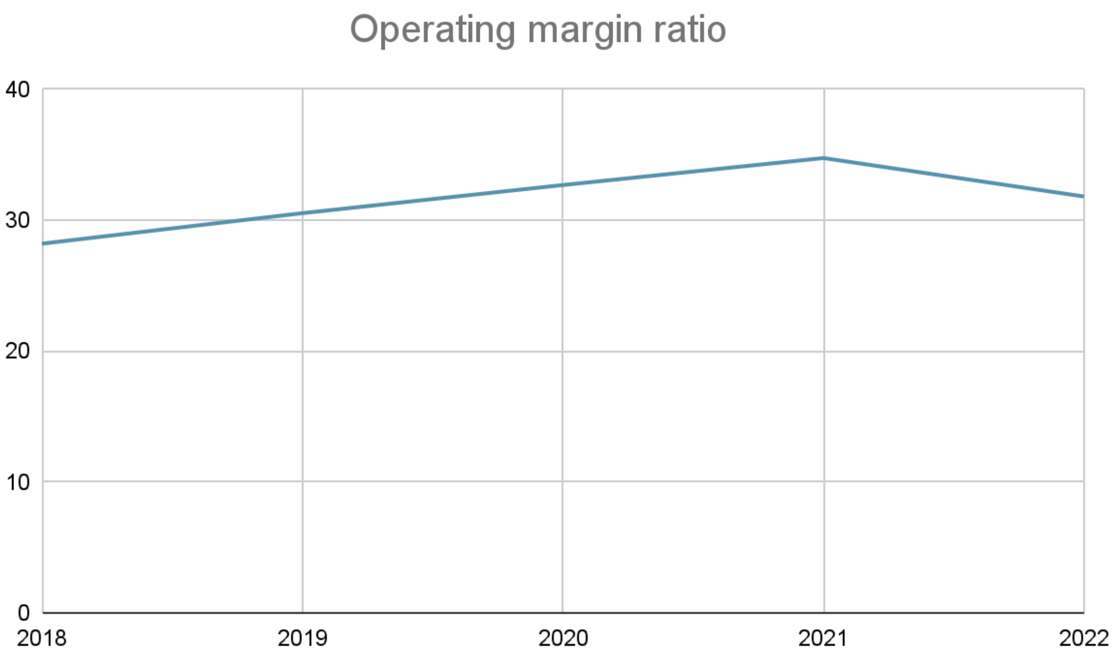
Gross margin ratio



Gland Pharma's gross margin ratio has shown a generally good trend over the five-year period from 2018 to 2022, rising from 19.82% in 2018 to

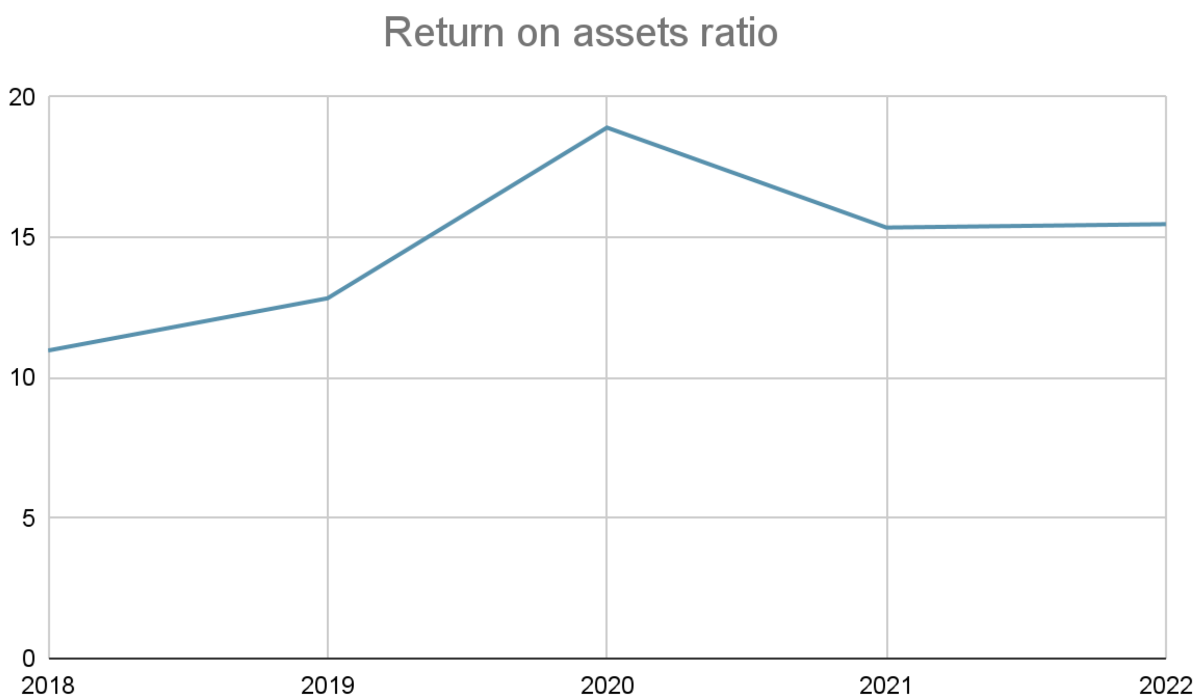
27.54% in 2022. This can mean that the business has been successful in increasing its profitability.

Operating margin ratio



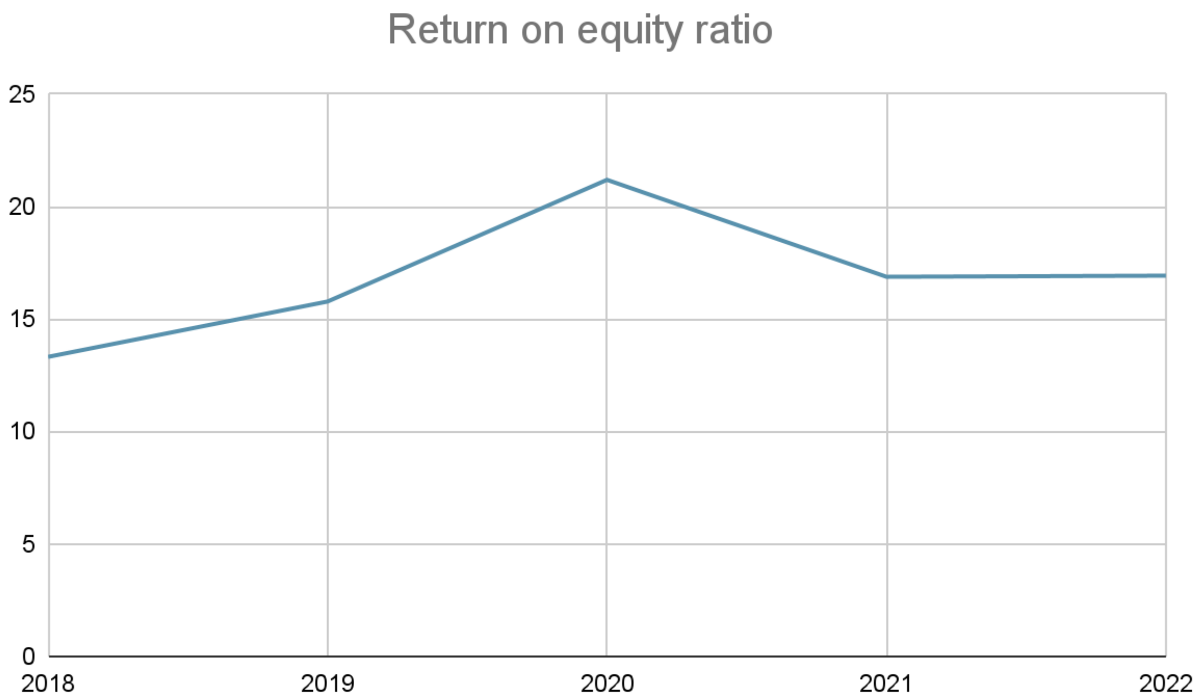
Gland Pharma's operating margin ratio has consistently been above 28% over the four-year period, with an average of approximately 31.6%. This indicates that the company is efficient in managing its costs and generating profits from its operations.

Return on assets ratio



Gland Pharma's Return on assets ratio has consistently been above 10% over the four-year period, with an average of approximately 14.3%. This indicates that the company is efficient in using its assets to generate profits.

Return on equity ratio



Gland Pharma's ROE ratio has consistently been above 10% over the five-year period, with an average of approximately 16.2%. This indicates that the company is efficient in using its shareholder equity to generate profits.The high and consistent ROE ratio for Gland Pharma suggests that the company has been successful in generating profits for its shareholders.

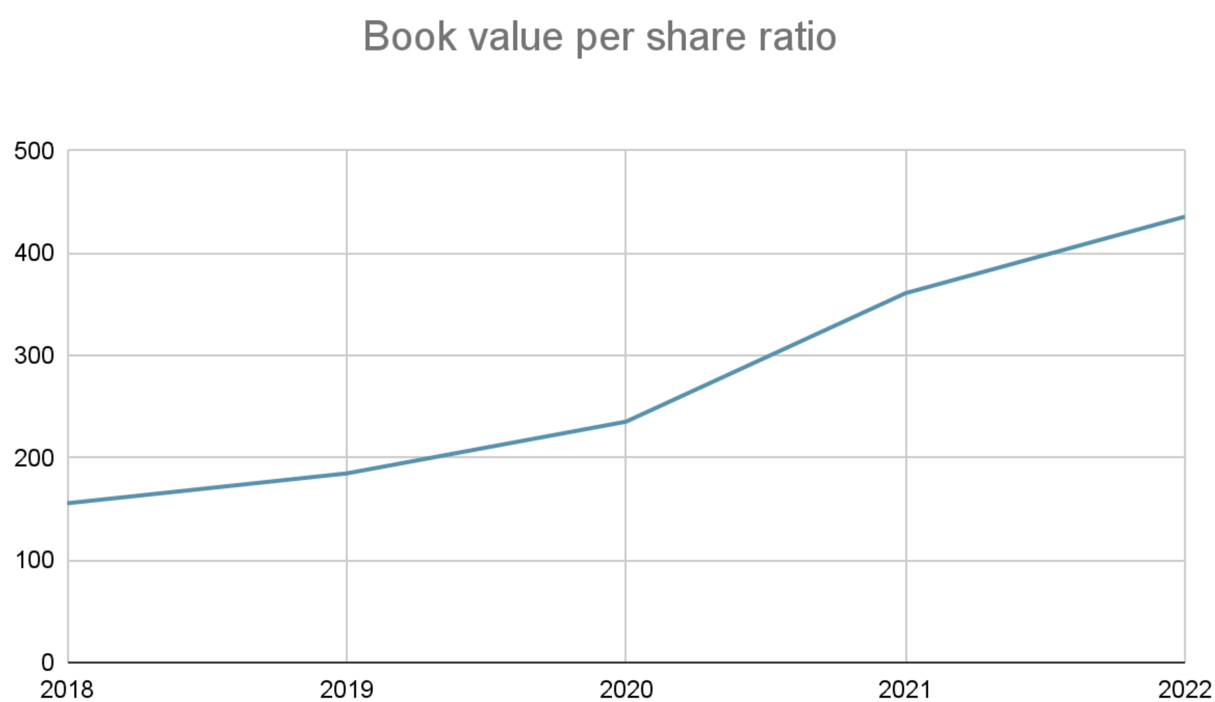
MARKET VALUE RATIOS

Year	Book value per share ratio	Dividend yield ratio	Earnings per share ratio	Price earnings ratio
2018	155.56	0	20.72	0
2019	184.71	0	29.16	0
2020	235.32	0	49.88	0

2021	360.85	-122.87	60.95	40.66
2022	435.64	0	73.81	44.34
Average	272.42	-24.57	46.90	17
Min	155.56	-122.87	20.72	0
Max	435.64	0	73.81	44.34

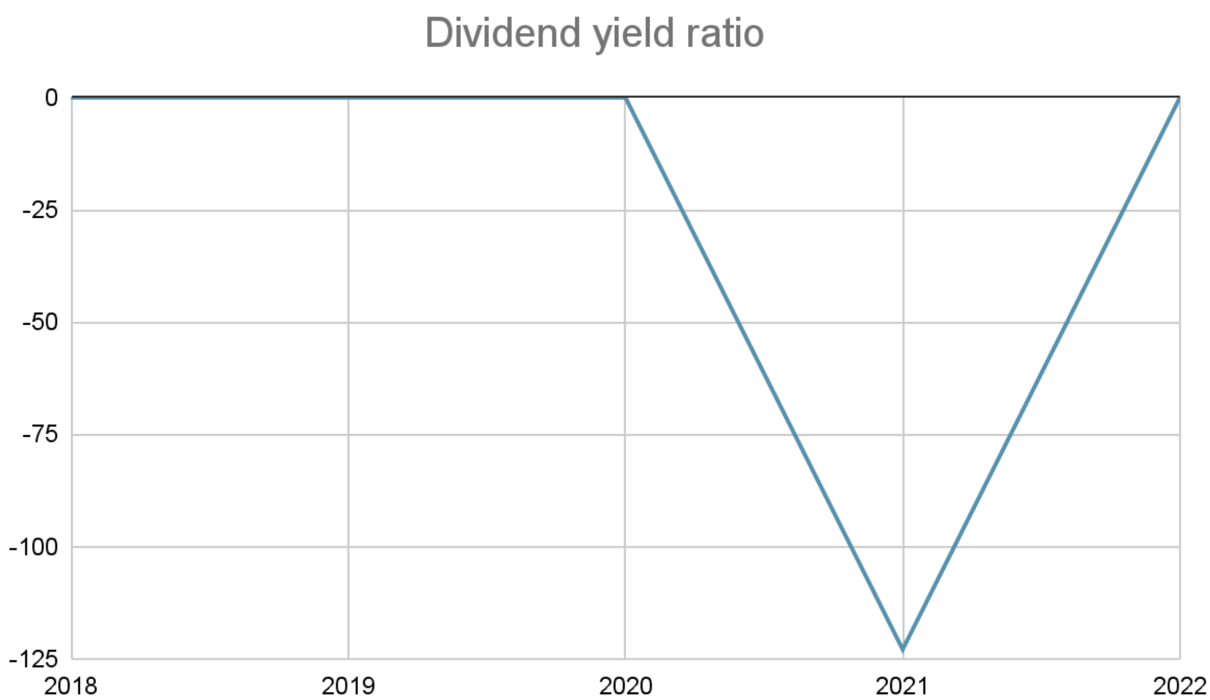
TREND ANALYSIS

Book value per share ratio



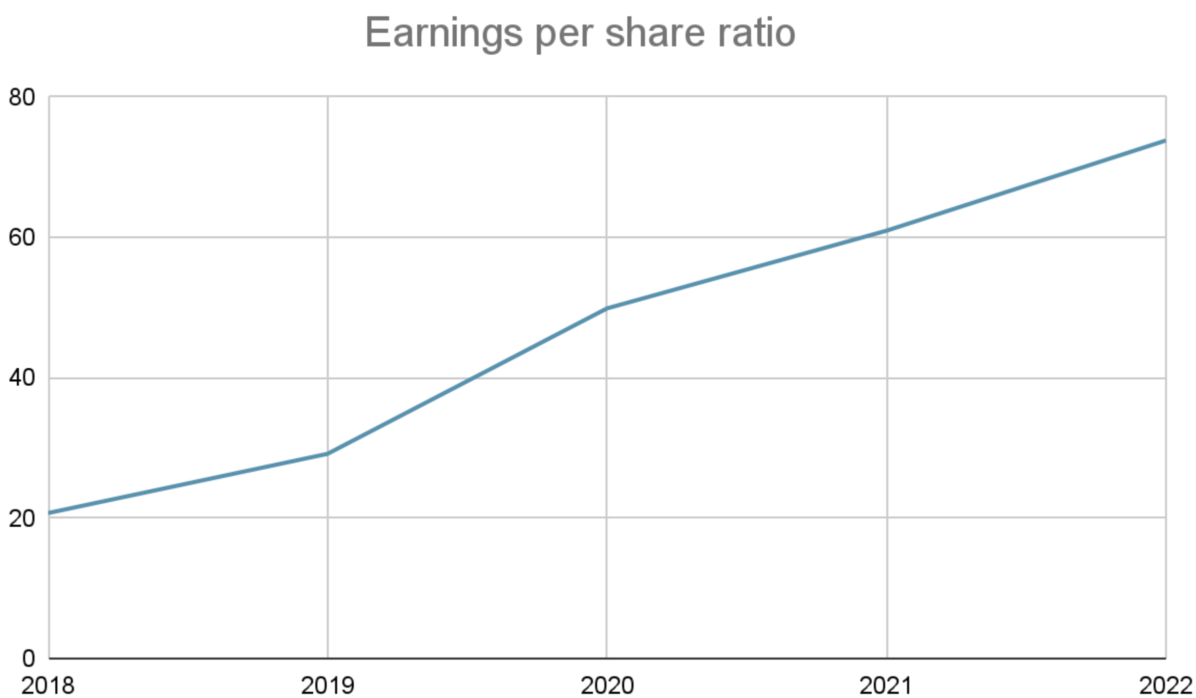
Gland Pharma's Book value per share ratio has been consistently increasing from 2018 to 2022. The company's BVPS has grown from 155.56 in 2018 to 435.64 in 2022.The increasing trend in BVPS over the years can be seen as a positive sign that the company is growing its equity base and creating value for its shareholders.

Dividend yield ratio



According to Gland Pharma's dividend yield ratio for the years 2018 to 2022, the business did not pay any dividends to its shareholders throughout that time. In fact, Gland Pharma's dividend yield ratio for 2022 was -122.87%, which indicates that the business made a loss per share for the year. Nevertheless, Gland Pharma might not be the best option for investors looking for consistent dividend payments from their investments.

Earnings per share ratio



The increasing trend in Gland Pharma's EPS ratios indicates that the company has been consistently generating more profits per share over the past few years. This may be an indication of the company's strong financial performance and growth potential.

Price earnings ratio

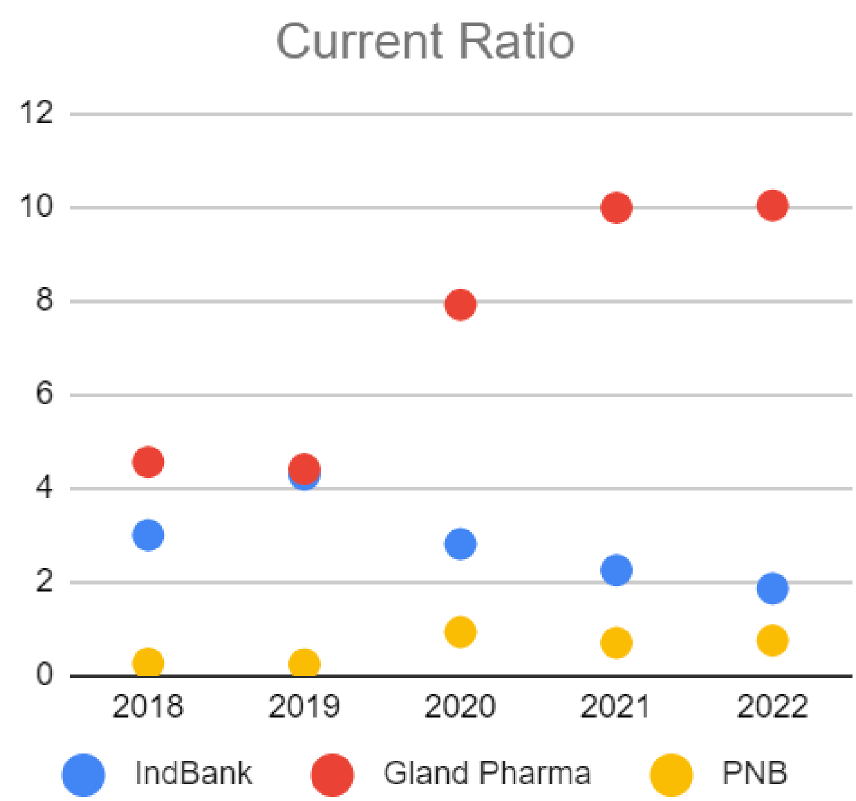
The increasing trend in the price earnings ratio ratio for the last two years indicates that the market is starting to value the company more positively, possibly due to its consistent earnings growth and strong financial performance.

COMPARATIVE ANALYSIS

1) Liquidity ratios

a) Current ratio

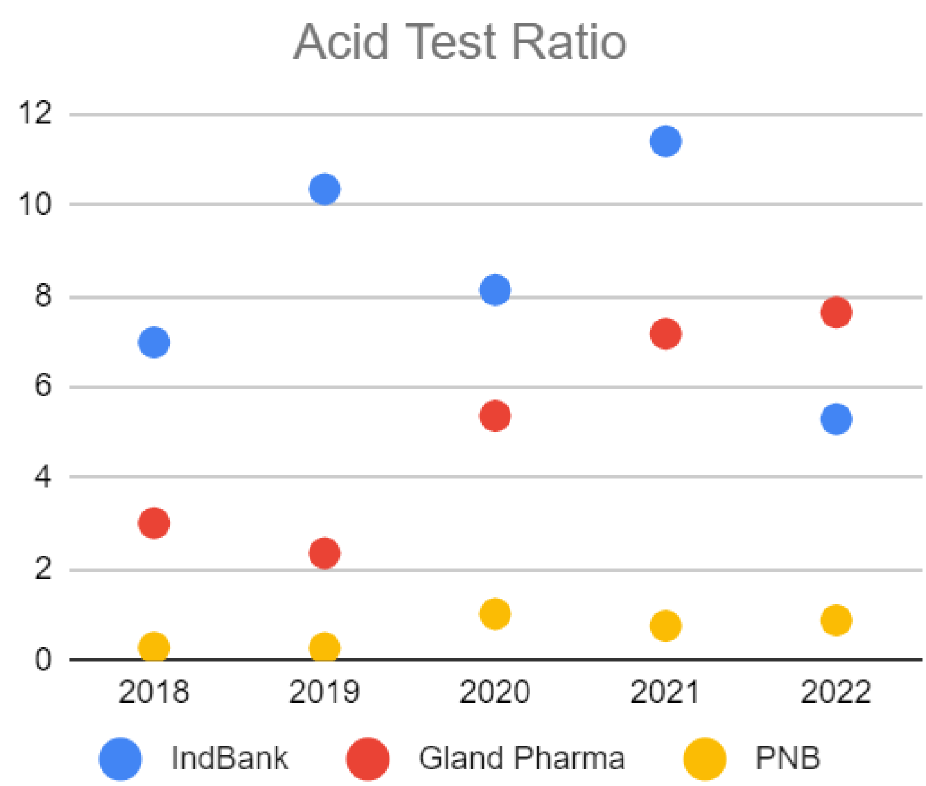
Year	IndBank	Gland Pharma	PNB
2018	3.01	4.57	0.27
2019	4.3	4.42	0.25
2020	2.82	7.93	0.94
2021	2.26	10	0.71
2022	1.87	10.05	0.76



As highlighted in the graph, the current ratios of Gland Pharma and PNB show a steady increase, with the slope of Gland Pharma being greater than PNB, as opposed to IndBank, which offers a steady decrease. This signifies that Gland Pharma has seen a significant increase in the number of assets in the given period, followed by PNB, and IndBank has shown a steady decrease in the number of purchases or has seen an increase in the number of liabilities.

b) Acid test/Quick ratio

Year	IndBank	Gland Pharma	PNB
2018	6.98	3.02	0.29
2019	10.34	2.36	0.28
2020	8.13	5.37	1.03
2021	11.39	7.17	0.77
2022	5.3	7.64	0.89

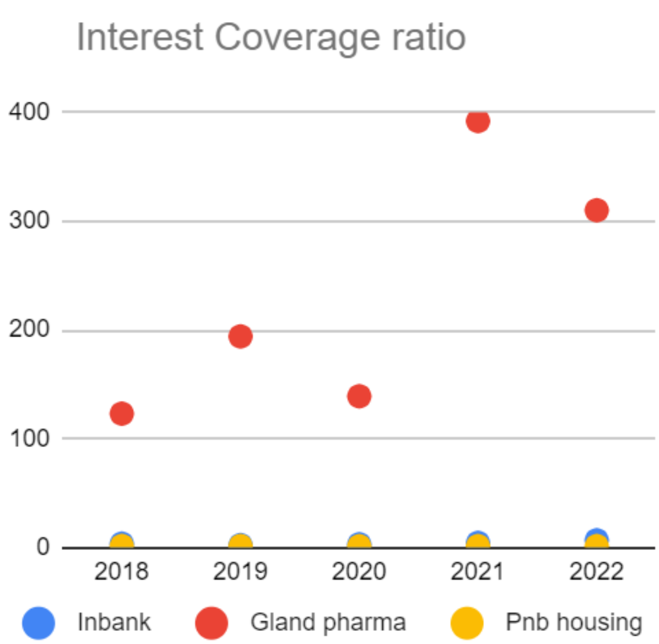


From the graph, we can infer that the Acid Test Ratio for IndBank has seen an irregular slope through the period, PNB has seen an almost constant slope, whereas Gland Pharma has shown a steady increase in slope through the years. Gland Pharma has seen faster-paced inventory turnover and cash conversion cycles than others.

2) LEVERAGE FINANCIAL RATIOS

a) Interest Coverage ratio

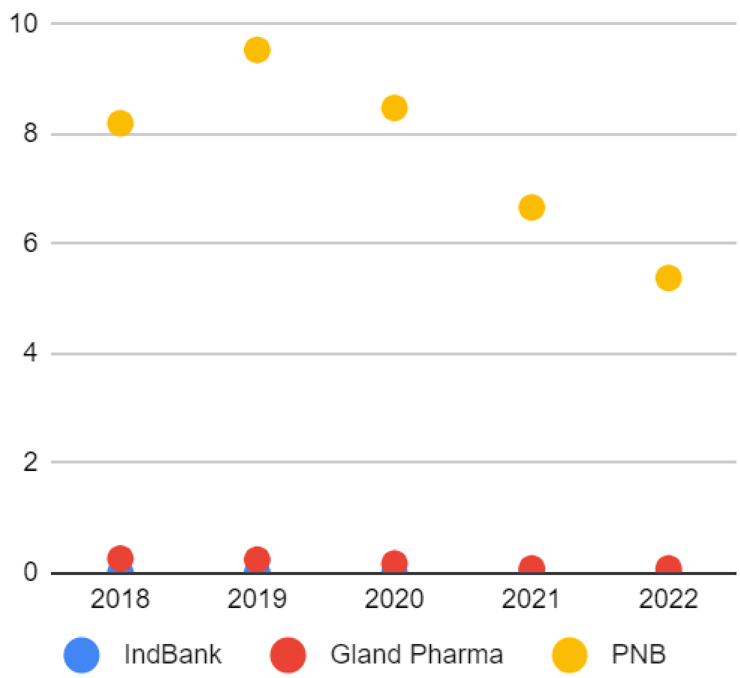
Year	Inbank	Gland pharma	Pnb housing
2018	3.51	123	1.35
2019	2.18	194	1.34
2020	2.93	139	1.14
2021	4.2	392	1.25
2022	6.58	310	1.28



We can observe that IndBank and PNB have shown almost constant Interest coverage ratios, significantly smaller than Gland Pharma, which has shown irregular increases throughout the period. This helps us conclude that Gland Pharma has a stronger financial position than the other two companies.

b) Debt equity ratio

Year	IndBank	Gland Pharma	PNB
2018	0	0.25	8.19
2019	0	0.23	9.53
2020	0	0.16	8.47
2021	0	0.07	6.66
2022	0	0.07	5.37

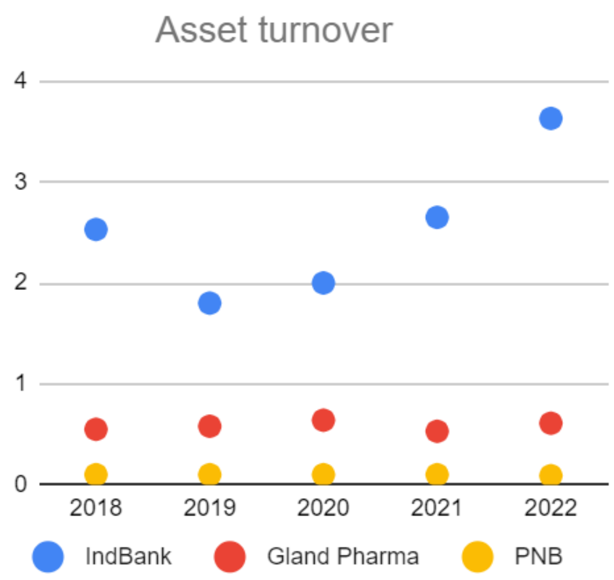


We can observe that IndBank has a zero debt-to-equity ratio. This indicates that the company does not finance increased operations through borrowings and relies on its assets and capital. We can also see that PNB has a decreasing slope, indicating that the company has decreased reliance on borrowings and has utilised its assets more efficiently through the years. PNB has a constant slope, signifying a fixed balance between dependence on borrowings and utilisation of resources.

3) Efficiency ratios

a) Asset turnover ratio

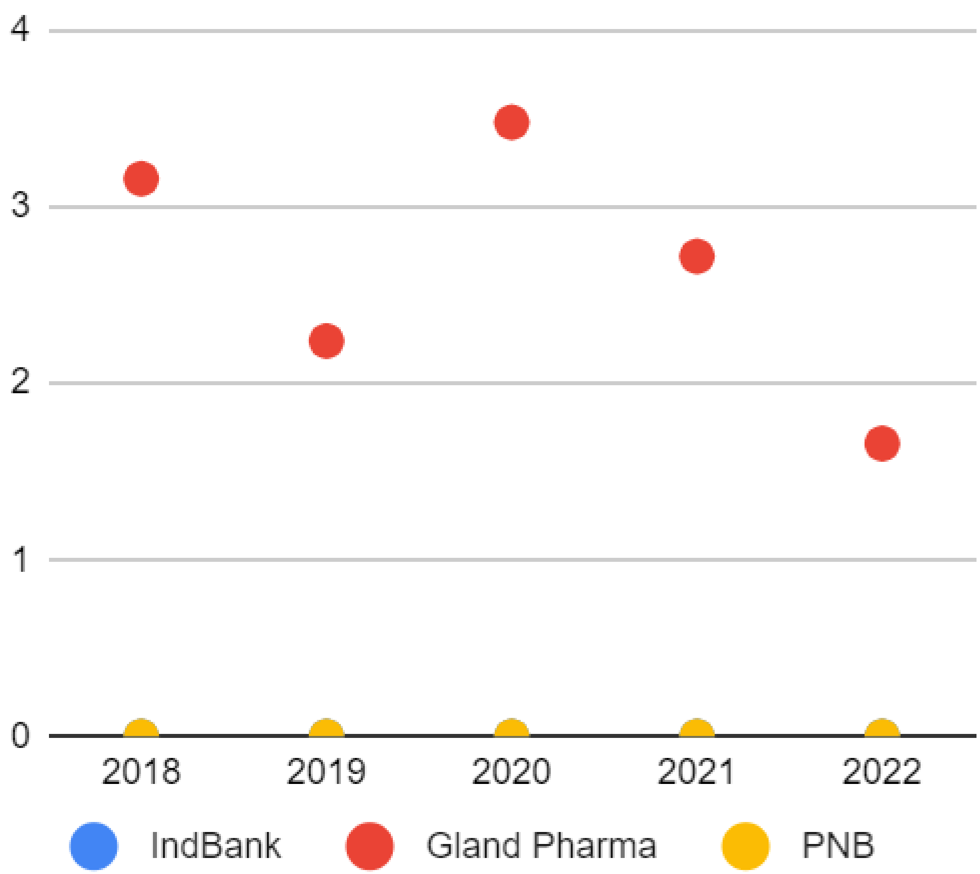
Year	IndBank	Gland Pharma	PNB
2018	2.53	0.55	0.1
2019	1.8	0.58	0.1
2020	2	0.64	0.1
2021	2.65	0.53	0.1
2022	3.63	0.61	0.09



From the graph, we infer that IndBank has seen an increase in asset turnover, whereas Gland Pharma and PNB have seen a constant slope over time. IndBank has shown increased efficiency at generating revenue from its assets, while the other two companies have constant efficiencies.

b) **Inventory turnover ratio**

Year	IndBank	Gland Pharma	PNB
2018	0	3.16	0
2019	0	2.24	0
2020	0	3.48	0
2021	0	2.72	0
2022	0	1.66	0

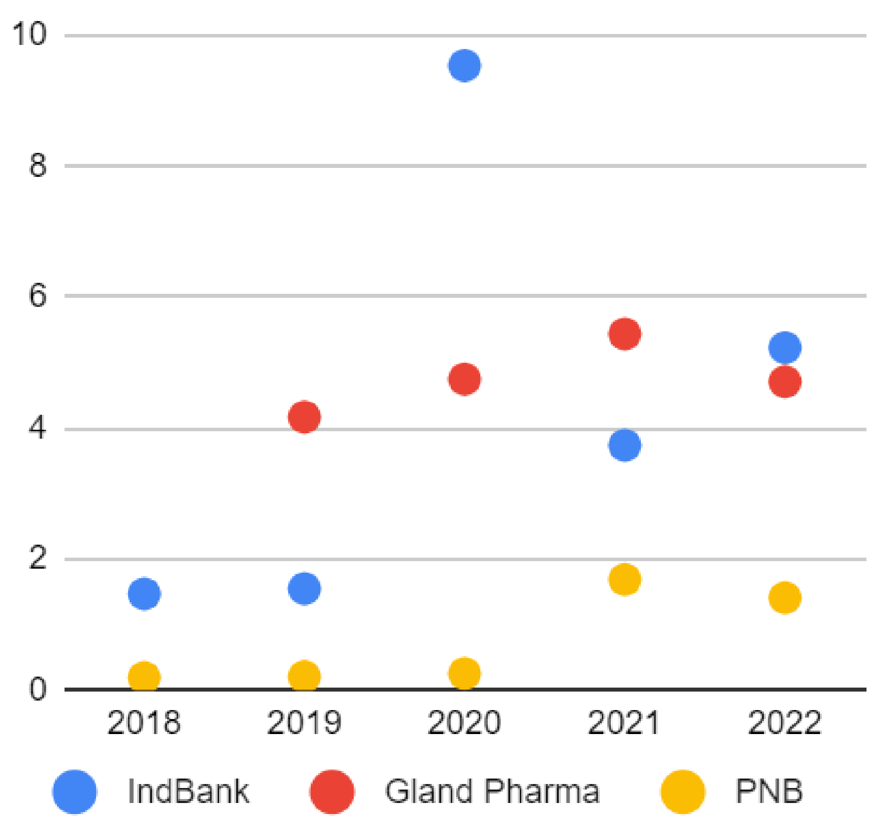


We can see that PNB and IndBank have zero Inventory turnover. This highlights that they don't depend on selling goods. Being financial banks, they rely on their services. Gland Pharma has shown an irregular decrease in the slope, signifying that it cannot move its goods effortlessly in the market. Reasons may be overstocking or deficiencies in marketing efforts.

c) Receivables turnover ratio

Year	IndBank	Gland Pharma	PNB
2018	1.47	-	0.191

2019	1.55	4.17	0.205
2020	9.54	4.75	0.252
2021	3.74	5.44	1.69
2022	5.23	4.71	1.41

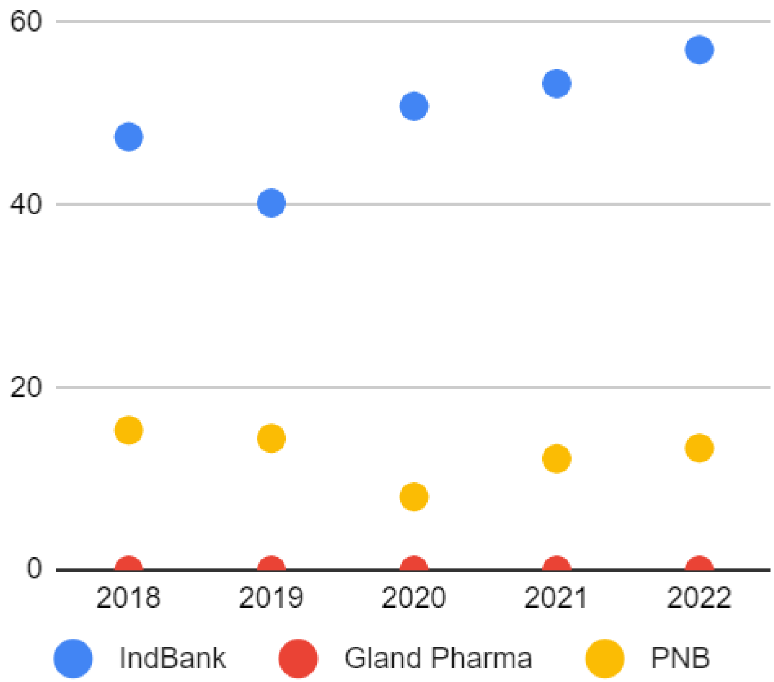


We observed that IndBank has a somewhat irregular Receivables turnover but has increased overall. This signifies that it has struggled to process credit effectively but has kind of succeeded in doing so through the years. Gland Pharma and IndBank have shown a steady increase in the same, meaning they have been aggressive with their collection practices and have been conservative in extending credit to customers.

4) PROFITABILITY RATIOS

a) Gross margin ratio

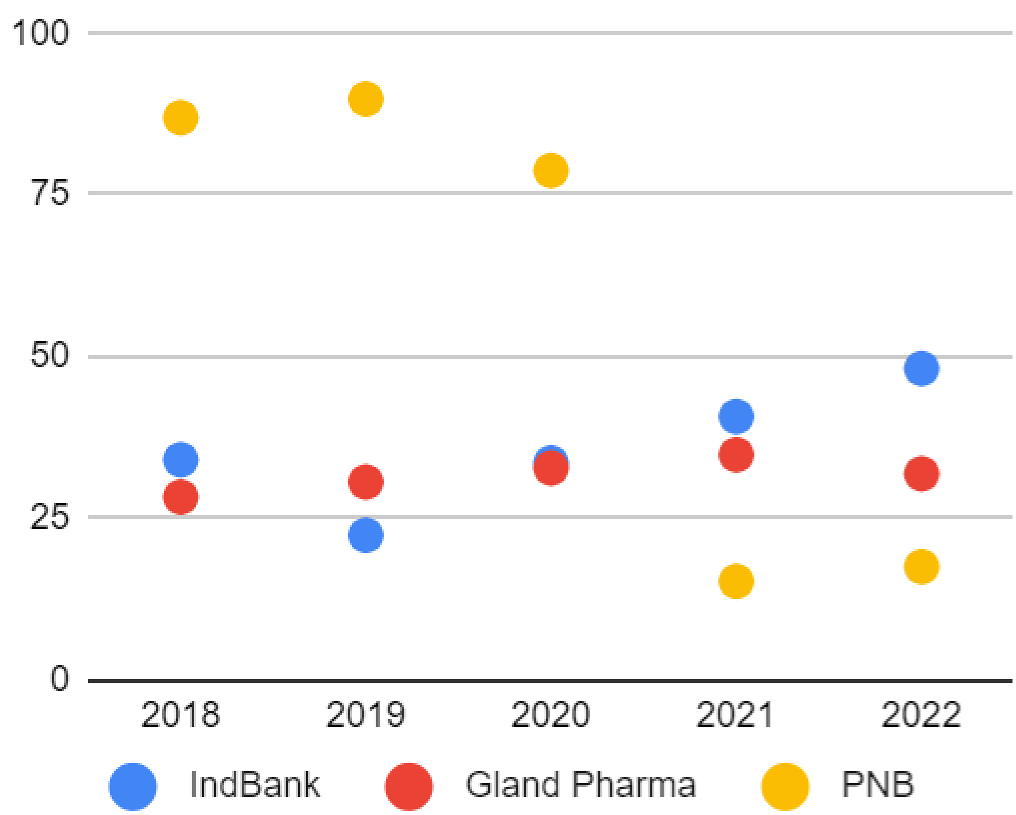
Year	IndBank	Gland Pharma	PNB
2018	47.5	0	15.34
2019	40.26	0	14.45
2020	50.86	0	8.04
2021	53.35	0	12.22
2022	57.05	0	13.38



We observe that the gross margin for all the companies is almost constant throughout the period. IndBank shows a slight increase in the same. It shows that the company has retained its capital efficiently and is more financially stable than others.

b) Operating margin ratio

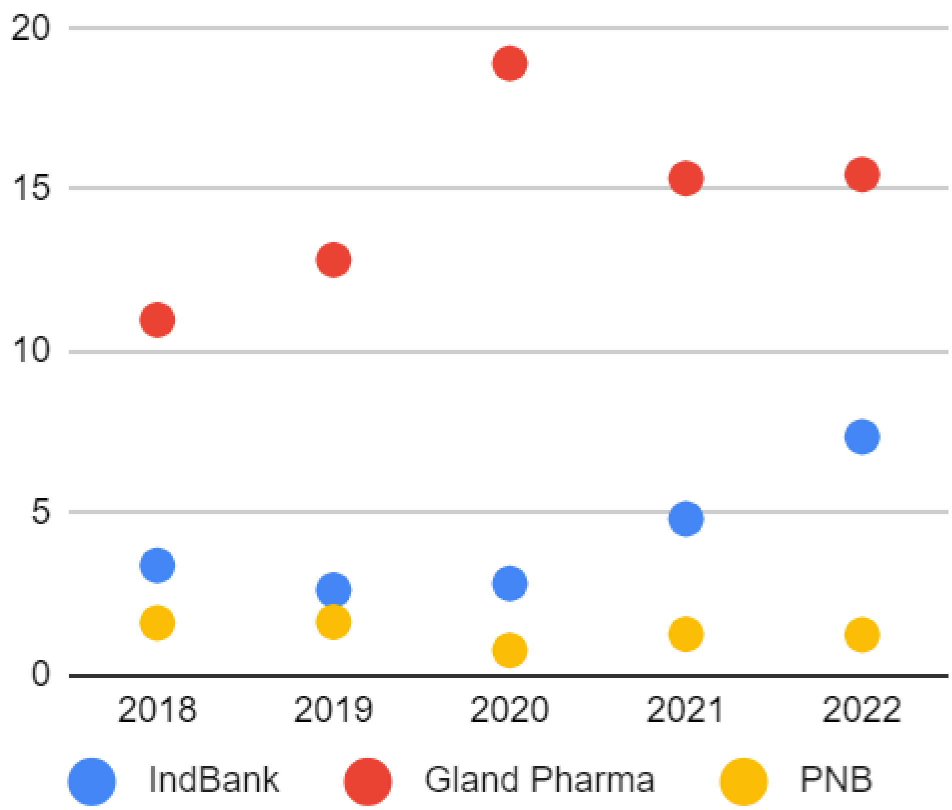
Year	IndBank	Gland Pharma	PNB
2018	33.98	28.21	86.92
2019	22.3	30.54	89.81
2020	33.51	32.69	78.74
2021	40.66	34.75	15.16
2022	48.1	31.81	17.42



All the companies have almost constant Operating Margins. IndBank shows a slight increase, signifying that it makes the most of its inputs and provides a higher operating profit.

c) **Return on Assets ratio**

Year	IndBank	Gland Pharma	PNB
2018	33.98	28.21	86.92
2019	22.3	30.54	89.81
2020	33.51	32.69	78.74
2021	40.66	34.75	15.16
2022	48.1	31.81	17.42

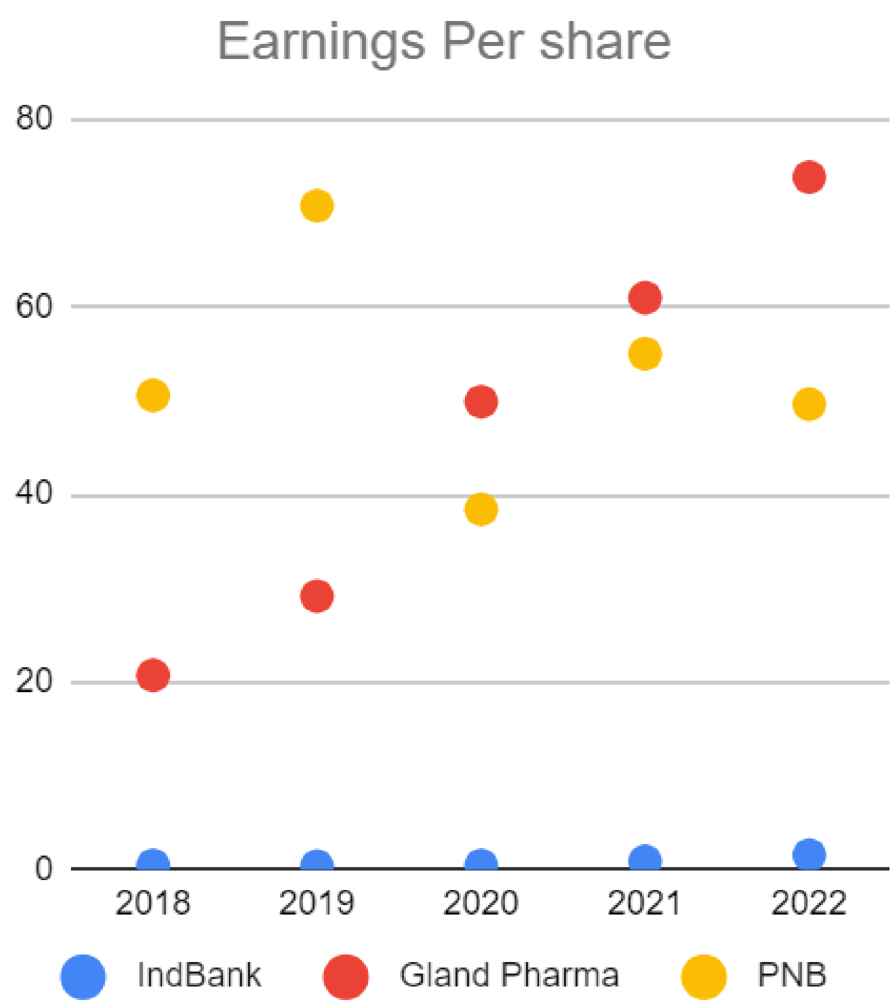


As observed, PNB has a constant return on assets, whereas IndBank and Gland Pharma show increased returns. It shows that the companies have a higher profit concerning their assets.

<u>5) MARKET VALUE RATIOS</u>

a) <u>Earnings per share</u>

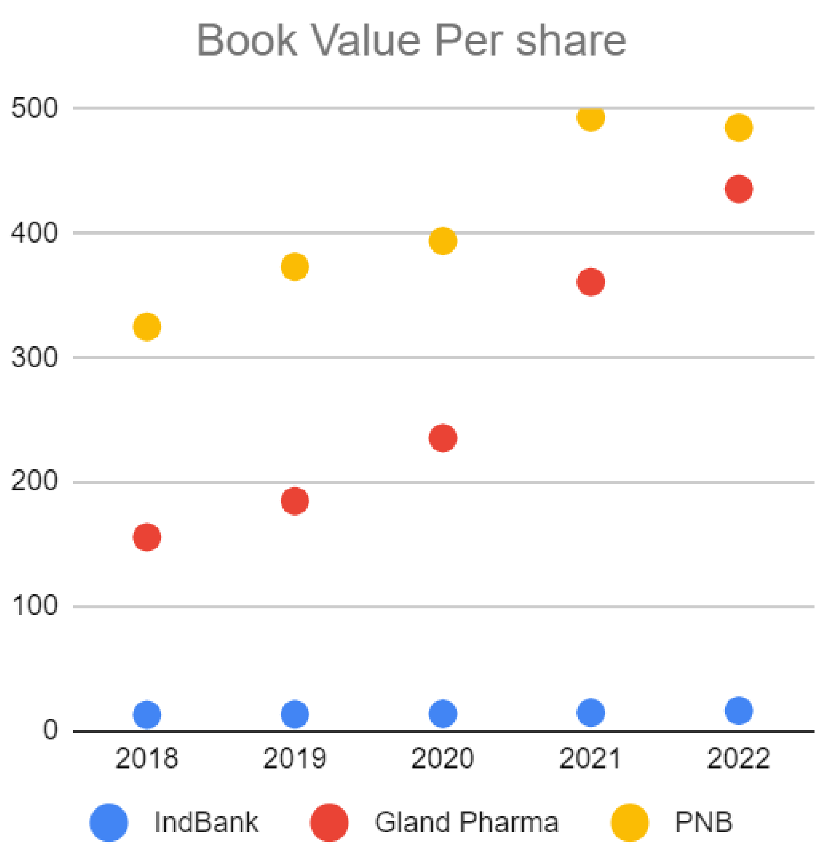
Year	IndBank	Gland Pharma	PNB
2018	0.48	20.72	50.55
2019	0.39	29.16	70.76
2020	0.47	49.88	38.41
2021	0.91	60.95	54.98
2022	1.57	73.81	49.61



The graph indicates that IndBank has smaller earnings per share values but steadily increases. Gland Pharma shows a definite increase in the same, which signifies that the company is profitable and giving its shareholders increased dividends. PNB has an irregularly decreasing curve, meaning it needs to provide returns to shareholders consistently.

b) **Book value per share**

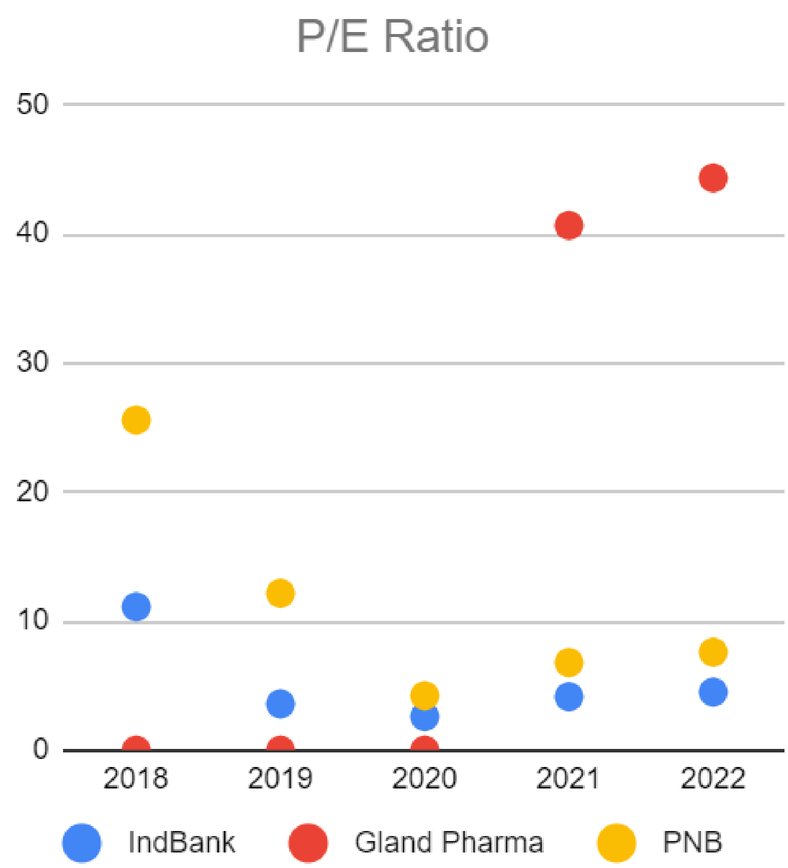
Year	IndBank	Gland Pharma	PNB
2018	12.73	155.56	324.8
2019	13.12	184.71	373.09
2020	13.57	235.32	393.85
2021	14.48	360.85	493.2
2022	16.03	435.64	484.94



We observe that both Gland Pharma and PNB show substantial growth in book value per share, meaning their stock is more valued in the market, and their price is more likely to be increased.
IndBank shows slight growth but negligible compared to the other two companies.

c) P/E ratio

Year	IndBank	Gland Pharma	PNB
2018	11.1	0	25.58
2019	3.58	0	12.15
2020	2.6	0	4.22
2021	4.14	40.66	6.78
2022	4.5	44.34	7.59



Upon observation, the P/E ratio of IndBank and PNB have decreased, meaning that their share prices have fallen much faster than their earnings.

On the other hand, Gland Pharma has shown an increased P/E ratio in recent years, meaning their earnings have raised more than their share's growth rate.

SUMMARY

A crucial tool for assessing any organization's performance is financial analysis. It aids in decision-making and offers insightful information on a company's financial health. In this regard, we have analyzed the financial performance of three companies, Gland Pharma, Punjab National Bank (PNB), and IndBank.We have examined their financial ratios and determined the recurring trends and patterns. We have used various liquidity, efficiency, profitability and market value ratios to do the analysis.

The current study has made a number of revelations about the financial condition of Gland Pharma, Punjab National Bank (PNB), and IndBank. Gland Pharma and PNB have shown a continuous gain, according to the examination of the current ratio, whilst IndBank has shown a fall. This suggests that PNBhas more liquidity, followed by Gland Pharma. Gland Pharma's Acid Test Ratio has showed a continuous increase in slope over time, indicating faster-paced inventory turnover and cash conversion cycles than IndBank's Acid Test Ratio, which has witnessed an irregular slope, PNB's Acid Test Ratio's practically constant slope, and IndBank's Acid Test Ratio's irregular slope.In contrast to Gland Pharma, whose interest coverage ratios have fluctuated over the past year, IndBank and PNB's have been practically constant and are much lower, reflecting their stronger financial positions. IndBank's debt-to-equity ratio is 0, which shows that the business relies on its capital and assets rather than borrowing money to fund expanding activities. Over time, PNB has become less reliant on borrowing and has made better use of its resources. While Gland Pharma and PNB have experienced a steady slope over time, IndBank has demonstrated an increase in asset turnover.

Our analysis revealed that Gland Pharma has the strongest financial position among the three companies. PNB has used its resources wisely throughout the years, whereas IndBank has had trouble handling credit well. The financial ratios assist in decision-making by highlighting a company's strengths and flaws. A periodic financial analysis assists in monitoring a company's financial performance and implementing the necessary changes to meet its desired financial goals.

REFERENCES

1) Bloomberg database
2) Companies annual reports