A Comparative Study on Financial Health of listed Stock Broking Companies in India.

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Abstract

This paper focuses on the study of financial health of stock brokerage businesses in India. Predicting a company's financial health is a crucial issue for its sustainability. The purpose of this study is to evaluate the financial health of the sample of businesses under study and to identify financially sound businesses from those that are not. Five businesses were analyzed from the stock broking industry's sample. The right financial indicators were used to achieve the goal. These indicators were selected by keeping in mind various aspects of the businesses. Two key indicators were used in the study to assess the financial stability of the companies- Altman Z-score and based on accounting data, there are eight financial ratios, including the working capital to total assets ratio, asset turnover ratio, return on assets ratio, debt to equity ratio, current ratio, PE ratio, earnings per share, and return on equity. The company's financial health can be determined by looking at these eight financial ratios, which are widely recognized as useful indicators, regarding its liquidity, operational efficiency, profitability, solvency, short-term liquidity, valuation, market value, and profitability.

Keywords: Financial health, Stock broking firms, SEBI, Margin rule, Trading, Brokerage

Introduction:

Every business owner should strive to make it as simple and quick as possible to assess the financial standing of their company. From this vantage point, it's critical to determine, in particular, whether the company can expand its value and so offer a guarantee that an investment in the company will yield a return. This study examines the financial health and performance of stockbroking firms following the implementation by SEBI of increased peak margin requirements for traders in December 2020. How to gauge and forecast a company's financial health is still an open subject. Monitoring the company's financial success is the most crucial indicator. There are several ways to assess a company's financial health and forecast its financial difficulty and bankruptcy, but their effectiveness depends on the state of the market because there has been a change in how these metrics are developed for financial health prediction.

The financial health of the businesses was assessed using the Z-score utilizing data from the preceding 4 years, from Mar. 19 to Mar. 22, and the companies were examined using applicable financial ratios. In this study, relevant financial ratios were used to analyses the companies' financial performance, and the Z-score was used to assess their overall financial health. To be more precise, we assessed the company's financial performance in terms of the eight ratios below, which are frequently considered to be useful indications of such performance: Liquidity (i.e. Working capital to total asset ratio), Operational Efficiency (i.e. Asset turnover ratio), Profitability ratio (i.e. return on asset ratio), Solvency ratio (i.e. Debt to equity ratio), Short term liquidity ratio (i.e. Current ratio), Valuation (i.e. price to earnings ratio), Market Value Ratio (i.e. Earnings Per Share), Profitability (i.e. Return of equity).

Review of Literature:

(Ojala, Marydee, 2021) Financial ratios are categorized by the Corporate Financial Institute according to market value, liquidity, leverage, efficiency, and profitability. More intricate than that, as the circumstances for public and private organizations vary. Since privately held businesses do not trade on stock markets, they are much less transparent about their financial situation than publicly traded businesses are. There are a tone of ratios that are broken down into Profitability, Growth, Cash Flow, Financial Health, and Efficiency categories. Members give RMA about 240,000 financial statements of their borrowers, and RMA aggregates the information to produce financial benchmarking by industry (611 of them) for balance sheets, line items on income statements, and 19 financial ratios, including the current ratio, quick ratio, and turnover ratios.

(Osteryoung, Constand, & Nast, 1992) In a large number of closely defined industry groupings, the disparities in financial ratios between large public and small private enterprises are explored. The study's findings show that several of the industry average ratios for small private and large public enterprises differ significantly from one another. All leverage ratios as well as several of the profitability and activity ratios under examination show these variances. These results show that when assessing these ratios, financial analysts, lenders, and small firm management should make sure to specify an appropriate industry average ratio for comparison. Liquidity ratios, a few profitability factors, and other expense ratios do not show any changes.

This shows that these ratios can be anticipated to demonstrate continuous proportionality across different sized enterprises if industry membership is properly controlled for.

(Bajaj, 2022) Shortcuts and rules of thumb have gained popularity as methods for evaluating a company's creditworthiness and risk. On an ex-ante basis, an empirical investigation will be done to determine how well these measures can forecast future insolvency. The original 1968 analysis by Professor Altman, which is still frequently used today, is $Z=0.12 X1 + 0.014 X2 + 0.033 X3 + 0.006 X4 + 0.999 X5$, where X1 represents working capital as a percentage of total assets, X2 represents retained earnings as a percentage of total assets, X3 represents earnings before interest and taxes as a percentage of total assets, X4 represents market value of equity as a percentage of book value of debt, and X5 represents sales as a percentage of total assets. Normative ratios can differ per industry. In addition to doing a trend analysis, it's critical to consider the solvency ratios of businesses operating in the same sector when looking at ratios as indicators of insolvency.

(Bennett, Coleman & Company Limited, 2022) This new regulation has received a lot of attention in the trading world. Let's examine the new regulation's objectives and the effects it will have on brokers, traders, and investors. In response to incidents of trading members misusing client collateral, the regulator released a methodology for segregating and monitoring client collateral. Particularly in the wake of the Karvy Stock Broking fraud, where client shares were improperly pledged as security for loans, such misuse was made public. The new regulation firstly concerns the margin that the broker provides on the pledged shares. In the past, customers could trade using the entire margin they were paid for pledging their securities. With the new margin rule, clients can only utilize 50% of their margin against securities as of May 2, 2022; the remaining 50% of their margin must be available in cash (bank) with the broker to commence trades.

(Chakraborty, 2021) In contrast to the previous practice of collecting minimum margins on leverage-based trades at the end of the day, stockbrokers are now required to collect them beforehand under new margin rules for day traders established by Sebi in 2020. The peak margin rule was implemented in order to curtail the extra leverage that stockbrokers frequently gave their clients in addition to the value at risk and extreme loss margin they charged because they could close out all open positions at the end of the day to meet the minimum margin requirement. According to the new regulation, clearing organizations will require that minimum margin be maintained during the trading session, forcing brokers to ask clients for additional margin if necessary or risk being fined. The additional leverage will now be limited, and brokers will be fined if leverage for derivatives holdings exceeds VaR plus ELM and standardized portfolio analysis risk.

(Bennett, Coleman & Company Limited, 2021) Trading volumes have been hampered by Sebi's decision to raise the upfront margin requirement from 25% to 50% from March 1, 2021. By the end of August, Sebi intends to raise this ceiling to 75%, and by the end of September, it will be 100%. The margin need is calculated during the trading session and any price changes have an impact on the amount of margin available for new transactions, brokerages are required under the "Peak Margin" framework to provide margin information many times throughout a trading session. On the other hand, the new Sebi rules are likely to increase openness while also supporting the market and serving traders' interests. To put it another way, the new framework is anticipated to increase the market's overall safety.

(Agarwal, 2022) Starting on August 1st, brokers who fail to maintain sufficient working capital needs will be penalized. In order to prevent the use of one customer's funds by another, the second phase of the SEBI circular, which requires brokers to give a client-level allocation of funds, goes into force. In May 2022, this regulation was first introduced, according to a blog post by discount broker Zerodha. Additionally, if stocks are used as a margin for F&O trading, the customer is required to pay 50% of the margins utilized in cash. If not, the clearing corps will, starting on August 1, prevent the broker's capital from satisfying the cash component requirement.

(MAVERICK, 2022) Several financial statistics can be examined to determine a company's overall financial health and the chance that it will remain a going concern. Financial ratios, which connect and compare the many data on a company's balance sheet or income statement, are more insightful than standalone figures like total debt or net profit. Another crucial factor is the general trajectory of financial ratios, namely whether they are getting better over time. A number of financial variables must be taken into account simultaneously in order to effectively assess the financial health and long-term viability of a company. Liquidity, solvency, profitability, and operating efficiency are the four key components of financial soundness that need to be assessed. The degree of a company's profitability, nevertheless, may be the best indicator of its health of the four.

(HT Digital Streams Limited, 2021) Motilal Oswal Financial Services Ltd. has increased by 22.7% since April 20, while Geojit Financial Services Ltd. has increased by 21%, Arihant Capital Markets Ltd. has increased by 16%, Emkay Global Financial Services Ltd. has increased by 11.6%, and LKP Securities Ltd. has increased by 10%. India had 56.9 million active demat accounts as of April 30, 2021, up from 40.8 million at the end of FY20 and 35.9 million in FY19. About 5.4 million of the 16.2 million accounts that have been opened since March 2020 were opened in the last three months. Retail investors were attracted by the recent strong rebound in the Indian equities market as well as fresh investment opportunities presented by initial public offerings (IPOs). Analysts noted that while real estate and fixed-income assets had lesser returns, equities provided potential for both yield and capital growth.

(Dutta, 2022) As more and more retail investors choose to trade in capital markets in the current fiscal year despite favorable systemic liquidity circumstances, the Indian brokerage business is anticipated to record its highest ever revenues. According to the agency, trading volumes reached a new high this year, with total transactions increasing by 189% on a nine-month basis year over year. In the meantime, the total number of DMAT accounts increased from 551 lakh in March 2021 to 806 lakhs as of December 2021. ICRA's research of 18 sample brokerage firms revealed significant increases in earnings over the prior fiscal year, with overall revenues growing by 38% year over year. A focus on customer acquisition through digital channels and better economies of scale over the past few years boosted brokerages' cost structures and operational efficiencies. The capital market-related loan activity, in particular the margin trading funding book, has scaled up dramatically since March 2021, the rating agency stated, which has increased the borrowing level.

(Raj, 2021) The biggest stockbroker in India, Zerodha, anticipates a 30% decline in income for the just-started new fiscal year. This profit warning follows a year of exceptional growth for the company, during which time revenues and profit increased "substantially" as a result of the influx of millions of new investors and an unusual increase in trading volumes, which was fueled in part by people who were working from home due to Covid restrictions. The yearly figures have not yet been released to the public. "Because of this, the fiscal year 2021 was unusual. The market was quite volatile, and there was significant user growth. Volatility greatly boosts trading volume. As volatility decreased over the previous two to three weeks compared to the first eight to nine months of fiscal 2021, trading volumes decreased "CEO Nithin Kamath made the statement.

(Bennett, 2021) For brokers, the good times might be coming to an end. According to Crisil, a local division of S&P, the following fiscal year is unlikely to be as successful after the record number of new clients and subsequent growth in revenue. According to Crisil Ratings, brokerage revenue increased by 65 to 70% in fiscal 2021 compared to fiscal 2020's 7% growth but given market turbulence and the new margin requirements' staggered implementation, incremental volume growth may only be somewhat higher in fiscal 2022. According to the rating agency, the downturn has already started to show as broking revenue dropped 1 to 8% sequentially in the third quarter of FY21. This shows that recent client acquisitions are not resulting in increased broking revenue. "In comparison, the September quarter saw a sequential growth rate of 18%. The sustainability of trading volumes in fiscal 2022 may be a challenge, which will have an impact on revenue, as equity markets have become volatile since January 2021 and new regulations with higher margin requirements have taken effect "the senior director of Crisil Ratings, Krishnan Sitaraman, said. For this investigation, Crisil examined data from a group of the top 15 broking firms with assets worth at least Rs 300 crore.

(Palat, 2016) A fundamental skill in an investor's toolbox is the ability to evaluate a company based on its past performance, including sales, earnings, dividends, products, management, and the prospects for the economy and industry. It is a sound and responsible value-based strategy for stock market investing that frequently generates sizable rewards for the long-term investor. All the analytical techniques used in economic, industrial, and corporate analysis, including ratios and cash flow, are explained in detail with examples. It demonstrates how to evaluate a company's management and its offerings while learning what is really going on behind the numbers and notes in an annual report. And maybe most importantly, how to determine a share's intrinsic value. By using fundamental analysis, you may take informed financial decisions without relying on guesses, hunches, or preconceptions. You'll be able to generate reliable, dependable long-term revenues by doing that. This strategy was essentially employed by legendary modern investors like Warren Buffett and Peter Lynch to build their stock market riches.

(Pysh, 2014) The concept that regular investors shouldn't require a master's degree in finance to comprehend the basics of Warren Buffett's investment strategy gave rise to this book. This book takes investing a step further by introducing serious stock investors to crucial accounting terms and strategies. You will have the opportunity to get your hands dirty in four chapters. Here, we'll go over each of the three financial statements' distinct lines of accounting.

(Ittelson, 2020) This book is intended for business professionals who: Feel they should know more about accounting and financial statements. And need to know a little more but find the typical accounting and financial reporting texts confusing and uninspiring. In truth, most people in business fall into one of the aforementioned two types. This is a transaction-based business training tool that provides clear, easy examples from real-world situations of how financial statements are constructed and interact to provide a complete financial picture of the company.

Research Methodology-

The study only includes stock brokerage firms that are listed on the Bombay Stock Exchange and the National Stock Exchange of India. The sample consists of five companies. The period of the study covers four years i.e., from 2019 to 2022. After SEBI (Securities and Exchange Board of India) increased the peak margin requirements for traders in December 2020, this study evaluates the financial standing and operational efficiency of stockbroking firms. The majority of the data used in this study was taken from secondary sources. The data for the study was collected from company's annual report.

Based on data taken from the annual reports, the Altman Z-score and eight financial ratios based on accounting data, including the working capital to total assets ratio, asset turnover ratio, return on assets ratio, debt to equity ratio, current ratio, PE ratio, earnings per share, and return on equity, were used as the primary metrics in the study to evaluate the financial stability of the companies.

Ratios and their Calculations	
Variable	**Method of Calculation**
Working Capital to Total Asset	(Current Asset-Current Liabilities) / Total Asset
Asset Turnover ratio	Net Sale / Average total asset
Return on Asset ratio	Net Income / Total Asset
Debt to Equity Ratio	Total Liabilities / Total Shareholder's Equity
Current Ratio	Current Assets / Current Liabilities
PE Ratio	Current Market Price / Earnings Per Share
Earnings Per Share	(Net Income-Preferred stock dividends) / Average outstanding Shares
Return on Equity	Net Income / Shareholder's Equity

Two factors support the selection of these ratios: first, they are widely used in practice for financial diagnosis of businesses, and second, they have been the focus of numerous empirical studies that have examined the applicability of their informational content with regard to the financial health of businesses.

Altman Z-Score = 1.2A + 1.4B + 3.3C + 0.6D + 1.0E

Where:

- A = working capital / total assets
- B = retained earnings / total assets
- C = earnings before interest and tax / total assets
- D = market value of equity / total liabilities
- E = sales / total assets

Data analysis & Findings:

Liquidity: Working capital to total asset ratio

	Mar-19	Mar-20	Mar-21	Mar-22
ICICI Securities	0.29	0.31	0.25	0.19
Motilal Oswal Financial Services	0.26	0.26	0.30	0.33
Edelweiss Broking	0.56	0.55	0.60	0.26
Share India Securities	0.08	0.11	0.02	0.15
IIFL Securities Ltd	0.14	0.13	0.10	0.11

From the above data, we can see that there is increase in the liquidity ratio of ICICI Securities during period of Mar-19 to Mar-20. After that decline in the ratio can be seen from Mar-20 to Mar-22. Motilal Oswal showed increase in the ratio showing that company have good liquidity and have a satisfactory working capital as compared to total assets during the period Mar-19 to Mar-22. Edelweiss Broking showed increase in liquidity ratio for Mar-20 to Mar-21, after that significant decline can be seen for the period Mar-21 to Mar-22. Share India Securities showed decline in the ratio for period Mar-20 to Mar-21, while significant increase from Mar-21 to Mar-22. IIFL Securities Ltd showed constant decline in its liquidity ratio from Mar-19 to Mar-21 which shows company have not a satisfactory working capital as compared to total assets.

Operational Efficiency: Asset turnover ratio

	Mar-19	Mar-20	Mar-21	Mar-22
ICICI Securities	0.37	0.28	0.32	0.25
Motilal Oswal Financial Services	0.23	0.23	0.26	0.21
Edelweiss Broking	0.17	0.18	0.20	0.16
Share India Securities	0.57	0.56	0.52	0.58
IIFL Securities Ltd	0.27	0.30	0.22	0.00

From the above data it can be observed that IIFL Securities showed sharp decline in its asset turnover ratio from the period Mar-20 to Mar-22 which reflects that asset are not efficiently used as compared to previous years. Motilal Oswal Financial Services showed increase in its ratio for the period Mar-20 to Mar-21, but decline can be seen for the period Mar-21 to Mar-22. Edelweiss Broking showed increase in its ratio from Mar-19 to Mar-21. But decline can be seen from Mar-21 to Mar-22. Share India Securities showed constant decline from period Mar-19 to Mar-21, but significant increase in its ratio from Mar-21 to Mar-22. ICICI Securities showed some mixed results regarding its asset turnover ratio.

Profitability ratio: Return on asset ratio

	Mar-19	Mar-20	Mar-21	Mar-22
ICICI Securities	10.5%	12.2%	13.5%	10.1%
Motilal Oswal Financial Services	2.8%	1.8%	8.8%	7.7%
Edelweiss Broking	1.6%	-3.8%	0.6%	0.4%
Share India Securities	7.3%	8.7%	9.4%	13.7%
IIFL Securities Ltd	5.6%	9.6%	6.2%	5.1%

As we can observed from above data, Share India Securities showed consistent increase in its ability to generate profits by the efficient use of its assets. Edelweiss Broking and Motilal Oswal Financial Services also showed significant increase in the ratio from the period Mar-20 to Mar-21, but thereafter decline can be seen in the ratio for period Mar-21 to Mar-22. ICICI Securities showed increase in its ratio from Mar-19 to Mar-21. IIFL Securities Ltd showed significant increase in its return on asset ratio from period Mar-19 to Mar-20, but after that consistent decline can been for the period Mar-20 to Mar-22.

Solvency ratio: Debt to equity ratio

	Mar-19	Mar-20	Mar-21	Mar-22
ICICI Securities	0.43	1.24	1.93	0
Motilal Oswal Financial Services	1.68	1.5	1.28	1.08
Edelweiss Broking	6.01	5.98	4.32	3.24
Share India Securities	0.7	0.65	0.42	0.44
IIFL Securities Ltd	1.04	0.52	0.3	0.51

With reference to above data, Edelweiss Broking showed consistent decline in the ratio from the period Mar-19 to Mar-22. Similarly, IIFL Securities Ltd also showed consistent decline its debt-to-equity ratio from Mar-19 to Mar-21. Share India Securities has comparatively low debt to equity ratio which is again declining from Mar-19 to Mar-21. IIFL Securities ltd and Share India Securities have low debt to equity ratio which means that the companies use less of debt to fuel their fundings. It also suggests that company is not fully utilizing the cheaper source of finance its Debt. Motilal Oswal Financial Services showed consistent decrease in its ratio from Mar-19 to Mar-22, but still, it has debt to equity ratio greater than 1. There is consistent increase in the debt-to-equity ratio of ICICI Securities can been seen for the period mar-19 to Mar-21, but company has zero debt to equity ratio for the period mar-22.

Short term liquidity ratio: Current ratio

	Mar-19	Mar-20	Mar-21	Mar-22
ICICI Securities	1.7	3.56	1.37	1.25
Motilal Oswal Financial Services	4.96	2.37	2.35	2.42
Edelweiss Broking	2.44	2.49	2.93	1.4
Share India Securities	1.14	1.19	1.03	1.23
IIFL Securities Ltd	1.22	1.22	1.14	1.14

Above data shows, current ratio is greater than 1 for all the companies throughout the period, which indicates that the companies have adequate current assets to settle their current liabilities and it is a desirable situation for it to be in. ICICI Securities showed increase in its current ratio from Mar-19 to Mar-20, but consistent decline in its ratio for the period mar-20 to Mar-22. Motilal Oswal Financial Services showed consistent decline in its current ratio for the period Mar-19 to Mar-21, but slightly increase in ratio from Mar-21 to Mar-22. Edelweiss Broking showed consistent increase in its ratio for the period Mar-19 to Mar-21 but decline in the ratio can been from Mar-20 to Mar-22. IIFL Securities Ltd showed decline in its ratio from Mar-20 to Mar-21. After that ratio is constant for the period Mar-21 to Mar-22. Share India Securities showed mixed result regarding its current ratio.

Valuation: PE ratio

	Mar-19	Mar-20	Mar-21	Mar-22
ICICI Securities	15	17	14.2	11.15
Motilal Oswal Financial Services	54.1	13.1	15.2	9
Edelweiss Broking	18.8	7.5	23.6	7.2
Share India Securities	12.9	4.7	13.3	22.3
IIFL Securities Ltd	0.4	1.3	8.2	8.9

Share India Securities and IIFL Securities showed significant number of increase in their PE ratio from Mar-20 to Mar-22, which shows stock price is high with compared to its earnings. ICICI Securities showed increase in its PE ratio for the period Mar-19 to Mar-20, but after that constant decline can been seen in the ratio from Mar-20 to Mar-22. Motilal Oswal Financial Services showed sharp decline in its ratio from Mar-19 to Mar-20. Edelweiss Broking showed mixed results regarding its PE ratio for the period Mar-19 to Mar-22.

Market Value Ratio: Earnings Per Share

	Mar-19	Mar-20	Mar-21	Mar-22
ICICI Securities	15.23	16.81	33.08	42.69
Motilal Oswal Financial Services	19.67	12.2	82.71	88.38
Edelweiss Broking	11.09	-23.01	2.97	2.11
Share India Securities	7.83	12.54	25.31	63.26
IIFL Securities Ltd	5.37	7.31	6.91	9.94

From the above data, it can be clearly seen that, ratio has increased significantly for all the companies from the period Mar-20 to Mar-22. It shows that companies have increase in their equity shareholders' funds. Here the company's capacity to pay dividend is good as there is increase in EPS ratio for last 2 years. ICICI Securities showed consistent increase in its earnings per share for the period Mar-19 to Mar-22. Motilal Oswal Financial Services showed decline in its ratio from Mar-19 to Mar-20, but after that sharp increase in its ratio can be seen for the period Mar-20 to Mar-22. Edelweiss Broking had negative earnings per share in Mar-20, but it showed significant growth in its ratio for the period Mar-20 to Mar-21. Share India Securities showed consistent increase in its earnings per share for the period Mar-19 to Mar-22. IIFL Securities Ltd showed mixed results regarding its earnings per share ratio for the period Mar-19 to Mar-22.

Profitability: Return of equity

	Mar-19	Mar-20	Mar-21	Mar-22
ICICI Securities	46.9%	44.8%	58.6%	56.9%
Motilal Oswal Financial Services	9.6%	5.9%	28.1%	23.1%
Edelweiss Broking	13.0%	-33.3%	4.0%	2.9%
Share India Securities	16.6%	20.7%	28.8%	45.0%
IIFL Securities Ltd	23.5%	26.6%	22.8%	25.9%

Share India Securities has shown consistent increase in its ROE for the period Mar-20 to Mar-22. It indicates company's ability of generating profit for shareholders. ICICI Securities showed significant increase in its ROE for the period Mar-20 to Mar-21 but after that decline in the ratio can be seen. Motilal Oswal Financial Services showed decline in its ROE from Mar-19 to Mar-20, but after that significant increase can be seen for the period Mar-20 to Mar-21. As decline in the ratio for ICICI securities, Motilal Oswal Financial Services for the period Mar-21 to Mar-22 indicates less efficient management and utilization of equity shareholder's funds. Edelweiss Broking showed negative ROE for the period Mar-20, but after that significant increase in its ROE can be seen from Mar-20 to Mar-21. IIFL Securities Ltd showed mixed results regarding its ROE for the period Mar-19 to Mar-22

Financial health Analysis:

Altman Z-Score:

	Mar-19	Mar-20	Mar-21	Mar-22
ICICI Securities	2.6	3.3	1.8	1.7
Motilal Oswal Financial Services	2.0	1.8	2.2	2.0
Edelweiss Broking	1.2	0.2	1.1	0.5
Share India Securities	1.9	1.5	1.9	3.1
IIFL Securities Ltd	1.0	1.2	1.4	0.9

From above data, there is increase in the Z-Score for all companies expect ICIC Securities for the period Mar-20 to Mar-21. Further decline in Z-score can be seen. As of Mar-22 only Share India Securities have Z-Score above 3 which is good indicator for company's financial health. Companies namely, Edelweiss Broking, IIFL Securities ltd and ICICI

Securities have their Z-score below 1.8 which suggests companies are heading towards bankruptcy. Among all only Share India Securities can be considered as financially healthy company as of Mar-22.

Conclusion:

This study shows stock broking company’s financial performance and financial health analysis after SEBI introduce new peak margin regulation for traders on December 2020. The analysis's overall findings are very divergent. In this study, the financial performance of the companies was analyzed using pertinent financial ratios, and the financial health of the enterprises was analyzed using the Z-score using past 4 years data from mar-19 to mar-22. In this study, the financial performance of the companies was analyzed using pertinent financial ratios, and the financial health of the companies was analyzed using the Z-score. To be more specific, we evaluated the company's financial performance using eight ratios that are frequently seen as useful indicators of such performance in terms of the following specific aspects: Liquidity (i.e. Working capital to total asset ratio), Operational Efficiency (i.e. Asset turnover ratio), Profitability ratio (i.e. return on asset ratio), Solvency ratio (i.e. Debt to equity ratio), Short term liquidity ratio (i.e. Current ratio), Valuation (i.e. price to earnings ratio), Market Value Ratio (i.e. Earnings Per Share), Profitability (i.e. Return of equity). Overall, our analysis shows us mixed results in terms of both financial performance and financial health of the companies from the period mar-19 to mar-22. Overall, only Share India Securities performed well in most of the aspects of our analysis. It also has good Altman Z-score it. 3.1 which shows company is financially healthy. Other all companies showed mix results in their financial performance. Among 5 companies Edelweiss Broking and IIFL Securities ltd have very low Altman Z-score which indicates companies are heading towards bankruptcy.

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