Financial Performance of NCDEX- A Study

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Abstract

This article aims to assess the financial performance of the National Commodity and Derivatives Exchange (NCDEX) over the five-year period from 2019–20 to 2023–24 through a structured ratio analysis. The study focuses on evaluating key dimensions such as liquidity, solvency, capital structure, asset management, and shareholder returns using a comprehensive set of financial ratios. By applying both descriptive and trend based statistical tools such as mean, median, standard deviation, coefficient of variation (CV), compound annual growth rate (CAGR), skewness, and kurtosis. The article seeks to uncover underlying patterns and structural shifts in the exchange's financial standing. The analysis is intended to provide a deeper understanding of NCDEX's financial stability, risk exposure, and resource utilization efficiency. The findings will provide valuable insights into NCDEX's financial health and its implications for stakeholders and policymakers.

Keywords: NCDEX, Current financial position, Financial performance, Ratio analysis.

I. Introduction

The National Commodity and Derivatives Exchange (NCDEX), established in 2003, is one of India's premier online commodity exchanges, primarily focused on agricultural commodities. Operating under a demutualised and shareholder-driven structure, NCDEX plays a pivotal role in facilitating transparent price discovery and effective risk management for a broad spectrum of market participants, including farmers, traders, processors, and institutional investors. As a regulated platform, it supports the development of a structured and efficient agricultural value chain, contributing to the broader goals of market reform and rural income stability.

NCDEX's significance lies in its ability to integrate technology with agricultural marketing, offering futures contracts that help stakeholders hedge against price volatility. Moreover, its performance directly impacts the credibility and growth of the commodity derivatives market in India. Understanding its financial health is therefore essential, not only from a corporate standpoint but also for assessing the robustness of the institutional infrastructure supporting India's agricultural economy.

II. Review of Literature

1. **Sharma and Patel (2021)** analysed the performance of Indian commodity exchanges with a focus on agricultural futures and found that despite technological improvements, issues like low liquidity and limited farmer participation persist. Their study indicated that NCDEX faces challenges in achieving efficient price discovery due to structural and policy constraints.

2. **Kumar and Sinha (2023)** conducted a financial health assessment of NCDEX and MCX and revealed that while NCDEX maintained strong liquidity during the study period, it showed signs of declining profitability. They emphasized that regulatory uncertainty and rising operational costs were major concerns affecting NCDEX's long-term financial sustainability.

3. **Bose (2024)** examined the impact of the post-COVID period on Indian commodity exchanges and highlighted that although NCDEX demonstrated operational resilience, investor confidence and profitability declined. The study suggested that NCDEX must implement strategic reforms to strengthen its financial base and maintain its relevance in the evolving commodity market landscape.

III. Objectives

The present study is mainly focusing on following objectives:

- to analyze the current financial position of NCDEX.
- to evaluate the financial performance of NCDEX.

IV.   Methodology

To analyze and evaluate the financial performance of NCDEX we selected the ratio analysis with suitable descriptive statistical techniques. The data collected from secondary sources like NCDEX annual reports, journals and online platforms etc. the period of the selected form the financial year 2019-20 to 2023-24.

V.   Analyze The Current Financial Position of NCDEX
1.   Current ratio

The current ratio tells us how well a company can pay its short-term obligations using its short-term assets. The standard ratio of current ratio is 2:1.

Current ratio = Current assets ÷ Current liabilities

Table – 1

Current ratio for the financial year 2019-20 to 2023-24

(R.s in lakhs)

Year	Current assets	Current liabilities	Current ratio
2019-20	17,136	8,927	1.92
2020-21	17,417	7,403	2.36
2021-22	17,161	6,548	2.62
2022-23	9,750	6,708	1.45
2023-24	10,703	6,630	1.61
Total	72,167	36,216	10
Mean	14,433	7,243	2
Median	17,136	6,708	1.92
S. D	3,856.68	1,000.81	0.49
CV	27%	14%	25%
CAGR	-11%	-7%	-4%
Skw	-0.64	1.69	0.30
Krw	-3.13	2.59	-2.02

Source: Financial statements of NCDEX

Analysis

The calculated mean of the current ratio is exactly 2 it indicates the strong passion of current assets. first three years we noticed increasing current ratio and high current ratio in 2021-22 i.e. 2.62. Current ratio declined in last two years and low current ratio in the year 2022-23 i.e. 1.45. Statistical techniques also showing storing evidence that median of the current ratio is 1.92 it is near to the standard ratio. Standard deviation is 0.49 and coefficient of variation is 25 percent it tells moderately fluctuation of current ratio.

A declining CAGR in current assets and liabilities shows a contraction in short-term resources. The negative CAGR in current ratio (-4%) suggests a weakening liquidity position over time. However, the decline is gradual and may be strategic (e.g., optimization of asset usage). Slight positive skewness implies that most of the current ratios are clustered on the lower end (below the mean), with a few higher values pulling the average up likely due to the high values in 2020–21 and 2021–22. Negative kurtosis (platykurtic) suggests a flatter distribution with fewer outliers and less peak compared to a normal distribution. This implies the current ratios are spread out evenly without extreme values, except for 2021–22. The same results are shown in chart-1.

Chart-1

Current ratio for the financial year 2019-20 to 2023-24
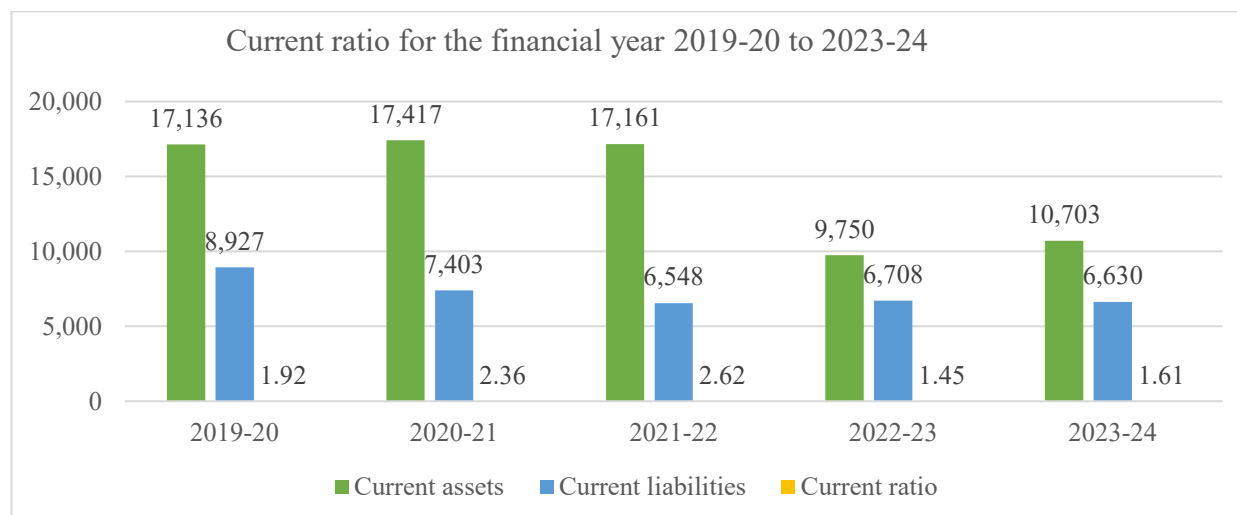
2.　Quick ratio

The Quick Ratio (also called Acid-Test Ratio) is a more stringent liquidity measure than the current ratio. It tells us whether a company can immediately pay its short-term liabilities using its most liquid assets, excluding other assets and liabilities like provisions etc. Standard quick ratio is 1:1.

Quick ratio = Quick assets ÷ Quick liabilities

Table – 2

Quick ratio for the financial year 2019-20 to 2023-24

(R.s in lakhs)

Year	Quick assets	Quick liabilities	Quick ratio
2019-20	14,046	7,224	1.57
2020-21	13,910	5,080	1.88
2021-22	12,056	4,650	1.84
2022-23	6,615	4,306	0.99
2023-24	7,170	4,078	1.08
Total	53,797	25,338	1.49
Mean	10,759	5,068	1.47
Median	12,056	4,650	1.57
S. D	3,622	1,263	0.42
CV	34%	25%	28%
CAGR	-15%	-13%	-9%
Skw	-0.43	1.77	-0.32
Krw	-3.07	3.26	-2.90

Source: Financial statements of NCDEX

Analysis:

The quick ratio of NCDEX from 2019–20 to 2023–24 shows a fluctuating liquidity position. The ratio was highest in 2020–21 at 1.88, followed by 1.84 in 2021–22, indicating a strong ability to meet short-term obligations with liquid assets. It declined sharply to 0.99 in 2022–23, suggesting tight liquidity, and slightly improved to 1.08 in 2023–24. The mean quick ratio over five years is 1.47, while the median is 1.57, both indicating a generally sound position above the ideal benchmark of 1:1. The standard deviation of 0.42 and coefficient of variation of 28 percent reflect moderate variability. The CAGR of quick assets is -15 percent, quick liabilities -13 percent, and the quick ratio -9 percent, showing a declining trend. Skewness of -0.32 suggests a slight negative skew, while kurtosis of -2.90 indicates a flat distribution. Overall, while the quick ratio was strong initially, it shows signs of weakening in recent years. Same as shown in chart-2.

Chart-2

Quick ratio for the financial year 2019-20 to 2023-24
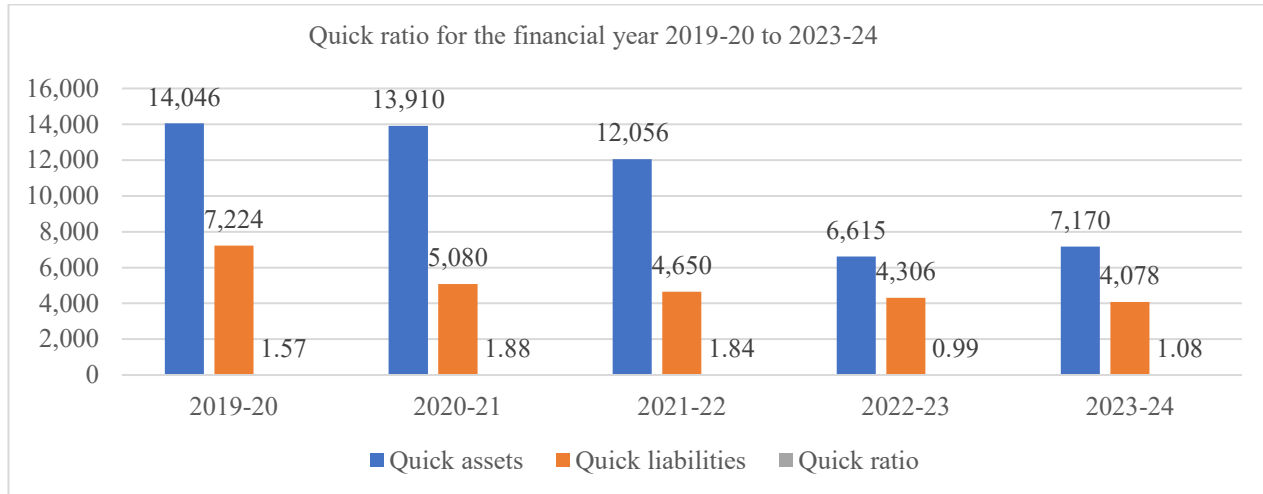
3.   Liquidity ratio

Liquidity ratios measure a company's ability to meet its short-term financial obligations using its current or liquid assets like cash and cash equalness. These ratios help assess whether a firm has enough resources to pay off debts due within one year without needing to raise external capital. The standard ratio of liquidity is 0.5:1.

Liquidity ratio = Cash and cash equalness + Short term investments ÷ Current liabilities

Table – 3

Liquidity ratio for the financial year 2019-20 to 2023-24

(R.s in lakhs)

Year	Liquid assets	Current liabilities	Liquidity ratio
2019-20	2,783	8,927	0.31
2020-21	3,558	7,403	0.48
2021-22	4,471	6,548	0.68
2022-23	43	6,708	0.01
2023-24	1,225	6,630	0.18
Total	12,080	36,216	0.33
Mean	7180	7243	0.98
Median	9057	6708	1.09
S. D	3,085.13	1,000.81	0.39
CV	43%	14%	40%
CAGR	-19%	-7%	-12%
Skw	-0.59	1.69	-0.32
Krw	-3.23	2.59	-2.87

Source: Financial statements of NCDEX

Analysis:

The liquidity ratio of NCDEX shows a weak short-term financial position over the five-year period. The ratio was lowest in 2022–23 at 0.01, indicating an extreme shortage of liquid assets, and peaked in 2021–22 at 0.68. In 2023–24, it slightly improved to 0.18, but remains unsatisfactory. The mean liquidity ratio is 0.33, and the median is 1.09, indicating some disparity due to extreme values. Standard deviation is 0.39, and the coefficient of variation (CV) is 40 percent, showing high volatility. The CAGR of liquid assets is -19 percent, compared to -7 percent for current liabilities, leading to a -12 percent decline in the liquidity ratio over time. Skewness of -0.32 indicates a slight left tail, and kurtosis of -2.87 suggests a flat distribution with no extreme highs. Overall, NCDEX has struggled to maintain sufficient liquid assets, posing short-term liquidity risk that warrants attention. The figures shown in the chart-3.

Chart-3
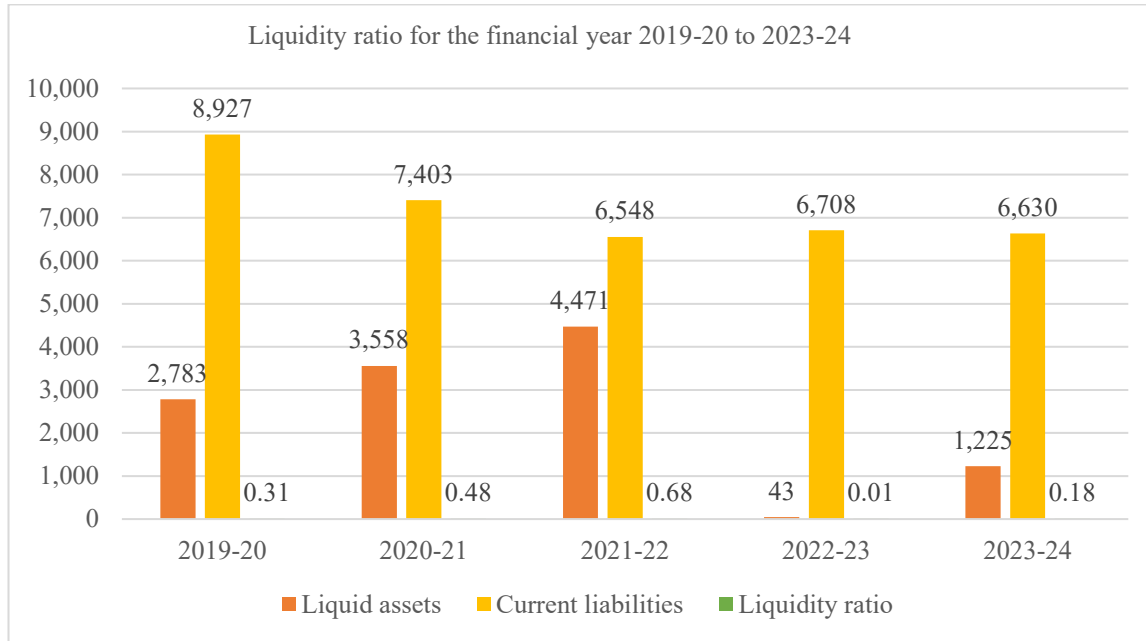
VI.   Evaluate The Overall Financial Performance of NCDEX.
1.   Debt equity ratio

The Debt-Equity Ratio is a key financial leverage ratio used to assess a company's financial risk and capital structure. It shows the proportion of debt (borrowed funds) to equity (shareholders' funds) in financing the company's assets**.**

Debt equity ratio = Debt ÷ Shareholders Equity

Table – 4

Debt equity ratio for the financial year 2019-20 to 2023-24

(R.s in lakhs)

| Year	Deposits	Equity	Debt equity ratio
2019-20	0	45,063	-
2020-21	973	42,296	0.02
2021-22	924	40,626	0.02
2022-23	769	35,793	0.02
2023-24	894	35,397	0.03
Total	3,560	1,99,175	0.09
Mean	712	39,835	0.02
Median	894	40,626	0.02
S. D	405.09	4,184.73	0.01
CV	57%	11%	56%
CAGR	-3%	-6%	3%
Skw	-2.05	0.03	-2.14
Krw	4.29	2.13	4.68

Source: Financial statements of NCDEX

Analysis

Instead of debt we taken long term subscribers deposits in the non-current assets. The debt-equity ratio of NCDEX over the five-year period reflects a very low financial leverage. In 2019–20, there was no debt, and

from 2020–21 to 2023–24, the ratio remained stable at 0.02, except a slight rise to 0.03 in 2023–24. The mean debt-equity ratio is 0.02, while the median is also 0.02, indicating consistent low use of debt financing. The standard deviation is 0.01, and CV is 56%, showing proportionally high variability due to the small base of debt. The CAGR of debt is -3%, while equity declined at -6%, leading to a slight 3% increase in the debt-equity ratio over time. The negative skewness of -2.14 and high kurtosis of 4.68 indicate that most values are clustered at the lower end with very little variation. Overall, NCDEX operates with minimal debt, which implies low financial risk, strong solvency, and a conservative capital structure. Same as shown in chart-4.

Chart-4

Debt equity ratio for the financial year 2019-20 to 2023-24
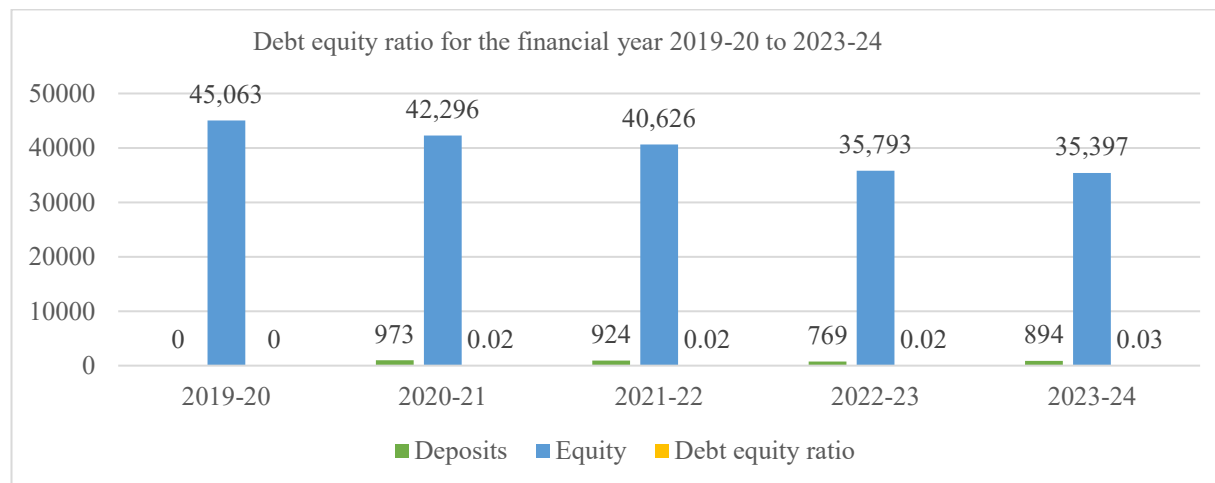
2. Proprietary or Net worth to total assets ratio

The Proprietary Ratio, also known as the Net Worth to Total Assets Ratio, is a solvency ratio used to assess the financial strength and stability of a company. It shows the proportion of a company's total assets that are financed by the owners' funds (equity), rather than by external liabilities.

**Proprietary or Net worth to total assets ratio** = Equity ÷ Total assets

Table –5

Proprietary/ Net worth to total assets ratio for the financial year 2019-20 to 2023-24
(R.s in lakhs)

Year	Equity	Total Assets	Net worth to total assets Ratio
2019-20	45,063	54,607	0.83
2020-21	42,296	51,013	0.83
2021-22	40,626	49,311	0.82
2022-23	35,793	44,351	0.81
2023-24	35,397	44,158	0.80
Total	1,99,175	2,43,440	0.82
Mean	39835	48688	0.82
Median	40626	49311	0.82
S. D	4,184.73	4,476.57	0.01
CV	11%	9%	1%
CAGR	-6%	-5%	-1%
Skw	0.03	0.21	-0.60
Krw	-2.13	-1.68	-2.51

Source: Financial statements of NCDEX

The proprietary ratio (net worth to total assets) of NCDEX remained consistently strong from 2019–20 to 2023–24, ranging from 0.83 to 0.80, indicating a solid equity-based capital structure. The ratio was highest at 0.83 in both 2019–20 and 2020–21 and gradually declined to 0.80 in 2023–24, suggesting a slight increase in reliance on non-equity sources. The mean and median values are both 0.82, indicating consistency. With a standard deviation of 0.01 and a CV of just 1%, the ratio shows very low volatility. The CAGR of equity is -6%, and total assets declined at -5%, leading to a minor -1% CAGR in the ratio. The skewness of -0.60 and kurtosis of -2.51 show a mildly left-skewed and flat distribution, meaning the values are stable without extreme fluctuations. Overall, NCDEX maintained a high proprietary ratio, reflecting strong financial independence, low financial risk, and long-term solvency. Same as shown in chart-5.

Chart-5

Proprietary or Net worth to total assets ratio for the financial year 2019-20 to 2023-24
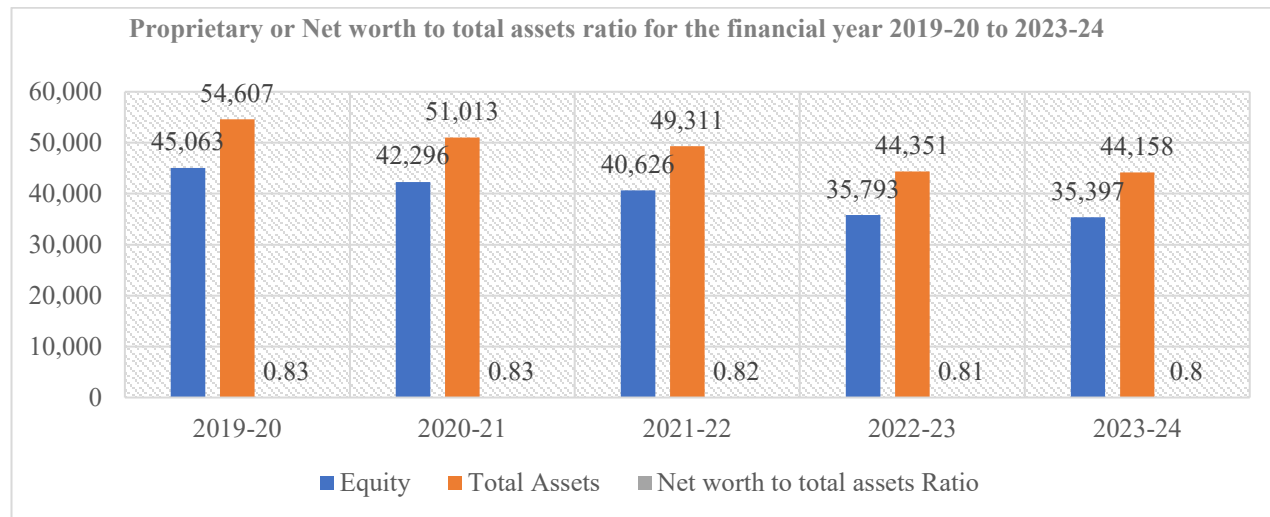
3. Fixed assets to net worth ratio

The Fixed Assets to Net Worth Ratio is a financial stability ratio that shows how much of a company's shareholders' equity (net worth) is invested in fixed (non-current) assets like land, buildings, machinery, etc. It helps assess how safely the company has invested owners' funds.

Fixed assets to net worth ratio = Fixed assets ÷ Equity

Table –6

Fixed assets to net worth ratio for the financial year 2019-20 to 2023-24

(R.s in lakhs)

Year	Fixed assets	Equity	Fixed assets to net worth Ratio
2019-20	37,471	45,063	0.83
2020-21	33,596	42,296	0.79
2021-22	32,150	40,626	0.79
2022-23	9,750	35,793	0.27
2023-24	31,669	35,397	0.89
Total	1,44,636	1,99,175	0.73
Mean	28,927.2	39,835	0.72
Median	32,150	40,626	0.79
S. D	10,959.73	4,184.73	0.25
CV	38%	11%	35%
CAGR	-4%	-6%	2%
Skw	-1.99	0.03	-2.08
Krw	4.23	-2.13	4.49

Source: Financial statements of NCDEX

Analysis:

The fixed assets to net worth ratio of NCDEX indicates how much of shareholders' equity is tied up in fixed assets. The ratio ranged from 0.27 in 2022–23 to 0.89 in 2023–24, with the highest level of investment in fixed assets seen in the latest year. The mean ratio over five years is 0.72, and the median is 0.79, both suggesting that around 70–80% of the company's net worth is typically invested in fixed assets. The standard deviation is 0.25, and the coefficient of variation (CV) is 35%, reflecting moderate fluctuation. The CAGR of the ratio is 2%, indicating a slight upward trend, while fixed assets declined at -4% and equity at -6%. The sharp dip in 2022–23 likely reflects asset restructuring or divestment. The skewness of -2.08 and kurtosis of 4.49 suggest a negatively skewed and peaked distribution, with 2022–23 being an outlier. Overall, NCDEX maintained a balanced investment in fixed assets, with the ratio staying well below the risk threshold of 1:1, indicating financial prudence and moderate capital rigidity. Same as shown in chart-6.

Chart-6
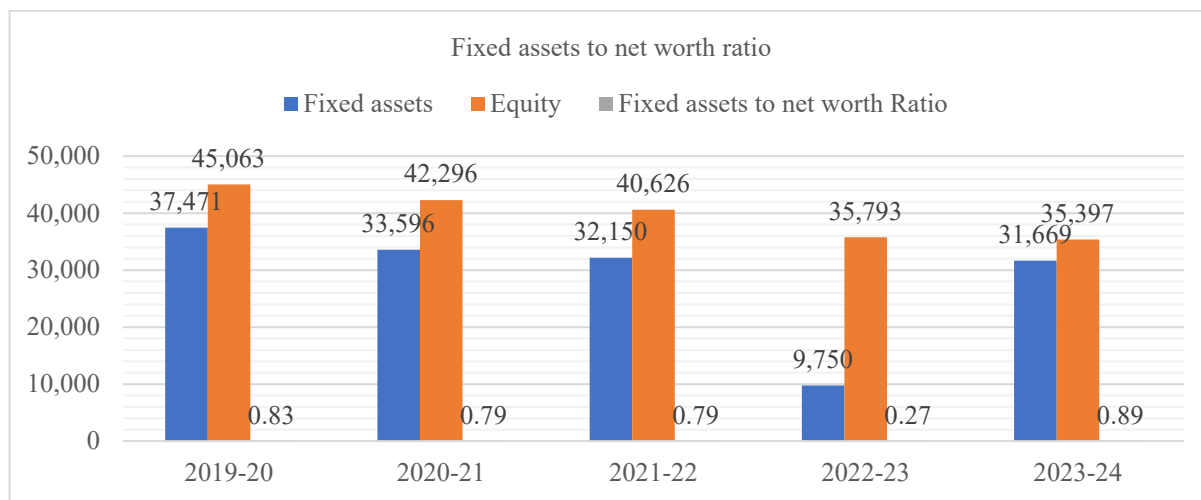
4. Current assets to proprietary ratio

The Current Assets to Proprietary Ratio is used to assess the extent to which a company's current assets are financed by the proprietor's funds (equity or shareholders' funds). It reflects the company's financial strength, particularly its ability to fund short-term assets using its own capital rather than relying on external liabilities.

Current assets to proprietary ratio= Current assets ÷ Equity

Table – 7

Current assets to proprietary ratio for the financial year 2019-20 to 2023-24

Year	Current assets	Equity	Current assets to proprietary Ratio
2019-20	17,136	45,063	0.38
2020-21	17,417	42,296	0.41
2021-22	17,161	40,626	0.42
2022-23	9,750	35,793	0.27
2023-24	10,703	35,397	0.30
Total	72,167	1,99,175	0.36
Mean	14433.4	39835	0.36
Median	17136	40626	0.38
S. D	3,856.68	4,184.73	0.07
CV	27%	11%	19%
CAGR	-11%	-6%	-6%

| Skw	-0.64	0.03	-0.49
Krw	-3.13	-2.13	-2.49

(R.s in lakhs)

Source: Financial statements of NCDEX

Analysis

The Current Assets to Proprietary Ratio for the financial years 2019–20 to 2023–24 shows a fluctuating trend, with values ranging from 0.27 to 0.42, indicating moderate reliance on proprietary funds for current asset financing. The mean ratio stands at 0.36, with a median of 0.38, suggesting slightly skewed lower values in later years. The standard deviation (S.D) is 0.07, showing moderate variation across years, while the coefficient of variation (CV) of 19% reflects relative consistency compared to current assets (CV 27%) and equity (CV 11%). The compound annual growth rate (CAGR) is -6% for the ratio, showing a declining trend in the use of proprietary funds to support current assets. The skewness (Skw) of -0.49 suggests a left-skewed distribution, meaning more values are concentrated on the higher end. The kurtosis (Krw) of -2.49 indicates a platykurtic distribution, i.e., a flatter curve than the normal distribution. Notably, current assets declined with a CAGR of -11%, while equity declined at -6%, explaining the falling ratio. Overall, the analysis reflects a cautious shift in asset structuring, with reduced reliance on equity to finance current assets in recent years. Same as shown in chart-7.

Chart-7
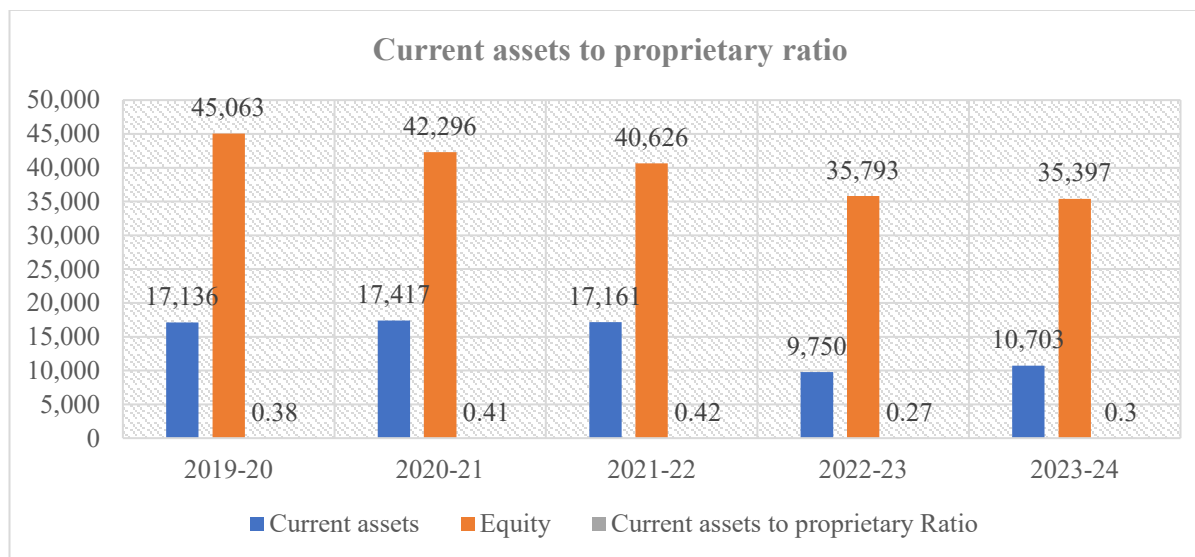
5. Current liabilities to proprietor's funds ratio

The Current Liabilities to Proprietor's Funds Ratio is used to evaluate the financial leverage and short-term solvency risk of a business by measuring the proportion of current liabilities financed through owner's equity or proprietary funds.

Current liabilities to proprietor's funds ratio= Current liabilities ÷ Equity

Table – 8

Current liabilities to proprietor's funds ratio for the financial year 2019-20 to 2023-24

(R.s in lakhs)

Year	Current liabilities	Equity	Current liabilities to proprietor's funds ratio
2019-20	8,927	45,063	0.20
2020-21	7,403	42,296	0.18
2021-22	6,548	40,626	0.16

2022-23	6,708	35,793	0.19
2023-24	6,630	35,397	0.19
Total	36,216	1,99,175	0.18
Mean	7,243.2	39,835	0.18
Median	6,708	40,626	0.19
S. D	1,000.81	4,184.73	0.01
CV	14%	11%	8%
CAGR	-7%	-6%	-1%
Skw	1.69	0.03	-0.65
Krw	2.59	-2.13	0.01

Source: Financial statements of NCDEX

Analysis

The Current Liabilities to Proprietor's Funds Ratio from 2019–20 to 2023–24 indicates a relatively stable and low dependence on external short-term liabilities, with the ratio ranging between 0.16 and 0.20. The mean ratio is 0.18, closely aligned with the median of 0.19, showing overall consistency. The standard deviation (S.D) is 0.01, and the coefficient of variation (CV) is just 8%, indicating minimal fluctuation in the ratio compared to current liabilities (CV 14%) and equity (CV 11%). The CAGR of the ratio is -1%, reflecting a very slight downward trend over the period. Although current liabilities declined at a CAGR of -7%, equity also declined at -6%, which maintained ratio stability. The skewness (Skw) of -0.65 indicates a moderately left-skewed ratio distribution, meaning higher values occurred more frequently in earlier years. The kurtosis (Krw) is 0.01, suggesting a distribution close to normal. Meanwhile, current liabilities show positive skewness (1.69) and leptokurtic kurtosis (2.59), indicating a distribution with a sharper peak and more extreme values. Overall, the firm has maintained a healthy and conservative financing structure with limited reliance on current liabilities relative to proprietor's funds. Same as shown in chart-8.

Chart-8
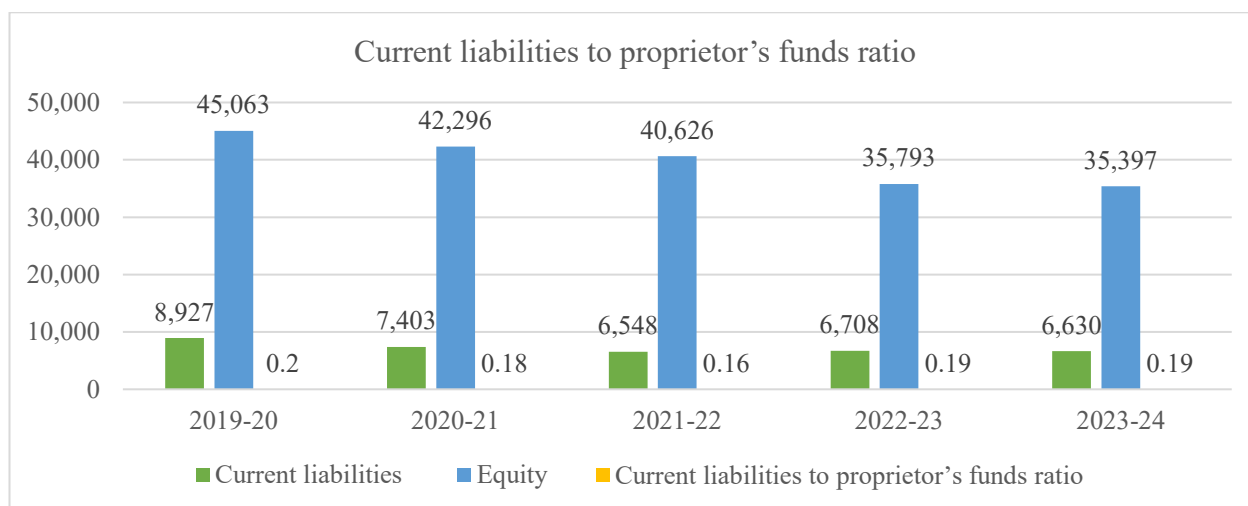
6.   Return on shareholders investments ratio

The Return on Shareholders' Investments Ratio also known as Return on Equity (ROE) is used to measure how effectively a company uses the shareholders' funds to generate net profit. It indicates the profitability and financial efficiency from the shareholders' perspective.

Return on shareholders investments ratio= Net profit ÷ Equity

Table – 9

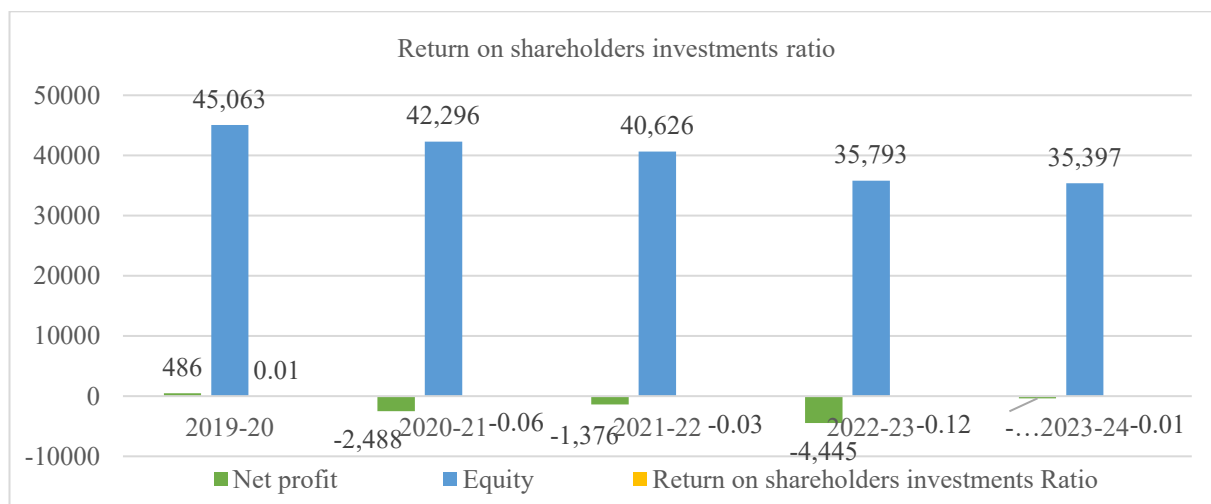Return on shareholders investments ratio for the financial year 2019-20 to 2023-24

(R.s in lakhs)

Year	Net profit	Equity	Return on shareholders investments Ratio
2019-20	486	45,063	0.01
2020-21	-2,488	42,296	-0.06
2021-22	-1,376	40,626	-0.03
2022-23	-4,445	35,793	-0.12
2023-24	-365	35,397	-0.01
Total	-8,188	1,99,175	-0.04
Mean	-1,638	39,835	-0.04
Median	-1376	40,626	-0.03
S. D	1,923.69	4,184.73	0.05
CV	-1.17	0.11	-1.21
CAGR	-	-6%	-
Skw	-0.65	0.03	-0.99
Krw	-0.19	-2.13	0.88

Source: Financial statements of NCDEX

Analysis

The Return on Shareholders' Investments Ratio (ROE) for the financial years 2019–20 to 2023–24 shows a concerning trend, with four out of five years posting negative returns, reflecting consistent net losses. The ratio ranged from -0.12 to 0.01, with a mean of -0.04 and a median of -0.03, highlighting persistent underperformance in generating returns on equity. The standard deviation (S.D) is 0.05, and the coefficient of variation (CV) is -1.21, indicating high instability in profitability relative to the average return. Net profit also had a high CV of -1.17, signifying extreme fluctuation in earnings, while equity was relatively stable (CV 0.11). The skewness (Skw) of the ROE is -0.99, indicating a strong left skew, with most values clustered toward higher losses. The kurtosis (Krw) of 0.88 suggests a distribution somewhat peaked but not extreme. Notably, the CAGR for equity is -6%, while ROE CAGR is undefined due to negative and fluctuating values. In total, the company recorded a cumulative net loss of ₹8,188 lakhs over the five years, clearly pointing to poor return on shareholders' funds. Overall, the ratio reflects an ineffective use of equity capital, raising concerns for investors about profitability and long-term value creation. Same as shown in chart-9.

Chart-9

7. All ratios summary for the financial year 2019-20 to 2023-24

Table – 10

All ratios summary for the financial year 2019-20 to 2023-24

(R.s in lakhs)

Year	Current ratio	Quick ratio	Cash ratio	Debt equity ratio	Net worth to total assets ratio	Fixed assets to net worth ratio	Current assets to proprietary ratio	Current liabilities to proprietary funds ratio	Return on shareholders' investment
2019-20	1.92	1.57	0.31	-	0.83	0.83	0.38	0.20	0.01
2020-21	2.36	1.88	0.48	0.02	0.83	0.79	0.41	0.18	-0.06
2021-22	2.62	1.84	0.68	0.02	0.82	0.79	0.42	0.16	-0.03
2022-23	1.45	0.99	0.01	0.02	0.81	0.27	0.27	0.19	-0.12
2023-24	1.61	1.08	0.18	0.03	0.80	0.89	0.30	0.19	-0.01
Total	10	1.49	0.33	0.09	0.82	0.73	0.36	0.18	-0.04
Mean	2	1.47	0.98	0.02	0.82	0.72	0.36	0.18	-0.04
Median	1.92	1.57	1.09	0.02	0.82	0.79	0.38	0.19	-0.03
S. D	0.49	0.42	0.39	0.01	0.01	0.25	0.07	0.01	0.05
CV	25%	28%	40%	56%	1%	35%	19%	8%	-1.21
CAGR	-4%	-9%	-12%	3%	-1%	2%	-6%	-1%	-
Skw	0.30	-0.32	-0.32	-2.14	-0.60	-2.08	-0.49	-0.65	-0.99
Krw	-2.02	-2.90	-2.87	4.68	-2.51	4.49	-2.49	0.01	0.88

Source: Financial statements of NCDEX

Analysis

The financial ratio summary from 2019–20 to 2023–24 reveals mixed performance trends in liquidity, solvency, and profitability. The current ratio (mean 2.00) and quick ratio (mean 1.47) indicate overall adequate short-term liquidity, though both declined over time with CAGRs of -4% and -9%, respectively. The cash ratio shows volatility (CV 40%) and a sharper decline (CAGR -12%), suggesting weakening immediate liquidity. The debt-equity ratio remained minimal (mean 0.02), reflecting very low financial leverage. The net worth to total assets ratio was consistently high (mean 0.82), implying a strong equity base. However, fixed assets to net worth ratio fluctuated (CV 35%) with a moderate increase (CAGR 2%), showing variable asset structuring. The current assets to proprietary ratio fell (CAGR -6%), indicating decreasing use of equity for short-term assets. The current liabilities to proprietary funds ratio was stable and low (mean 0.18), reflecting limited dependence on short-term borrowings. Most concerning is the return on shareholders' investment, with a negative mean of -0.04 and a CV of -1.21, pointing to sustained losses and poor profitability. Overall, the company showed a stable capital structure and liquidity position but suffered from weak returns and declining efficiency over the five-year period. Same as shown in chart-10.

Chart-10

All ratios summary for the financial year 2019-20 to 2023-24

Legend: Current ratio, Quick ratio, Cash ratio, Debt equity ratio, Net worth to total assets ratio, Fixed assets to net worth ratio, Current assets to proprietary ratio, Current liabilities to proprietary funds ratio, Return on shareholders investment
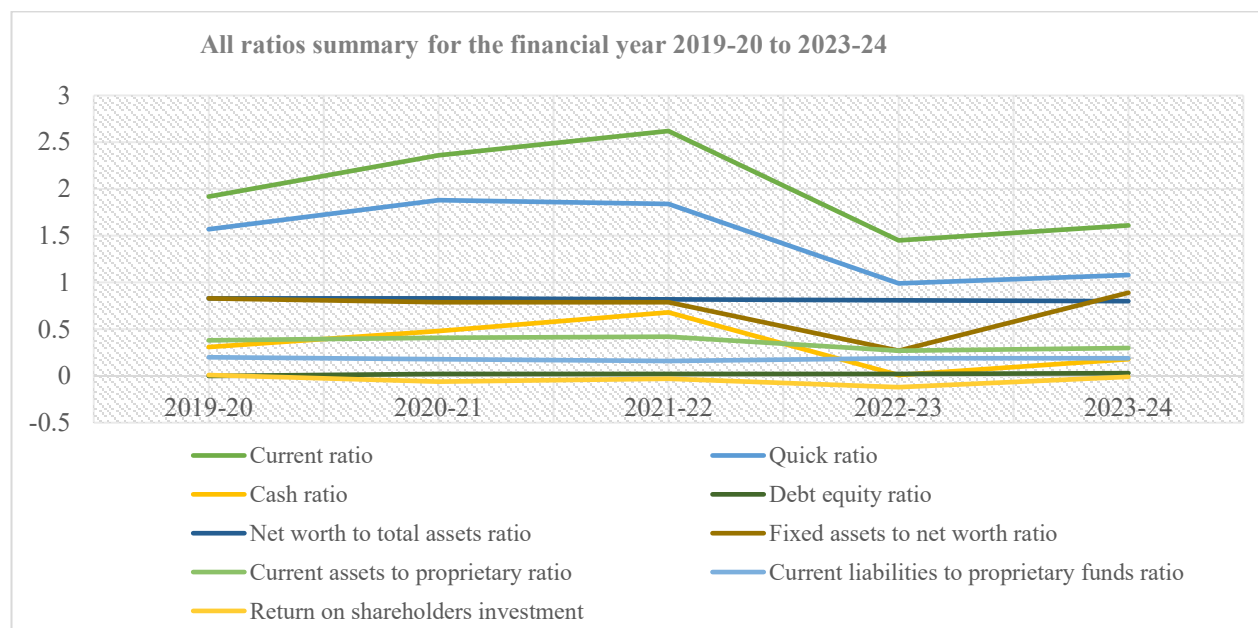
Conclusion

Based on the financial data from 2019–20 to 2023–24, NCDEX's overall financial performance reveals a mixed picture of stability in structure but weakness in profitability. Liquidity ratios like the current ratio (mean 2.00) and quick ratio (mean 1.47) remained healthy, indicating that the exchange was capable of meeting its short-term obligations, though there was a noticeable decline in cash ratio (CAGR -12%), pointing to weakened immediate liquidity. The capital structure was conservative, with very low debt-equity ratios (mean 0.02) and a strong net worth to total assets ratio (mean 0.82), suggesting high dependence on internal funds. Ratios like fixed assets to net worth and current assets to proprietary funds showed fluctuating patterns but remained within acceptable limits. However, the most concerning aspect is the consistent negative return on shareholders' investment, with an average of -0.04, highlighting continuous losses and inefficient use of equity capital. This is supported by a total net loss of ₹8,188 lakhs over five years. While NCDEX maintained a low-risk capital structure and satisfactory liquidity, its profitability and operational efficiency deteriorated, which could affect investor confidence and long-term sustainability if not addressed strategically.

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