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# Operational Efficiency of Non-Banking Financial Companies with Special Reference to Bajaj Finance, Manappuram Finance and Shriram City Union Finance

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***Abstract*: Over more than five decades since 1964, when Chapter III B was included in the Reserve Bank of India Act, 1934, assigning limited authorities to the Bank to regulate deposit taking companies, the Reserve Bank of India has initiated measures to bring the non-banking financial sector (NBFC) sector of the economy within the realm of its regulation. January 1997 witnessed drastic changes in the RBI Act, 1934, especially Chapters III-B, III-C, and V of the Act with the fundamental objective of putting in place a complete regulatory and supervisory structure, aimed at protecting the interests of depositors as well as ensuring the robust functioning of NBFCs. Hence, an attempt has been made to analyze the financial performance of NBFCs with special reference to Bajaj Finance, Manappuram Finance and Shriram City Union Finance using financial ratios such as profitability ratio, short-term solvency ratio and long-term solvency ratios. It is concluded that the financial performance of all the select three NBFCs are good during the period of study.**

***Keywords*: NBFCs, Ratios, Financial Performance.**

## 1. Introduction

Non-Banking Financial Companies (NBFC) in India made a humble starting manner lower back inside the 1960’s to serve the need of the get pleasure from and investor whose economic necessities had been not sufficient blanketed by means of the prevailing banking machine in India. The NBFCs started out to ask constant deposit from investor and training session leasing deal for large commercial companies. Initially, they operated on a limited scale and couldn't make an extensive effect on the monetary gadget. However, between 1980’s and 1990’s, NBFCs gained good floor and started to inveigle a big range of investors thanks to them client pleasant popularity.

Non-Banking Financial Companies or NBFCs in India are registered agencies carrying out business sports similar to everyday banks. Their banking operations encompass making loans and advances to be had to customers and businesses, acquisition of marketable securities, leasing of tough assets consisting of vehicles, hire-buy and coverage business. Though they're akin to banks, they vary in couple of ways. NBFCs cannot accept call for deposits, cannot issue cheques to customers and the deposits with them aren't insured via DICGC (Deposit Insurance and Credit Guarantee Corporation). Either the RBI (Reserve Bank of India) or SEBI (Securities and Exchange Board of India) or each regulates NBFCs.

## 2. Statement of problems

In India, the NBFCs have witnessed massive increase through the years; there are few regions of difficulty which want to be addressed. The NBFCs have enjoyed a facet over banks in semi-urban & rural markets in which banking network is not but sturdy; they've restrained unfold in city markets. Nonetheless, in latest years, NBFCs have all started to create niches for themselves which are frequently disregarded by banks. These in most cases encompass imparting finance to non-salaried people, traders, transporters, inventory brokers, and so forth. In that extent it has evolved and overcome the offerings of business banks functioning in the same place.

In the beyond few years, the multiplied opposition from banks in the retail finance segment has brought about excess diversification by using NBFCS from their core commercial enterprise activities. The area has witnessed creation of diverse revolutionary merchandise such as used cars financing, small personal loans, three-wheeler financing, IPO financing, finance for tyres & gasoline, asset management, mutual fund distribution and insurance advisory, gold loans, etc. Besides, NBFCs are aspiring to become a one-prevent shop for all monetary offerings.

NBFCs have also ventured into riskier segments such as unsecured loans, buy finance for used industrial automobiles, capital marketplace lending, and so forth. The in advance noted factors increase their chance profile which can have destructive impact at the economic fitness of NBFCs. Although a few development has been witnessed in car sales in previous couple of months, the demand for vehicle finance is probable to remain subdued. Besides, given the vast slowdown within the Indian economy, NBFCs are encountering structural challenges consisting of improved refinancing danger, short-time period asset-liability mismatch leading to decelerating boom and declining margins. This is predicted to have a bearing on the profitability of NBFCs within the medium time period. The increases in automobile finance closing low in the medium time period, NBFCs are expected to attention on rural and semi-city markets. Credit requirements of rural populace are on the whole met by means of banks from prepared region or neighborhood cash lenders. Though, in recent years there was some penetration of NBFCs on this segment, the market nevertheless remains in large part untapped. There is a big segment of rural populace which does now not have get right of entry to credit either due to their lack of ability to fulfill the lending covenants of banks or because of high interest quotes of local cash lenders. This presents a big possibility for NBFC zone to unfold their business within the rural & semi-urban markets.

In the above juncture, the existing examine deals with the overall performance of the select NBFCs together with Manappuram finance, Bajaj finance, Shriram town union finance. The take a look at offers with the analysis of balance sheets and profit and loss statements of the chosen corporations. Hence, the study on monitoring overall performance of these NBFCs facilitates to pick out the important troubles faced with the aid of NBFCs and the remedial measures to conquer the problems which result in the higher performance of the NBFCs as a whole.

## 3. Objectives of the study

1. To examine the profitability and solvency positions of the select NBFCs.
2. To analyze the liquidity and performance reputation of Manappuram finance, Shriram metropolis union finance and Bajaj finance.
3. To provide suitable suggestions to improve the performance of NBFCs with regard to Manappuram finance, Shriram city union finance and Bajaj finance.

## 4. Scope of the study

It does not longer cover the heads of Asset Finance Company, Investment Company, Loan Company, Infrastructure Finance Company, Core Investment Company, and Infrastructure Debt Fund-NBFC, Non-Banking Financial Company- Factors, Mortgage Guarantee Companies-NBFC, NBFC-Non Operative Financial Holding Company.

## 5. Limitations of the study

There are some limitations of the study.

- The study is based on secondary data obtained from the published annual reports of Manappuram finance, Shriram city union finance and Bajaj finance and as such its finding depends entirely on the accuracy of such data.
- The present study is largely based on ratio analysis which has its own limitations.

## 6. Methodology

The study is mainly based on secondary data were collected from the annual reports of the select NBFCs such as Bajaj Finance, Manappuram Finance and Shriram City Union Finance.

F-Test (Two Way or Manifold Classifications): This statistical tool will assist in gauging the economic performance of 3 selected NBFCs, that have been selected for the observe on a random basis. The 4 samples of NBFCs considered for the examine are- Bajaj Finance, Manappuram Finance, Arman Finance and Shriram City Union Finance. The elements which have been taken into consideration for the evaluation are a) Four NBFCs as mentioned and b) Financial Performance Parameters comprising of a) Net Sales / Net Revenue from Operations; b) Profit / Loss Before Tax and c) Profit After Tax / Profit or Loss for the length.

### A. *Tools used for data analysis*

In order to analyze the short-term and long-term and profitability of the select NBFCs, Ratio analysis, Two Way ANOVA was used.

### B. *Period of study*

The present study covers duration of five years from the year 2019- 2020 to the year 2020-2021.

## 7. Review of literature

*Shailendra Bhushan Sharma and Lokesh Goel* (2012) in their article titled “Functioning and Reforms in Non-Banking Financial Companies in India” explained that Non-Banking Financial Companies do offer all sorts of banking services, such as loans and credit facilities, retirement planning, money markets, underwriting and merger activities. These companies play an important role in providing credit to the unorganized sector and to the small borrowers at the local level. Hire purchase finance is by far the largest activity of NBFCs. The rapid growth of NBFCs has led to a gradual blurring of dividing lines between banks and NBFCs, with the exception of the exclusive privilege that commercial banks exercise in the issuance of cheques. This paper provides an exhaustive account of the functioning of and recent reforms pertaining to NBFCs in India.

*Naresh Makhijani* (2014) in his article titled “Non-Banking Finance Companies: Time to Introspect” in ‘Analytique’. Over the last few years the Non-Banking Finance Companies (NBFC) sector has gained significant advantages over the banking system in supplying credit under-served and unbanked areas given their reach and niche business model. However, off late the Reserve Bank of India has introduced and suggested various changes in the existing regulatory norms governing NBFCs with a view to bring NBFCs regulations at par with the banks. The ongoing and proposed regulatory changes for the NBFCs in terms of increased capital adequacy, tougher provision norms, removal from priority sector status and changes in securitization guidelines could bring down the profitability and growth of the NBFC sector. NBFCs will need to introspect and rethink their business models as they will now not only have to combat stringent regulatory norms but also have to face the challenge of rising cost of funds, scare capital and direct competition from banks.

*Ravi Puliani and Mahesh Puliani* (2014) in their book entitled "Manual of Non-Banking Financial Companies". The book discussed the glossary of terms that are used in banking operations and non-banking activities. The book covers the circulars and directions issued by Reserve Bank of India from time to time to control, manage and regulate the business of NBFCs.

*Referring to NBFIs, GREENSPAN (1999) had stated:* "enhance the resilience of the financial system to economic shocks by providing it with an effective 'spare tyre' in times of need". Moreover, while short term loans needed by the industry and agriculture are offered by the banking system, the other forms of services needed by industry as well as other segments of economy are offered by NBFCs and other similar financial institutions, like factoring, venture finance and so on.

*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".

*Akanksha Goel* in her article published in 'ELK Asia Pacific Journal' studied the growth prospects of NBFCs in India.

*Shollapur M.R. in* his article published in 'The Indian Journal of Commerce' has revived concept of NBFCs. 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 has an intensified the competition. As a result, there has been a shift towards strategic perspective marketing process of NBFCs. This perspective enable them to predict the future impact of change and help to move out of week area and grab new opportunity through continuous monitoring system

## 8. Analysis and interpretation of financial statements

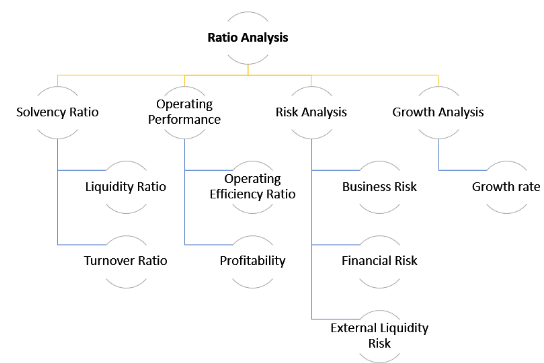
The term "analysis" refers to "rearrangement of data given in the financial statement". In other words, simplification of data by methodical classification of the data given in the financial statements. The term "interpretation" refers to "explaining the meaning and significance of the data so simplified". Both analysis and interpretation are closely connected and inter-related. They are complementary to each other. Metcalf and Tigard have defined "financial statement analysis and interpretations as a process of evaluating the relationship between component parts of a financial statement to obtain a better understanding of a firm's position and performance".

### A. *Ratio analysis*

Ratio analysis of financial statements is another tool that helps identify changes in a company's financial situation. A single ratio is not sufficient to adequately judge the financial situation of the company. Several ratios must be analyzed together and compared with prior-year ratios, or even with other companies in the same industry. This comparative aspect of the analysis is extremely important in financial analysis. It is important to note that ratios are parameters and not precise or absolute measurements. Thus, ratios must be interpreted cautiously to avoid erroneous conclusions. An analyst should attempt to get behind the numbers, place them in their proper perspective and, if necessary, ask the right questions for further types of ratio analysis.

Table 1
Total expenses ratio

| Year | Bajaj Finance | Manappuram Finance | Shriram City Union Finance |
|---|---|---|---|
| 2015 | 33 | 33 | 38 |
| 2016 | 33 | 35 | 42 |
| 2017 | 33 | 30 | 45 |
| 2018 | 34 | 39 | 46 |
| 2019 | 30 | 33 | 39 |
| Mean Value | 33 | 34 | 42 |




1) *Total expenses ratio*

*Interpretation*

From the above table it is calculated that Bajaj finance has incurred less total expenses when compared to the other two NBFCs.

2) *Selling expenses ratio*

$$\text{Selling expenses ratio} = \frac{\text{Selling expenses}}{\text{Net sales}} \times 100$$

Table 2
Selling expenses ratio

| Year | Arman Finance | Bajaj Finance | Manappuram Finance | Shriram City Union Finance |
|---|---|---|---|---|
| 2015 | 0 | 0 | 0 | 0 |
| 2016 | 0 | 1 | 2 | 0 |
| 2017 | 0 | 1 | 1 | 0 |
| 2018 | 0 | 1 | 1 | 23 |
| 2019 | 0 | 1 | 1 | 0 |
| Mean Value | 0 | 1 | 1 | 5 |

*Interpretation*

From the above table, it is calculated that Arman finance incurred selling expenses compared to the other two NBFCs.

*3) Net profit ratio*

This ratio is also called net profit to sales ratio. It is a measure of management's efficiency in operating the business successfully from the owner's point of view. It indicates the return on shareholders' investments. Higher the ratio better is the operational efficiency of the business concern.

Net profit includes non-operating incomes and profits. Similarly, net profit is the profit after reducing non-operating expenses. Provision for tax is also subtracted while determining net profit.

Formula:

$$\text{Net profit ratio} = \frac{\text{Net profit after tax}}{\text{Net sales}} \times 100$$

Table 3
Net profit ratio

| Year | Bajaj Finance | Manappuram Finance | Shriram City Union Finance |
|---|---|---|---|
| 2015 | 17 | 14 | 16 |
| 2016 | 18 | 15 | 13 |
| 2017 | 18 | 22 | 12 |
| 2018 | 20 | 20 | 14 |
| 2019 | 22 | 22 | 17 |
| Mean Value | 19 | 19 | 14 |

*Interpretation*

From the above table, it is calculated that Bajaj finance and Manappuram finance has same profitability value compared to Shriram City Union finance.

*4) Earnings Per Share (EPS)*

This ratio highlights the overall success of the concern from owners', point of view and it is helpful in determining market price of equity shares. It reflects upon the capacity of the concern to pay divided to its equity shareholders. The ratio is calculated by dividing the net profit after tax and preference dividend by number of equity shares.

Formula:

$$\text{E.P.S.} = \frac{\text{Net profit after tax and preference dividend}}{\text{No. of Equity shares}}$$

Generally, investors are accustomed to judge companies in the context of the stock market, with the help of 'Earnings per share'.

Table 4
Earnings Per Share (EPS)

| Year | Bajaj Finance | Manappuram Finance | Shriram City Union Finance |
|---|---|---|---|
| 2015 | 179 | 3 | 87 |
| 2016 | 237 | 4 | 85 |
| 2017 | 33 | 9 | 89 |
| 2018 | 46 | 8 | 112 |
| 2019 | 52 | 11 | 152 |
| Mean Value | 109 | 7 | 105 |

*Interpretation*

From the above table, it is calculated that Bajaj finance has high earnings per share compared to the other two NBFCs.

*5) Operating profit ratio*

It is the ratio of profit made from operating sources to the sales. Usually shown as a percentage. It shows the operational efficiency of the firm and is a measure of the management's efficiency in running the routine operations of the firm.

Formula:

$$\text{Operating profit ratio} = \frac{\text{Operating Profit}}{\text{Sales}} \times 100$$

$$\text{Operating profit} = \text{Net profit} + \text{Non-operating expenses} - \text{Non-operating incomes}$$

(or)

$$\text{Gross profit} - \text{Operating expenses.}$$

Operating expenses include administration, selling and distribution expenses. Finance expenses are generally excluded.

Table 5
Operating profit ratio

| Year | Bajaj Finance | Manappuram Finance | Shriram City Union Finance |
|---|---|---|---|
| 2015 | 67 | 67 | 62 |
| 2016 | 67 | 65 | 57 |
| 2017 | 67 | 70 | 55 |
| 2018 | 66 | 61 | 54 |
| 2019 | 70 | 67 | 61 |
| Mean Value | 67 | 66 | 58 |

*Interpretation*

From the above table, it is calculated that Bajaj finance has high operating ratio compared to the other two NBFCs.

*6) Payout ratio*

This ratio also indirectly throws light on the financial policy of the management in ploughing back.

Formula:

$$\text{Pay out ratio} = \frac{\text{Equity dividend}}{\text{Net profit after tax and preference dividend}} \times 100$$

or

$$\text{Pay out ratio} = \frac{\text{Dividend per equity share}}{\text{Earnings per equity share}} \times 100$$

Table 6
Payout ratio

| Year | Bajaj Finance | Manappuram Finance | Shriram City Union Finance |
|---|---|---|---|
| 2015 | 10 | 42 | 18 |
| 2016 | 11 | 53 | 18 |
| 2017 | 0 | 17 | 6 |
| 2018 | 7 | 25 | 14 |
| 2019 | 6 | 20 | 12 |
| Mean Value | 7 | 31 | 14 |

*Interpretation*

From the above table, it is calculated that Manappuram finance has paid dividend at a higher rate when compared to the other two NBFCs.

*7) Return on total assets*

This ratio is calculated to measure the productivity of total assets. There are-two ways of calculating this ratio.

Formula:

$$\text{Return on Total Assets} = \frac{\text{Net profit after tax}}{\text{Total assets}} \times 100$$

$$\text{Return on Total Assets} = \frac{\text{Net profit after tax} + \text{Interest}}{\text{Total assets excluding fictious assets}} \times 100$$

The term fictitious assets refer to preliminary expenses, debit balance of Profit and Loss Account and other similar losses shown on Balance Sheet asset side.

Table 7
Return on total assets

| Year | Bajaj Finance | Manappuram Finance | Shriram City Union Finance |
|---|---|---|---|
| 2015 | 3 | 3 | 4 |
| 2016 | 29 | 3 | 4 |
| 2017 | 4 | 6 | 3 |
| 2018 | 4 | 4 | 3 |
| 2019 | 3 | 5 | 3 |
| Mean Value | 9 | 4 | 3.4 |

*Interpretation*

From the above table, it is calculated that Bajaj finance has high return on total asset when compared to the other NBFCs.

*8) Current ratio*

The ratio of current assets to current liabilities is called 'current ratio'. In order to measure the short-term liquidity or solvency of a concern, comparison of current assets and current liabilities is inevitable. Current ratio indicates the ability of a concern to meet its current obligations as and when they are due for payment.

*Formula:* $$\text{Current Ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

The term current assets include debtors, stock, bills receivables, bank and cash balances, prepaid expenses, income due and short-term investments.

The term current liabilities include creditors, bank overdraft, bills payable, outstanding expenses, income received in advance, etc.

*Standard Expected Current Ratio:*

Internationally accepted current ratio is 2 :1 i.e., current assets shall be 2 times to current liabilities.

Table 8
Current ratio

| Year | Bajaj Finance | Manappuram Finance | Shriram City Union Finance |
|---|---|---|---|
| 2015 | 0 | 0.4 | 0 |
| 2016 | 0 | 0.3 | 0 |
| 2017 | 2 | 0.2 | 0 |
| 2018 | 3 | 1.4 | 2 |
| 2019 | 0 | 2 | 3 |
| Mean Value | 1 | 1 | 1 |

*Interpretation*

From the above table, it is calculated that Bajaj, Manappuram and Shriram City Union Finance have same solvency ratio of 1:1.

*9) Cash ratio*

The cash ratio, sometimes referred to as the cash asset ratio, is a liquidity metric that indicates a company's capacity to pay off short-term debt obligations with its cash and cash equivalents. Compared to other liquidity ratios such as the current ratio and quick ratio, the cash ratio is a stricter, more conservative measure because only cash and cash equivalents – a company's most liquid assets – are used in the calculation.

$$\text{Cash Ratio} = \frac{\text{Cash and Cash Equivalents}}{\text{Current Liabilities}}$$

Table 9
Cash ratio

| Year | Bajaj Finance | Manappuram Finance | Shriram City Union Finance |
|---|---|---|---|
| 2015 | 0 | 0.4 | 0.1 |
| 2016 | 1 | 0.3 | 0.1 |
| 2017 | 0 | 0.2 | 0.1 |
| 2018 | 0 | 1 | 2 |
| 2019 | 0 | 2 | 3 |
| Mean Value | 1 | 1 | 1 |

*Interpretation*

From the above table, it is calculated that Bajaj finance, Manappuram finance and Shriram City Union finance have same cash ratio of 1:1.

## 9. Gauging Performance of Selected NBFCs

This segment throws mild on the overall performance of selected NBFCs, i.e. Manappuram Finance, Bajaj Finance, Arman Finance and Shriram City Union Finance. In order to check as to whether or not the 3 cited NBFCs are on equal footing or no longer, two variables or elements which have been considered are- the 3 NBFCs noted above and Financial Performance Parameters- Net Income or Net Sales / Net Revenue from Operations; Profit Before Tax and Profit After Tax / Profit or Loss for the duration.

*A. Null Hypothesis:*

H0: a) The mean financial performance on the basis of three financial parameters (Mean Net Income or Net Sales / Net Revenue from Operations; Mean Profit Before Tax and Mean Profit After Tax / Profit or Loss for the period) is same for all the three NBFCs.

b) The three NBFCs do not differ with reference to mean performance.

*B. Alternative Hypothesis:*

H1: a) The mean financial performance on the basis of three financial parameters (Mean Net Income or Net Sales/Net Revenue from Operations; Mean Profit Before Tax and Mean Profit After Tax / Profit or Loss for the period is not same for all the three NBFCs.

| Year | Shriram city union | | | Bajaj | | | Manappuram | | |
|---|---|---|---|---|---|---|---|---|---|
| | NET Sales | PBT | PAT | NET Sales | PBT | PAT | NET Sales | PBT | PAT |
| 2015 | 3561.70 | 866.79 | 575.35 | 5381.80 | 1356.95 | 897.88 | 1986 | 414 | 271 |
| 2016 | 3998.19 | 849.38 | 558.63 | 7304.31 | 1964.68 | 1278.63 | 2360 | 548 | 355 |
| 2017 | 4703.59 | 896.86 | 584.58 | 9966.71 | 2817.41 | 1836.38 | 3386 | 1166 | 758 |
| 2018 | 5436.72 | 1146.49 | 740.57 | 13442.04 | 4096.20 | 2674.11 | 3421 | 1037 | 676 |
| 2019 | 6066.95 | 1545.39 | 1001.74 | 18485.09 | 6168.40 | 3994.99 | 4116 | 1427 | 922 |
| Total | 23767.15 | 5304.91 | 3460.87 | 54579.95 | 16403.64 | 10681.99 | 15269 | 4592 | 2982 |
| Mean value | 4753.43 | 1060.982 | 629.174 | 10915.99 | 3280.728 | 2136.398 | 3054 | 918 | 596 |

| Financial parameters | NBFC'S | | | |
|---|---|---|---|---|
| | Shriram city union finance | Bajaj finance | Manappuram finance | Total |
| Mean net sales | 4753.43 | 10915.99 | 3054 | 18723.42 |
| Mean profit before tax | 1060.982 | 3280.728 | 918 | 5259.71 |
| Mean profit after tax | 629.174 | 2136.398 | 596 | 3361.572 |
| Total = T | 6443.58 | 16333.116 | 4568 | T=27344.70 |
| Mean Values | 2147.86 | 5444.37 | 1522.67 | |

| Source of variation | Sum of square 's | Degree of freedom (v) | Mean square = sum of squares / D.O.F | F - Ratio |
|---|---|---|---|---|
| Between NBFC's | 26637606.49 SSC | 3 – 1=2 | SSC / D.O.F. = 13318803.25 | FC = 4.21 |
| Between financial parameters | 46762322.02 SSR | 3 – 1= 2 | SSR / D.O.F. = 23381161.01 | FR = 7.39 |
| Residual error | 12646335.26 SSE | (3-1) (3-1) = 4 | SSE / D.O.F. = 3161583.82 | |
| Total | 86046263.77 | 8 | | |

b) The three NBFCs do differ with reference to mean performance.

The Mean values of three financial parameters are as follows:

Correction Factor C = T² / N = $(27344.70)^2/9$
=747732618.1/9
=83081402.01

SST = Total Sum of Squares = ΣΣX²ij – C
= [(4753.42)² + (1060.982)² + (629.174)² + (10915.99)² + (3280.728)² + (2136.398)² + (3054)² + (918)² + (596)²] – C
= 24116599.48+134486210.3+10524856
= 169127665.8 – 83081402.01
= 86046263.77

SSC = Sum of squares between Columns (NBFCs)

= (6443.58)² / 3 + (16333.116)² / 3 + (4568)² / 3 – C
= 13839907.74 + 88923559.43 + 6955541.333 – 83081402.01
= 95879100.76 – 83081402.01
= 26637606.49

SSR = Sum of squares between rows (Financial Parameters)
= (18723.42)² / 3 + (5259.71)² / 3 + (3361.572)² / 3
= 116855485.5 + 9221516.428 + 3766722.104
= 129843724 – 83081402.01
= 46762322.02

Residual or Error SSE = SST – (SSC + SSR)
= 86046263.77 – (26637606.49 + 46762322.02)
= 86046263.77 – 73399928.51
= 12646335.26

The various sums of squares are put in the following Two-way ANOVA Table.

*Interpretation:*

*Decision:*

a) The computed value of FC = 4.21 < The table value of F at α = 0.05 and for 2 and 4 degrees of freedom =F0.05 (2,4) = 6.94 ⇒ the null hypothesis is accepted ⇒ H1 is rejected ⇒ the mean financial performance on the basis of three financial parameters (Mean Net Income or Net Sales / Net Revenue from Operations; Mean Profit Before Tax and Mean Profit After Tax / Profit or Loss for the period) is same for all the three NBFCs.

b) Since FR = 7.39 > the table value of F at α = 0.05 and for 2 and 4 degrees of freedom = F0.05 (2,4) = 6.94 ⇒ the null hypothesis is rejected ⇒ H1 is accepted ⇒ the three NBFCs do differ with reference to mean performance.

## 10. Summary of findings

- Bajaj Finance has incurred less selling and distribution expenses when compared to Manappuram finance and Shriram City Union Finance.
- The profitability of Bajaj Finance and Manappuram Finance are good when compared to Shriram City Union Finance.
- Bajaj finance has high earnings per share when compared to Manappuram Finance and Shriram City Union Finance.
- Bajaj finance has earned high operating profit when compared to Manappuram Finance and Shriram City Union Finance.
- Manappuram Finance has declared dividend at a higher rate when compared to Bajaj Finance and Shriram City Union Finance.
- Bajaj Finance has high return on its total assets when compared to Manappuram Finance and Shriram City Union Finance.

## 11. Conclusion

From the analysis of operational efficiency of the select NBFCs, the operational efficiency of Bajaj Finance is good when compared to Manappuram Finance and Shriram City Union Finance. Bajaj Finance is efficient in controlling expenses and increasing its profitability.

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