



A Study On Financial Statements Of Religare Enterprises

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Abstract: Financial statement analysis attempts to systematically measure the effect of factors computed using these statements and to determine their ability to predict future returns; investors can use it to rank, sort, and filter companies to seek to create a portfolio with improved financial strength.

Introduction

REL is a Core Investment Company that offers a wide array of financial services through its various subsidiaries and operating entities. These services encompass loans for small and medium-sized enterprises (SMEs), affordable housing finance, health insurance, and retail broking. Religare's subsidiaries cater to a broad spectrum of market segments, including mass retail, affluent individuals, SMEs, and mid-sized corporations. Through its subsidiaries, Religare serves a vast customer base across multiple sectors. The company has assisted over one million policyholders in the insurance sector, more than one million customers in broking, over 26,000 clients in MSME finance, and over 10,000 customers in affordable housing finance. The Group employs over 11,000 professionals who serve a diverse clientele across India, maintaining a presence in more than 1,000 locations.

Keywords: Financial statements, Religare Securities, Investments, Ratio analysis, Trend analysis.

Data and Sources of Data

Secondary data is research data that has previously been gathered and can be accessed by researchers. The term contrasts with primary data, which is data collected directly from its source. The data collected by someone else earlier. Surveys, observations, personal interview, etc. Government publications, websites, books, etc.

Theoretical framework

Financial statements are reports compiled by businesses that detail the company's financial activities and health. Financial statements are often audited by government agencies and accountants to ensure accuracy and for tax, financing, or investing purposes.

Financial statements (or financial reports) are formal records of the financial activities and position of a business, person, or other entity.

Relevant financial information is presented in a structured manner and in a form which is easy to understand.

"The objective of financial statements is to provide information about the financial position, performance and changes in financial position of an enterprise that is useful to a wide range of users in making economic decisions." Financial statements should be understandable, relevant, reliable and comparable. Reported assets, liabilities, equity, income and expenses are directly related to an organization's financial position.

It's important for the small business owner to understand these four types of financial statements and the information they provide for the investor or creditor interested in providing funds for your business.

Balance sheet : Assets, liabilities, and equity
Income statement : Revenues, expenses, and resulting net income or loss
Cash flow statement : The inflow and outflow of cash and cash equivalents
Statement of owner's equity : Changes in the ownership interest of a business

Research methodology

A well-structured and adopted research methodology assist the researcher in drawing the research statement, developing objectives, finding the ways to analyze and interpret and summarize the important findings and offer probable suggestions. In this way, the present study has the following methodology aspects.

Statement of the problem

Religare Enterprises, a diversified firm operating in the financial and healthcare sectors, playing a pivotal role in the market landscape. However, amidst the complexities of contemporary business environments and regulatory frameworks, several critical issues warrant comprehensive examination through the lens of its financial statements.

Need for the study

Religare Enterprises positions as a prominent entity in the financial and healthcare sectors, commanding a significant presence in the market. As the company navigates through dynamic economic landscapes and regulatory environments, a thorough understanding of its financial health becomes imperative. This necessitates a comprehensive study focused on analysing the financial statements of Religare Enterprises.

Objectives Of The Study

- To Evaluate the financial health and performance of Religare Enterprises.
- To analyze the profitability position of the company.
- To Understand Investment Potential

Scope of the study

The scope of this study encompasses a comprehensive analysis of the financial statements of Religare Enterprises, a diversified conglomerate operating in the financial and healthcare sectors. The study aims to provide stakeholders with valuable insights into the company's financial performance, risk exposure, transparency practices, and strategic positioning.

Statistical tools and econometric models

- Bar Chart
- Line Chart
- Column Chart

Hypotheses

- **Null Hypothesis (H0):** Religare Enterprises' strategic decision-making processes are not influenced by its financial performance and risk exposure.
- **Alternative Hypothesis (H1):** Religare Enterprises' strategic decision-making procedures are influenced by its financial performance and risk exposure, indicating that stronger financial performance and lower risk exposure lead to more informed and effective strategic decisions.

Literature review

- **Tadimarri Bhaskar et al (2019):** The report from Religare Enterprises Ltd in Bangalore looks at stocks for six weeks. It talks about how to analyse stocks to buy and sell them wisely, so investors make more money and take less risk. They use charts and tables to show information. Equity analysis means studying how well a company is doing in the stock market. It's important to base investment choices on how much the share prices are really growing, both in money and percentage terms. Equity means owning part of a company, so as you own more equity, you own more of the company's stuff and earnings. Shares are like certificates that prove you own a piece of a company.
- **Sushil Kumar et al (2019):** The health insurance industry in India, including Care Health Insurance, is rapidly expanding, with over 48.20 crore people covered by various schemes. Currently, there are 58 insurance companies offering health insurance products, and the government is actively involved in expanding coverage. Standalone companies like Care Health Insurance have shown impressive growth, exceeding 40% in the last two years. With more than 50% of the population still uninsured, there's significant potential for companies like Care Health Insurance to increase their market share. To attract more customers, Care Health Insurance and similar companies should focus on improving their claim ratio and offering innovative products.
- **A. Bhuvanesh Kumar (2019):** India's insurance sector has grown significantly, comprising public and private players, with Life Insurance Corporation being the prominent public company. Despite improvements, healthcare needs remain unmet, with only about 20% health insurance penetration. The industry, including Care Health Insurance, has shown substantial growth, outpacing GDP growth rates. This study examines claims and expenses of private standalone health insurance companies, aiming to offer insights and recommendations for stakeholders, including Care Health Insurance.
- **Priyanka et al (2012):** This study investigates the impact of rights issues on earnings per share (EPS) and market price per share (MPS) within the 2009-2010 period, focusing on 10 publicly listed companies including Religare Enterprises on the Bombay Stock Exchange. Results indicate that while two companies, including possibly Religare Enterprises, saw a decrease in EPS post-rights issue, the majority showed an increase. Similarly, while seven companies, potentially including Religare Enterprises, experienced a decline in MPS, the correlation between MPS and rights issues was notably negative (-0.80), potentially indicating a significant impact on MPS.
- **Randika et al (2022):** The stock market is crucial for economic growth, requiring effective strategies to attract investors. In Sri Lanka, there's a push towards mobile stock trading apps, exemplified by Bartlett Religare Securities. This study, involving 303 investors, explores factors influencing app adoption. Results highlight the positive impact of perceived usefulness, social influence, and trust, while perceived risk hinders adoption. Trust emerges as the most influential factor. These findings offer insights for entities like the Colombo Stock Exchange (CSE), Security Exchange Commission (SEC), and Stock Brokerage Firms, aiding in the formulation of strategies to boost market participation and efficiency.
- **Rajender Katla et al (2018):** Customer Relationship Management (CRM) holds significant importance for companies like Religare Enterprises, aiding in effective customer engagement and business growth. Institutionalized policies within Religare Enterprises facilitate the development of robust CRM systems. CRM enables Religare Enterprises to address customer queries promptly, thereby enhancing customer satisfaction. By leveraging CRM, Religare Enterprises can precisely identify customer behaviors such as purchase patterns and brand loyalty, informing strategic decision-making. This study explores various aspects of CRM implementation within Religare Enterprises, including customer occupation, awareness, investment preferences, duration, and satisfaction levels, providing valuable insights for optimizing customer relationships and enhancing business performance.
- **Rashmi J (2019):** The inception of shareholder activism in India, notably around early 2010, coincided with regulatory reforms, including SEBI's mandate for companies to disclose their voting policies and actions annually. This aligns with initiatives like Clause 49 of the listing agreement, overseen by SEBI, which aimed to enhance governance and minority shareholder participation, factors relevant to

companies like Religare Enterprises. These reforms underscored the importance of independent directors and transparent disclosure, pivotal for companies like Religare Enterprises to bolster investor confidence.

Data analysis:

The data analysis is done by using different statistical tools below are some of the observations are obtained from the study

Ratio Analysis

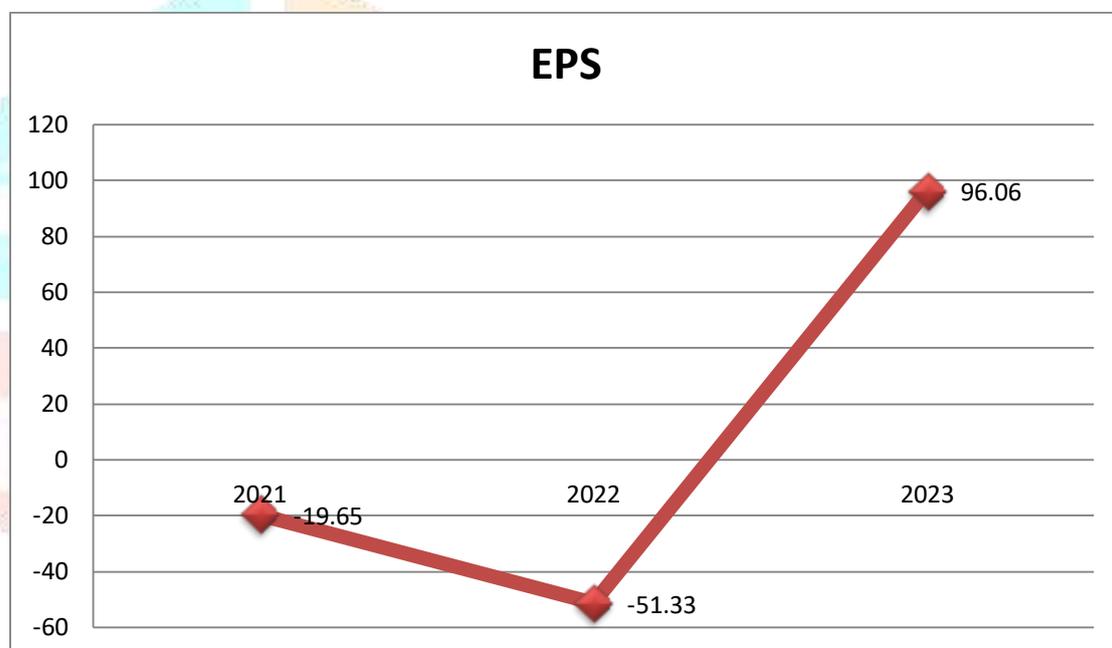
1) Eps (Earning Per Share)

Formula

$$\text{EPS} = \frac{\text{NET INCOME}}{\text{NO. OF SHARES OUTSTANDING}}$$

TABLE 6

YEARS	EPS
2021	-19.65
2022	-51.33
2023	96.06



Interpretation

Earnings per share (EPS) are calculated as a company's profit divided by the outstanding shares of its common stock. In the above chart we can see that in 2021 the EPS is -19.65 later it has decreased to -51.33 in the year 2022 and in 2023 the EPS is 96.06. The increased in a company's EPS, the more profitable it's likely to be.

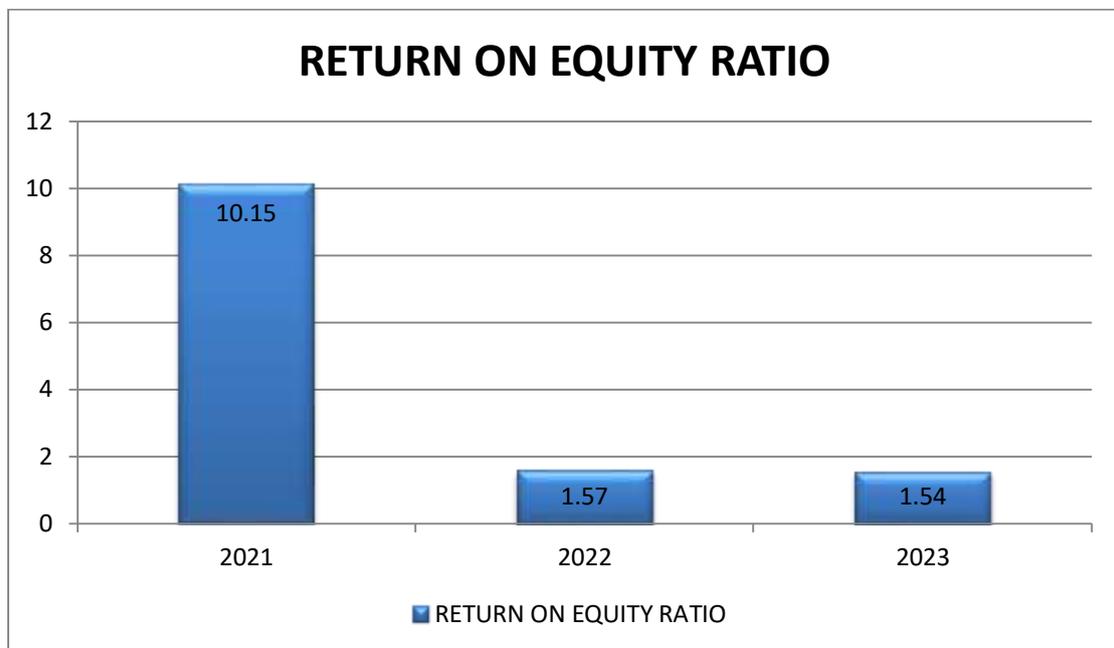
2) Return On Equity

Formula

$$\text{RETURN ON EQUITY} = \frac{\text{NET INCOME}}{\text{SHAREHOLDER'S EQUITY}}$$

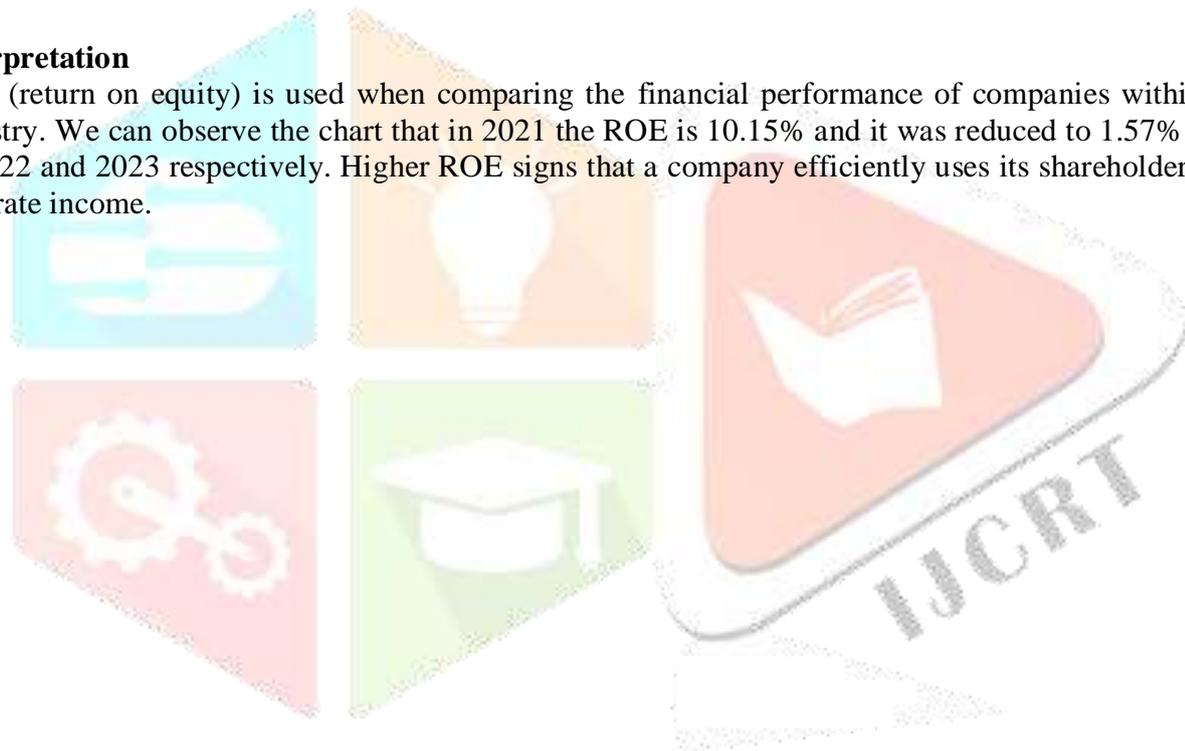
TABLE 7

YEARS	NET INCOME	SHAREHOLDERS EQUITY	RETURN ON EQUITY RATIO
2021	-477.73	-47.09	10.15
2022	-1,538.42	-982.27	1.57
2023	3,168.62	2,057.69	1.54



Interpretation

ROE (return on equity) is used when comparing the financial performance of companies within the same industry. We can observe the chart that in 2021 the ROE is 10.15% and it was reduced to 1.57% and 1.54% in 2022 and 2023 respectively. Higher ROE signs that a company efficiently uses its shareholder's equity to generate income.



COMMON SIZE BALANCE SHEET FOR THE YEAR 2021, 2022 & 2023

	Mar 23	percentage	Mar-22	Percentage	Mar-21	percentage
EQUITIES AND LIABILITIES						
SHAREHOLDER'S FUNDS						
Equity Share Capital	323.56	4.00%	318.81	3%	259.41	3%
Total Share Capital	323.56	4.00%	318.81	3%	259.41	3%
Reserves and Surplus	1,734.13	21.43%	-1,301.08	-14%	-328.5	-4%
Total Reserves and Surplus	1,734.13	21.43%	-1,301.08	-14%	-328.5	-4%
Employees Stock Options	0	0.00%	0	0%	22	0%
Total Share holders' Funds	2,057.69	25.42%	-982.27	-11%	-47.09	-1%
Minority Interest	619.77	7.66%	450.16	5%	344.91	4%
NON-CURRENT LIABILITIES						
Long Term Borrowings	0	0.00%	0	0%	561.35	6%
Deferred Tax Liabilities [Net]	2.04	0.03%	1.39	0%	0.27	0%
Other Long Term Liabilities	590.82	7.30%	484.18	5%	1,387.69	16%
Long Term Provisions	2,197.11	27.15%	1,537.14	16%	13.45	0%
Total Non-Current Liabilities	2,789.97	34.47%	2,022.71	22%	1,962.76	22%
CURRENT LIABILITIES						
Short Term Borrowings	729.47	9.01%	4,835.83	52%	4,328.41	50%
Trade Payables	628.13	7.76%	566.99	6%	460.18	5%
Other Current Liabilities	1,268.87	15.68%	2,459.38	26%	1,676.40	19%
Total Current Liabilities	2,626.47	32.45%	7,862.20	84%	6,464.99	74%
Total Capital And Liabilities	8,093.89	100.00%	9,352.81	100%	8,725.57	100%
ASSETS						
NON-CURRENT ASSETS						
Tangible Assets	151.22	2%	76.54	1%	69.9	1%
Intangible Assets	35.15	0%	40.66	0%	37.22	0%
Intangible Assets Under Development	5.34	0%	2.22	0%	12.2	0%
Fixed Assets	191.71	2%	119.43	1%	119.32	1%
Deferred Tax Assets [Net]	58.3	1%	55.71	1%	557.62	6%
Other Non-Current Assets	446.35	6%	472.52	5%	536.66	6%
Total Non-Current Assets	706.08	9%	657.37	7%	1,223.31	14%
CURRENT ASSETS						
Current Investments	5,093.79	63%	3,835.58	41%	3,189.94	37%
Inventories	0.33	0%	0.54	0%	0.5	0%
Trade Receivables	175.45	2%	230.44	2%	192.28	2%
Cash And Cash Equivalents	811.59	10%	2,402.54	26%	1,518.92	17%

Short Term Loans And Advances	881.19	11%	1,275.99	14%	2,452.21	28%
Other Current Assets	425.47	5%	950.34	10%	148.41	2%
Total Current Assets	7,387.82	91%	8,695.43	93%	7,502.26	86%
Total Assets	8,093.89	100%	9,352.81	100%	8,725.57	100%

COMMON SIZE INCOME STATEMENT FOR THE YEAR 2021,2022&2023

	Mar 23	Percentage (%)	Mar-22	Percentage(%)	Mar-21	Percentage (%)
INCOME						
Revenue From Operations [Net]	4,676.46	96%	3,223.62	96%	749.89	30%
Other Operating Revenues	0	0%	0	0%	1,736.87	69%
Total Operating Revenues	4,676.46	96%	3,223.62	96%	2,486.77	98%
Other Income	186.77	4%	148.82	4%	43.7	2%
Total Revenue	4,863.23	100%	3,372.44	100%	2,530.47	100%
EXPENSES						
Operating And Direct Expenses	509.79	10%	183.49	5%	88.88	4%
Employee Benefit Expenses	928.94	19%	805.25	24%	585.55	23%
Finance Costs	628.07	13%	739.57	22%	724.92	29%
Provsions and Contingencies	-68.93	-1%	389.55	12%	94.43	4%
Depreciation And Amortisation Expenses	56.15	1%	53.4	2%	58.84	2%
Other Expenses	2,839.99	58%	2,232.13	66%	1,475.22	58%
Total Expenses	4,894.01	101%	4,403.40	131%	3,027.85	120%
Profit/Loss Before Exceptional,	-30.78	-1%	-	-31%	-	-20%
Exceptional Items	3,289.41	68%	0	0%	0	0%
Profit/Loss Before Tax	3,258.63	67%	1,030.96	-31%	497.38	-20%
Tax Expenses-Continued Operations						
Current Tax	90.7	2%	3.19	0%	18.72	1%
Deferred Tax	-0.81	0%	503.16	15%	-37.76	-1%
Tax For Earlier Years	0.13	0%	1.11	0%	-0.6	0%
Total Tax Expenses	90.02	2%	507.46	15%	-19.64	-1%
Profit/Loss After Tax And Before Extra Ordinary Items	3,168.62	65%	-	-46%	477.73	-19%
Profit/Loss For The Period	3,168.62	65%	1,538.42	-46%	477.73	-19%

TREND ANALYSIS OF BALANCE SHEET
BASE YEAR 2021

TREND ANALYSIS	IN CR.			TREND PERCENTAGE		
PARTICULARS	Mar-21	Mar-22	Mar 23	2021	2022	2023
EQUITIES AND LIABILITIES						
SHAREHOLDER'S FUNDS						
Equity Share Capital	259.41	318.81	323.56	100%	123%	125%
Total Share Capital	259.41	318.81	323.56	100%	123%	125%
Reserves and Surplus	-328.5	- 1,301.08	1,734.13	100%	396%	-528%
Total Reserves and Surplus	-328.5	- 1,301.08	1,734.13	100%	396%	-528%
Employees Stock Options	22	0	0	100%	-	-
Total Shareholders Funds	-47.09	-982.27	2,057.69	100%	2086%	-4370%
Minority Interest	344.91	450.16	619.77	100%	131%	180%
NON-CURRENT LIABILITIES						
Long Term Borrowings	561.35	0	0	100%	-	-
Deferred Tax Liabilities [Net]	0.27	1.39	2.04	100%	515%	756%
Other Long Term Liabilities	1,387.69	484.18	590.82	100%	35%	43%
Long Term Provisions	13.45	1,537.14	2,197.11	100%	11429%	16335%
Total Non-Current Liabilities	1,962.76	2,022.71	2,789.97	100%	103%	142%
CURRENT LIABILITIES						
Short Term Borrowings	4,328.41	4,835.83	729.47	100%	112%	17%
Trade Payables	460.18	566.99	628.13	100%	123%	136%
Other Current Liabilities	1,676.40	2,459.38	1,268.87	100%	147%	76%
Total Current Liabilities	6,464.99	7,862.20	2,626.47	100%	122%	41%
Total Capital And Liabilities	8,725.57	9,352.81	8,093.89	100%	107%	93%
ASSETS						
NON-CURRENT ASSETS						
Tangible Assets	69.9	76.54	151.22	100%	109%	216%

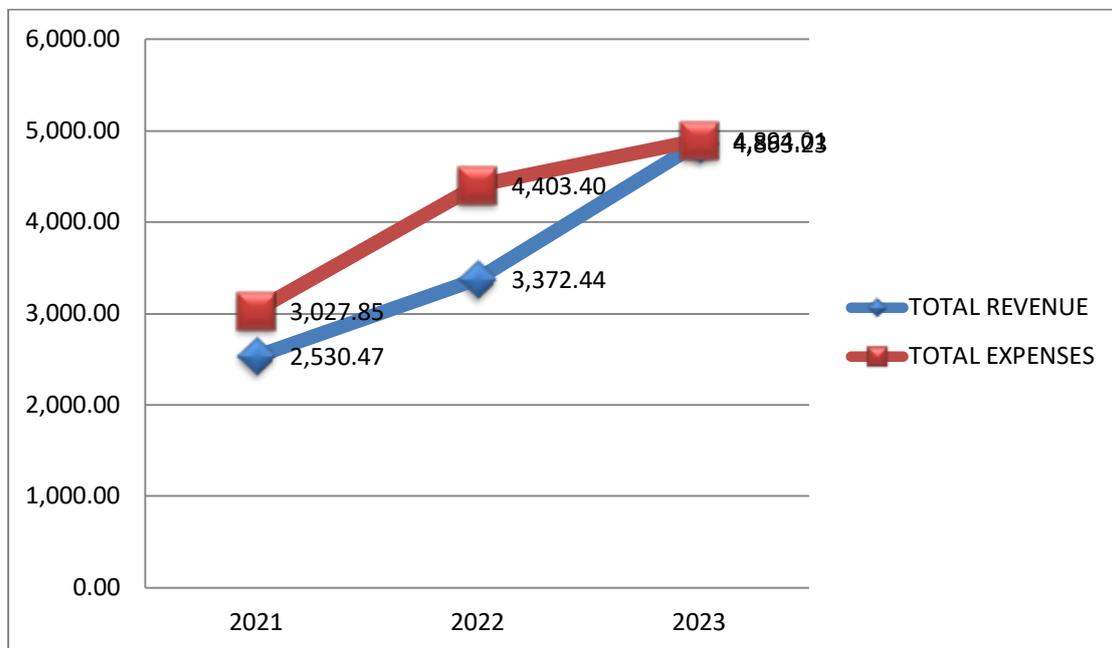
Intangible Assets	37.22	40.66	35.15	100%	109%	94%
Intangible Assets Under Development	12.2	2.22	5.34	100%	18%	44%
Fixed Assets	119.32	119.43	191.71	100%	100%	161%
Deferred Tax Assets [Net]	557.62	55.71	58.3	100%	10%	10%
Other Non-Current Assets	536.66	472.52	446.35	100%	88%	83%
Total Non-Current Assets	1,223.31	657.37	706.08	100%	54%	58%
CURRENT ASSETS						
Current Investments	3,189.94	3,835.58	5,093.79	100%	120%	160%
Inventories	0.5	0.54	0.33	100%	108%	66%
Trade Receivables	192.28	230.44	175.45	100%	120%	91%
Cash And Cash Equivalents	1,518.92	2,402.54	811.59	100%	158%	53%
Short Term Loans And Advances	2,452.21	1,275.99	881.19	100%	52%	36%
Other Current Assets	148.41	950.34	425.47	100%	640%	287%
Total Current Assets	7,502.26	8,695.43	7,387.82	100%	116%	98%
Total Assets	8,725.57	9,352.81	8,093.89	100%	107%	93%

TREND ANALYSIS OF INCOME STATEMENT

INCOME	IN CR.			TREND PERCENTAGE		
	Mar-21	Mar-22	Mar 23	2021	2022	2023
Revenue From Operations	749.89	3,223.62	4,676.46	100%	430%	624%
Other Operating Revenues	1,736.87	0	0	100%	0%	0%
Total Operating Revenues	2,486.77	3,223.62	4,676.46	100%	130%	188%
Other Income	43.7	148.82	186.77	100%	341%	427%
Total Revenue	2,530.47	3,372.44	4,863.23	100%	133%	192%
EXPENSES						
Operating And Direct Expenses	88.88	183.49	509.79	100%	206%	574%
Employee Benefit Expenses	585.55	805.25	928.94	100%	138%	159%
Finance Costs	724.92	739.57	628.07	100%	102%	87%
Provsions and Contingencies	94.43	389.55	-68.93	100%	413%	-73%
Depreciation And Amortisation Expenses	58.84	53.4	56.15	100%	91%	95%
Other Expenses	1,475.22	2,232.13	2,839.99	100%	151%	193%
Total Expenses	3,027.85	4,403.40	4,894.01	100%	145%	162%
Profit/Loss Before Exceptional, Extra Ordinary Items And Tax	-497.38	-1,030.96	-30.78	100%	207%	6%
Exceptional Items	0	0	3,289.41			
Profit/Loss Before Tax	-497.38	-1,030.96	3,258.63	100%	207%	-655%
Tax Expenses-Continued Operations						
Current Tax	18.72	3.19	90.7	100%	17%	485%
Deferred Tax	-37.76	503.16	-0.81	100%	1333%	2%
Tax For Earlier Years	-0.6	1.11	0.13	100%	185%	22%
Total Tax Expenses	-19.64	507.46	90.02	100%	2584%	458%
Profit/Loss For the Period	-477.73	-1,538.42	3,168.62	100%	322%	-663%

TREND ANALYSIS OF TOTAL REVENUES AND EXPENSES

YEAR	TOTAL REVENUE	TOTAL EXPENSES
2021	2,530.47	3,027.85
2022	3,372.44	4,403.40
2023	4,863.23	4,894.01

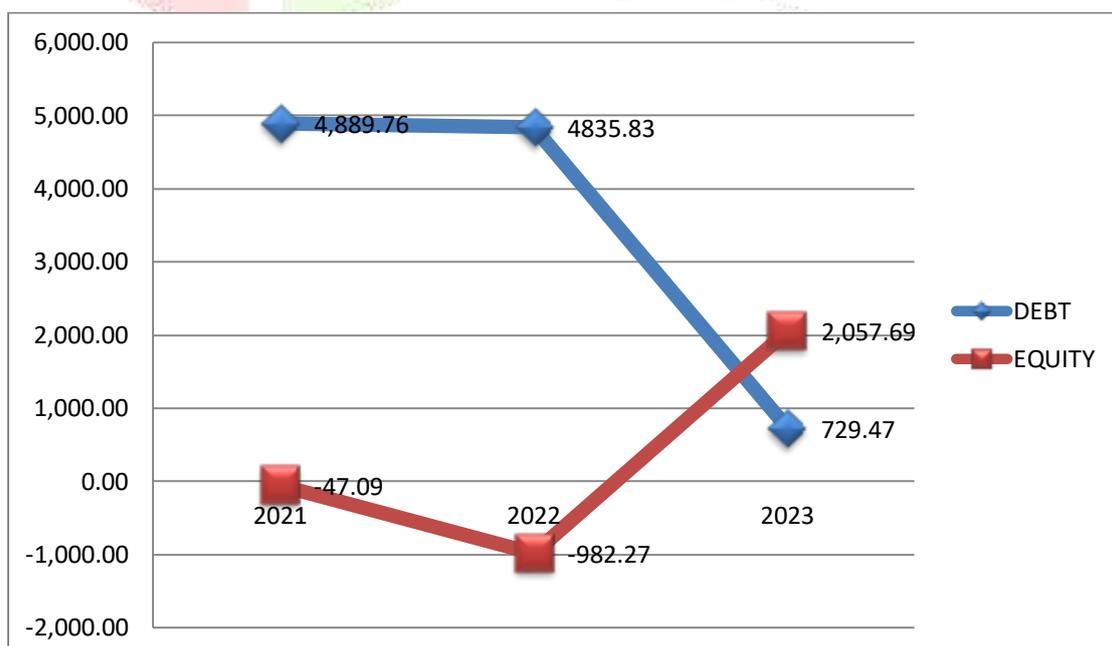


Interpretation

The line chart indicates that in 2021 and 2022, the company's expenses exceeded its revenue. However, in 2023, revenues increased and came close to matching expenses. This suggests that the company experienced positive and consistent growth during that period.

**TREND ANALYSIS OF TOTAL EQUITY AND DEBT
TABLE 13**

YEAR	DEBT	EQUITY
2021	4,889.76	-47.09
2022	4835.83	-982.27
2023	729.47	2,057.69



Interpretation

The line graph shows that in 2021, the company had a high level of debt. By 2023, the debt had been reduced, and the company increased its equity share capital.

Findings

- The current ratio indicates that the company maintained a good amount of liquid assets to cover its current liabilities in 2023, whereas in 2021 and 2022, it did not maintain sufficient liquid assets.
- The income statement shows that the company has been able to increase its revenue from sales on a year-on-year basis.
- The company recovered from losses and achieved a significant net profit margin of 65% in 2023.
- The company has been increasing its equity share capital in the business.
- The company generated a 42% increase in share price, providing good returns to shareholders.
- The company earned profits in 2023, having incurred losses in 2022.
- The company's book value is around 71 rupees, with a price-to-book value ratio of 3.04.
- The company has increased its current investments year on year.
- The company has been investing in fixed assets and is earning returns from these investments.
- The company has a good earnings per share (EPS) of 96.

Suggestions

- The company has to maintain same net profit margin in order to maintain a good financial position.
- Board of directors has to make decisions strategically which helps them in running of the business
- Be aware of emotional biases and avoid making impulsive investment decisions based on feelings. Rely on rational analysis and objective evaluation.
- It is suggested that company's debt to equity ratio is considerably weak and hence their performance should be improved.
- It is suggested that company's PBIT ratio is considerably weak and hence their performance should be improved and maintain good PBIT margin.
- The company has to provide the information timely and on frequent basis to the investors or market and to make better decision making in terms of business growth.
- It is suggested to invest their funds in investment so that revenue can be generated apart from main operations.
- We can observe that the stock has provided more than a 40% return to its shareholders over the past year, indicating strong performance.
- The stock's price-to-earnings (P/E) ratio is around 18, suggesting that it has potential for investment.

Conclusion

In this study on the financial statements of Religare Enterprises, we've taken a close look at their financial health and performance over recent three years. By analyzing key financial documents, such as the balance sheet and income statement, we've gained valuable insights into the company's profitability, liquidity, and overall financial stability.

Our analysis reveals that Religare Enterprises has faced both opportunities and challenges. On the positive side, certain financial metrics indicate potential for growth and profitability. However, there are also areas of concern, such as fluctuating revenues and expenses, which may impact the company's future performance.

Overall, understanding the financial statements has given us a clear picture of how Religare Enterprises is managing its resources and where it stands in terms of financial health. This knowledge is crucial for stakeholders, including investors and management, as they make informed decisions moving forward.

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