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A Study on Financial and Growth of New Age Technology Companies

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ABSTRACT

Finance is the management of funds or money and involves activities such as budgeting, borrowing, forecasting, investing, lending and saving. In other words, finance is the study of managing funds and the process of acquiring the required funds. Businesses today are extremely fragile. Organizations invest an enormous amount of money in order to keep their business running and fully functional. Undoubtedly, finance is one of the most important aspects of a business. With huge funds, daily cash flow and continuous transaction, managing and monitoring all of the above turn necessary. The objective of the study is to analyze the financial and growth of new age technology based a company who performs in internet industry. The data used are of last five years from 2018-22. Analytical Research Design study is used. Ratio analysis tool has been used, One of the uses of ratio analysis is to compare a company's financial performance to similar firms in the industry to understand the company's position in the market. It concluded that in order to improve further the overall performance of company the management must take all possible steps to review and modify various policies, cash budgets, financial status by using sound information management system. This will enable the management to have a close control over the various operations.

Key words: Growth, Ratio, new age technology

I INTRODUCTION

1.1.Introduction

New age technological companies ia a disrupting traditional business and new crop of digital native and digital transformation of businesses irrespective of industry or vertical and it also having an innovative business model and belong to the knowledge based technology sector.Financial technology (abbreviated fintech or FinTech) is the technology and innovationthat aims to compete with traditional financial methods in the delivery of financial services. It is an emerging industry that uses technology to improve activities in finance.The use of smartphones for mobile banking, investing, borrowing services, and cryptocurrency are examples of technologies aiming to make financial services more accessible to the general public. Financial technology companies consist of both startups and established financial institutions and technology companies trying to replace or enhance the usage of financial services provided by existing financial companies. A subset of fintech companies that focus on the insurance industry are collectively known as insur tech or insure tech companies.

The emerging internet economy is fundamentally changing the way consumers and businessesinteract with each other. It is disrupting traditional businesses and a new crop of digital-native,mobile-first companies is emerging and scaling up at warp speed, enabled by favourable demographics, rising internet penetration and a world-class, frictionless payments ecosystem. Recently, Licious became the first D2C unicorn bypassing the traditional distribution model. We are seeing similar disruptions in health-tech, which is disrupting pharmacy stores/companieswhile fintech is disrupting traditional banks.

The challenge for an analyst who uses traditional ways of valuing businesses is the negative earnings and the inability to project future cash flows. We have always believedthat these historical earning models have flaws and can be misleading. As with our approach for other companies, near-term accounting profits or losses mean very little in our valuation framework; what really matters is the long-term cash flow generation potential and the present value of those cash flows. Therefore, a thoughtful bottom-up consideration of expected future cash flows of each individual company is of paramount importance. Due to their strategic assets likea deep tech stack, well-established brand, large and happy customer base and strong management teams, many consumer tech companies can enter adjacent categories thereby increasing their potential profit pool. Thus, there could be potentially large value creation opportunities in some of these technology- enabled, emerging business models, but envisaginga discontinuous and disruptive future can be a difficult task.

Statement of the problem

Worldwide influence of the internet is well-established and acknowledged. Penetration rate ofthe internet has been phenomenal; almost 1/3rd of Human population are accessingthe internet.The way business is conducted in this digital age has changed due to so manypeople logged on to the internet. In the modern age of cutting-edge technology and continuous innovation, product life cycle is ever shortening. There is constant pressure on companies to differentiate from competition and earn customer satisfaction. In such a business environment, it is essential that internal organization network is strong and efficient to deal with any kind of changes. Hence this study is to find out the financial andscope of growth of new age technology company with the consideration of utility of internet and arising technologies.And, this study analyses the companies such as 1) Zomato 2)Paytm 3)Latent view 4)Car trade 5)Nykaa 6)Policy bazaar.

Objectives of the study

- To study the Financial and Growth of technologhy based companies who performs ininternetindustry
- To Analyse the profitability of new age technologicalcompanies
- To analyse the liquidity of new age technological companies
- To analyze the solvency of new age technological companies

Research methodology

Research Methodology is a systematic way to solve a research problem; It includes various steps that are generally adopted by a researcher in studying the problem along with the logicbehind them. The present study was conducted at New Age Technology companies. The studydepends mainly on the secondary data namely the annual reports of the company.

Research Design

Research design is a logical and systematic planning and directing of a piece of research. It isthe translation from a general scientific model into various research procedures. It is not a highly specific plan to be followed without deviation but rather a series of guide postto keep one a head in the direct direction.

Sample size

New age technological
1. Zomato 2.Paytm 3.Latent View 4.Car trade 5.Nykka 6.Policy Bazaar

Sampling method

Simple Random sampling

Methods of data

https://www.moneycontrol.com/
https://money.rediff.com/
Books and Magazines
Fundamentals of big data:network analysis for research and industry
https://www.investopedia.com/

Ratio Analysis

Current Ratio
Liquid ratio
Gross profit ratio
Net profit ratio
Operating profiting ratio
Total debt equity ratio
Fixed asset turnover ratio
Inventory turnover ratio
Operating Ratio

Scope of the study

The scope of the study is confined to select new technological companies. The present study isan attempt that has been made to analyse the financial and growth of technology based companies. It involves the understanding of the profitability, liquidity and solvencyof the companies in the industry. The study has been undertaken with the aid of financial statement of select companies. The study is based on the 5 years financial statement of thecompany during 2018-2022.

Limitation Of The Study

The present study has been confined to selected new age technological companiesonly.

Time constraints to carry out the analysis within a month for analysing thefinancialstatement were challenging.

The study is not experimental in nature, so cannot determine the cause-effect.

The sample size is restricted to 5 years.

FINDINGS OF THE STUDY

Latent view is maintained a highest current ratio of 3.05 in the year 2018.and also thecompany have a good ratio in other four years.Car trade has a moderate ratio for fouryears except the year 2018.Paytm has the lowest current ratio with 0 in the year 2021.A very current ratio indicators that the liquidity position is not good.

Policy bazzar is having a highest liquid ratio of 2.4 in 2019 and other four years also have the highest ratio but it fluctuates.Zomato has lowest liquid ratio of 0.1 in the year2018.The liquid ratio is below 1 and ith is considered as not satisfactory.

Zomato has the highest gross profit ratio of 28.90% in the year 2021 which is a sign of efficient purchase management.Paytm is not maintaining a good ratio in four yearsand in the last year it increasd to24.50%.

Zomato has the highest Net profit ratio of 26.70% in the year 2022.which indicates company has high efficiency as well as profitability.In 2020 Paytm is having a low net profit ratio in the years 2019-2022.which is not good for the company.The company faced a low ratio in 2021 which is 0.09%.

Paytm has highest operating profit ratio in the year 2020 which was 39.10% and in 2021 zomato has the highest profit ratio which was at 32.20%.Policy bazzar has very low operating ratio when compared to other companies.

Paytm has the highest total debt equity ratio of 2.63 during the five years.so it showsthe company is not maintaining solvency position because the company debt is higher.

Zomato and Paytm has highest fixed assets turnover ratio of 3 in the year 2022.The highest ratio indicates the better utilization of fixed assets .Zomato has the lowest fixed assets turnover ratio of 0.19 in the year 2018.It indicates the underutilization offixed assets.

Policy bazzar has the highest inventory turnover ratio of 12.42 in 2022 hence it indicates a good inventory management.Car trade has lowest inventory management.Car trade has lowest inventory turnover ratio which is 0.02 in 2020 and 2022 and it indicates that inventories are lying in stock for a long time, Paytm is maintain a inventory turnover ratio in all the five years which is good for the company.

Nykka has the highest profit ratio of 5.61 in the year 2019 and it indicates that the firm is less depended on creditors for its working capital and all other companies showing a moderate ratio for all the particular years.

SUGGESTIONS

Car trade ,Nykka and Policy Bazzar has to maintain idle current ratio in every year.Since it has fluctuations in the 5 year.Current ratio indicates the firms capacity topay its current liabilities in time

.Zomato has to maintain a good liquid ratio ,its ratio was fluctuating in every year than the satisfactory level.Liquid ratio is the measure of the instant debt paying ability of the business enterprise.

Nykka is having a low gross profit ratio in the last 3 years it is decreased from the ideal gross profit ratio to the level. So it is not good for the company.Agood ratio enhance the efficiency of Production or trading operations.

Latent view has to maintain a standard net profit margin in everyyear ,its net profit ratio has been decreasing everyyear.It enhance the efficiency as well as the profittability of the business.

All 6 companies in all year shows the highest operating margin,it indicates how efficiently the business is being operated and they need to maintain likewise in the following years.

Zomato,Latent view and Policy bazaar has to maintain the idle ratio because the total debt equity ratio indicates the extent to which the company depends upon outsiders for its existence.

Nykka has the lowest fuixed asset turover ratio they must maintain adequate fixed asset value in its total assets.

Car trade is having a low inventory turnover ratio, so they should need to focus or maintain an adequate level of inventories.

The proprietory ratio was maintained by all the companies and it was higher than theideal ratio.It indicates the safety to the creditors.

CONCLUSION

After analyzing the financial statements of selected New Age Technology companies during the five financial years, it is clear that the financial position of the companies is in fluctuation. We can say that there should be an efficient financial management system in the organizations. It should overcome the adverse condition and minimize its losses and protect

firm from facing the negative condition of liquidity. In tomorrow's economy the world will belong to those who are open to creative, imaginative and flexible to changes, having open mindless, strength of taking risk and an innovative spirit. These entire characteristics can lead the company on a successful path.

However the management needs to focus more on the net profit and go for increase its revenue. Based on this study the major findings are that from the overall finance point of view, companies are performing to a very high degree level of achievement. This study indicates that in order to improve further the overall performance of company the management must take all possible steps to review and modify various policies, cash budgets, financial status by using sound information management system. This will enable the management to have a close control over the various operations.