

CHAPTER- 5

STRUCTURES AND GROWTH OF LIABILITIES OF THE NBFCs (AGGREGATIVE AND CATEGORY-WISE)

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Chapter – 5

Structures and Growth of Liabilities of the NBFCs (Aggregative and Category-wise)

In this chapter an analysis has been made with respect to structure and growth of liabilities of the selected investment companies and asset finance companies at aggregate level and also for each individual company under study.

An organization's total liabilities are the sum total of its short term and long term liabilities. Thus, liabilities of an organization represent the total outstanding debt of a company.

The liability structure of an organization basically refers to the magnitude of internal Capital (i.e. Share Capital, Reserve & Surplus, etc.) and external capital (i.e. Long Term Loan, Short Term Loan, Current Liabilities, etc.). It also helps to calculate the degree of leverages and risk profile of the firm.

In our study, we have analyzed the liability structure of selected NBFCs in order to capture the relative importance of the liabilities to know the component as well as the financing strategies adopted by the selected companies during the period under study.

In our analysis, the proportion of the different components of total liabilities has been calculated in the following way:

$$\text{Proportion of each Liability Component in the Total Liabilities} = \frac{\text{Individual Components of the Total Liabilities}}{\text{Total Liabilities}}$$

5.1 ANALYSIS OF THE STRUCTURE OF LIABILITIES

Here we have carried out the analysis of liability structure of the two categories of NBFCs, i.e., Investment Companies (Company wise) and Asset Finance Companies (Company wise) individually during the period under study.

5.1.1 ANALYSIS OF THE STRUCTURE OF LIABILITIES: INVESTMENT COMPANIES (Aggregative)

Table 5.1 : Structure of Liabilities of Investment Companies (Aggregative)

Year	Share Capital	Reserves & Surplus	Long Term Loan	Current Liabilities (Short Term Borrowings)	Provisions	Other Liabilities	Total Liabilities
2006-07	2.35%	13.31%	65.12%	10.73%	1.25%	7.24%	100.00%
2007-08	2.28%	15.03%	62.51%	11.36%	1.26%	7.55%	100.00%
2008-09	1.85%	13.98%	65.34%	11.23%	1.47%	6.12%	100.00%
2009-10	1.73%	20.37%	59.63%	14.78%	2.04%	1.46%	100.00%
2010-11	1.30%	19.00%	59.35%	15.99%	2.56%	1.80%	100.00%
2011-12	1.27%	21.04%	40.81%	27.07%	0.66%	9.16%	100.00%
2012-13	1.11%	19.51%	42.30%	30.62%	0.77%	5.68%	100.00%
2013-14	0.95%	14.09%	49.56%	27.10%	0.71%	7.58%	100.00%
2014-15	1.44%	12.83%	53.05%	24.53%	0.68%	7.47%	100.00%

Source: Computed from Annual Reports of the Selected Companies.

Figure 5.1: Structure of Liabilities of Investment Companies (Aggregative)

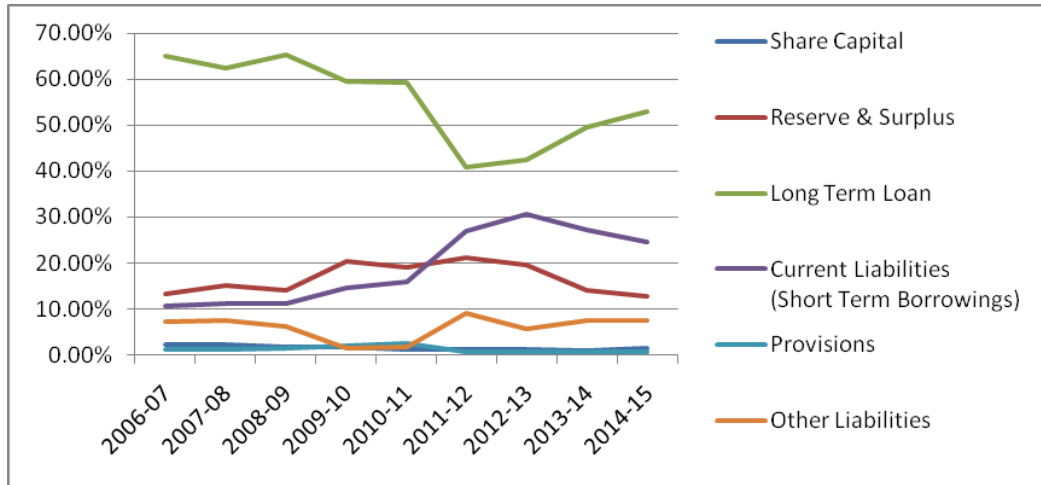


Table 5.1 & Figure 5.1 reveal that ‘long term loan’ comprises the highest proportion in the total liabilities during the study period of 2006-07 to 2014-15. It varied between 40.81% and 65.12%. It indicates that majority of financing has been made from long term sources of the financial institutions. The component ‘share capital’ varied between 1.11% and 2.35% during the entire period and in the years 2006-07 and 2007-08, however, it was on the higher side, accounting for 2.28% to 2.35%

respectively but from the year 2008-09 to 2014-15, it varied between 0.95% and 1.85%. It indicates that new issue of shares was not made during the period 2008-09 to 2014-15. The component 'reserves and surplus' varied between 12.83% and 21.04%. 'Short term borrowings' comprise the second highest proportion among the total financing i.e. long term and short term and it varied between 10.73% and 30.62%, From the year 2011-12 to 2014-15 the proportion of short term financing had increased as compared to the proportions occurring from 2006-07 to 2010-11. It also indicates that the majority of financing has been done from external sources. The proportion of provisions was uniform during the period and it varied between 0.66% and 2.56%. The proportion of other liabilities varied between 1.45% and 7.58% and showed dissimilarity during the study period.

5.1.2 ANALYSIS OF THE STRUCTURE OF LIABILITIES: INVESTMENT COMPANIES (Company-wise)

1. At first we present the structure of liabilities of Bengal & Assam Company Limited (BACL) in Table 5.2 and Figure 5.2.

Table 5.2 : Structure of Liabilities of BACL

Year	Share Capital	Reserves & Surplus	Long Term Loan	Current Liabilities (Short Term Borrowings)	Provisions	Other Liabilities	Total Liabilities
2006-07	6.65%	62.37%	29.50%	1.47%	0.00%	0.00%	100.00%
2007-08	2.72%	59.28%	34.05%	3.67%	0.23%	0.05%	100.00%
2008-09	2.66%	62.11%	31.96%	3.01%	0.23%	0.03%	100.00%
2009-10	2.58%	66.91%	27.55%	2.24%	0.65%	0.05%	100.00%
2010-11	2.46%	70.94%	22.73%	2.85%	0.99%	0.03%	100.00%
2011-12	1.94%	58.43%	32.83%	5.97%	0.78%	0.06%	100.00%
2012-13	1.89%	61.06%	32.64%	3.60%	0.77%	0.05%	100.00%
2013-14	2.02%	73.23%	20.09%	3.58%	1.02%	0.07%	100.00%
2014-15	1.73%	65.66%	26.36%	4.89%	1.21%	0.15%	100.00%

Source: Computed from Annual Reports of the Selected Companies.

Figure 5.2: Structure of Liabilities of BACL

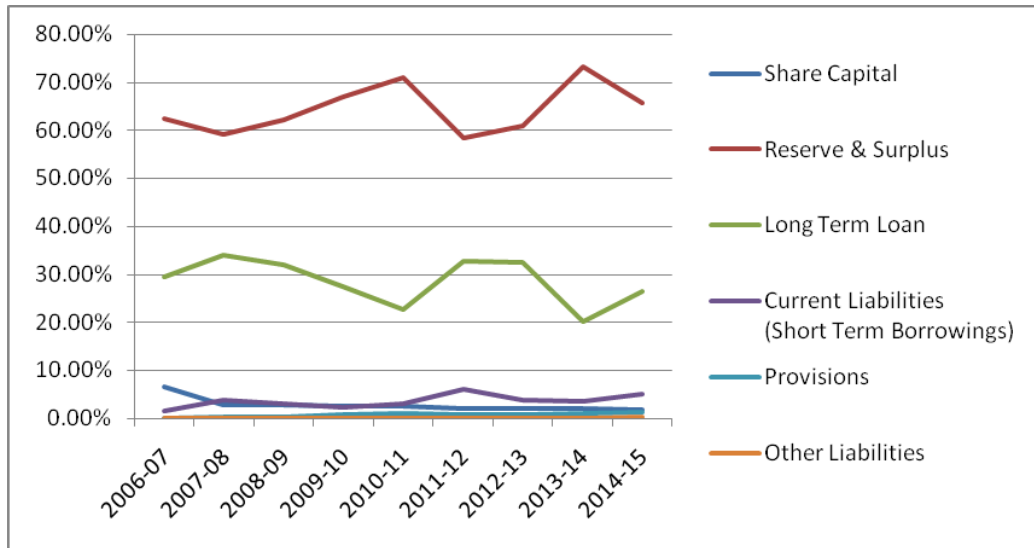


Table 5.2 & Figure 5.2 show that ‘long term loan’ comprises the highest proportion for BACL in the liability structure. It varied between 20.9% and 34.05% and showed uniformity during the study period. Proportion of ‘share capital’ varied between 1.73% and 6.65% which indicates that company has not made new issue of the shares. Proportion of ‘reserves & surplus’ varied between 58.43% and 73.23% which indicates that the accumulation of ‘reserves & surplus’ was uniform during the study period. Proportion of ‘short term borrowings’ varied between 1.47% and 5.97% which indicates that the company has given more emphasis on long term financing than on short term financing. Proportion of ‘provisions’ and ‘other liabilities’ varied between 0.23% and 1.21% during 2007-08 to 2014-15 and between 0.3% and 0.15% during 2007-08 to 2014-15 respectively. In the year 2006-07, these two components are found to have no role in the liability structure of the company.

2. Structure of liabilities of another company, Shriram Capital Limited (SCL).

Table 5.3 : Structure of Liabilities of SCL

Year	Share Capital	Reserves & Surplus	Long Term Loan	Current Liabilities (Short Term Borrowings)	Provisions	Other Liabilities	Total Liabilities
2006-07	1.13%	6.55%	83.84%	6.79%	1.45%	0.24%	100.00%
2007-08	1.11%	8.60%	80.87%	7.51%	1.48%	0.43%	100.00%
2008-09	0.81%	8.27%	80.52%	8.48%	1.73%	0.18%	100.00%
2009-10	0.84%	13.38%	68.43%	14.49%	2.84%	0.03%	100.00%
2010-11	0.72%	14.79%	62.90%	17.63%	3.96%	0.01%	100.00%
2011-12	0.63%	16.12%	46.18%	32.73%	0.51%	3.83%	100.00%
2012-13	0.51%	15.54%	45.39%	34.56%	0.64%	3.37%	100.00%
2013-14	0.46%	16.35%	48.14%	31.87%	0.60%	2.58%	100.00%
2014-15	0.38%	15.19%	54.85%	26.23%	0.67%	2.67%	100.00%

Source: Computed from Annual Reports of the Selected Companies.

Figure 5.3: Structure of Liabilities of SCL

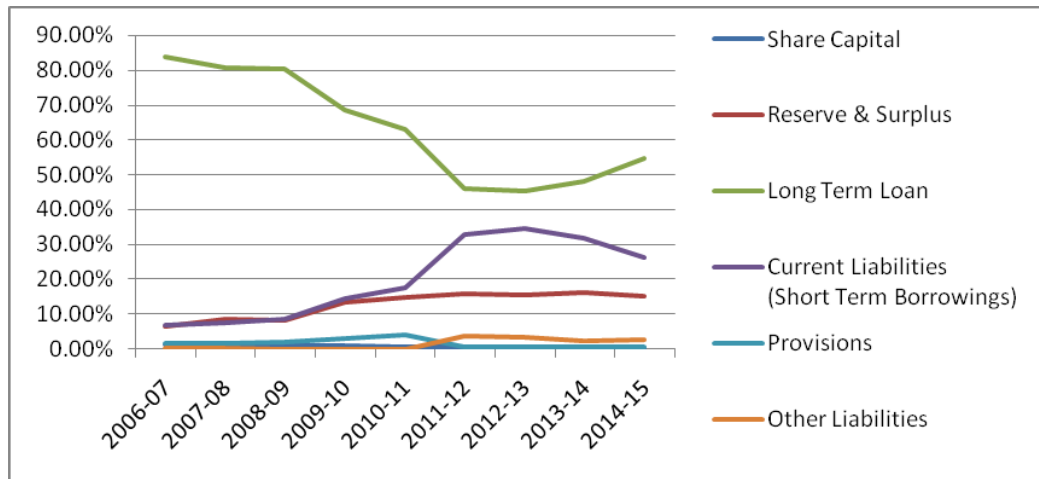


Table 5.3 & Figure 5.3 show that ‘long term loan’ comprised the highest proportion for SCL in the liabilities structure. It varied between 45.39% and 83.84% and showed uniformity during the study period. There is a declining trend in the ‘long term loan’ from the year 2009-10 to 2014-15 which indicates that the company did not increase the external liabilities during those years. ‘Share capital’ varied between 0.46% and 1.13% and it exhibited a declining trend, which indicates that the company has not made new issues during the study period. ‘Reserves & Surplus’ registered an

increasing trend meaning thereby that the accumulation of profit increased. The proportion of 'Short term borrowings' exhibited an increasing trend. From the year 2006-07 to 2012-13 the long term liabilities steadily declined whereas the short term liabilities steadily increased from 6.79% to 34.56% during the same period. It indicates that the company preferred short term financing as compared to long term financing during that period. Proportions of 'provisions' and 'other liabilities' show uniformity during the study period and it varied between 0.51% to 3.96% and 0.01% to 3.83% respectively.

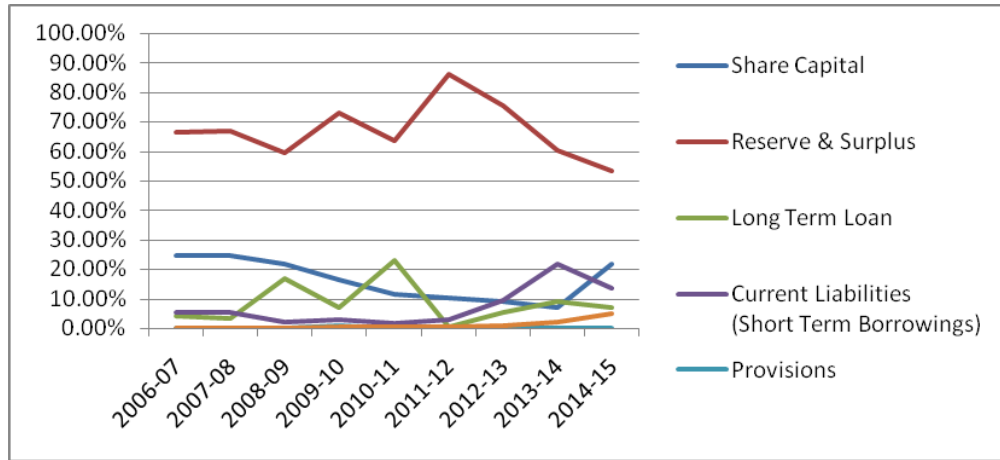
3. Structure of liabilities of L&T Infrastructure Development Projects Limited (LTIDPL) in the following Table 5.4 and Figure 5.4.

Table 5.4 : Structure of Liabilities of LTIDPL

Year	Share Capital	Reserves & Surplus	Long Term Loan	Current Liabilities (Short Term Borrowings)	Provisions	Other Liabilities	Total Liabilities
2006-07	24.65%	66.13%	4.03%	5.03%	0.16%	0.01%	100.00%
2007-08	24.80%	66.52%	3.45%	5.07%	0.16%	0.01%	100.00%
2008-09	21.87%	59.46%	16.66%	1.88%	0.13%	0.00%	100.00%
2009-10	16.40%	72.71%	7.18%	2.56%	0.76%	0.39%	100.00%
2010-11	11.58%	63.61%	22.99%	1.49%	0.02%	0.32%	100.00%
2011-12	10.29%	86.05%	0.46%	2.54%	0.07%	0.59%	100.00%
2012-13	8.94%	75.30%	5.27%	9.38%	0.09%	1.01%	100.00%
2013-14	6.84%	60.26%	9.15%	21.81%	0.05%	1.87%	100.00%
2014-15	21.77%	53.15%	6.83%	13.33%	0.06%	4.86%	100.00%

Source: Computed from Annual Reports of the Selected Companies.

**Figure 5.4: Structure of Liabilities of
LTIDPL**



From Table 5.4 & Figure 5.4 we see that the company LTIDPL preferred internal source of capital to external source of capital. The components ‘share capital’ and ‘reserves & surplus’ accounted for a major portion of the total liabilities and they varied between 6.84% to 24.80% and 53.15% to 72.71% during the study period. The component of ‘long term loan’ comprises a uniform proportion except in the year 2008-09 and 2010-11 where the proportions were 16.66% and 22.99% respectively. These, however, may be treated as outliers in the entire series. Current liabilities i.e., ‘short term borrowings’ varied from 1.88% in 2006-07 to 9.38% in 2012-13 but in 2013-14 the proportion shot up to 21.81% from just 9.38% in the immediately preceding year of 2012-13. The components ‘provisions’ and ‘other liabilities’ varied from 0.02% to 0.76% and 0.01% to 4.87% respectively during the entire study period.

4. The structure of liabilities of another company, Religare Enterprises Limited (REL) is presented in the following Table 5.5 and Figure 5.5.

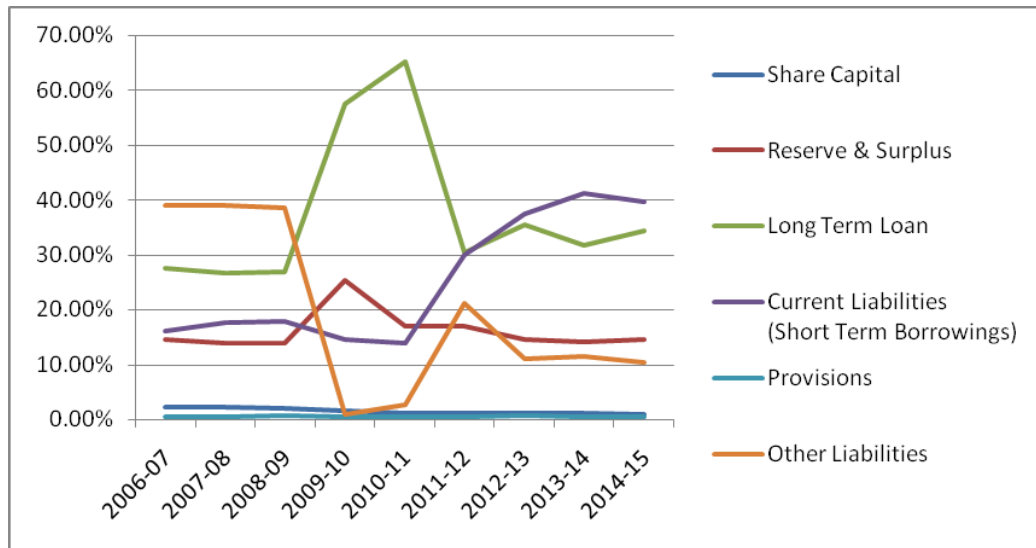
Table 5.5 : Structure of Liabilities of REL

Year	Share Capital	Reserves & Surplus	Long Term Loan	Current Liabilities (Short Term Borrowings)	Provisions	Other Liabilities	Total Liabilities
2006-07	2.29%	14.74%	27.50%	16.04%	0.48%	38.96%	100.00%
2007-08	2.18%	13.99%	26.71%	17.60%	0.47%	39.04%	100.00%
2008-09	2.16%	13.99%	26.91%	17.88%	0.49%	38.58%	100.00%
2009-10	1.58%	25.33%	57.38%	14.51%	0.40%	0.79%	100.00%
2010-11	1.01%	17.14%	65.09%	13.86%	0.43%	2.47%	100.00%
2011-12	1.01%	17.15%	30.45%	29.91%	0.38%	21.11%	100.00%
2012-13	1.01%	14.63%	35.43%	37.42%	0.59%	10.92%	100.00%
2013-14	0.97%	14.12%	31.70%	41.24%	0.47%	11.50%	100.00%
2014-15	0.80%	14.57%	34.34%	39.61%	0.48%	10.20%	100.00%

Source: Computed from Annual Reports of the Selected Companies.

Figure 5.5: Structure of Liabilities of

REL



In Table 5.5 & Figure 5.5 we present the behavioral pattern of different components of total liabilities of REL. As the data show, the company put more emphasis on external financing than on internal financing. The 'long term loan' accounts for the highest proportion in the liability structure. It varied between 26.71% and 65.09% during the period of our study. In the years 2009-10 and 2010-11 it accounted for the higher proportion i.e. 57.38% and 65.09% respectively. In those years, short term financing also decreased. The proportion of 'short term borrowings' increased during

the entire study period. It is further observed that from the year 2011-12 the share of 'long term loan' decreases whereas 'short term loan' increases. Proportion of 'share capital' varied between 0.80% and 2.29% and shows decreasing trends, implying thereby that the company has not made any new issue (of shares) during the study period. 'Reserves & surplus' ranged between 13.99% and 25.33% implying uniformity in the accumulation of profits. The proportion of 'provisions' varied between 0.38% and 0.59% and 'other liabilities' were quite high during 2006-07 to 2008-09 and then declined in the years 2009-10 and 2010-11 and during 2011-12 to 2014-15 it varied between 10.20% and 21.11% and exhibited declining trends.

5. Structural analysis of the liabilities of another company, Infrastructure Leasing & Financial Services Limited (ILFSL). The following Table 5.6 and Figure 5.6 present the structure of liabilities of the company.

Table 5.6: Structure of Liabilities of ILFSL

Year	Share Capital	Reserves & Surplus	Long Term Loan	Current Liabilities (Short Term Borrowings)	Provisions	Other Liabilities	Total Liabilities
2006-07	1.42%	28.53%	45.51%	17.36%	1.28%	5.91%	100.00%
2007-08	1.38%	27.70%	45.85%	17.43%	1.32%	6.32%	100.00%
2008-09	1.35%	27.11%	45.84%	17.64%	1.44%	6.62%	100.00%
2009-10	1.48%	26.70%	43.52%	19.11%	1.59%	7.60%	100.00%
2010-11	1.41%	25.29%	44.45%	18.58%	2.45%	7.83%	100.00%
2011-12	1.23%	24.82%	56.49%	8.59%	1.98%	6.90%	100.00%
2012-13	1.16%	25.01%	55.51%	9.11%	1.93%	7.28%	100.00%
2013-14	0.89%	8.72%	59.45%	19.51%	0.93%	10.51%	100.00%
2014-15	0.90%	7.25%	61.16%	19.55%	0.79%	10.35%	100.00%

Source: Computed from Annual Reports of the Selected Companies.

Figure 5.6: Structure of Liabilities of ILFSL

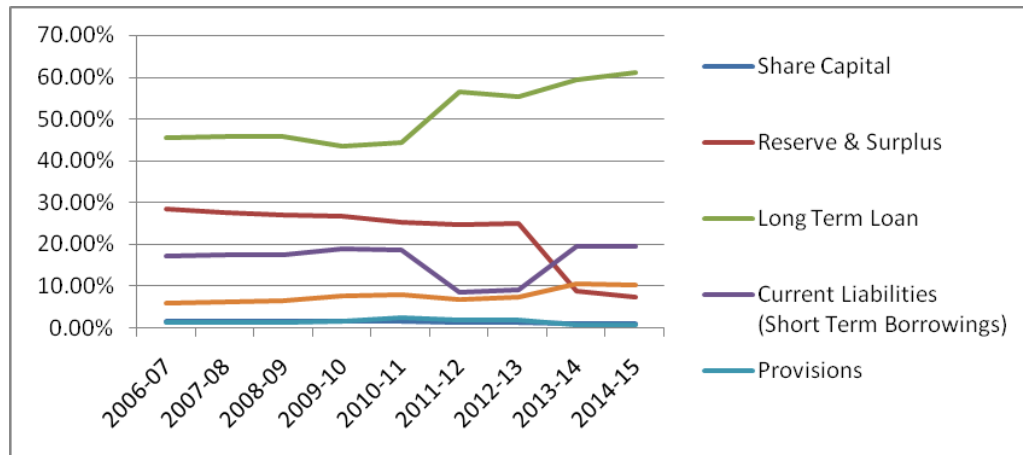


Table 5.6 & Figure 5.6 reveal that majority of the liabilities comprised the ‘long term loans’. They varied between 43.52% and 61.16%, which implies that the company preferred financing from external capital to internal sources of capital. The component ‘share capital’ was almost uniform during the study period and it varied between 0.89% and 1.48%. This implies that company did not make new issue (of shares) in the market. ‘Reserves & surplus’ varied from 24.82% to 28.53% during the period 2006-07 to 2012-13 and had fallen in the years 2013-14 and 2014-15. This pattern may be attributed to lower accumulation of profit or higher redemption of capital. The component ‘short term liabilities’ varied between 8.59% and 19.55%; it appeared as a steady component during the study period. ‘Provisions’ varied between 0.79% and 2.45%. This indicates that the company made a schedule of uniform provisioning of liabilities. The component ‘other liabilities’ varied between 5.91% and 10.51% and it remained more or less steady during the years 2006-07 to 2012-13 but increased in the years 2013-14 and 2014-15.

5.1.3 ANALYSIS OF THE STRUCTURE OF LIABILITIES: ASSET FINANCE COMPANIES (Aggregative)

Table 4.7 : Structure of Liabilities of Asset Finance Companies (Aggregative)

Year	Share Capital	Reserves & Surplus	Long Term Loan	Current Liabilities (Short Term Borrowings)	Provisions	Other Liabilities	Total Liabilities
2006-07	2.23%	8.69%	79.04%	8.38%	1.22%	0.45%	100.00%
2007-08	1.91%	9.94%	78.57%	7.88%	1.40%	0.30%	100.00%
2008-09	2.17%	10.68%	77.89%	6.77%	2.17%	0.31%	100.00%
2009-10	1.80%	12.78%	73.58%	8.84%	2.72%	0.27%	100.00%
2010-11	1.54%	14.43%	51.51%	30.95%	1.27%	0.30%	100.00%
2011-12	1.23%	13.81%	48.01%	35.69%	0.81%	0.45%	100.00%
2012-13	1.03%	13.71%	45.93%	37.97%	0.94%	0.41%	100.00%
2013-14	0.90%	14.10%	47.07%	36.36%	1.13%	0.45%	100.00%
2014-15	1.06%	14.20%	47.52%	35.67%	1.15%	0.40%	100.00%

Source: Computed from Annual Reports of the Selected Companies.

Figure 5.7: Structure of Liabilities of Asset Finance Companies (Aggregative)

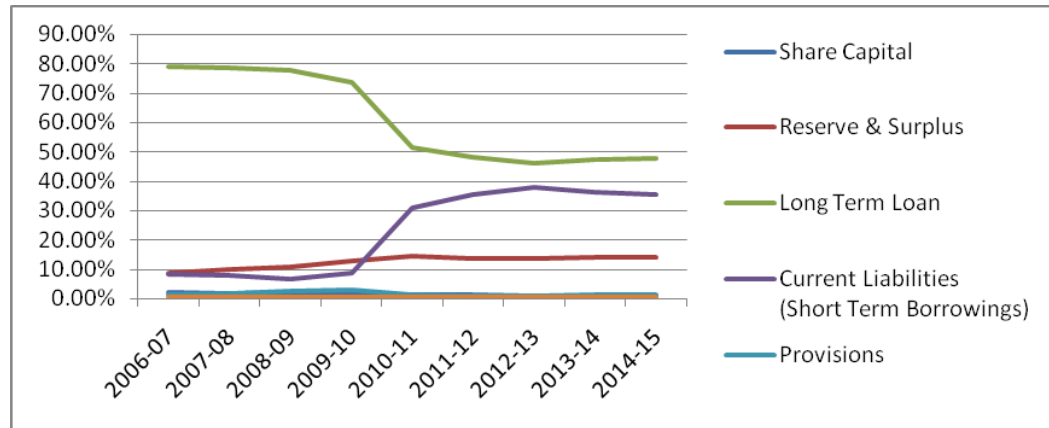


Table 5.7 & Figure 5.7 show that the structure of liabilities of the asset finance companies mainly comprised long term and short term borrowings. ‘Long term borrowings’ varied between 47.02% and 79.04%. The component ‘long term loan’ shows a decreasing trend from the year 2010-11 and from that year the component of ‘short term borrowings’ increased significantly and that continued during the remaining part of the study period. ‘Short term borrowings’ varied between 6.77% and 37.97%. From the year 2010-11 to 2014-15, ‘short term borrowings’ showed an

increasing trend, signifying that the company gave greater emphasis on ‘short term borrowings’ than on ‘long term borrowings’ during the period 2010-11 to 2014-15. The proportion of ‘share capital’ showed uniformity during the study period and it varied between 0.90% and 2.23%, implying thereby that the company issued a limited number of equity shares for financing. The ‘reserves and surplus’ component had been showing an increasing trend and it varied between 8.69% and 14.43% implying an increasing trend in the accumulation of profits during the study period. ‘Provisions’ show uniformity during the study period but it varied between 0.81% and 2.72%. The component ‘other liabilities’ also show a uniform trend and it varied between 0.27% and 0.45%.

5.1.4 ANALYSIS OF THE STRUCTURE OF LIABILITIES: ASSET FINANCE COMPANIES (Company-wise)

1. At first we make a critical analysis of the structure of liabilities of the company, Srei Equipment Finance Limited (SEFL) in the following paragraphs.

Table 5.8 : Structure of Liabilities of SEFL

Year	Share Capital	Reserves & Surplus	Long Term Loan	Current Liabilities (Short Term Borrowings)	Provisions	Other Liabilities	Total Liabilities
2006-07	2.67%	9.72%	81.91%	2.86%	1.18%	1.66%	100.00%
2007-08	2.04%	8.95%	84.33%	3.35%	1.05%	0.28%	100.00%
2008-09	2.36%	17.87%	75.38%	2.34%	1.18%	0.87%	100.00%
2009-10	1.38%	13.92%	77.95%	4.72%	0.88%	1.15%	100.00%
2010-11	3.62%	18.44%	72.37%	3.11%	1.20%	1.26%	100.00%
2011-12	2.49%	13.24%	38.48%	43.86%	0.16%	1.76%	100.00%
2012-13	2.22%	12.77%	40.49%	42.80%	0.22%	1.49%	100.00%
2013-14	2.07%	12.32%	39.49%	44.40%	0.21%	1.50%	100.00%
2014-15	2.02%	12.38%	37.87%	46.51%	0.17%	1.05%	100.00%

Source: Computed from Annual Reports of the Selected Companies.

Figure 5.8: Structure of Liabilities of SEFL

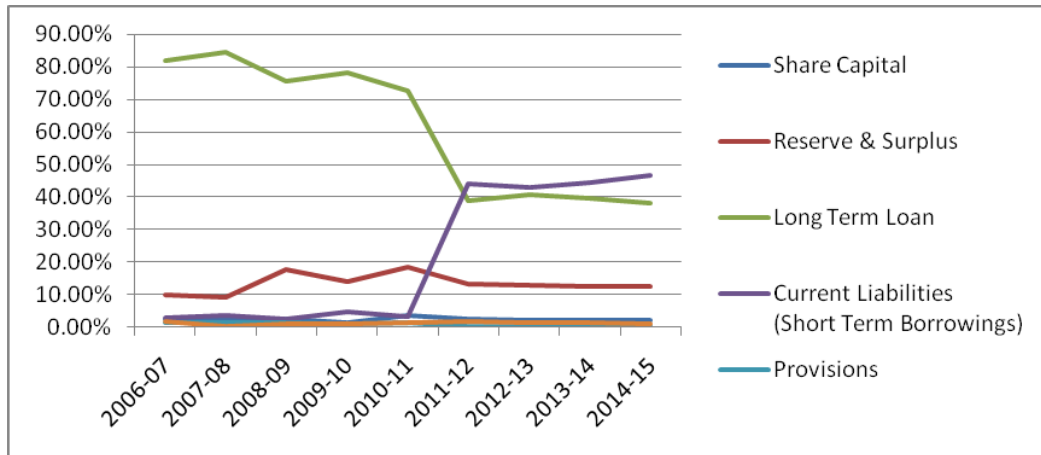


Table 5.8 & Figure 5.8 reveal that structure of liabilities of the company, SEFL, mainly comprised long term loan and short term loans. Majority of the liabilities during the years 2006-07 to 2010-11 comprised ‘long term loans’ and it varied between 72.37% and 84.33%. During the same period, the share of the ‘short term loan’ component of the company was relatively smaller and it varied between 2.34% and 4.72%. But from the year 2011-12 to 2014-15, the ‘long term loan’ decreased (varied between 37.87% and 40.49%) while the ‘short term loan’ significantly increased and its fluctuations ranged between 42.80% and 46.51%. It implies that the company put more emphasis on short term loan than on long term loan during this period. The proportion of ‘share capital’ remained almost constant during this period and it fluctuated between 1.37% and 3.62%. This fact implies that issuance of new shares was rarely observed to raise the capital. The proportion of ‘reserves & surplus’ remained almost stable during the study period and ranged between 8.95% and 18.44%. It signifies that the company has accumulated profits on a regular basis. The proportions of ‘provisions’ and ‘other liabilities’ also show uniformity during the different years of the study period and those two components varied between 0.16% to 1.18% and 0.28% to 1.76% respectively.

2. Structure of liabilities of another asset management company, Magma Fincorp Ltd. (MFL) in Table 5.9 and Figure 5.9.

.Table 5.9 : Structure of Liabilities of MFL

Year	Share Capital	Reserves & Surplus	Long Term Loan	Current Liabilities (Short Term Borrowings)	Provisions	Other Liabilities	Total Liabilities
2006-07	7.80%	8.44%	47.51%	33.25%	1.31%	1.70%	100.00%
2007-08	4.20%	7.39%	58.08%	27.76%	1.18%	1.39%	100.00%
2008-09	4.17%	8.26%	74.81%	10.48%	0.72%	1.56%	100.00%
2009-10	3.02%	7.17%	78.25%	9.36%	1.14%	1.05%	100.00%
2010-11	2.85%	9.01%	18.32%	67.39%	1.43%	1.00%	100.00%
2011-12	2.21%	12.99%	25.89%	57.39%	0.74%	0.79%	100.00%
2012-13	1.79%	10.37%	29.51%	56.48%	0.62%	1.24%	100.00%
2013-14	1.43%	11.12%	24.43%	60.41%	0.95%	1.66%	100.00%
2014-15	1.15%	10.86%	23.98%	61.29%	0.84%	1.88%	100.00%

Source: Computed from Annual Reports of the Selected Companies.

Figure 5.9: Structure of Liabilities of MFL

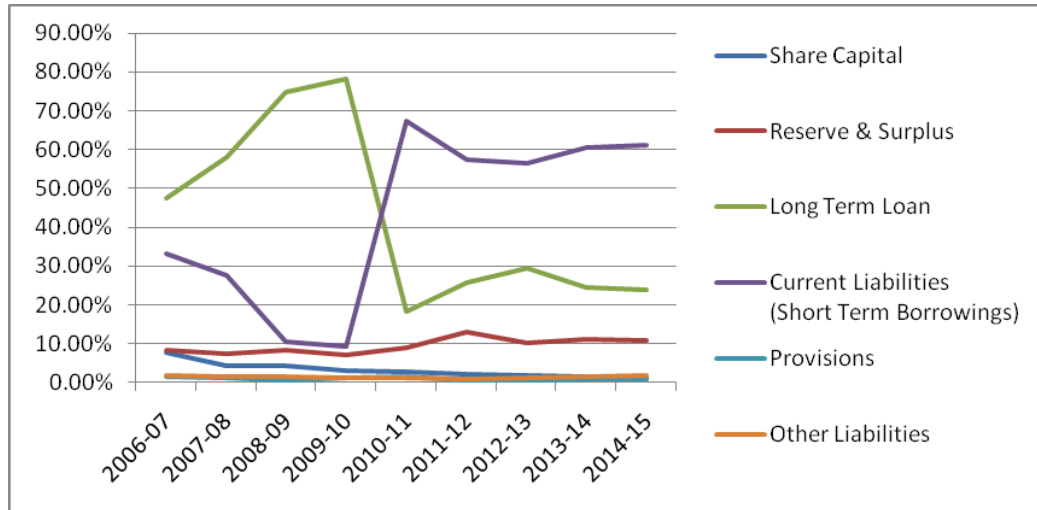


Table 5.9 & Figure 5.9 describe that proportion of ‘long term loans’ in the total liabilities shows a decreasing trend and proportion of ‘short term loans’, on the other hand, shows an increasing trend. From the year 2010-11, the proportion of ‘long term loans’, varying between 18.32% and 29.51%, decreased significantly from the highest 78.25% in 2009-10 and on the contrary, ‘short term loans’ increased significantly and continuously from the lowest 9.36% in 2009-10 to 61.29% in the last year under study

i.e. in 2014-15. The company visibly put greater emphasis on short term loans than on long term loan as a method of asset liability management. The proportion of 'share capital' shows a decreasing trend over the period. It, however, varied between 1.15% and 7.80% which signifies that is no major new issue of shares for financing. The proportion of 'reserves and surplus' shows almost an increasing trend that means this company accumulated profits on a regular basis. The proportion of 'provisions' remained almost constant during the study period and it varied between 0.62% and 1.43%. The same behaviour is noted for 'other liabilities'. They, however, varied between 0.79% and 1.88% during the period under study.

3. In the following paragraphs we describe the structure of liabilities of Shriram City Union Finance Limited (SCUFL).

Table 5.10 : Structure of Liabilities of SCUFL

Year	Share Capital	Reserves & Surplus	Long Term Loan	Current Liabilities (Short Term Borrowings)	Provisions	Other Liabilities	Total Liabilities
2006-07	2.81%	12.65%	68.02%	13.83%	1.11%	1.59%	100.00%
2007-08	1.70%	9.97%	79.33%	7.51%	1.13%	0.37%	100.00%
2008-09	0.84%	11.40%	79.44%	6.09%	1.43%	0.80%	100.00%
2009-10	0.79%	14.85%	74.70%	7.43%	1.87%	0.37%	100.00%
2010-11	0.53%	12.48%	47.79%	38.43%	0.63%	0.14%	100.00%
2011-12	0.41%	12.60%	53.46%	32.15%	0.62%	0.75%	100.00%
2012-13	0.34%	13.47%	53.36%	31.63%	0.59%	0.61%	100.00%
2013-14	0.36%	17.75%	56.16%	22.99%	1.92%	0.83%	100.00%
2014-15	0.35%	22.25%	45.26%	28.81%	2.39%	0.94%	100.00%

Source: Computed from Annual Reports of the Selected Companies.

Figure 5.10: Structure of Liabilities of SCUFL

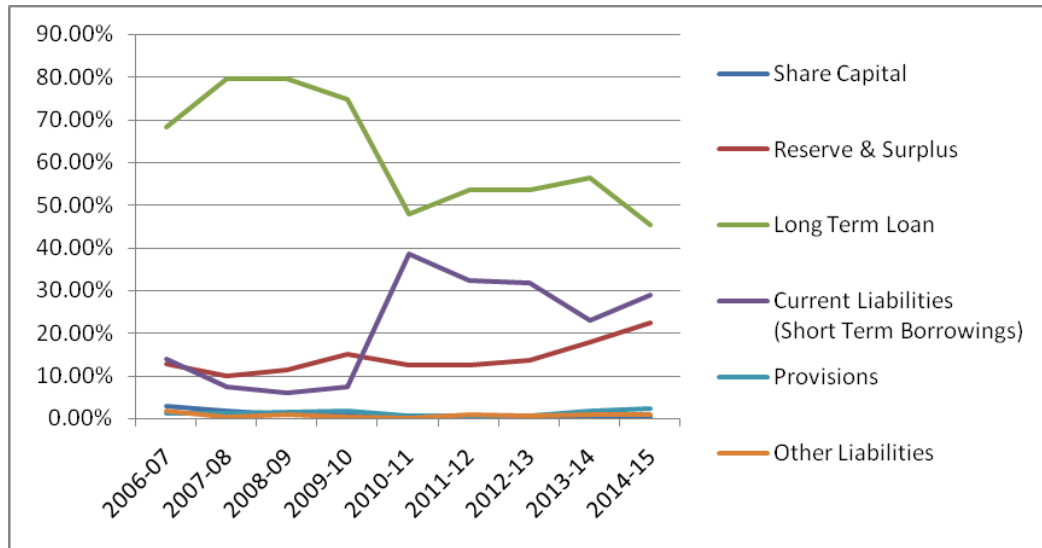


Table 5.10 & Figure 5.10 reveal that during the period from 2006-07 to 2009-10 the ‘long term loans’ had the lion’s share in the company’s liabilities structure and from the year 2010-11 to 2014-15, ‘long term loans’ decreased and ‘short term loans’ increased (varied between 22.99% and 38.43% in that period) and the long term and short term loans taken together accounted for a significant portion of its total liabilities. The proportion of ‘share capital’ shows a decreasing trend and it varied between 0.34% and 2.81%, implying thereby that company had not issued new capital to raise the funds during this period. The proportion of ‘reserves & surplus’ showed an increasing trend. It varied between 9.97% and 22.25%. This indicates that the company had accumulated the profits on a regular basis. The proportion of ‘provisions’ and ‘other liabilities’ remained almost constant during the study period and these varied between 0.59% to 1.87% and 0.14% to 1.59% respectively.

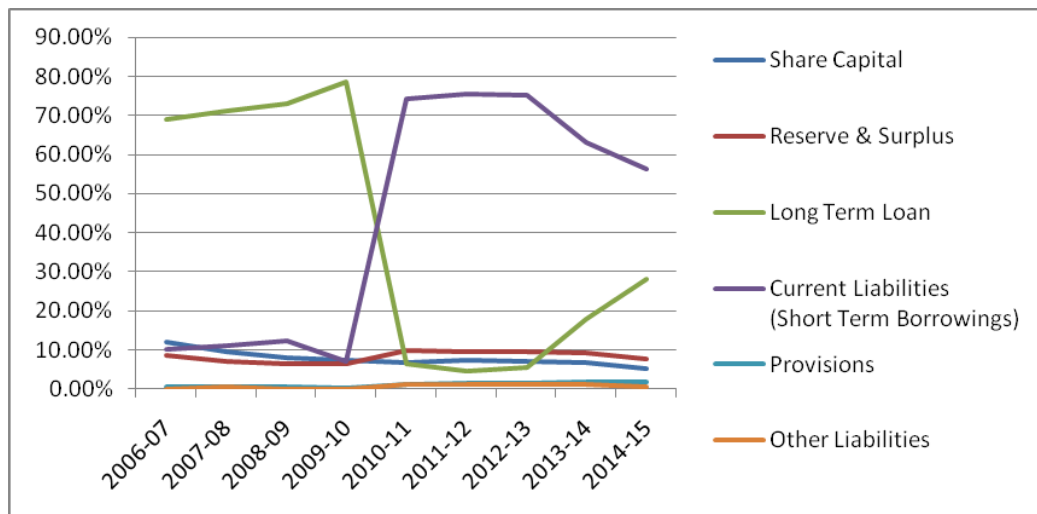
4. We now make a critical analysis of the liabilities of Sakthi Finance Limited (SFL). The following Table 5.11 and Figure 5.11 present the structure of liabilities of the company.

Table 5.11 : Structure of Liabilities of SFL

Year	Share Capital	Reserves & Surplus	Long Term Loan	Current Liabilities (Short Term Borrowings)	Provisions	Other Liabilities	Total Liabilities
2006-07	12.00%	8.52%	68.93%	10.09%	0.45%	0.00%	100.00%
2007-08	9.39%	7.23%	71.27%	11.13%	0.43%	0.55%	100.00%
2008-09	7.86%	6.50%	72.98%	12.12%	0.53%	0.00%	100.00%
2009-10	7.51%	6.61%	78.63%	6.98%	0.27%	0.00%	100.00%
2010-11	6.74%	9.82%	6.67%	74.53%	1.16%	1.09%	100.00%
2011-12	7.42%	9.66%	4.72%	75.62%	1.47%	1.10%	100.00%
2012-13	7.17%	9.42%	5.67%	75.27%	1.47%	1.00%	100.00%
2013-14	6.65%	9.19%	18.16%	63.33%	1.64%	1.02%	100.00%
2014-15	5.21%	7.83%	28.37%	56.26%	1.75%	0.57%	100.00%

Source: Computed from Annual Reports of the Selected Companies.

Figure 5.11: Structure of Liabilities of SFL



According to Table 5.11 & Figure 5.11 it appears that the proportion of 'share capital' shows a declining trend and it varied between 5.21% and 12% during the study period. This indicates that the company had not made significant issues of capital to raise the funds. The proportion of reserves & surplus was almost constant during the study period and it varied between 6.50% and 9.82%. The proportion of 'long term loan' during the period from the year 2006-07 to 2009-10 was in the higher side and represented a significant component in the liabilities and during the same time, the

component 'short term loans' was not in the higher side and varied between 6.98% and 12.12%. But from the year 2009-10 to 2014-15 the component 'long term loans' got significantly reduced and varied between 4.72% and 28.37%. During the same period, the component 'short term loans' significantly increased and varied between 56.26% and 75.62%. The component 'provisions' and 'other liabilities' were almost constant during the study period and varied between 0.43% to 1.75% and 0.55% to 1.10% respectively.

5. We present below the liability structure and the relative position of each of the components of total liability in the total liability position of DECCAN Finance Limited (DFL).

.Table 5.12: Structure of Liabilities of DFL

Year	Share Capital	Reserves & Surplus	Long Term Loan	Current Liabilities (Short Term Borrowings)	Provisions	Other Liabilities	Total Liabilities
2006-07	10.82%	22.30%	21.74%	43.37%	1.16%	0.62%	100.00%
2007-08	9.41%	25.15%	22.64%	41.08%	1.13%	0.59%	100.00%
2008-09	8.84%	26.65%	22.53%	40.16%	1.24%	0.59%	100.00%
2009-10	8.46%	28.32%	22.69%	38.65%	1.25%	0.63%	100.00%
2010-11	8.06%	29.16%	22.89%	37.58%	1.61%	0.71%	100.00%
2011-12	7.07%	30.51%	22.01%	37.96%	1.50%	0.95%	100.00%
2012-13	6.50%	32.97%	23.73%	34.74%	1.18%	0.88%	100.00%
2013-14	6.38%	34.98%	17.41%	38.06%	0.90%	2.27%	100.00%
2014-15	6.27%	39.38%	22.71%	29.37%	2.16%	0.12%	100.00%

Source: Computed from Annual Reports of the Selected Companies.

Figure 5.12: Structure of Liabilities of DFL

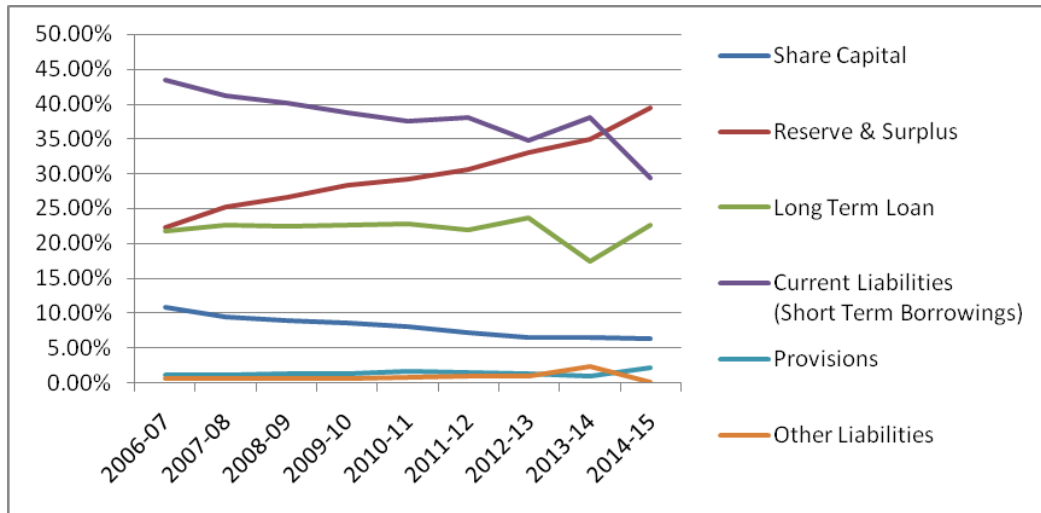


Table 5.12 & Figure 5.12 show that ‘short term loans or borrowings’ constitutes the large part of the total liability and the ‘long term loans’ comes next in respect of its share in the total liabilities. ‘Short term loans’ varied between 29.37% and 43.37% and it shows a decreasing trend. ‘Long term loans’ varied between 17.41% and 23.73% and shows almost a constant rate during the study period. It implies that the company was interested both in short term and long term financing but prefer short term financing a little higher to long term financing. The proportion of ‘share capital’ shows a decreasing trend and varied between 6.27% and 10.82%. It implies that the company had not issued major amount of fresh capital. The proportion of ‘reserves & surplus’ shows an increasing trend and it varied between 22.30% and 39.38% and it implies that company had accumulated its profits regularly. The proportion of ‘provision’ and ‘other liabilities’ remained almost constant during the study period and varied between 0.90% to 1.61% and 0.12% to 2.27% respectively.

6. The liability structure and the relative position of each of the components of total liability in the total liability position of IKF Finance Limited (IFL) are analyzed below. The structure of liability of the company is presented in Table 5.13 and Figure 5.13.

Table 5.13: Structure of Liabilities of IFL

Year	Share Capital	Reserves & Surplus	Long Term Loan	Current Liabilities (Short Term Borrowings)	Provisions	Other Liabilities	Total Liabilities
2006-07	25.33%	15.05%	51.33%	3.27%	3.59%	1.43%	100.00%
2007-08	24.13%	15.03%	52.28%	3.26%	3.74%	1.55%	100.00%
2008-09	22.35%	14.77%	54.26%	3.27%	3.63%	1.73%	100.00%
2009-10	22.02%	15.74%	53.03%	3.23%	3.87%	2.11%	100.00%
2010-11	17.44%	8.94%	11.26%	58.41%	2.87%	1.07%	100.00%
2011-12	14.27%	7.59%	9.23%	65.51%	1.65%	1.76%	100.00%
2012-13	11.73%	8.79%	4.60%	71.24%	2.16%	1.49%	100.00%
2013-14	9.67%	10.42%	12.15%	66.35%	0.77%	0.64%	100.00%
2014-15	16.58%	9.48%	23.36%	49.69%	0.33%	0.56%	100.00%

Source: Computed from Annual Reports of the Selected Companies.

Figure 5.13: Structure of Liabilities of IFL

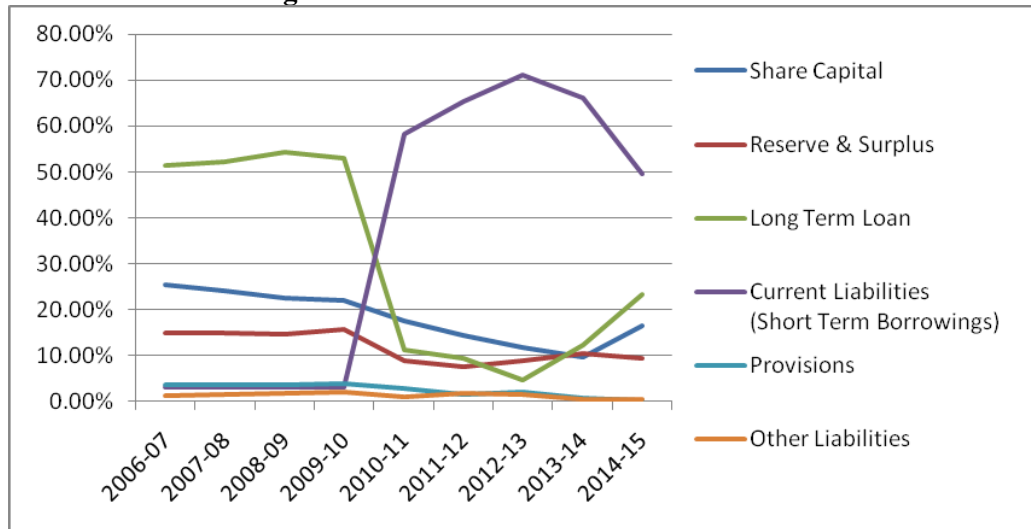


Table 5.13 & Figure 5.13 indicate that the liability structure mainly comprised short term and long term loans. From the year 2006-07 till 2009-10, the share of ‘long term loan’ was higher while during the same period, the proportion of ‘short term loans’ was lower. But from 2010-11 to 2014-15, the situation was completely opposite, i.e., the proportion of ‘long term loans’ was lower and the proportion of ‘short term loans’ was higher. It implies that the company had given greater preference to short term loans than long term loans during the period 2010-11 to 2014-15 under study. The proportion of ‘share capital’ shows a decreasing trend and it varied between 9.67%

(2013-14 – the penultimate year under study) and 25.33% (2006-07 – the initial year under study). This is an indicator of the fact that during the study period the company had not resorted to any financing method that involved fresh issue of shares. The proportion of ‘reserves & surplus’ shows almost a steady rate during the study period but shows a declining trend from the year 2010-11 to 2014-15. This signifies that the accumulation of profits was lower during the study period. The proportion of ‘provisions’ also shows a declining trend and it varied between 0.33% and 3.87%. The decreasing rates in the proportion of ‘provisions’ might be due to decrease in the profits. The proportion of ‘other liabilities’ showed almost a constant rate during the study period and varied between 0.56% and 2.11%.

7. Next to take up Galada Finance Limited (GFL) for a critical analysis of its structure of liabilities. The following Table 5.14 and Figure 5.14 present the structure of liabilities of the company.

Table 5.14: Structure of Liabilities of GFL

Year	Share Capital	Reserves & Surplus	Long Term Loan	Current Liabilities (Short Term Borrowings)	Provisions	Other Liabilities	Total Liabilities
2006-07	43.40%	20.15%	14.13%	18.80%	2.78%	0.73%	100.00%
2007-08	42.42%	20.27%	15.03%	18.67%	2.85%	0.77%	100.00%
2008-09	40.82%	20.49%	15.28%	19.69%	2.90%	0.82%	100.00%
2009-10	38.53%	20.62%	15.79%	21.32%	2.83%	0.90%	100.00%
2010-11	26.24%	15.43%	7.55%	48.41%	1.93%	0.45%	100.00%
2011-12	24.65%	16.69%	13.07%	43.52%	1.81%	0.27%	100.00%
2012-13	26.03%	18.22%	14.29%	37.57%	3.71%	0.18%	100.00%
2013-14	30.44%	22.64%	9.51%	34.84%	2.23%	0.33%	100.00%
2014-15	32.82%	28.57%	6.25%	29.87%	2.40%	0.09%	100.00%

Source: Computed from Annual Reports of the Selected Companies.

Figure 5.14: Structure of Liabilities of GFL

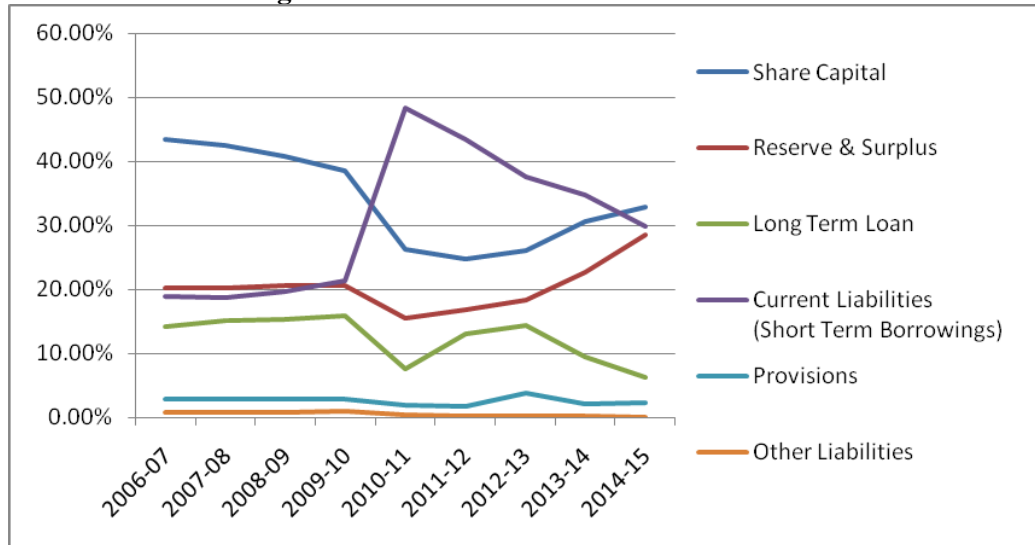


Table 5.14 & Figure 5.14 show that the liability structure mainly comprised of ‘share capital’ and ‘short term loans’, although the composition of ‘share capital’ showed a decreasing trend during the entire period of our study. It implies that the company had mainly concentrated on financing through issue of share capital. The proportion of long term loans remained almost on a steady path and it varied between 6.25% and 15.79%. The share of ‘short term loans’ was higher than that of the ‘long term loans’. Initially during 2006-07 to 2010-11, it showed an increasing trend but from 2011-12 to 2014-15, it showed a decreasing trend. On the other hand, the proportion of ‘short term loans’ was much higher than ‘long term loans’. This indicates that the company had higher preference for short term source of financing in relation to long term sources. The ‘reserves & surplus’ was almost constant during the study period and it varied between 15.43% and 28.57%. It implies that company had regularly accumulated the profits. The components like ‘provisions’ and ‘other liabilities’ were almost constant during the study period; they varied between 1.81% to 3.71% and 0.09% to 0.90% respectively.

8. Now we analyze the liability structure of Mahindra & Mahindra Financial Services Ltd. (MMFSL) which is presented in Table 5.15 and Figure 5.15.

Table 5.15: Structure of Liabilities of MMFSL

Year	Share Capital	Reserves & Surplus	Long Term Loan	Current Liabilities (Short Term Borrowings)	Provisions	Other Liabilities	Total Liabilities
2006-07	1.34%	11.09%	78.13%	8.14%	1.29%	0.02%	100.00%
2007-08	1.35%	17.42%	72.10%	6.93%	2.18%	0.02%	100.00%
2008-09	1.28%	18.55%	69.90%	7.35%	2.88%	0.04%	100.00%
2009-10	1.04%	18.03%	70.96%	6.53%	3.41%	0.03%	100.00%
2010-11	0.74%	17.61%	51.09%	27.84%	2.68%	0.03%	100.00%
2011-12	0.53%	15.08%	53.38%	28.79%	2.18%	0.04%	100.00%
2012-13	0.42%	16.50%	53.11%	27.43%	2.46%	0.09%	100.00%
2013-14	0.33%	15.21%	55.39%	26.26%	2.70%	0.11%	100.00%
2014-15	0.29%	15.09%	45.35%	36.07%	3.07%	0.13%	100.00%

Source: Computed from Annual Reports of the Selected Companies

Figure 5.15: Structure of Liabilities of MMFSL

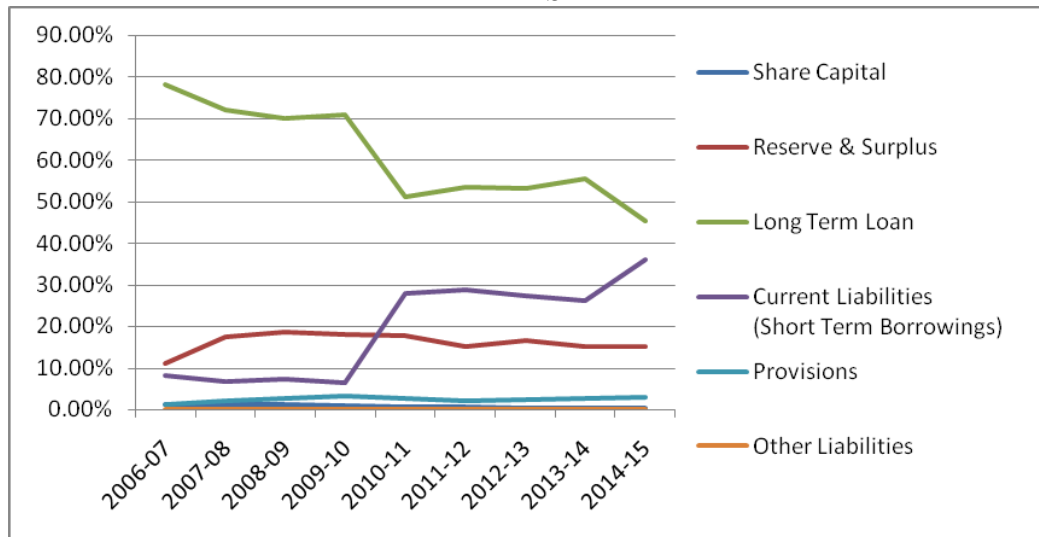


Table 5.15 & Figure 5.15 reveal that the liability structure of the company mainly comprised of the 'long term loans'. From the year 2006-07 to 2009-10, the proportion of 'long term loans' was much higher and it varied between 69.90% and 78.13%. During the same period, the proportion of 'short term loans' was on the higher side and it varied between 6.53% and 8.14%. From the year 2010-11 to 2014-15, the proportion of 'long term loans' decreased steadily but still it constituted to be the major part of liabilities and varied between 45.35% and 53.38%. During that period,

the proportion of 'short term loans' had increased significantly and varied between 27.43% and 36.07%. It implies that during that period, the company concentrated more on short term loans than on long term loans. The proportion of 'share capital' was almost constant during the study period and it varied between 0.29% and 1.35%. The proportion of 'reserves and surplus' also showed a steady rate during the study period and it varied between 15.08% and 18.55%. It implies that the company had accumulated the profits regularly. The proportions of 'provisions' and 'other liabilities' also showed a constant rate during the study period; they varied between 1.29% and 3.07% and between 0.02% and 0.13% respectively.

9. Below is presented the liability structure and the relative shares of each components of the liability of L & T Finance Limited (LTFL) (See Table 5.16 and Figure 5.16).

Table 5.16: Structure of Liabilities of LTFL

Year	Share Capital	Reserves & Surplus	Long Term Loan	Current Liabilities (Short Term Borrowings)	Provisions	Other Liabilities	Total Liabilities
2006-07	4.01%	8.19%	82.16%	5.15%	0.49%	0.00%	100.00%
2007-08	3.63%	10.40%	78.60%	5.97%	0.85%	0.56%	100.00%
2008-09	3.82%	11.44%	80.37%	2.88%	0.76%	0.73%	100.00%
2009-10	2.70%	11.66%	81.80%	2.41%	1.16%	0.28%	100.00%
2010-11	2.07%	13.49%	49.47%	34.71%	0.12%	0.14%	100.00%
2011-12	1.72%	12.95%	55.78%	29.24%	0.15%	0.16%	100.00%
2012-13	1.60%	12.54%	42.42%	42.84%	0.48%	0.13%	100.00%
2013-14	1.45%	11.86%	43.20%	43.24%	0.12%	0.13%	100.00%
2014-15	1.49%	12.83%	47.85%	37.48%	0.19%	0.16%	100.00%

Source: Computed from Annual Reports of the Selected Companies

Figure 5.16: Structure of Liabilities of LTFL

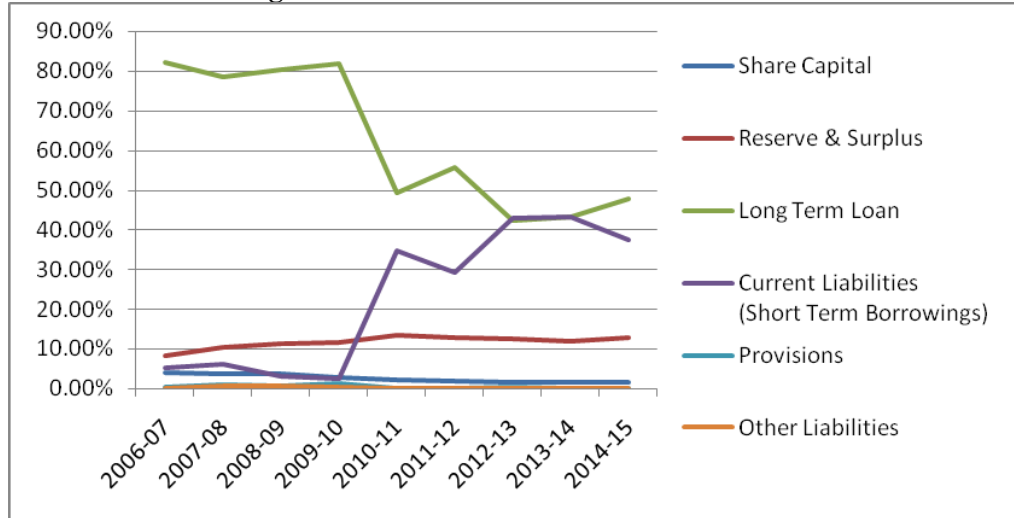


Table 5.16 & Figure 5.16 indicate that the liability structure mainly comprised of short term and long term loans. From the year 2006-07 to 2009-10, the share of ‘long term loans’ was higher and during that period, the proportion of ‘short term loans’ has been lower. But from 2010-11 to 2014-15, it displays a reverse situation, i.e. the proportion of ‘long term loans’ was lower and the proportion of ‘short term loans’ was higher. It implies that the company gave more preference on short term loans than that of long term loans during the later period i.e. from 2010-11 to 2014-15 under study. The proportion of ‘share capital’ shows a decreasing trend and it varied between 1.45% and 4.01%. It implies that the company had not issued new share capital for financing during the study period. The proportion of ‘reserves & surplus’ almost displays a steady state hovering around 8.19% to 13.49% on an average; thus it signifies that the company has accumulated profits regularly. The proportions of ‘provisions’ and ‘other liabilities’ have been almost stable during the study period and varied between 0.19% and 1.16% and between 0.13% and 0.73% respectively.

10. Analysis of the liability structure of Shriram Transport Finance Company Limited (STFCL) is presented below in Table 5.17 and Figure 5.17.

Table 5.17: Structure of Liabilities of STFCL

Year	Share Capital	Reserves & Surplus	Long Term Loan	Current Liabilities (Short Term Borrowings)	Provisions	Other Liabilities	Total Liabilities
2006-07	1.39%	7.45%	82.21%	7.40%	1.37%	0.18%	100.00%
2007-08	1.34%	8.60%	80.87%	7.51%	1.48%	0.20%	100.00%
2008-09	1.00%	8.27%	80.52%	8.48%	1.73%	0.00%	100.00%
2009-10	0.86%	13.38%	68.44%	14.18%	3.14%	0.00%	100.00%
2010-11	0.72%	14.79%	50.03%	33.87%	0.59%	0.00%	100.00%
2011-12	0.63%	16.12%	50.01%	32.73%	0.51%	0.00%	100.00%
2012-13	0.51%	15.54%	48.76%	34.56%	0.64%	0.00%	100.00%
2013-14	0.46%	16.35%	50.73%	31.87%	0.60%	0.00%	100.00%
2014-15	0.37%	14.54%	57.44%	27.00%	0.65%	0.00%	100.00%

Source: Computed from Annual Reports of the Selected Companies

Figure 5.17: Structure of Liabilities of STFCL

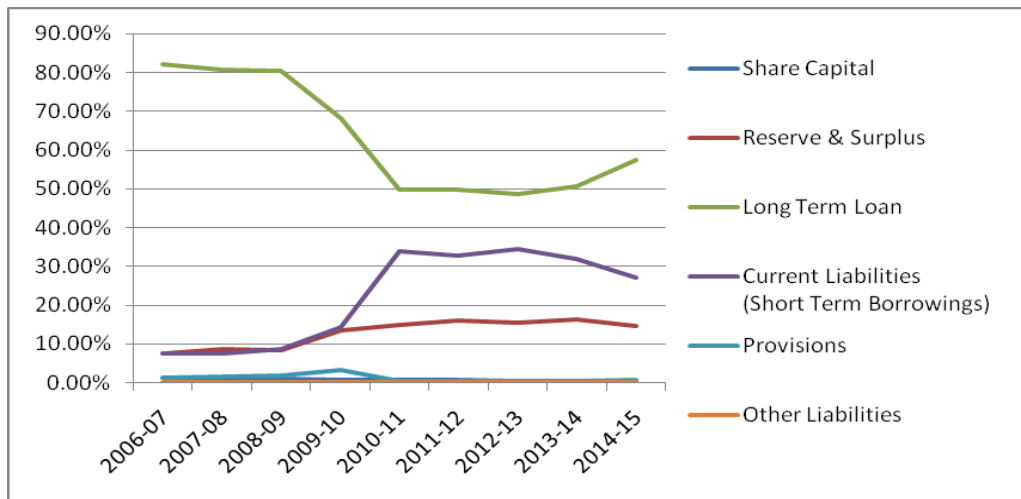


Table 5.17 & Figure 5.17 reveal that the liability structure of the company mainly comprised of 'long term loans'. From the year 2006-07 to 2009-10, the proportion of long term loans has been significantly higher and it varied between 68.44% and 82.21% and during that period, the proportion of 'short term loans' was not on the higher side and it varied between 7.40% and 14.18%. From the year 2010-11 to 2014-15, the proportion of 'long term loans' had been decreasing but still it accounted for the major part of liabilities and varied between 48.76% and 57.44%. During that time,

the proportion of short term loans had increased significantly and it varied between 27% and 34.56%. It implies that during that period, the company gave emphasis both on long term and short term loans. The proportion of 'share capital' had remained almost constant during the study period and it varied between 0.37% and 1.39%. The proportion of 'reserves and surplus' also shows a steady rate during the study period and it varied between 7.45% and 16.35%. It implies that the company had accumulated the profits regularly. The proportion of 'provision' ranges between 0.59% in 2010-11 to 3.14% in 2009-10. This means that year 2009-10 registered the highest share of 3.14% in respect of statutory liabilities but interestingly, in the immediately following year experienced the lowest share in percentage (0.59%). The percentage of 'provisions', hovered around 0.60 % (between 0.51% and 0.65%) during the years following 209-10. The 'other liabilities' were almost non-existent.

11. Now we present the liability structure and the relative position of each of the components of total liability in the total liability position of Ceejay Finace Limited (CFL). The Table 5.18 and Figure 5.18 give the percentage share of each of the liability components of the CFL.

Table 5.18: Structure of Liabilities of CFL

Year	Share Capital	Reserves & Surplus	Long Term Loan	Current Liabilities (Short Term Borrowings)	Provisions	Other Liabilities	Total Liabilities
2006-07	12.64%	29.52%	51.24%	4.79%	1.81%	0.00%	100.00%
2007-08	12.50%	29.95%	50.82%	4.87%	1.86%	0.00%	100.00%
2008-09	12.00%	30.25%	50.54%	5.15%	2.06%	0.00%	100.00%
2009-10	10.70%	30.86%	51.59%	4.86%	1.99%	0.00%	100.00%
2010-11	9.02%	29.70%	2.25%	54.75%	4.10%	0.19%	100.00%
2011-12	8.32%	33.13%	0.87%	54.81%	2.64%	0.24%	100.00%
2012-13	7.83%	38.45%	0.13%	50.15%	3.21%	0.23%	100.00%
2013-14	7.73%	45.05%	0.00%	45.65%	1.33%	0.24%	100.00%
2014-15	6.92%	46.56%	0.00%	45.12%	1.18%	0.22%	100.00%

Source: Computed from Annual Reports of the Selected Companies

Figure 5.18: Structure of Liabilities of CFL

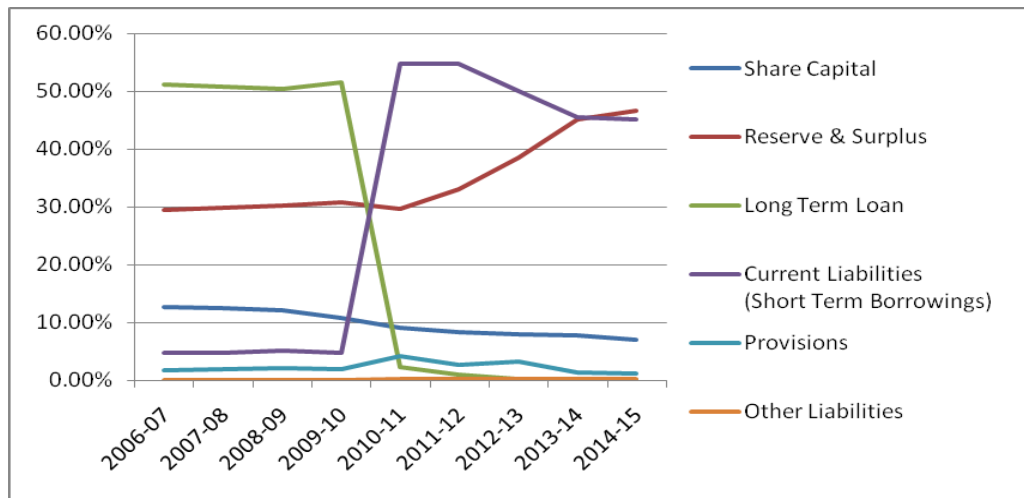


Table 5.18 & Figure 5.18 indicate that the liability structure of the company mainly comprised of short term and long term loans. From the year 2006-07 to 2009-10, the share of ‘long term loans’ was higher and during that time the proportion of ‘short term loans’ were lower and between 2010-11 and 2014-15, the situation was completely opposite, i.e., the proportions of ‘long term loans’ were lower and the proportions of ‘short term loans’ in the total liability of the company were higher. It implies that the company gave more preference on short term loans to that of long term loans during the period 2010-11 to 2014-15 under study. The proportion of ‘share capital’ shows a decreasing trend and it varied from 6.92% to 12.64%. It implies that the company had not issued ‘new share capital’ for financing purpose during the study period. The proportion of ‘reserves & surplus’ shows a steadily increasing rate during the study period and varied from 29.52% to 46.56%. It signifies that the accumulation of profits had grown up during the study period. The proportion of provisions shows almost constant position during the study period and it varied from 1.18% to 4.10%. The role of ‘other liabilities’ in the total liability structure of the company was negligible during 2010-11 to 2014-15. It varied between 0.19% and 0.24% (see Figure above).

12. The structural analysis of the liabilities of Intec Capital Limited (ICL) is presented in the following paragraphs. The analysis of the liability structure is presented in the Table 5.19 and Figure 5.19.

Table 5.19: Structure of Liabilities of ICL

Year	Share Capital	Reserves & Surplus	Long Term Loan	Current Liabilities (Short Term Borrowings)	Provisions	Other Liabilities	Total Liabilities
2006-07	6.24%	11.25%	79.19%	0.77%	2.54%	0.01%	100.00%
2007-08	6.08%	11.30%	79.28%	0.81%	2.51%	0.01%	100.00%
2008-09	5.86%	11.82%	78.94%	0.85%	2.52%	0.02%	100.00%
2009-10	5.51%	12.27%	78.84%	0.84%	2.53%	0.03%	100.00%
2010-11	3.92%	11.78%	23.45%	53.30%	2.43%	5.12%	100.00%
2011-12	3.10%	13.69%	23.85%	56.93%	2.40%	0.04%	100.00%
2012-13	3.58%	16.54%	28.54%	50.24%	1.04%	0.07%	100.00%
2013-14	2.47%	18.66%	32.85%	44.48%	1.53%	0.00%	100.00%
2014-15	2.41%	18.88%	33.27%	44.75%	0.69%	0.00%	100.00%

Source: Computed from Annual Reports of the Selected Companies.

Figure 5.19: Structure of Liabilities of ICL

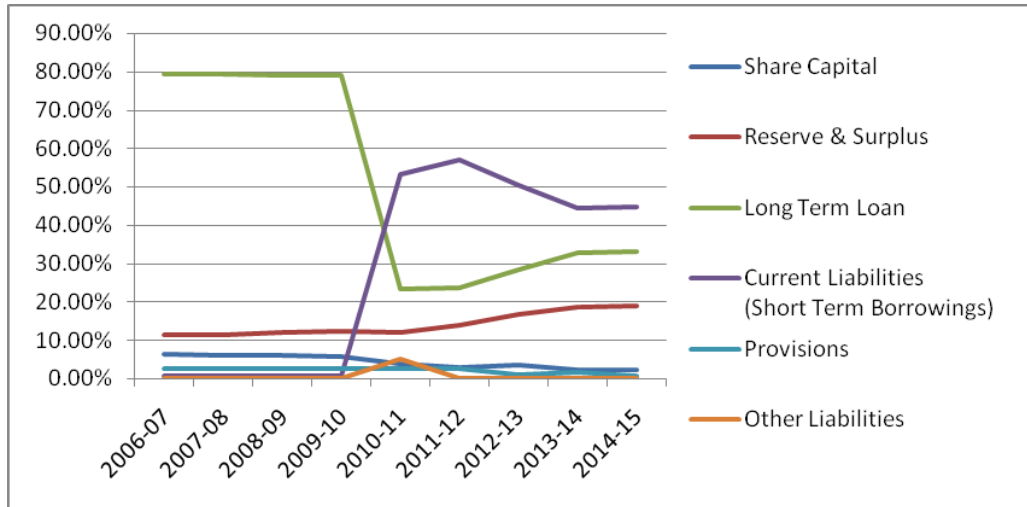


Table 5.19 & Figure 5.19 reveal that from the year 2006-07 to 2009-10, long term loans had been the main component of the liability structure and from the year 2010-11 to 2014-15 its share, however, decreased and that of the 'short term loan' increased during that period. Long term and short term loans accounted for a large portion of the liability structure of the company. It implies that from the year 2010-11 to 2014-15,

the company gave more emphasis on short term loans than on long term loans. The proportion of share capital shows a decreasing trend and it varied between 2.41% and 6.24%. It implies that company did not issue new capital to raise funds. The proportion of reserves & surplus shows an increasing trend and it varied between 11.25% and 18.88%. It implies that the company had accumulated profits on a regular basis. The proportion of provisions almost remained constant during the study period and it varied between 0.69% and 2.54%. The proportion of 'other liabilities' also remained constant during the study period except in the year 2010-11 where the proportion of the same was quite higher.

13. Now we describe the liability structure of the company, Cholamandalam Investment & Finance Company Limited (CIFCL). In Table 5.20 and Figure 5.20 we present the percentage share and diagrammatic representation of each component of the total liability of the company CIFCL.

Table 5.20: Structure of Liabilities of CIFCL

Year	Share Capital	Reserves & Surplus	Long Term Loan	Current Liabilities (Short Term Borrowings)	Provisions	Other Liabilities	Total Liabilities
2006-07	1.01%	7.23%	85.88%	4.69%	1.04%	0.14%	100.00%
2007-08	0.81%	7.43%	84.14%	6.05%	1.43%	0.14%	100.00%
2008-09	5.31%	5.03%	78.13%	5.19%	6.34%	0.00%	100.00%
2009-10	5.25%	5.53%	78.35%	4.67%	6.20%	0.00%	100.00%
2010-11	1.22%	9.67%	58.44%	27.36%	3.31%	0.00%	100.00%
2011-12	0.98%	9.42%	53.58%	34.64%	1.37%	0.00%	100.00%
2012-13	0.79%	9.93%	46.28%	41.80%	1.22%	0.00%	100.00%
2013-14	0.66%	9.95%	46.31%	41.96%	1.12%	0.00%	100.00%
2014-15	2.70%	10.60%	53.58%	32.85%	0.28%	0.00%	100.00%

Source: Computed from Annual Reports of the Selected Companies.

Figure 5.20: Structure of Liabilities of CIFCL

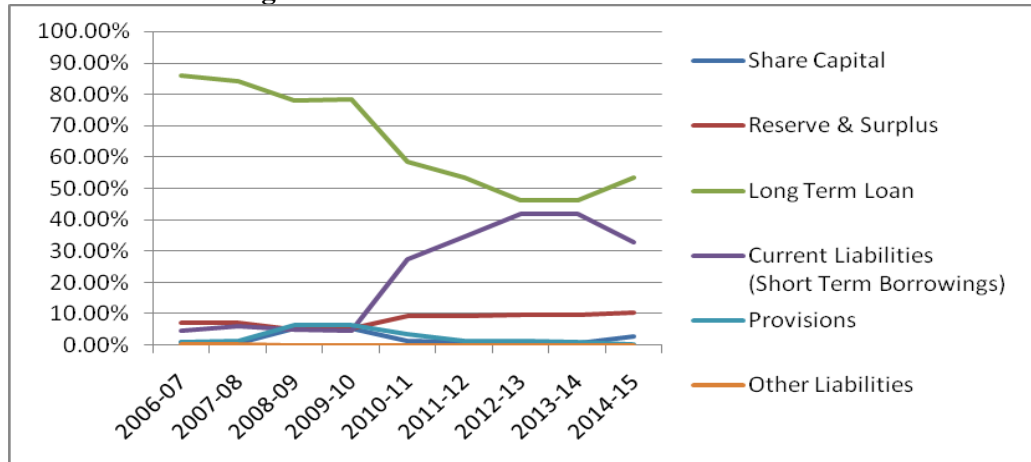


Table 5.20 & Figure 5.20 show that the main components of the liability structure of the company accounting for a large share in the total liability of the company were short term and long term loans. From the year 2006-07 to 2009-10, the component ‘long term loans’ had been quite high in relation to that during the following years i.e. 2010-11 to 2014-15. However, the proportion of ‘short term loans’ in the total liability structure was, on average, on the ascending path. The financial requirement of the company for 2010-11 to 2014-15 was met mostly by short term loans, as long term borrowings declined in that period. The proportion of ‘share capital’ shows a fluctuating pattern and it varied between 0.81% and 5.31%. It implies that the company had not issued new share capital for financing during the study period. The proportion of ‘reserves & surplus’ shows almost a steady rate during the study period. It indicated that the company had accumulated the profits regularly. The proportion of ‘provisions’ experienced an abrupt rise during 2008-09 and 2009-10. But thereafter it steadily declined from 6.34% and 6.20% in 2008-09 and 2009-10 to less than 1%, on an average.

Till now we have analyzed the pattern of total liabilities and their components. The data show that all the companies experienced fluctuations of small, medium and high amplitudes during the period of study. During certain periods, some of these

components showed increasing, declining, or more or less stable trends. It is almost the same for all the companies that the total liabilities consisted of mainly three components. They are, 'long term loans', 'short term borrowings', 'reserves and surplus'. For some companies, however, 'share capital' constituted a large part of the total liability of the company. The above analysis is mostly based on descriptive statistical measure.

In the following section, trend growth rates have been estimated using statistical trend analysis tool.

5.2 TREND GROWTH ANALYSIS

Trend analysis is the process to find out the current trends in order to predict future ones and it is useful for comparative analysis over the time period.

In our study, trend growth analysis in respect of selected performance indicators has been carried out in order to understand how the NBFCs have performed over the selected time period. Moreover, the analysis will indicate how the NBFCs have been performing and also where they have been underperforming. Finally, it will also provide us some clues or signals to decision making.

To calculate the trend growth rate of the selected performance indicators, semi-log trend growth model has been applied in the study. Further, the semi-log model has been selected since it gives the growth rate directly at a point of time.

Trend line equation is given by

$$\text{Log } Y = a + bt + U_t$$

where Y is the dependent variable, 'a' is the constant term, 'b' represents annual growth rate, 't' represents time, and U_t represents random disturbance term. In our study, Y indicates performance indicators of the companies such as Share Capital, Reserves & Surplus, Long Term Loans (Liabilities), Short Term Loans (Liabilities), Provisions, and Other Liabilities.

The regression results showing the annual growth rates of the companies in respect of liabilities of the selected investment companies, in both the aggregative and company wise analyses, are presented in the following tables from 5.21 to 5.26 for the companies, one by one.

5.2.1 TREND GROWTH RATES OF LIABILITIES OF SELECTED PERFORMANCE INDICATORS OF INVESTMENT COMPANIES (AGGREGATIVE AND COMPANY WISE)

Table 5.21: Trend Growth Rates of Share Capital as Performance Indicator` (Liabilities) of Investment Companies

Companies	R ²	Constant (a)	Growth Rate (%)	F Value	Comments
Aggregate (All Sample Companies taken together)	0.669	4.974 (134.246)	5.4*** (3.757)	14.117	Positive and Significant
BACL	0.290	2.914 (130.573)	1.5 ⁱ (1.689)	2.853	Positive and Insignificant
SCL	0.706	4.339 (957.897)	0.7*** (4.103)	16.834	Positive and Significant
LTIDPL	0.340	4.548 (72.302)	4.6 ⁱ (1.899)	3.605	Positive and Insignificant
REL	0.838	4.188 (203.577)	4.8*** (6.018)	36.220	Positive and Significant
ILFSL	0.605	4.214 (54.787)	9.8** (3.277)	10.740	Positive and Significant

Source: Computed

Notes:

- i. The trend co-efficient (represented by 'b') has been multiplied by 100 to express the growth rate in percentage form.
- ii. *** marked values indicate significant at 1% level (Two tailed)
- iii. ** marked value indicates significant at 5% level (Two tailed)
- iv. *i* marked value indicates insignificant
- v. Figures in bracket indicate 't' value
- vi. d.f. = (n-k-1) > (9-1-1) =7

Interpretation of regression results (Table 5.21): All the investment companies have positive growth rate in share capital but only three companies have growth rates which are statistically significant. Those three companies are SCL, REL, and ILFSL. It may further be noted that the rate of growth is not on the higher side for all the companies; it implies that the volume of share capital of the selected investment companies has not increased during the period under study. The aggregate growth rate of ‘share capital’ for all the sample investment companies taken together is positive and statistically significant.

Table 5.22: Trend Growth Rates of Reserves & Surplus as Performance Indicator (Liabilities) of Investment Companies

Companies	R ²	Constant (a)	Growth Rate (%)	F Value	Comments
Aggregate (All Sample Companies taken together)	0.966	6.004 (331.949)	9.9*** (14.165)	200.661	Positive and Significant
BACL	0.615	4.324 (77.831)	7.2** (3.343)	11.174	Positive and Significant
SCL	0.959	5.586 (239.353)	11.5*** (12.755)	162.689	Positive and Significant
LTIDPL	0.914	5.199 (192.171)	9.0*** (8.616)	74.235	Positive and Significant
REL	0.754	5.263 (87.613)	10.8*** (4.633)	21.468	Positive and Significant
ILFSL	0.664	5.431 (136.206)	5.7*** (3.722)	13.856	Positive and Significant

Source: Computed

Notes:

- i. The trend co-efficient (represented by ‘b’) has been multiplied by 100 to express the growth rate in percentage form.
- ii. *** marked values indicate significant at 1% level (Two tailed)
- iii. ** marked value indicates significant at 5% level (Two tailed)
- iv. *i* marked value indicates insignificant
- v. Figures in bracket indicate ‘t’ value
- vi. d.f. = (n-k-1) > (9-1-1) =7

Interpretation of regression results (Table 5.22): From the above, it is evident that the growth rates of reserves & surplus of the selected investment companies are found to be positive during the study period; these are statistically significant either at 1% or at 5% level. Higher growth rate in reserves & surplus indicates high accumulation of profits over the years and higher accumulation of net worth of the shareholders. The aggregate growth rate of ‘reserves & surplus’ for all the sample investment companies taken together is, however, positive and statistically significant.

Table 5.23: Trend Growth Rates of Long Term Loans as Performance Indicator (Liabilities) of Investment Companies

Companies	R ²	Constant (a)	Growth Rate (%)	F Value	Comments
Aggregate (All Sample Companies taken together)	0.819	6.529 (185.462)	7.7*** (5.622)	31.604	Positive and Significant
BACL	0.360	3.966 (56.471)	5.4 ⁱ (1.982)	3.929	Positive and Insignificant
SCL	0.677	6.292 (293.641)	3.2*** (3.834)	14.703	Positive and Significant
LTIDPL	0.232	4.128 (24.707)	9.4 ⁱ (1.453)	2.110	Positive and Insignificant
REL	0.678	5.611 (69.702)	12.0*** (3.838)	14.731	Positive and Significant
ILFSL	0.683	5.828 (61.428)	14.3*** (3.886)	15.103	Positive and Significant

Source: Computed

Notes:

- i. The trend co-efficient (represented by ‘b’) has been multiplied by 100 to express the growth rate in percentage form.
- ii. *** marked values indicate significant at 1% level (Two tailed)
- iii. ** marked value indicates significant at 5% level (Two tailed)
- iv. *i* marked value indicates insignificant
- v. Figures in bracket indicate ‘t’ value
- vi. d.f. = (n-k-1) > (9-1-1) =7

Interpretation of regression results (Table 5.23): From the above, we find that there is a positive growth rate of long term loans and advances of the selected investment companies and they are statistically significant at 1% probability level except for two companies. Higher growth in the long term loans and advances taken by the company indicates the long term availability of the funds to provide long term loans to the borrowers; it might have resulted in the higher interest income for the companies. But there is also a risk element for the long term loans taken, if the long term loans given out of that fund are found to be unrealizable due to inefficient credit management and bad credential of the borrowers. The aggregate growth rate of ‘long term loans’ for all the sample investment companies taken together is positive and statistically significant either at 1% level or 5% level.

Table 5.24: Trend Growth Rates of Short Term Loans as Performance Indicator (Liabilities) of Investment Companies

Companies	R ²	Constant (a)	Growth Rate (%)	F Value	Comments
Aggregate (All Sample Companies taken together)	0.976	6.043 (248.022)	15.8*** (16.783)	281.676	Positive and Significant
BACL	0.563	3.026 (31.699)	11.1** (3.001)	9.004	Positive and Significant
SCL	0.939	5.726 (141.613)	16.3*** (10.424)	108.667	Positive and Significant
LTIDPL	0.650	4.055 (31.939)	17.7*** (3.603)	12.983	Positive and Significant
REL	0.941	5.425 (130.210)	17.7*** (10.579)	111.913	Positive and Significant
ILFSL	0.422	5.320 (40.711)	11.4 ⁱ (2.262)	5.115	Positive and Insignificant

Source: Computed

Notes:

- i. The trend co-efficient (represented by ‘b’) has been multiplied by 100 to express the growth rate in percentage form.

- ii. *** marked values indicate significant at 1% level (Two tailed)
- iii. ** marked value indicates significant at 5% level (Two tailed)
- iv. *i* marked value indicates insignificant
- v. Figures in bracket indicate 't' value
- vi. d.f. = (n-k-1) > (9-1-1) = 7

Interpretation of regression results (Table 5.24): The results reveal that the growth rate of the short term loans and advances taken by the selected investment companies are positive and statistically significant except for one company. The higher volume of short term loans taken can promote some short term financial instruments among the borrowers at higher rate of interest but it also increases risk in the short term. The aggregate growth rate of 'short term loans' for all the sample investment companies taken together is positive and statistically significant either at 1% level or 5% level.

Table 5.25: Trend Growth Rates of Provisions as Performance Indicator (Liabilities) of Investment Companies

Companies	R ²	Constant (a)	Growth Rate (%)	F Value	Comments
Aggregate (All Sample Companies taken together)	0.374	4.845 (77.778)	4.9 ⁱ (2.046)	4.185	Positive and Insignificant
BACL	0.635	2.126 (11.473)	25.0 ^{**} (3.488)	12.166	Positive and Significant
SCL	0.001	4.584 (49.568)	-0.2 ⁱ (-0.069)	0.005	Negative and Insignificant
LTIDPL	0.015	2.366 (16.401)	1.8 ⁱ (0.330)	0.109	Positive and Insignificant
REL	0.908	3.729 (106.741)	11.2 ^{***} (8.311)	69.076	Positive and Significant
ILFSL	0.860	4.284 (100.393)	10.8 ^{***} (6.556)	42.979	Positive and Significant

Source: Computed

Notes:

- i. The trend co-efficient (represented by 'b') has been multiplied by 100 to express the growth rate in percentage form.

- ii. *** marked values indicate significant at 1% level (Two tailed)
- iii. ** marked value indicates significant at 5% level (Two tailed)
- iv. *i* marked values indicate insignificant
- v. Figures in bracket indicate 't' value
- vi. d.f. = (n-k-1) > (9-1-1) = 7

Interpretation of regression results: Table 5.25 shows that four companies have positive growth rates which are statistically significant leaving the other company to show exceptional result. There is, however, only one company with negative growth rate but that is statistically insignificant. Increase in provisions implies that adequate amount has been provided for statutory liability, contingencies and doubtful losses, which result in favourable situations for long term sustenance of the companies. Another interesting fact is that the aggregate growth rate of 'Provisions' for all the sample investment companies taken together is positive but statistically insignificant.

Table 5.26: Trend Growth Rates of Other Liabilities as Performance Indicator (Liabilities) of Investment Companies

Companies	R ²	Constant (a)	Growth Rate (%)	F Value	Comments
Aggregate (All Sample Companies taken together)	0.485	5.505 (49.776)	11.0** (2.565)	6.579	Positive and Significant
BACL	0.655	1.187 (11.076)	15.1*** (3.643)	13.268	Positive and Significant
SCL	0.437	4.138 (14.773)	25.3 ⁱ (2.332)	5.440	Positive and Insignificant
LTIDPL	0.837	2.504 (11.034)	52.6*** (5.990)	35.884	Positive and Significant
REL	0.066	5.117 (27.821)	5.0 ⁱ (0.705)	0.498	Positive and Insignificant
ILFSL	0.678	5.003 (48.933)	15.2*** (3.836)	14.716	Positive and Significant

Source: Computed

Notes:

- i. The trend co-efficient (represented by 'b') has been multiplied by 100 to express the growth rate in percentage form.
- ii. *** marked values indicate significant at 1% level (Two tailed)
- iii. ** marked value indicates significant at 5% level (Two tailed)
- iv. *i* marked values indicate insignificant
- v. Figures in bracket indicate 't' value
- vi. d.f. = (n-k-1) > (9-1-1) = 7

Interpretation of regression results (Table 5.26):

It is clear from the above results that in case of 'other liabilities' there is a positive growth rate for each of the selected investment companies, during the period under study, which are statistically significant except for two companies. The aggregate growth rate of 'other liabilities' for all the sample investment companies taken together is positive and statistically significant.

After the above analyses on selected investment companies, we now attempt to present the regression results showing the annual growth rates of the companies in respect of liabilities of the selected asset finance companies, in both aggregative and company wise forms, are presented in the following tables from 5.27 to 5.32 for the companies, taking them up one by one.

5.2.2 TREND GROWTH RATES OF LIABILITIES OF SELECTED PERFORMANCE INDICATORS OF ASSET FINANCE COMPANIES (AGGREGATIVE AND COMPANY WISE)

Table 5.27: Trend Growth Rates of Share Capital as Performance Indicator (Liabilities) of Asset Finance Companies

Companies	R ²	Constant (a)	Growth Rate (%)	F Value	Comments
Aggregate (All Sample Companies taken together)	0.904	5.140 (397.419)	4.1*** (8.141)	66.269	Positive and Significant
SEFL	0.755	4.430 (77.495)	10.3*** (4.641)	21.535	Positive and Significant
MFL	0.376	4.223 (196.075)	1.7 ⁱ (2.054)	4.219	Positive and Insignificant
SCUFL	0.020	3.745 (186.627)	0.3 ⁱ (0.383)	0.146	Positive and Insignificant
SFL	0.932	3.657 (323.285)	4.3*** (9.787)	95.786	Positive and Significant
DFL	Dependent Variable is constant				
IFL	0.863	3.319 (84.195)	10.1*** (6.635)	44.017	Positive and Significant
GFL	Dependent Variable is constant				
MMFSL	0.905	4.005 (842.699)	1.5*** (8.162)	66.616	Positive and Significant
LTFL	0.627	4.321 (214.511)	2.7** (3.430)	11.765	Positive and Significant
STFCL	0.723	4.369 (1293.928)	-0.6*** (-4.270)	18.237	Negative and Significant
CFL	Dependent Variable is constant				
ICL	0.843	3.004 (82.898)	8.6*** (6.126)	18.237	Positive and Significant
CIFCL	0.323	4.194 (35.790)	8.3 ⁱ (1.825)	3.333	Positive and Insignificant

Source: Computed

Notes:

- i. The trend co-efficient (represented by 'b') has been multiplied by 100 to express the growth rate in percentage form.
- ii. *** marked values indicate significant at 1% level (Two tailed)
- iii. ** marked value indicates significant at 5% level (Two tailed)
- iv. *i* marked values indicate insignificant
- v. Figures in bracket indicate 't' value
- vi. d.f. = (n-k-1) > (9-1-1) = 7

Interpretation of regression results (Table 5.27): From the table it is seen that there are no changes in the volume of share capital for the three asset finance companies

out of the total of thirteen asset finance companies selected in the study. The growth rates of six selected asset finance companies are positive which are statistically significant. One asset finance company experienced negative growth rate, while is, however, statistically insignificant. Negative growth rate in share capital implies redemption of share capital which results in lower volume of own capital. The aggregate growth rate of 'share capital' for all the sample asset finance companies taken together is positive and statistically significant.

Table 5.28: Trend Growth Rates of Reserves & Surplus as Performance Indicator (Liabilities) of Asset Finance Companies

Companies	R ²	Constant (a)	Growth Rate (%)	F Value	Comments
Aggregate (All Sample Companies taken together)	0.975	6.065 (330.015)	11.8*** (16.617)	276.109	Positive and Significant
SEFL	0.871	5.190 (119.350)	11.6*** (6.874)	47.249	Positive and Significant
MFL	0.952	4.762 (162.403)	13.4*** (11.836)	140.080	Positive and Significant
SCUFL	0.994	5.053 (463.710)	14.5*** (34.284)	1175.375	Positive and Significant
SFL	0.916	3.692 (143.448)	8.7*** (8.712)	75.898	Positive and Significant
DFL	0.987	2.752 (427.596)	5.7*** (22.976)	527.893	Positive and Significant
IFL	0.920	3.134 (97.334)	11.2*** (8.962)	80.313	Positive and Significant
GFL	0.972	2.258 (400.214)	3.4*** (15.711)	246.824	Positive and Significant
MMFSL	0.979	5.364 (329.851)	11.4*** (18.080)	326.899	Positive and Significant
LTFL	0.877	5.022 (125.526)	10.9*** (7.049)	49.686	Positive and Significant
STFCL	0.961	5.592 (254.225)	11.2*** (13.164)	173.282	Positive and Significant
CFL	0.963	3.095 (260.699)	6.2*** (13.474)	181.543	Positive and Significant
ICL	0.927	3.530 (73.424)	17.6*** (9.444)	89.196	Positive and Significant
CIFCL	0.916	4.923 (128.583)	13.0*** (8.757)	76.690	Positive and Significant

Source: Computed

Notes:

- i. The trend co-efficient (represented by 'b') has been multiplied by 100 to express the growth rate in percentage form.
- ii. *** marked values indicate significant at 1% level (Two tailed)
- iii. ** marked value indicates significant at 5% level (Two tailed)
- iv. *i* marked value indicates insignificant
- v. Figures in bracket indicate 't' value
- vi. d.f. = (n-k-1) > (9-1-1) = 7

Interpretation of regression results (Table 5.28):

From the above it is found that there is a positive and significant growth rate in reserves & surplus for all the asset finance companies under study. It implies higher accumulation of profits for the shareholders and increase in the net worth of the shareholders. The aggregate growth rate of 'reserves & surplus' for all the sample asset finance companies taken together is positive and statistically significant.

Table 5.29: Trend Growth Rates of Long Term Loans as Performance Indicator (Liabilities) of Asset Finance Companies

Companies	R ²	Constant (a)	Growth Rate (%)	F Value	Comments
Aggregate (All Sample Companies taken together)	0.967	6.748 (671.841)	5.6 ^{***} (14.314)	204.886	Positive and Significant
SEFL	0.749	5.837 (190.817)	5.4 ^{***} (4.571)	20.897	Positive and Significant
MFL	0.403	5.361 (89.227)	5.1 ⁱ (2.173)	4.720	Positive and Insignificant
SCUFL	0.867	5.697 (171.011)	8.7 ^{***} (6.753)	45.599	Positive and Significant
SFL	0.059	4.157 (28.886)	-3.7 ⁱ (-0.660)	0.436	Negative and Insignificant
DFL	0.738	2.623 (172.996)	2.6 ^{***} (4.443)	19.739	Positive and Significant
IFL	0.152	3.415 (34.426)	4.3 ⁱ (1.120)	1.253	Positive and Insignificant
GFL	0.045	2.027 (41.613)	-1.1 ⁱ (-0.574)	0.330	Negative and Insignificant
MMFSL	0.931	5.941 (267.369)	8.3 ^{***} (9.687)	93.837	Positive and Significant
LTFL	0.764	5.737 (208.805)	5.1 ^{***} (4.757)	22.629	Positive and Significant
STFCL	0.712	6.294 (264.488)	3.8 ^{***} (4.157)	17.279	Positive and Significant
CFL	0.897	1.882 (12.018)	-47.4 ^{***} (-7.821)	61.161	Negative and Significant
ICL	0.783	4.041 (102.483)	7.7 ^{***} (5.024)	25.240	Positive and Significant
CIFCL	0.912	5.817 (311.487)	6.2 ^{***} (8.539)	72.915	Positive and Significant

Source: Computed

Notes:

- i. The trend co-efficient (represented by 'b') has been multiplied by 100 to express the growth rate in percentage form.
- ii. *** marked values indicate significant at 1% level (Two tailed)
- iii. ** marked value indicates significant at 5% level (Two tailed)
- iv. *i* marked values indicate insignificant
- v. Figures in bracket indicate 't' value
- vi. d.f. = (n-k-1) > (9-1-1) = 7

Interpretation of regression results (Table 5.29):

From the above table it is found that two companies have negative growth rates which are statistically insignificant. One company registered negative growth rate, which is, however, statistically significant. There are yet two companies with 'positive but insignificant' growth rates. The rest eight companies have positive growth rates which are statistically significant. Higher growth rates in the long term loans and advances taken by the companies indicate the long term availability of the funds to give long term loans to the borrowers which might result in higher interest income for the companies. However, it involves risk rise, if the long term loans given out of that available higher amount of funds are found to be unrealizable due to inefficient credit management and bad credential of borrowers. The aggregate growth rate of 'long term loans' of all the sample asset finance companies taken together is positive and statistically significant.

Table 5.30: Trend Growth Rates of Short Term Loans as Performance Indicator (Liabilities) of Asset Finance Companies

Companies	R ²	Constant (a)	Growth Rate (%)	F Value	Comments
Aggregate (All Sample Companies taken together)	0.900	6.234 (94.605)	20.2*** (7.934)	62.946	Positive and Significant
SEFL	0.861	5.089 (42.974)	30.2*** (6.588)	43.404	Positive and Significant
MFL	0.744	5.333 (51.018)	18.3*** (4.514)	20.379	Positive and Significant
SCUFL	0.822	5.146 (58.195)	19.5*** (5.683)	32.298	Positive and Significant
SFL	0.803	4.239 (42.384)	20.7*** (5.347)	28.593	Positive and Significant
DFL	0.584	2.858 (234.099)	1.5** (3.136)	9.834	Positive and Significant
IFL	0.852	3.303 (22.796)	35.6*** (6.353)	40.361	Positive and Significant
GFL	0.485	2.410 (36.039)	6.7** (2.569)	6.598	Positive and Significant
MMFSL	0.897	5.357 (76.233)	21.3*** (7.815)	61.082	Positive and Significant
LTFL	0.794	5.089 (41.127)	24.9*** (5.194)	26.981	Positive and Significant
STFCL	0.903	5.764 (110.190)	16.4*** (8.075)	65.198	Positive and Significant
CFL	0.768	2.810 (26.223)	20.0*** (4.817)	23.207	Positive and Significant
ICL	0.805	3.296 (15.618)	43.9*** (5.368)	28.815	Positive and Significant
CIFCL	0.885	5.192 (61.103)	24.2*** (7.348)	53.986	Positive and Significant

Source: Computed

Notes:

- i. The trend co-efficient (represented by 'b') has been multiplied by 100 to express the growth rate in percentage form.
- ii. *** marked values indicate significant at 1% level (Two tailed)
- iii. ** marked value indicates significant at 5% level (Two tailed)
- iv. *i* marked value indicates insignificant
- v. Figures in bracket indicate 't' value
- vi. d.f. = (n-k-1) > (9-1-1) = 7

Interpretation of regression results (Table 5.30):

From the above table it is clear that there are positive growth rates in short term loans for all the selected asset finance companies, all of which are statistically significant

either at 1% level or 5% level. The higher volume of short term loans taken can promote some short term financial instruments among the borrowers at higher rate of interest, but it also involves some element of risk in the short term. The aggregate growth rate of ‘short term loans’ for all the sample asset finance companies taken together is positive and statistically significant.

Table 5.31: Trend Growth Rates of Provisions as Performance Indicator (Liabilities) of Asset Finance Companies

Companies	R ²	Constant (a)	Growth Rate (%)	F Value	Comments
Aggregate (All Sample Companies taken together)	0.646	5.098 (108.446)	6.5*** (3.573)	12.766	Positive and Significant
SEFL	0.073	3.779 (55.244)	2.0 ⁱ (0.743)	0.552	Positive and Insignificant
MFL	0.829	3.773 (97.149)	8.8*** (5.832)	34.008	Positive and Significant
SCUFL	0.777	3.975 (59.597)	12.8*** (4.941)	24.411	Positive and Significant
SFL	0.889	2.700 (45.649)	17.1*** (7.476)	55.888	Positive and Significant
DFL	0.605	1.398 (40.597)	4.4** (3.277)	10.737	Positive and Significant
IFL	0.199	2.379 (42.232)	2.9 ⁱ (1.320)	1.743	Positive and Insignificant
GFL	0.175	1.362 (40.836)	1.6 ⁱ (1.220)	1.488	Positive and Insignificant
MMFSL	0.977	4.553 (226.051)	13.5*** (17.331)	300.351	Positive and Significant
LTFL	0.000	3.496 (33.442)	-0.1 ⁱ (-0.019)	0.000	Negative and Insignificant
STFCL	0.000	4.494 (60.929)	0.0 ⁱ (-0.015)	0.000	Positive and Insignificant
CFL	0.123	1.879 (29.039)	2.5 ⁱ (0.990)	0.981	Positive and Insignificant
ICL	0.629	2.661 (43.080)	8.2** (3.448)	11.891	Positive and Significant
CIFCL	0.022	4.240 (23.492)	2.0 ⁱ (0.401)	0.161	Positive and Insignificant

Source: Computed

Notes:

- i. The trend co-efficient (represented by ‘b’) has been multiplied by 100 to express the growth rate in percentage form.
- ii. *** marked values indicate significant at 1% level (Two tailed)

- iii. ** marked values indicate significant at 5% level (Two tailed)
- iv. *i* marked values indicate insignificant
- v. Figures in bracket indicate 't' value
- vi. d.f. = (n-k-1) > (9-1-1) = 7

Interpretation of regression results (Table 5.31):

From the above table, it is clear that six companies have positive growth rates which are statistically found to be significant. Another six companies are also having positive growth rates but those are statistically insignificant. Higher amount of provisions implies that adequate amount has been provided for statutory liability, contingencies, and doubtful losses, which results in the favourable position for long term sustainability of the companies. The aggregate growth rate of 'Provision' for all the sample assets finance companies taken together is positive and statistically significant.

Table 5.32: Trend Growth Rates of Other Liabilities as Performance Indicator (Liabilities) of Asset Finance Companies

Companies	R ²	Constant (a)	Growth Rate (%)	F Value	Comments
Aggregate (All Sample Companies taken together)	0.907	4.537 (138.652)	10.5*** (8.255)	68.140	Positive and Significant
SEFL	0.718	4.120 (47.698)	14.1*** (4.217)	17.780	Positive and Significant
MFL	0.868	3.911 (91.532)	11.2*** (6.771)	45.853	Positive and Significant
SCUFL	0.576	3.683 (37.199)	11.8** (3.082)	9.496	Positive and Significant
SFL	0.513	1.864 (5.301)	37.0** (2.714)	7.368	Positive and Significant
DFL	0.023	1.095 (8.951)	1.9 ⁱ (0.409)	0.168	Positive and Insignificant
IFL	0.795	2.181 (45.842)	9.6*** (5.207)	27.108	Positive and Significant
GFL	0.632	0.562 (9.016)	-8.4** (-3.468)	12.024	Negative and Significant
MMFSL	0.960	2.817 (66.180)	21.5** (13.015)	169.396	Positive and Significant
LTFL	0.262	2.997 (8.665)	21.1 ⁱ (1.578)	2.489	Positive and Insignificant
STFCL	0.524	0.783 (2.049)	-41.1** (-2.774)	7.695	Negative and Significant
CFL	0.802	0.547 (6.615)	17.0*** (5.323)	28.337	Positive and Significant
ICL	0.019	0.757 (1.979)	5.5 ⁱ (0.370)	0.137	Positive and Insignificant
CIFCL	0.204	0.878 (1.424)	-20.7 ⁱ (-1.340)	1.796	Negative and Insignificant

Source: Computed

Notes:

- i. The trend co-efficient (represented by 'b') has been multiplied by 100 to express the growth rate in percentage form.
- ii. *** marked values indicate significant at 1% level (Two tailed)
- iii. ** marked values indicate significant at 5% level (Two tailed)
- iv. ⁱ marked values indicate insignificant
- v. Figures in bracket indicate 't' value
- vi. d.f. = (n-k-1) > (9-1-1) =7

Interpretation of regression results (Table 5.32): From the above results, it is observed that seven companies have experienced positive growth rates and two companies have negative growth rates; all of which are statistically significant. Three companies have positive growth rates but these are not statistically significant. One company has negative growth which is statistically insignificant. The aggregate growth rate of 'other Liabilities' for all the sample asset finance companies taken together is positive and statistically significant.

Now presented below (Table 5.33) is the summary results of growth rates for all the components of liabilities as performance indicators as discussed above (From table 5.21 to 5.32) for selected investment companies and asset finance companies at aggregative and company wise levels.

Table 5.33
Summary of Results of Growth Rates of Liabilities under semi-log regression model

Liabilities : Components	Investment Companies		Asset Finance Companies	
	Aggregative	Company-wise	Aggregative	Company-wise
Share Capital	Positive and Significant at 1% Probability Level	Positive and Significant in 3 Companies, Positive but Insignificant in 2 Companies	Positive and Significant at 1% Probability Level	Positive and Significant in 6 Companies, Negative and Significant in 1 Company, Positive but Insignificant in 3 Companies, Constant in 3 Companies
Reserves & Surplus	Positive and Significant at 1% Probability Level	Positive and Significant in all the 5 Companies	Positive and Significant at 1% Probability Level	Positive and Significant in all the 13 Companies
Long Term Loans	Positive and Significant at 1% Probability Level	Positive and Significant in 3 Companies, Positive but Insignificant in 2 Companies	Positive and Significant at 1% Probability Level	Positive and Significant in 8 Companies, Negative but Significant in 1 Company, Positive but Insignificant in 2 Companies, Negative but Insignificant in 2 Companies
Short Term Loans	Positive and Significant at 1% Probability Level	Positive and Significant in 4 Companies, Positive but Insignificant in 1 Company	Positive and Significant at 1% Probability Level	Positive and Significant in all the 13 Companies
Provisions	Positive and Insignificant	Positive Significant in 3 Companies, Positive but Insignificant in 1 Company, Negative but Insignificant in 1 Company	Positive and Significant at 1% Probability Level	Positive and Significant in 7 Companies, Positive but Insignificant in 5 Companies, Negative and Insignificant in 1 Company
Other Liabilities	Positive and Significant at 5% Probability Level	Positive and Significant in 3 Companies, Positive and Insignificant in 2 Companies	Positive and Significant at 1% Probability Level	Positive and Significant in 7 Companies, Negative and Significant in 2 Companies, Positive but Insignificant in 3 Companies, Negative but Insignificant in 1 Companies

From Table 5.33, it is observed that all the components of liabilities of selected investment companies and asset finance companies at aggregative level have registered significant positive growth rate (except in case of 'provisions' in investment companies) during the study period. This indicates that the net worth of both the categories of companies has increased over the period of time; similarly, external debts (long term and short term loans) have also increased over the same period.

At company-wise level significant growth in the components of liabilities has been observed in majority of the cases of selected investment companies and asset finance companies under study.

5.3 References

1. Annual Reports of the Selected Investment Companies (from 2006-07 to 2014-15).
2. Annual Reports of the Selected Asset Finance Companies (from 2006-07 to 2014-15).