

# Analysis of Financial Statements of UTI Mutual Fund, SBI Mutual Fund IDBI Mutual Fund

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**Abstract:** The financial reforms and cut throat competition in the economic environment the mutual fund industry has opened new vistas to investors investors and imparted much needed liquidity to the Indian financial system. The study analysis financial statements of UTI mutual fund, SBI mutual fund and IDBI mutual fund using ratios, common size statement analysis and comparative statement analysis. It is concluded that the financial performance of the select mutual funds are good during the study period.

**Keywords:** Financial statements, Mutual fund.

## 1. Introduction

Financial institutions, Banks and other Agencies setup of financial intermediaries is required to mobilize the savings of the society, and investing rationally for economic development. In our country, Unit Trust of India was set-up by the Central Govt. under the UTI Act, 1963 with an objective of mobilizing savings of middle and lower income groups and providing those opportunities to acquire property in the form of Equity shares. As growth of UTI took place during the period when the economy was under a control regime and securities markets were irrelevant to industrial growth as the financial intuitions were the major purveyors of long-term finance. Private sector mutual funds have benefited the investors by providing them more options and better services. There are 42 mutual funds operating with a wide branch network in our country. The present state of mutual funds, their performance, profitability and decline of NAVs below issue prices have been causing concern to the investors.

## 2. Review of literature

Gremillion L (2005), In his book "Mutual Fund Industry Handbook-A Comprehensive Guide for Investment professionals" has given detailed information about working of mutual fund industry. It has also mentioned the different types of challenges faced by various professionals connected with this industry. The book has provided a broad and comprehensive sweep of information and knowledge, which will help everybody who has serious interest in the industry.

Vanaja V. and karrupasamy R, (2013), In their article "A study on the performance of select private sector balanced category Mutual Fund schemes in India" have mentioned that

out of five private sector balanced category two Mutual fund earned a return above the average returns. Two have made negative returns. All the private sector balanced category fund selected for the study have a positive ratio.

Ravi Vyas and Suresh Chandra Moonat (2012) published their article in Indian Journal of finance "Perception and Behaviour of Mutual Fund Investors in Madhya Pradesh" concluded that the highly volatile fund are risky and therefore the fund manager should collect all possible information before making an investment. A careful and reasonable diversification of investment. And suggested that investors should inculcate the habit of saving regularly so, that the little savings will grow into a big returns.

Narayansamy R. and Rathnamani V (2013), In an article "Performance Evaluation of Equity Mutual Fund (on selected Equity Large Cap Fund)" published in International Journal of Business and Management Invention have mentioned that all funds performed well during the period under study despite volatility in the market. The fall in NIFTY during the year 2011 impacted the performance of all selected mutual funds. In order to ensure consistent performance of mutual fund, investors should also consider statistical parameters like alpha, beta, standard deviation besides considering NAV and total return.

## 3. Objectives of the study

- To evaluate the liquidity position of select mutual funds.
- To evaluate the short term solvency of select mutual funds.
- To offer suggestions based on findings of the study.

## 4. Scope of the study

- The study covers UTI, SBI mutual fund and IDBI mutual fund
- It does not cover any other mutual fund company

## 5. Research Methodology

- The study is mainly based on secondary data.
- The secondary data were collected from journals, dailies, annual reports, magazines, literature and websites of selected mutual fund

- Annual reports of the mutual fund

### 6. Data analysis

Secondary data collected were analyzed using

- Ratio analysis,
- Common-size statement analysis
- Comparative statement analysis

#### A. Ratio analysis and interpretation

##### Revenue from Operations to Total Revenue Ratio

It is the relationship between revenue from operations and total revenue.

Source calculate:

$$\text{Revenue from Operations Ratio} = \frac{\text{Revenue from Operations}}{\text{Total Revenue}} \times 100$$

Table 1  
Revenue from operations to total revenue ratio

Year	UTI mutual fund	SBI mutual fund	IDBI mutual fund
2014	90.32	95.90	89.57
2015	88.67	95.92	87.57
2016	89.06	98.01	83.49
2017	88.76	94.79	91.12
2018	82.79	97.23	95.98
Mean Score	87.92	96.37	89.55

Source: calculated

##### Interpretation:

From the above table, it is concluded that SBI mutual fund has more revenue from operations when compared to other two mutual funds.

##### Administrative Expenses Ratio:

It is the relationship between administrative expenses and net profits.

Formula:

$$\text{Administrative expenses Ratio} = \frac{\text{Administrative expenses}}{\text{Net Profit}} \times 100$$

Table 2  
Administrative Expenses Ratio

Year	UTI mutual fund	SBI mutual fund	IDBI mutual fund
2014	32.59	-	-
2015	39.39	65.83	34.40
2016	36.77	135.02	224.98
2017	40.39	113.56	131.97
2018	44.15	179.77	108.36
Mean Score	38.58	98.84	99.95

Source: calculated

##### Interpretation:

From the above table, it is concluded that UTI mutual fund has less administrative expenses when compared to other two mutual funds.

##### Current Ratio:

It is the relationship between current assets and current liabilities.

Formula:

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

Table 3  
Current ratio

Year	UTI mutual fund	SBI mutual fund	IDBI mutual fund
2014	6.09	3.03	4.98
2015	4.24	2.52	0.00
2016	3.35	2.77	0.00
2017	5.13	2.38	0.00
2018	6.28	3.02	4.99
Mean score	5.02	2.75	1.99

Source: calculated

##### Interpretation:

From the above table it is concluded that short-term solvency of UTI mutual fund is good when compared mutual fund.

##### Share capital to total liabilities ratio:

Source calculate:

It is the relationship between share capital and total liabilities.

$$\text{Share capital ratio} = \frac{\text{Share Capital}}{\text{Total Liabilities}}$$

Table 4  
Share capital to total liabilities ratio

Year	UTI mutual fund	SBI mutual fund	IDBI mutual fund
2014	1.16	0.49	0.02
2015	0.80	0.39	0.05
2016	1.22	0.38	0.02
2017	0.98	0.25	0.02
2018	0.73	0.22	0.02
Mean score	0.88	0.35	0.03

Source: calculated

##### Interpretation:

From the above table it is concluded that UTI mutual fund has higher Share Capital to total liabilities ratio compared to other two mutual funds.

##### Reserves and surplus to current liabilities ratio:

Source calculate:

It is the relationship between reserves and surplus and current liabilities.

$$\text{Reserves And Surplus} = \frac{\text{Reserves and Surplus}}{\text{Current liabilities}}$$

Table 5  
Reserves and surplus to current liabilities ratio

Year	UTI mutual fund	SBI mutual fund	IDBI mutual fund
2014	9.63	3.799	12.29
2015	7.001	3.896	21.61
2016	13.97	4.333	12.81
2017	0.11	3.54	8.49
2018	11.46	4.106	6.39
Mean score	8.44	3.935	12.32

Source: calculated

*Interpretation:*

From the above table it is concluded that amount of reserves and surplus when UTI mutual fund has higher profitability ratio compared to other two mutual funds.

*Dividend Payout Ratio:*

*Source calculated:*

It is the relationship between equity dividend and net profits.

$$\text{payout Ratio} = \frac{\text{Equity dividend}}{\text{Net profit}} \times 100$$

Table 6  
Payout Ratio for year 2014-2018

Year	UTI mutual fund	SBI mutual fund	IDBI mutual fund
2014	8.24	-	-
2015	8.42	1.98	0.00
2016	8.16	1.99	0.00
2017	8.25	0.02	0.00
2018	7.98	0.02	0.00
Mean Score	8.21	0.81	0.00

Source: calculated

*Interpretation:*

From the above table, it is concluded that UTI mutual fund has declared dividend at a higher rate when compared to other mutual funds.

**7. Findings**

- SBI mutual fund has more revenue from operations when compared to other two mutual funds.
- UTI mutual fund has less administrative expenses when compared to other two mutual funds.
- Solvency of UTI mutual fund is good when compared to other two mutual funds.
- UTI mutual fund has higher share capital to total liabilities ratio compared to other two mutual funds.
- IDBI mutual fund has higher amount of reserves and surplus when compared to other two mutual funds.
- UTI mutual fund has declared dividend at a higher rate when compared to other two mutual funds.

**8. Conclusion**

From the analysis of financial statements of the select mutual fund companies using financial ratios, the UTI mutual fund's financial performance is good when compared to SBI mutual and IDBI mutual fund.

**References**

[1] [https://economictimes.indiatimes.com/idbi-mutual-fund/mutual\\_funds\\_search/amcid-9023.cms](https://economictimes.indiatimes.com/idbi-mutual-fund/mutual_funds_search/amcid-9023.cms)