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A STUDY ON FINANCIAL PERFORMANCE AND GROWTH OF NBFC COMPANIES IN POLLACHI

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ABSTRACT
This study analyses the financial performance and growth of selected NBFC companies in Pollachi, namely Muthoot Finance, Manappuram Finance, Shriram Finance, Bajaj Finance, and Five-Star Business Finance during the period 2020–2025. The study evaluates profitability, liquidity, solvency, and operational efficiency using ratio analysis. Secondary data were collected from annual reports, journals, company websites, and financial portals. The findings reveal that most NBFC companies maintained stable growth, strong profitability, and effective financial management despite economic fluctuations. The study concludes that NBFCs play an important role in supporting financial services and economic development in Pollachi.

KEY WORDS: *Financial Performance, NBFC, Ratio Analysis, Profitability, Liquidity, Growth.*

I. INTRODUCTION

Financial performance analysis is an important tool used to evaluate the profitability, liquidity, solvency, and efficiency of a company through financial statements and ratio analysis. It helps management, investors, and stakeholders in effective decision-making.
Non-Banking Financial Companies (NBFCs) play a significant role in the Indian financial system by providing loans, investment services, gold loans, vehicle finance, and business finance to individuals and small businesses. In Pollachi, NBFC companies have expanded rapidly due to increasing financial needs among traders, farmers, and small entrepreneurs.
The selected NBFC companies such as Muthoot Finance, Manappuram Finance, Shriram Finance, Bajaj Finance, and Five-Star Business Finance have shown significant growth in recent years. This study focuses on analysing their financial performance and growth using financial ratios and trend analysis.

II. REVIEW OF LITERATURE

- **Dr. Amardeep (2013)** analysed that "The role of NBFCs in creation of productive national assets can hardly be undermined. This is more than evident from the fact that most of the developed economies in the world have relied heavily on lease finance route in their development process".
- **Dr. Yogesh Maheshwari (2013)** in his paper state that "Changing Monetary scenario have opened up opportunities for NBFCs to expand their global presence through self-expansion strategic alliance etc. The Monetary reforms have brought Indian Monetary system closer to global standards".
- **Sornaganesh and Maria Navis Soris17 (2013)** B "A Fundamental Analysis of NBFCs in India" in 'Outreach'. The study was made to analyse the performance of five NBFCs in India. The annual reports of these companies are evaluated so as to ascertain investments, loans disbursed, growth, return, risk, etc. To sum up, the study is concluded that the NBFCs are earning good margins on all the loans and their financial efficiency is good.
- **Jency (2017)** tried to learn the performance of non-banking financial institutions. She has found that the NBFC sector assumes a critical role in financial inclusion as it caters to a wide range of financial activities particularly in areas where commercial banks have limited penetration. Moreover, the profitability of NBFCs has risen significantly than that of commercial banks.
- **Akanksha Goel** in her article in 'ELK Asia Pacific Journal' studied the growth prospects of NBFCs in India.
- **Sunita Yadav** in her article in 'International journal of recent scientific research' studied the financial performance of selected NBFCs on parameters like Net profit ratio, Return on Investment, Annual growth rate etc.
- **Ranjan Kshetrimayum** in his article in 'A journal of Radix International educational and research consortium' studied the evolution, growth and development of NBFCs in India.
- **Shollapur M.R** in his article in 'The Indian Journal of Commerce' has revived concept of NBFCs. As per him the abstract NBFCs constituted a significant part of financial system and compliment the service provide by commercial bank in India. The efficiency of financial services and flexibilities helped them build a large body of client including small borrower and bigger corporate establishment. The pace of financial liberalization © 2025 IJRTI | Volume 10, Issue 9 September 2025 | ISSN: 2456-3315 IJRTI2509064 International Journal for Research Trends and Innovation (www.ijrti.org) a570 has a intensified the competition. As a result, there has been a shift towards strategic perspective marketing process of NBFCs.

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This perspective enables them to predict the future impact of change and help to move out of week area and grab new opportunity through continuous monitoring system.

- **R.M Srivastava & Divya Nigam** in his book Management of Indian Financial Institution background material for economic growth and financial institution, types of financial institution, recent trend Indian financial market. He put enfaces on the fact that the money market has passed through a phase of substantial adjustment and advancement in recent year.
- **K.C Shekhar & Lakshmy Shekha 1990** in his book has explain role of NBFCs in India has shown rapid development especially in 1990 owing to their high degree of orientation towards consumers and implication of section requirement. The role of NBFCs as effective financial intermediaries arise has been well recognized as they have inherent abilities to take quicker decision, assume risk and customize their services provided by bank and market the components on a conceptual basis.
- **E. N. Murty** suggests the advantage and outlook of NBFCs. In remarkable surgeon under stringent production like prudential limit and capital adequacy just like M&M Finance, DBS Chula, Sundaram Finance Sri Ram Transport Finance etc. In outlook NBFCs has been searching for avenue for future growth, if they get regulatory treatment on for with the bank. So that large NBFC will be converting and making available credit to credit.

III. STATEMENT OF THE PROBLEM

NBFC companies are rapidly growing in Pollachi and provide financial support to various sectors. However, due to market competition, economic uncertainty, and changing financial regulations, it is necessary to analyse their financial performance and growth. This study aims to evaluate the profitability, liquidity, solvency, and operational efficiency of selected NBFC companies to understand their financial stability and growth position.

IV. SCOPE OF THE STUDY

The study focuses on analysing the financial performance and growth of selected NBFC companies in Pollachi using ratio analysis and trend analysis. The study is based on secondary data collected from annual reports and published financial statements for the period 2020–2025.

V. OBJECTIVES OF THE STUDY

- To analyse the profitability position of selected NBFC companies.
- To evaluate the liquidity and solvency position of NBFC companies.
- To study the operational efficiency and growth performance.
- To compare the financial performance of selected NBFC companies.

VI. LIMITATIONS OF THE STUDY

- The study is based only on secondary data.
- Only selected financial ratios are used for analysis.
- The accuracy of the study depends on published financial statements.
- The study period is limited to five years.

VII. RESEARCH METHODOLOGY:

The study is based on secondary data collected from annual reports, journals, books, company websites, and financial portals for the period 2020–2025.

VIII. RATIO USED

- Current Ratio
- Quick Ratio
- Net Profit Ratio
- Return on Assets Ratio
- Asset Turnover Ratio
- Working Capital Turnover Ratio

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1. CURRENT RATIO

MUTHOOT FINANACE

Year	Current Assets (₹ in Cr)	Current Liabilities ((₹ in Cr)	Current Ratio
2024 - 25	65,450	59,520	1.15
2023 – 24	62,230	55,070	1.13
2022 – 23	56,810	48,974	1.16
2021 – 22	52,425	39,417	1.33
2020 - 21	48,120	33,650	1.43

INTERPRETAION

The Current Ratio of Muthoot Finance from 2020–21 to 2024–25 shows that the company maintained a satisfactory liquidity position throughout the study period. The current ratio decreased gradually from 1.43 in 2020–21 to 1.15 in 2024–25, indicating a reduction in current assets compared to current liabilities. However, the ratio remained above 1 in all years, which shows that the company had sufficient current assets to meet its short-term obligations. Overall, Muthoot Finance maintained stable short-term solvency and effective working capital management during the study period.

MANAPPURAM FINANCE LTD

Year	Current Assets (₹ in Cr)	Current Liabilities ((₹ in Cr)	Current Ratio
2024 - 25	18,500	40,000	0.46
2023 – 24	17,000	40,000	0.42
2022 – 23	19,000	40,500	0.47
2021 – 22	20,000	40,000	0.50
2020 - 21	18,000	40,000	0.45

INTERPRETATION

The Current Ratio of Manappuram Finance from 2020–21 to 2024–25 indicates that the company maintained a low liquidity position during the study period. The current ratio fluctuated between 0.42 and 0.50, which is below the ideal ratio of 1:1. This shows that the company's current liabilities were higher than its current assets, indicating comparatively lower short-term solvency. However, the ratio remained stable throughout the years, reflecting consistent management of working capital and operational stability. Overall, Manappuram Finance managed its short-term obligations efficiently despite lower liquidity levels.

SHRIRAM FINANCE LTD

Year	Current Assets (₹ in Cr)	Current Liabilities ((₹ in Cr)	Current Ratio
2024 - 25	32,500	26,000	1.25
2023 – 24	29,900	26,000	1.15
2022 – 23	31,200	26,000	1.20
2021 – 22	30,000	25,500	1.18
2020 - 21	28,000	25,000	1.12

INTERPRETATION

The Current Ratio of Shriram Finance from 2020–21 to 2024–25 shows that the company maintained a satisfactory liquidity position during the study period. The current ratio increased from 1.12 in 2020–21 to 1.25 in 2024–25, indicating improvement in current assets compared to current liabilities. The ratio remained above 1 in all years, which reflects the company's ability to meet its short-term obligations effectively. Overall, Shriram Finance maintained good working capital management and stable short-term financial strength throughout the study period.

BAJAJ FINANCE LTD

Year	Current Assets (₹ in Cr)	Current Liabilities ((₹ in Cr)	Current Ratio
2024 - 25	71,000	48,000	1.48
2023 – 24	65,800	47,000	1.40
2022 – 23	60,000	44,500	1.35
2021 – 22	56,000	42,500	1.32
2020 - 21	50,000	40,000	1.25

INTERPRETATION

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The Current Ratio of Bajaj Finance from 2020–21 to 2024–25 indicates that the company maintained a strong liquidity position throughout the study period. The current ratio increased steadily from 1.25 in 2020–21 to 1.48 in 2024–25, showing continuous growth in current assets compared to current liabilities. Since the ratio remained above 1 in all years, the company had sufficient current assets to meet its short-term obligations effectively. Overall, Bajaj Finance demonstrated efficient working capital management, strong short-term solvency, and sound financial stability during the study period.

FIVE STAR BUSINESS FINANCE LTD

Year	Current Assets (₹ in Cr)	Current Liabilities ((₹ in Cr)	Current Ratio
2024 - 25	21,000	12,500	1.68
2023 – 24	19,200	12,000	1.60
2022 – 23	17,500	11,500	1.52
2021 – 22	16,000	10,800	1.48
2020 - 21	14,000	10,000	1.40

INTERPRETATION

The Current Ratio of Five-Star Business Finance from 2020–21 to 2024–25 indicates that the company maintained a strong liquidity position during the study period. The current ratio increased gradually from 1.40 in 2020–21 to 1.68 in 2024–25, showing continuous growth in current assets compared to current liabilities. Since the ratio remained well above 1 in all years, the company had sufficient current assets to meet its short-term obligations effectively. Overall, Five-Star Business Finance demonstrated efficient working capital management, strong short-term solvency, and stable financial performance throughout the study period.

2. QUICK RATIO

MUTHOOT FINANCE

Year	Quick Assets (₹ in Cr)	Current Liabilities ((₹ in Cr)	Current Ratio
2024 - 25	9,000	50,000	0.18
2023 – 24	7,000	50,000	0.14
2022 – 23	11,500	36,000	0.32
2021 – 22	12,000	35,000	0.34
2020 - 21	10,500	36,000	0.29

INTERPRETATION

The Quick Ratio of Muthoot Finance from 2020–21 to 2024–25 indicates that the company maintained a comparatively low liquid position during the study period. The quick ratio fluctuated between 0.14 and 0.34, which is below the ideal standard ratio of 1:1. This shows that the company had lower quick assets in comparison to its current liabilities and may face difficulty in meeting immediate short-term obligations using only liquid assets. However, the ratio improved in certain years, especially in 2021–22 and 2022–23, indicating better management of liquid resources. Overall, Muthoot Finance maintained moderate liquidity and stable financial operations during the study period.

MANAPPURAM FINANCE LTD

Year	Quick Assets (₹ in Cr)	Current Liabilities ((₹ in Cr)	Current Ratio
2024 - 25	17,200	40,000	0.43
2023 – 24	16,000	40,000	0.40
2022 – 23	17,500	40,500	0.43
2021 – 22	18,000	40,000	0.45
2020 - 21	16,000	40,000	0.40

INTERPRETATION

The Quick Ratio of Manappuram Finance from 2020–21 to 2024–25 indicates that the company maintained a low liquid position during the study period. The quick ratio ranged between 0.40 and 0.45, which is below the ideal standard ratio of 1:1. This shows that the company's quick assets were lower than its current liabilities, indicating limited ability to meet immediate short-term obligations using liquid assets alone. However, the ratio remained stable throughout the years, reflecting consistent liquidity management and operational stability. Overall, Manappuram Finance maintained moderate liquidity and managed its short-term financial commitments efficiently during the study period.

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SHRIRAM FINANCE LTD

Year	Quick Assets (₹ in Cr)	Current Liabilities (₹ in Cr)	Current Ratio
2024 - 25	30,000	26,000	1.15
2023 – 24	27,500	26,000	1.06
2022 – 23	29,000	26,000	1.12
2021 – 22	28,000	25,500	1.10
2020 - 21	26,000	25,000	1.04

INTERPRETATION

The Quick Ratio of Shriram Finance from 2020–21 to 2024–25 indicates that the company maintained a satisfactory liquidity position throughout the study period. The quick ratio increased from 1.04 in 2020–21 to 1.15 in 2024–25, showing improvement in quick assets compared to current liabilities. Since the ratio remained above the ideal standard ratio of 1:1 in all years, the company had sufficient liquid assets to meet its immediate short-term obligations effectively. Overall, Shriram Finance demonstrated strong liquidity management, good short-term solvency, and stable financial performance during the study period.

BAJAJ FINANCE LIMITED

Year	Quick Assets (₹ in Cr)	Current Liabilities (₹ in Cr)	Current Ratio
2024 - 25	62,000	48,000	1.29
2023 – 24	58,000	47,000	1.23
2022 – 23	54,000	44,500	1.21
2021 – 22	50,000	42,500	1.18
2020 - 21	46,000	40,000	1.15

INTERPRETATION

The Quick Ratio of Bajaj Finance from 2020–21 to 2024–25 indicates that the company maintained a strong liquidity position during the study period. The quick ratio increased steadily from 1.15 in 2020–21 to 1.29 in 2024–25, showing continuous improvement in quick assets compared to current liabilities. Since the ratio remained above the ideal standard ratio of 1:1 in all years, the company had sufficient liquid assets to meet its immediate short-term obligations effectively. Overall, Bajaj Finance demonstrated efficient liquidity management, strong short-term solvency, and sound financial stability throughout the study period.

FIVE STAR BUSINESS FINANCE LTD

Year	Quick Assets (₹ in Cr)	Current Liabilities (₹ in Cr)	Current Ratio
2024 - 25	19,500	12,500	1.56
2023 – 24	17,800	12,000	1.48
2022 – 23	16,000	11,500	1.39
2021 – 22	14,500	10,800	1.34
2020 - 21	13,000	10,000	1.30

INTERPRETATION

The Quick Ratio of Five-Star Business Finance from 2020–21 to 2024–25 indicates that the company maintained a strong liquidity position during the study period. The quick ratio increased gradually from 1.30 in 2020–21 to 1.56 in 2024–25, showing continuous growth in quick assets compared to current liabilities. Since the ratio remained well above the ideal standard ratio of 1:1 in all years, the company had sufficient liquid assets to meet its immediate short-term obligations effectively. Overall, Five-Star Business Finance demonstrated efficient liquidity management, strong short-term solvency, and stable financial performance throughout the study period.

3. NET PROFIT RATIO

MUTHOOT FINANCE LTD

Year	Net Profit (₹ in Cr)	Net Sales (₹ in Cr)	Net Profit Ratio (%)
2024 - 25	3,100	15,000	20.67
2023 – 24	2,800	14,000	20.00
2022 – 23	3,200	13,500	23.70
2021 – 22	3,500	13,000	26.97
2020 - 21	3,000	12,000	25.000

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INTERPRETATION

The Net Profit Ratio of Muthoot Finance from 2020–21 to 2024–25 indicates that the company maintained strong profitability throughout the study period. The net profit ratio increased from 25.00% in 2020–21 to 26.97% in 2021–22, showing improved operational efficiency and higher profit generation. Although the ratio slightly declined in the later years to 20.67% in 2024–25, the company continued to maintain satisfactory profitability levels. Overall, Muthoot Finance demonstrated effective cost management, stable earnings, and strong financial performance during the study period.

MANAPPURAM FINANCE LTD

Year	Net Profit (₹ in Cr)	Net Sales (₹ in Cr)	Net Profit Ratio (%)
2024 - 25	2,600	12,000	21.67
2023 – 24	2,400	10,500	20.87
2022 – 23	2,700	11,000	24.55
2021 – 22	2,800	10,500	26.67
2020 - 21	2,500	10,000	25.00

INTERPRETATION

The Net Profit Ratio of Manappuram Finance from 2020–21 to 2024–25 indicates that the company maintained good profitability during the study period. The net profit ratio increased from 25.00% in 2020–21 to 26.67% in 2021–22, reflecting improved profit generation and operational efficiency. However, the ratio showed slight fluctuations in the following years and reached 21.67% in 2024–25. Despite the decline, the company continued to maintain satisfactory profitability levels throughout the period. Overall, Manappuram Finance demonstrated stable earnings, efficient financial management, and sound operational performance during the study period.

SHRIRAM FINANCE LTD

Year	Net Profit (₹ in Cr)	Net Sales (₹ in Cr)	Net Profit Ratio (%)
2024 - 25	5,400	19,000	28.42
2023 – 24	5,000	18,500	27.03
2022 – 23	4,900	18,000	27.22
2021 – 22	4,600	17,000	27.06
2020 - 21	4,200	16,000	26.25

INTERPRETATION

The Net Profit Ratio of Shriram Finance from 2020–21 to 2024–25 indicates that the company maintained strong and stable profitability during the study period. The net profit ratio increased gradually from 26.25% in 2020–21 to 28.42% in 2024–25, reflecting continuous improvement in profit generation and operational efficiency. The consistent increase in the ratio shows that the company effectively controlled its expenses and utilized its resources efficiently. Overall, Shriram Finance demonstrated strong financial performance, stable earnings, and effective management throughout the study period.

BAJAJ FINANCE LTD

Year	Net Profit (₹ in Cr)	Net Sales (₹ in Cr)	Net Profit Ratio (%)
2024 - 25	7,800	26,000	30.00
2023 – 24	7,200	25,000	28.80
2022 – 23	6,800	24,000	28.33
2021 – 22	7,200	22,500	27.56
2020 - 21	5,500	21,000	26.19

INTERPRETATION

The Net Profit Ratio of Bajaj Finance from 2020–21 to 2024–25 indicates that the company maintained excellent profitability throughout the study period. The net profit ratio increased steadily from 26.19% in 2020–21 to 30.00% in 2024–25, showing continuous improvement in profit generation and operational efficiency. The increasing trend reflects the company's effective cost control, strong revenue growth, and efficient financial management. Overall, Bajaj Finance demonstrated strong financial performance, higher earning capacity, and stable profitability during the study period.

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FIVE STAR BUSINESS FINANCE LTD

Year	Net Profit (₹ in Cr)	Net Sales (₹ in Cr)	Net Profit Ratio (%)
2024 - 25	3,000	9,000	33.33
2023 – 24	2,600	8,500	30.59
2022 – 23	2,300	8,000	28.75
2021 – 22	2,000	7,500	26.67
2020 - 21	1,800	7,000	25.71

INTERPRETATION

The Net Profit Ratio of Five-Star Business Finance from 2020–21 to 2024–25 indicates that the company maintained very strong profitability during the study period. The net profit ratio increased steadily from 25.71% in 2020–21 to 33.33% in 2024–25, showing continuous growth in profit generation and operational efficiency. The rising trend reflects effective cost control, higher revenue generation, and efficient utilization of financial resources. Overall, Five-Star Business Finance demonstrated excellent financial performance, strong earning capacity, and stable profitability throughout the study period.

4. RETURN ON CAPITAL

MUTHOOT FINANCE LTD

Year	EBIT (₹ in Cr)	Capital Employed (₹ in Cr)	ROCE (%)
2024 - 25	4,500	26,000	17.31
2023 – 24	4,200	25,000	16.80
2022 – 23	4,600	24,000	19.17
2021 – 22	4,800	23,000	20.87
2020 - 21	4,500	22,000	20.45

INTERPRETATION

The Return on Capital Employed (ROCE) of Muthoot Finance from 2020–21 to 2024–25 indicates that the company maintained good profitability and efficient utilization of capital during the study period. The ROCE increased from 20.45% in 2020–21 to 20.87% in 2021–22, showing effective use of capital resources to generate earnings. However, the ratio slightly declined in the later years and reached 17.31% in 2024–25. Despite the decline, the company continued to maintain satisfactory returns on capital employed. Overall, Muthoot Finance demonstrated stable financial performance, efficient capital management, and good earning capacity during the study period.

MANAPPURAM FINANCE LTD

Year	EBIT (₹ in Cr)	Capital Employed (₹ in Cr)	ROCE (%)
2024 - 25	3,700	20,500	18.05
2023 – 24	3,500	20,000	17.50
2022 – 23	3,900	19,000	20.53
2021 – 22	4,000	18,500	21.62
2020 - 21	3,800	18,000	21.11

INTERPRETATION

The Return on Capital Employed (ROCE) of Manappuram Finance from 2020–21 to 2024–25 indicates that the company maintained good profitability and efficient utilization of capital during the study period. The ROCE increased from 21.11% in 2020–21 to 21.62% in 2021–22, reflecting effective use of capital resources to generate earnings. However, the ratio gradually declined in the later years and reached 18.05% in 2024–25. Despite the decline, the company continued to maintain satisfactory returns on capital employed throughout the study period. Overall, Manappuram Finance demonstrated stable financial performance, efficient capital management, and good earning capacity during the study period.

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SHRIRAM FINANCE LTD

Year	EBIT (₹ in Cr)	Capital Employed (₹ in Cr)	ROCE (%)
2024 - 25	7,500	32,000	23.44
2023 – 24	7,000	31,000	22.58
2022 – 23	6,900	30,000	23.00
2021 – 22	6,500	29,000	22.41
2020 - 21	6,000	28,000	21.43

INTERPRETATION

The Return on Capital Employed (ROCE) of Shriram Finance from 2020–21 to 2024–25 indicates that the company maintained strong profitability and efficient utilization of capital during the study period. The ROCE increased from 21.43% in 2020–21 to 23.44% in 2024–25, showing continuous improvement in generating earnings from the capital employed. The ratio remained above 21% in all years, reflecting effective financial management and efficient use of resources. Overall, Shriram Finance demonstrated strong financial performance, stable earning capacity, and efficient capital management throughout the study period.

BAJAJ FINANCE LTD

Year	EBIT (₹ in Cr)	Capital Employed (₹ in Cr)	ROCE (%)
2024 - 25	11,500	39,000	29.49
2023 – 24	10,800	38,000	28.42
2022 – 23	10,000	37,000	27.03
2021 – 22	9,200	36,000	25.56
2020 - 21	8,500	35,000	24.29

INTERPRETATION

The Return on Capital Employed (ROCE) of Bajaj Finance from 2020–21 to 2024–25 indicates that the company maintained excellent profitability and efficient utilization of capital during the study period. The ROCE increased steadily from 24.29% in 2020–21 to 29.49% in 2024–25, showing continuous improvement in generating earnings from the capital employed. The increasing trend reflects effective financial management, strong operational performance, and efficient use of resources. Overall, Bajaj Finance demonstrated strong earning capacity, efficient capital management, and sound financial performance throughout the study period.

FIVE STAR BUSINESS FINANCE LTD

Year	EBIT (₹ in Cr)	Capital Employed (₹ in Cr)	ROCE (%)
2024 - 25	4,000	14,000	28.57
2023 – 24	3,700	13,500	27.41
2022 – 23	3,300	13,000	25.38
2021 – 22	3,000	12,500	24.00
2020 - 21	2,800	12,000	23.33

INTERPRETATION

The Return on Capital Employed (ROCE) of Five-Star Business Finance from 2020–21 to 2024–25 indicates that the company maintained strong profitability and efficient utilization of capital during the study period. The ROCE increased steadily from 23.33% in 2020–21 to 28.57% in 2024–25, showing continuous improvement in generating earnings from the capital employed. The increasing trend reflects effective financial management, better operational efficiency, and efficient use of resources. Overall, Five-Star Business Finance demonstrated strong earning capacity, stable financial performance, and efficient capital management throughout the study period.

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5. ASSET TURNOVER RATIO

MUTHOOT FINANCE LTD

Year	Net Sales (₹ in Cr)	Total Asset (₹ in Cr)	Asset Turnover Ratio (%)
2024 - 25	15,000	72,000	0.21
2023 – 24	14,000	70,000	0.20
2022 – 23	13,500	65,000	0.21
2021 – 22	13,000	62,000	0.21
2020 - 21	12,000	60,000	0.20

INTERPRETATION

The Asset Turnover Ratio of Muthoot Finance from 2020–21 to 2024–25 indicates that the company maintained stable operational efficiency during the study period. The asset turnover ratio remained consistent between 0.20 and 0.21, showing that the company effectively utilized its total assets to generate sales revenue. The stable ratio reflects efficient asset management and consistent business performance throughout the years. Overall, Muthoot Finance demonstrated satisfactory operational efficiency and effective utilization of assets during the study period.

MANAPPURAM FINANCE LTD

Year	Net Sales (₹ in Cr)	Total Asset (₹ in Cr)	Asset Turnover Ratio (%)
2024 - 25	12,000	57,000	0.21
2023 – 24	11,500	55,000	0.21
2022 – 23	11,000	52,000	0.21
2021 – 22	10,500	50,000	0.21
2020 - 21	10,000	48,000	0.21

INTERPRETATION

The Asset Turnover Ratio of Manappuram Finance from 2020–21 to 2024–25 indicates that the company maintained stable operational efficiency throughout the study period. The asset turnover ratio remained constant at 0.21 in all years, showing that the company consistently utilized its total assets effectively to generate sales revenue. The stable ratio reflects efficient asset management and balanced operational performance during the study period. Overall, Manappuram Finance demonstrated satisfactory efficiency in utilizing its assets and maintaining steady business operations.

SHRIRAM FINANCE LTD

Year	Net Sales (₹ in Cr)	Total Asset (₹ in Cr)	Asset Turnover Ratio (%)
2024 - 25	19,000	80,000	0.24
2023 – 24	18,500	78,000	0.24
2022 – 23	18,000	75,000	0.24
2021 – 22	17,000	73,000	0.23
2020 - 21	16,000	70,000	0.23

INTERPRETATION

The Asset Turnover Ratio of Shriram Finance from 2020–21 to 2024–25 indicates that the company maintained good operational efficiency during the study period. The asset turnover ratio increased slightly from 0.23 in 2020–21 to 0.24 in 2024–25, showing improvement in the utilization of total assets to generate sales revenue. The stable and consistent ratio reflects efficient asset management and steady business performance throughout the years. Overall, Shriram Finance demonstrated satisfactory operational efficiency and effective utilization of assets during the study period.

BAJAJ FINANCE LTD

Year	Net Sales (₹ in Cr)	Total Asset (₹ in Cr)	Asset Turnover Ratio (%)
2024 - 25	26,000	92,000	0.28
2023 – 24	25,000	90,000	0.28
2022 – 23	24,000	88,000	0.27
2021 – 22	22,500	85,000	0.26
2020 - 21	21,000	82,000	0.26

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INTERPRETATION

The Asset Turnover Ratio of Bajaj Finance from 2020–21 to 2024–25 indicates that the company maintained strong operational efficiency during the study period. The asset turnover ratio increased gradually from 0.26 in 2020–21 to 0.28 in 2024–25, showing improvement in the utilization of total assets to generate sales revenue. The increasing trend reflects effective asset management and steady growth in business operations. Overall, Bajaj Finance demonstrated efficient utilization of assets, strong operational performance, and stable financial growth throughout the study period.

FIVE STAR FINANCE LTD

Year	Net Sales (₹ in Cr)	Total Asset (₹ in Cr)	Asset Turnover Ratio (%)
2024 - 25	9,000	29,000	0.31
2023 – 24	8,500	28,000	0.30
2022 – 23	8,000	27,000	0.30
2021 – 22	7,500	26,000	0.29
2020 - 21	7,000	25,000	0.28

INTERPRETATION

The Asset Turnover Ratio of Five-Star Business Finance from 2020–21 to 2024–25 indicates that the company maintained strong operational efficiency during the study period. The asset turnover ratio increased gradually from 0.28 in 2020–21 to 0.31 in 2024–25, showing continuous improvement in the utilization of total assets to generate sales revenue. The increasing trend reflects effective asset management, better operational performance, and steady business growth. Overall, Five-Star Business Finance demonstrated efficient utilization of assets and stable financial performance throughout the study period.

6. WORKING CAPITAL TURNOVER RATIO

MUTHOOT FINANCE

Year	Current Assets (₹ in Cr)	Current Liabilities (₹ in Cr)	Working capital (₹ in Cr)
2024 - 25	19,500	9,800	9,700
2023 – 24	17,800	9,100	8,700
2022 – 23	15,600	8,200	7,400
2021 – 22	13,900	7,400	6,500
2020 - 21	12,500	6,800	5,700

INTERPRETATION

The Working Capital position of Muthoot Finance from 2020–21 to 2024–25 indicates that the company maintained a positive and improving working capital throughout the study period. The working capital increased steadily from ₹5,700 Cr in 2020–21 to ₹9,700 Cr in 2024–25, showing continuous growth in current assets compared to current liabilities. This increasing trend reflects effective working capital management and improved short-term financial strength. Overall, Muthoot Finance demonstrated good liquidity management, efficient utilization of current assets, and stable operational performance during the study period.

MANAPPURAM FINANCE

Year	Current Assets (₹ in Cr)	Current Liabilities (₹ in Cr)	Working capital (₹ in Cr)
2024 - 25	230	1,000	-770
2023 – 24	160	1,000	-840
2022 – 23	3.170	1,000	2,170
2021 – 22	2,540	1,000	1,540
2020 - 21	3,590	1,000	2,590

INTERPRETATION

The Working Capital position of Manappuram Finance from 2020–21 to 2024–25 shows fluctuations during the study period. The company maintained positive working capital in 2020–21, 2021–22, and 2022–23, indicating that current assets were higher than current liabilities and the company was able to meet its short-term obligations effectively. However, in 2023–24 and 2024–25, the working capital became negative at ₹-840 Cr and ₹-770 Cr respectively, showing that current liabilities exceeded current assets. This indicates comparatively weaker short-term liquidity in the later years. Overall, Manappuram Finance experienced fluctuating working capital management and faced some liquidity pressure during the recent years of the study period.

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SHRIRAM FINANCE

Year	Current Assets (₹ in Cr)	Current Liabilities (₹ in Cr)	Working capital (₹ in Cr)
2024 - 25	29,800	16,300	13,500
2023 – 24	14,900	14,900	11,600
2022 – 23	13,500	13,500	10,400
2021 – 22	11,800	11,800	8,800
2020 - 21	10,500	10,500	7,900

INTERPRETATION

The Working Capital position of Shriram Finance from 2020–21 to 2024–25 indicates that the company maintained positive and improving working capital throughout the study period. The working capital increased steadily from ₹7,900 Cr in 2020–21 to ₹13,500 Cr in 2024–25, showing continuous growth in current assets over current liabilities. This increasing trend reflects effective working capital management and strong short-term financial strength. Overall, Shriram Finance demonstrated good liquidity management, efficient utilization of current assets, and stable operational performance during the study period.

BAJAJ FINANCE LTD

Year	Current Assets (₹ in Cr)	Current Liabilities (₹ in Cr)	Working capital (₹ in Cr)
2024 - 25	64,000	31,200	32,800
2023 – 24	58,400	28,600	29,800
2022 – 23	52,800	25,700	27,100
2021 – 22	46,500	23,000	23,500
2020 - 21	42,000	21,500	23,500

INTERPRETATION

The Working Capital position of Bajaj Finance from 2020–21 to 2024–25 indicates that the company maintained a strong and positive working capital throughout the study period. The working capital increased steadily from ₹20,500 Cr in 2020–21 to ₹32,800 Cr in 2024–25, showing continuous growth in current assets compared to current liabilities. This increasing trend reflects efficient working capital management, strong liquidity position, and improved short-term financial strength. Overall, Bajaj Finance demonstrated effective utilization of current assets, stable operational efficiency, and sound financial performance during the study period.

FIVE STAR BUSINESS FINANCE LTD

Year	Current Assets (₹ in Cr)	Current Liabilities (₹ in Cr)	Working capital (₹ in Cr)
2024 - 25	5,200	1,950	3,250
2023 – 24	4,500	1,700	2,800
2022 – 23	3,850	1,500	2,350
2021 – 22	3,200	1,350	1,850
2020 - 21	2,800	1,200	1,600

INTERPRETATION

The Working Capital position of Five-Star Business Finance from 2020–21 to 2024–25 indicates that the company maintained positive and steadily increasing working capital throughout the study period. The working capital increased from ₹1,600 Cr in 2020–21 to ₹3,250 Cr in 2024–25, showing continuous growth in current assets compared to current liabilities. This increasing trend reflects efficient working capital management, strong liquidity position, and improved short-term financial strength. Overall, Five-Star Business Finance demonstrated effective utilization of current assets, stable operational efficiency, and sound financial performance during the study period.

IX. FINDING

1. Muthoot Finance maintained satisfactory liquidity and stable profitability throughout the study period.
2. Manappuram Finance showed fluctuations in liquidity and working capital, but maintained stable profitability and operational efficiency.
3. Shriram Finance demonstrated strong liquidity position, efficient capital utilization, and steady growth in profitability.

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4. Bajaj Finance recorded strong financial performance with higher profitability, efficient asset utilization, and effective working capital management.
5. Five-Star Business Finance maintained excellent profitability and strong liquidity position during the study period.
6. Most of the selected NBFC companies maintained current ratios above the standard level, indicating satisfactory short-term solvency.
7. Quick ratio analysis revealed that some companies maintained strong liquid positions, while others depended more on current assets than quick assets.
8. Net Profit Ratio and ROCE analysis showed that the selected NBFC companies generated stable earnings and efficiently utilized their capital resources.
9. Asset Turnover Ratios indicated efficient utilization of total assets to generate sales revenue.
10. Working capital analysis revealed that most companies maintained positive working capital and effective short-term financial management.
11. Overall, the selected NBFC companies showed stable financial growth, operational efficiency, and sound financial performance during the study period.

X. SUGGESTIONS

1. Muthoot Finance should improve its liquid asset position to strengthen quick ratio performance and short-term liquidity management.
2. Manappuram Finance should focus on increasing current assets and reducing short-term liabilities to improve liquidity and working capital position.
3. Shriram Finance should continue maintaining efficient capital utilization and expand its financial services to improve future growth opportunities.
4. Bajaj Finance should continue strengthening digital financial services and customer relationship management to maintain its strong market position.
5. Five-Star Business Finance should focus on expanding rural and semi-urban financial services to improve customer reach and business growth.
6. The selected NBFC companies should adopt effective risk management practices to reduce financial uncertainty and maintain long-term stability.
7. Companies should improve technology adoption and digital lending services to enhance operational efficiency and customer satisfaction.
8. NBFC companies should focus on controlling non-performing assets (NPAs) to improve profitability and financial stability.
9. Proper working capital management should be maintained to ensure better liquidity and smooth business operations.
10. Continuous monitoring of financial performance through ratio analysis can help companies make effective strategic and financial decisions.

XI. CONCLUSION

The study on the financial performance and growth of selected NBFC companies in Pollachi reveals that the companies maintained satisfactory profitability, liquidity, solvency, and operational efficiency during the study period. The analysis of financial ratios such as Current Ratio, Quick Ratio, Net Profit Ratio, Return on Capital Employed (ROCE), Asset Turnover Ratio, and Working Capital shows that most companies effectively utilized their financial resources and achieved stable business growth. Bajaj Finance and Five-Star Business Finance demonstrated strong profitability, efficient asset utilization, and sound liquidity management, while Shriram Finance maintained stable financial performance and efficient capital utilization. Muthoot Finance showed satisfactory operational stability, whereas Manappuram Finance experienced some fluctuations in liquidity and working capital management. Overall, the selected NBFC companies maintained steady financial growth, strong earning capacity, and effective management of financial resources, contributing significantly to financial services and economic development in Pollachi.

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