Musik in Bayern
ISSN: 0937-583x Volume 90, Issue 11 (Nov -2025)
https://musikinbayern.com DOI https://doi.org/10.15463/gfbm-mib-2025-499

FINANCIAL PERFORMANCE AND GROWTH OF NON-BANKING FINANCIAL COMPANIES

Dr. S. Subashini
Assistant Professor, Parul Institute of Business Administration, Parul University, Waghodia, Gujarat, India
subashini.sugumar41204@paruluniversity.ac.in

***Dr. Charu Goyal (corresponding Author)**
Assistant Professor, PIBA, Parul University, Vadodara, Gujarat, India
charu.goyal@paruluniversity.ac.in

Ms. Shveta Shah
Assistant Professor, PIBA, Parul University, Vadodara, Gujarat, India
shveta.shah29074@paruluniversity.ac.in

Dr. Umeshkannan
Associate Professor, Parul Institute of Business Administration, Parul University, Waghodia, Gujarat, India
umeshkannan.p40061

To Cite this Article

Dr. S. Subashini, *Dr. Charu Goyal, Ms. Shveta Shah, Dr. Umeshkannan. **FINANCIAL PERFORMANCE AND GROWTH OF NON-BANKING FINANCIAL COMPANIES.**
Musik In Bayern, Vol. 90, Issue 11, Nov 2025, pp 165-185

Article Info

Received: 06-09-2025 Revised: 22-09-2025 Accepted: 09-10-2025 Published: 19-11-2025

Abstract

The study titled *"Financial Performance and Growth of Non-Banking Financial Companies (NBFCs)"* examines the role, structure, and financial performance of NBFCs in the Indian financial system. NBFCs, though not banks, play a vital role in providing credit and financial services, particularly to sectors and individuals underserved by traditional banks. This study focuses on analyzing the financial performance of selected NBFCs, with special reference to Bajaj Finance Limited, over a five-year period (2019–2023). Using secondary data collected from authentic financial sources, various financial ratios—such as current ratio, quick ratio, debt-to-equity ratio, proprietary ratio, working capital turnover ratio, return on assets, return on equity, and return on capital employed—were applied to evaluate liquidity, solvency, profitability, and efficiency.

Keywords : NBFC, Financial System, Growth, Liquidity Ratio, Profitability Ratio, Solvency ratio & Credit risk.

INTRODUCTION

Non-Banking Financial Companies are financial companies which performs like banks but they are not actual bank. These types of financial companies have to be registered under Companies act 1956. These financial companies engage in the business of financial loans and advances, acquisition of securities, bonds, debentures which are issued by Government or local authority or the marketable securities of a like nature, leasing, hire- purchase, insurance business, chit business but does not include whose prime principal business is that of agricultural activity, industrial activity, purchase or sale of any goods.

NBFCs form a broad category of financial institutions other than commercial banks. NFBCs operate largely in vehicle financing, hire purchase, lease, personal loans, working capital loans, consumer loans, housing loans, loans against shares, investments, distribution of financial products, etc. In India considerable growth has taken place in the non-banking financial sector in last two decades. Over the years, NBFCs have become a crucial part of the Indian financial system and they form around 11% of the assets of the total financial system. NBFCs have emerged as an important intermediary for financing and have provided strong competition to banks and financial institutions.

NBFC REGISTRATION

NBFC registration refers to the process by which a non-banking financial company (NBFC) obtains authorization and approval from the regulatory authority, typically the Reserve Bank of India (RBI) in India, to operate as a financial institution and provide certain financial services to the public. The registration process involves fulfilling specific criteria, submitting required documents, meeting regulatory guidelines, and complying with financial and operational norms set by the regulatory authority. Once registered, an NBFC can legally engage in financial activities such as lending, investment, and other financial services, subject to the regulations and guidelines provided by the regulatory authority.

TYPES OF NBFCS NOT TO BE REGISTERED UNDER RBI

There are certain businesses that are involved in providing financial activities but do not need to obtain a registration with RBI. These types of entities are regulated by other financial

ISSN: 0937-583x Volume 90, Issue 11 (Nov -2025)
https://musikinbayern.com DOI https://doi.org/10.15463/gfbm-mib-2025-499

sector regulators, and to avoid dual regulation, they are not required to obtain an NBFC License from RBI. They are:

- ✓ **Mutual Funds:** SEBI is the regulator,
- ✓ **Venture Capital Companies:** SEBI is the regulatory authority,
- ✓ **Nidhi Companies:** Being regulated by the Ministry of Corporate Affairs (MCA).
- ✓ **Chit Fund Companies:** These are regulated under the Chit Fund Act and by the respective State Governments,
- ✓ **Companies running Collective Investment Schemes:** SEBI is the regulator,

PROS AND CONS OF NBFCs

Pros of NBFCs

- ✓ NBFCs can provide easier access to credit for individuals and businesses who need to borrow money.
- ✓ Investors may be able to find higher-yield through an NBFC or NBFI that isn't offered at a bank.

Cons of NBFCs

- ✓ NBFCs cannot provide certain banking services, including offering deposit accounts.
- ✓ Financial experts have argued that NBFCs and NBFIs can pose a systemic risk to the financial system as a whole.

IMPORTANCE OF NBFCs IN INDIAN ECONOMY

NBFCs have emerged as an important component of the Indian financial system. They have played a crucial role in providing credit and finance to various sectors of the economy, including agriculture, infrastructure, and small and medium-sized enterprises (SMEs).

Here are some of the key reasons why NBFCs are important:

1. Promoting Financial Inclusion

Musik in Bayern
ISSN: 0937-583x Volume 90, Issue 11 (Nov -2025)
https://musikinbayern.com DOI https://doi.org/10.15463/gfbm-mib-2025-499

NBFCs have been instrumental in promoting financial inclusion in India. They provide credit to borrowers who are unable to obtain loans from banks due to various reasons, such as lack of collateral, credit history, and documentation. NBFCs have played a significant role in enabling access to credit for individuals and small businesses in rural and semi-urban areas of India.

2. Supporting SMEs

NBFCs play a vital role in supporting the growth of SMEs. They offer a range of financial products, such as Business Loans, Working Capital Loans to SMEs for machinery and trade finance, which in turn helps them to expand their business operations.

3. Boosting Consumer Spending

NBFCs provide loans for the purchase of popular consumer expenses such as vehicles, education, travel, two-wheelers, and homes. These loans help boost consumer spending, which in turn drives economic growth.

SERVICES OFFERED BY NBFCs

NBFCs offer a wide range of financial services, including:

- Personal loans
- Home loans
- Vehicle loans
- Gold loans

OBJECTIVES OF THE STUDY

- To analyze the short-term solvency of the selected NBFCS.
- To appraise the long-term solvency of the selected NBFCS.
- Financial performance of NBFCS in terms on profitability.
- Financial performance of NBFCs in terms of return on net worth equity and return on capital employed.

LIMITATIONS OF THE STUDY

- The study is restricted only for five years i.e., 2019, 2020, 2021, 2022 and 2023.

- The study is restricted only for available data sources.
- The study is completely based on secondary data and the accuracy of the analysis depend on the data obtained.
- The study may not be extensive enough to cover all the ratios to be considered in evaluating the financial soundness of the NBFCS.

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".
- **Jafar Ali Akhan (2010)** writes on "Non-Banking Financial Companies (NBFCs) in India". The book discussed the financial system in India. It covers the financial intermediaries including commercial banks, regional rural banks, cooperative banks and Non-Banking Financial Companies in India. The book is good source in getting information on businesses, classification, management of assets, risk coverage, etc of the NBFCs in India.
- **Taxmann's (2013)** published "Statutory Guide for Non-Banking Financial Companies" is published by Taxmann's Publications, New Delhi. The book listed the laws relating to Non-Banking Financial Companies. The rules and laws governing the kinds of businesses undertaken by different types of NBFCs are also discussed.
- **K.C Shekhar & Lakshmy Shekhar** 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.
- **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.

- **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.
- **Ravi Puliani and Mahesh Puliani (2014)** writes a 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.
- **Afroze Nazneen and Sanjiv Dhawan (2018)** in their paper, "A Review of the role and challenges of NBFCs in economic development in India," explain the specific role of NBFCs in the Indian financial system, i.e. financial stability, economic development, enhancing financial inclusion, prospering the capital market, increasing saving mobilization, and infrastructure financing. It created an environment to provide credit facilities to retail customers in unbanked areas. This ability to create products that meet the needs of customers NBFCs have played a key role in road transport and infrastructure, which are the backbone of the economy.
- **Dr. Vinay Kumar (2020)** "non-banking finance firms (as a supplementary to the banking industry)" This study has taken place to evaluate the structure and financial position of NBFCs. Selected ratios and figures have analysed and various statistical techniques have been used to determine the current financial performance of NBFCs and banks. NBFCs have a pivotal role in the Indian economy, which accompanies the banking system simultaneously. A banking system accepts public deposits and makes credit available to borrowers. It channels the savings into capital formation. NBFCs are more helpful for those borrowers who are unable to get loans through banks due to strict norms.

3B. RESEARCH METHODOLOGY

MEANING OF RESEARCH METHODOLOGY

- Research methodology refers to the systematic and organized process of collecting, analysing and interpreting data to answer a specific research question or to solve a particular problem. It encompasses various techniques, methods, and procedures that researchers use to design, conduct, and report their research studies. Research methodology refers to the set of techniques, principles, and procedures used by researchers to design, conduct, and analyze research studies.

- Research Methodology refers to the systematic and scientific approach used to conduct research, investigate problems, and gather data and information for a specific purpose. It involves the techniques and procedures used to identify, collect, analyze, and interpret data to answer research questions or solve research problems. Moreover, they are philosophical and theoretical frameworks that guide the research process.
- A research methodology describes the techniques and procedures used to identify and analyze information regarding a specific research topic. It is a process by which researchers design their study so that they can achieve their objectives using the selected research instruments. It includes all the important aspects of research, including research design, data collection methods, data analysis methods, and the overall framework within which the research is conducted.

- **SOURCES OF COLLECTING DATA**

  There are two types of data collection methods:

  1. Primary data collection method.
  2. Secondary data collection method.

- **PRIMARY DATA**

  The primary data are collected by the thorough and detailed discussion was conducted with financial controller and Accounts officer and also discussion with college internal guide.

- **SECONDARY DATA**

  The secondary information has been collected through various sources which include data from RBI Publications, Money control Website, Journals and Reports on NBFCs. In the course of the analysis in this study, the use of various accounting and statistical techniques has been made. Ratio analysis have been applied. The variables selected for analyzing the performance of NBFCs are Current ratio, Debt-Equity Ratio and Net Fixed Asset Ratio etc.,

- **SAMPLING DESIGN**

  Sampling is necessary because it is almost impossible to examine the entire population (i.e., the entire universe) various factors such as time available cost, purpose of study etc. Hence it necessary for the researchers to choose a sample. It should neither be too small nor too big. It should be manageable.

- **SAMPLING UNIT**

A sampling unit is a selection of a population that is used as an extrapolation of the population. Each sampling unit is then placed in a smaller grouping to create a research sample. This grouping is then analyzed to arrive at conclusions about the population from which it was drawn.

Sampling unit: Financial Statements

- **SAMPLING SIZE**
- 'Sample size' is a market research term used for defining the number of individuals included in conducting research. Researchers choose their sample based on demographics, such as age, gender questions, or physical location. It can be vague or specific Determination of Sampling size determination is the process of choosing the right number of observations or people from a larger group to use in a sample.
- Sampling Size: Last five years financial statement

SHOWING CURRENT RATIO

FORMULA:

Current ratio = Current Asset / Current Liabilities

YEAR	CURRENT ASSETS (A)	CURRENT LIABILITIES (B)	CURRENT RATIO (A/B)
MAR 2019	106,980.35	2,178.14	49.12
MAR 2020	135,623.87	38,409.69	3.53
MAR 2021	135,852.25	28,841.58	4.71
MAR 2020	165,152.25	32,037.03	5.16
MAR 2023	213,086.83	50,528.50	4.22

SOURCE: Secondary Data

INTERPRETATION

Table 4.1 is the evident that shows the current ratio. From the above table, it is inferred that the current ratio has been increasing and decreasing in the past five years. Here, the current ratio of Bajaj Finance Limited was highest in the year 2019 followed by the year 2020. The

Musik in Bayern
ISSN: 0937-583x Volume 90, Issue 11 (Nov -2025)
https://musikinbayern.com DOI https://doi.org/10.15463/gfbm-mib-2025-499

company must take necessary financial decisions to meet their short-term financial obligations.

CHART 4.1

SHOWING CURRENT RATIO

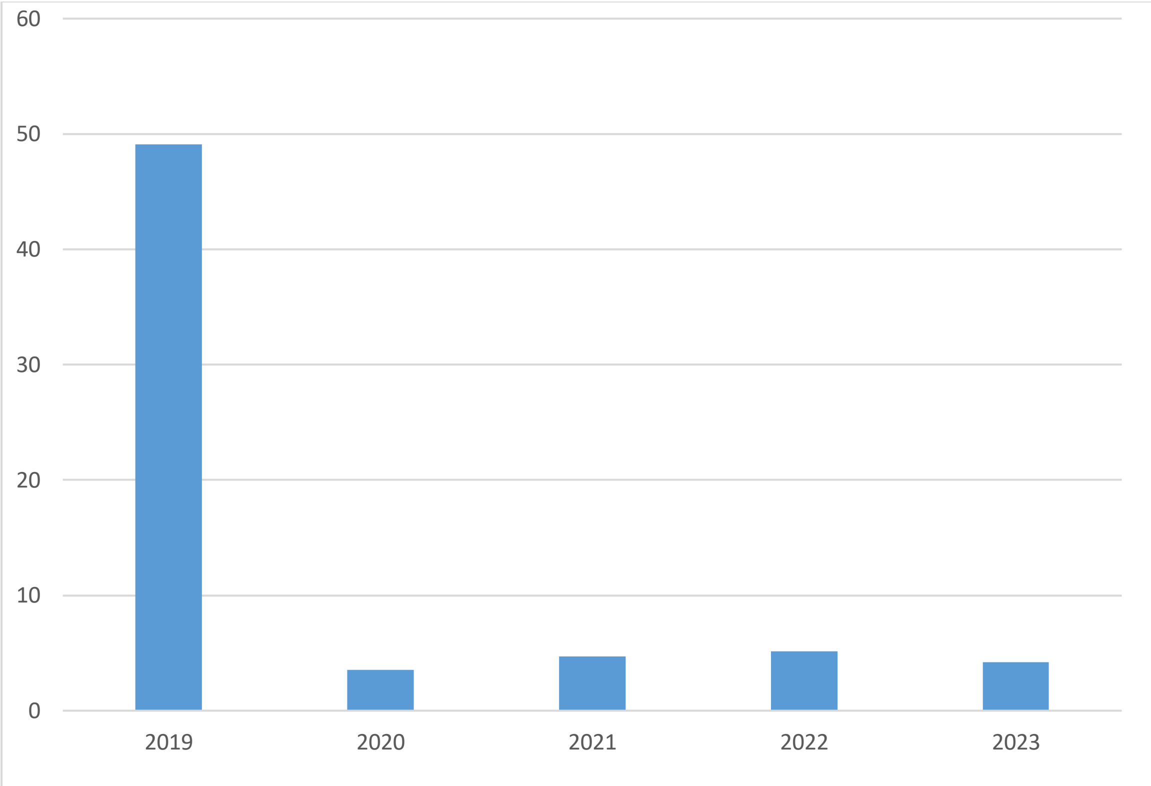

TABLE 4.2

SHOWING QUICK RATIO

FORMULA:

Quick Ratio = Quick Asset / Current Liabilities

YEAR	QUICK ASSETS	CURRENT LIABILITIES	QUICK RATIO
MAR 2019	106,980.35	2,178.14	49.12
MAR 2020	135,623.87	38,409.69	3.53
MAR 2021	135,852.25	28,841.58	4.71

Musik in Bayern
ISSN: 0937-583x Volume 90, Issue 11 (Nov -2025)
https://musikinbayern.com DOI https://doi.org/10.15463/gfbm-mib-2025-499

MAR 2022	165,152.25	32,037.03	5.16
MAR 2023	213,086.83	50,528.50	4.22

SOURCE: Secondary Data

INTERPRETATION

Table 4.2 is the evident that shows the quick ratio. From the above data it is inferred that the quick ratio is same as current ratio. Quick ratio indicates the company's ability to instantly use its near-cash assets (assets that can be converted quickly to cash) to pay down its current liabilities. The quick ratio throws a light on the company's ability to its current out of its current liabilities.

CHART 4.2

SHOWING QUICK RATIO

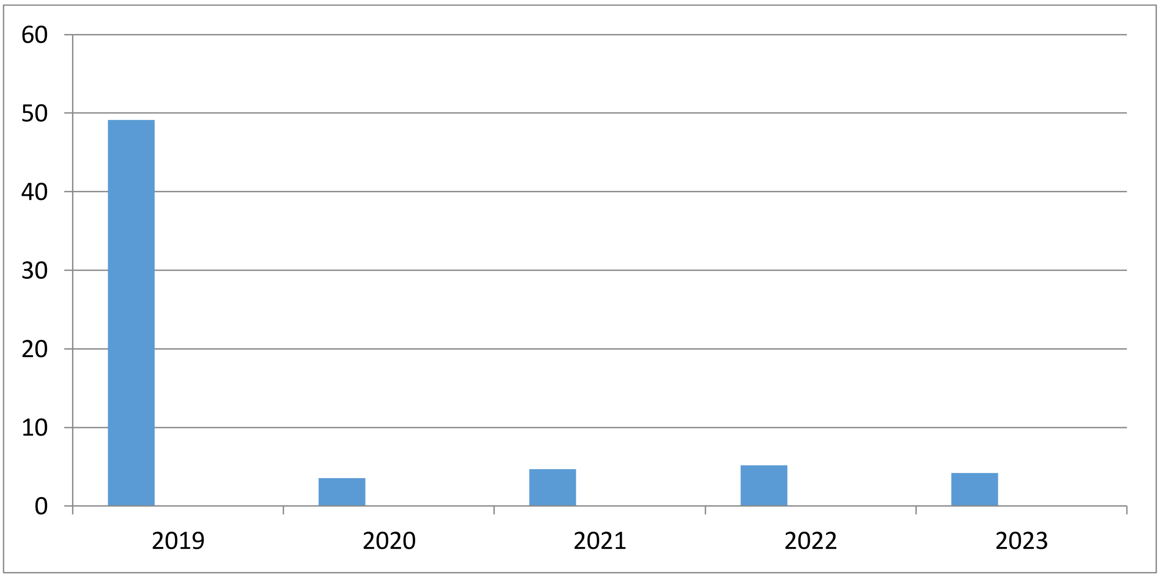

TABLE 4.3

SHOWING DEBT-TO-EQUIY

FORMULA:

Debt Equity Ratio = Total Debt / Shareholder's Funds

Musik in Bayern
ISSN: 0937-583x Volume 90, Issue 11 (Nov -2025)
https://musikinbayern.com DOI https://doi.org/10.15463/gfbm-mib-2025-499

YEAR	TOTAL DEBT	SHAREHOLDER'S EQUITY	D/E RATIO
MAR 2019	86758.10	19563.63	4.43 times
MAR 2020	67780.67	31813.21	2.23 times
MAR 2021	73558.57	35938.74	2.14 times
MAR 2022	93923.17	42055.88	2.33 times
MAR 2023	114503.12	51493.13	2.23 times

SOURCE: Secondary Data

INTERPRETATION

Above table 4.3 shows Debt-to-equity ratio. Debt-to-equity ratio indicates how much times the debt is higher than the equity of the company. A high Debt to Equity Ratio means that the enterprise is depending more on borrowings or debts as compared to shareholder's funds. The D/E ratio was highest in the year 2019 followed by the year 2022. In the year 2020 and 2023 the debt equity ratio was 2.23 times, and 2.14 times of D/E in 2021.

CHART 4.3

SHOWING DEBT-TO-EQUITY RATIO

Musik in Bayern
ISSN: 0937-583x Volume 90, Issue 11 (Nov -2025)
https://musikinbayern.com DOI https://doi.org/10.15463/gfbm-mib-2025-499

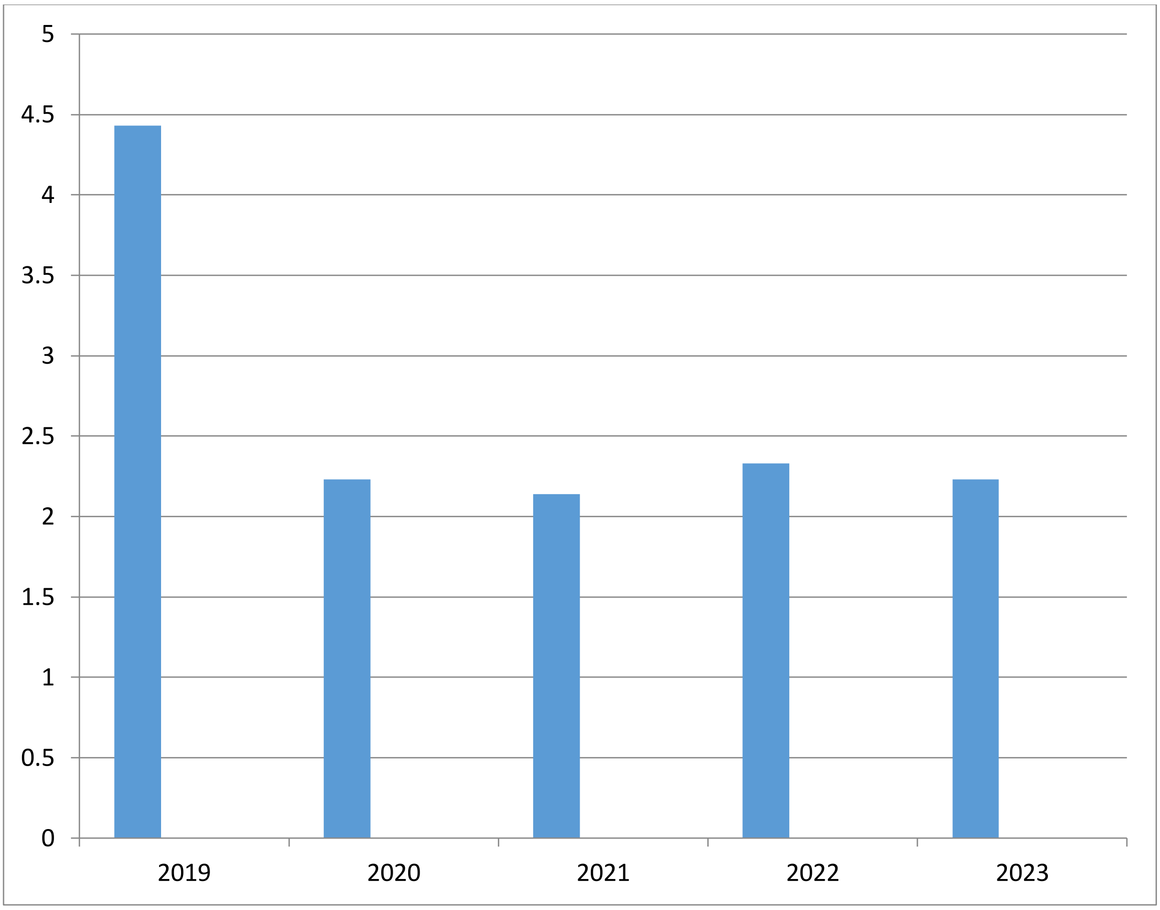

TABLE 4.4

SHOWING CASH POSITION RATIO

FORMULA:

Cash Position Ratio = Cash + Cash Equivalents / Total Liabilities

YEAR	CASH AND CASH EQUIVALENTS	TOTAL CURRENT LIABILITIES	CASH POSITION RATIO
MAR 2019	241.69	2178.14	0.11
MAR 2020	679.36	38409.69	0.02

Musik in Bayern
ISSN: 0937-583x Volume 90, Issue 11 (Nov -2025)
https://musikinbayern.com DOI https://doi.org/10.15463/gfbm-mib-2025-499

MAR 2021	1385.76	28841.58	0.14
MAR 2022	2900.73	32037.03	0.19
MAR 2023	3319.46	50528.50	0.16

SOURCE: Secondary Data

INTERPRETATION

Above table 4.4 shows cash ratio of Bajaj Finance Limited for past five years. The cash ratio is a liquidity measure that shows a company's ability to cover its short-term obligations using only cash and cash equivalents. The cash position ratio was highest in the year 2019 followed by 2022. The cash position ratio has been increasing for past five years. If the cash ratio of the company is higher than each year than it means company has adequate cash. If the cash ratio is lesser than each year than it means company has less cash in hand.

CHART 4.4

SHOWING CASH POSITION RATIO

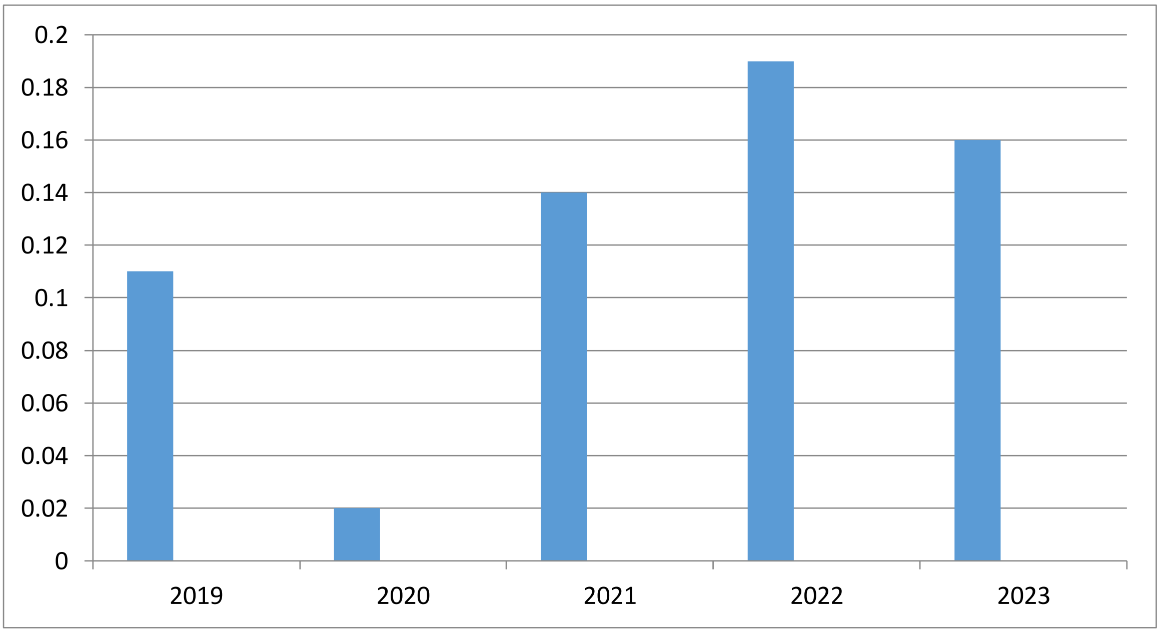

TABLE 4.5

Musik in Bayern
ISSN: 0937-583x Volume 90, Issue 11 (Nov -2025)
https://musikinbayern.com DOI https://doi.org/10.15463/gfbm-mib-2025-499

SHOWING PROPRIETARY RATIO

FORMULA:

Proprietary Ratio = Shareholder's fund / Total Assets x 100

YEAR	SHAREHOLDER'S FUND	TOTAL ASSETS	PROPRIETARY RATIO
MAR 2019	19563.63	108499.87	18.03
MAR 2020	31813.21	138003.57	23.05
MAR 2021	35938.74	138338.89	25.97
MAR 2022	42055.88	168016.08	25.03
MAR 2023	51493.13	216524.75	23.78

SOURCE: Secondary Data

INTERPRETATION

Above table 4.5 is the evident that shows proprietary ratio of the company. The proprietary ratio was highest in the year 2021 followed by 2022. The ideal ratio of proprietary ratio depends on the nature of the business as well as the investor's risk appetite. The result will be more accurate of the company's valid condition if you exclude goodwill and intangible assets from the denominator. A low proprietary ratio shows that a larger portion of the company's total assets is funded by debt thereby increasing the company's default risk.

CHART 4.5

SHOWING PROPRIETARY RATIO

ISSN: 0937-583x Volume 90, Issue 11 (Nov -2025)
https://musikinbayern.com DOI https://doi.org/10.15463/gfbm-mib-2025-499

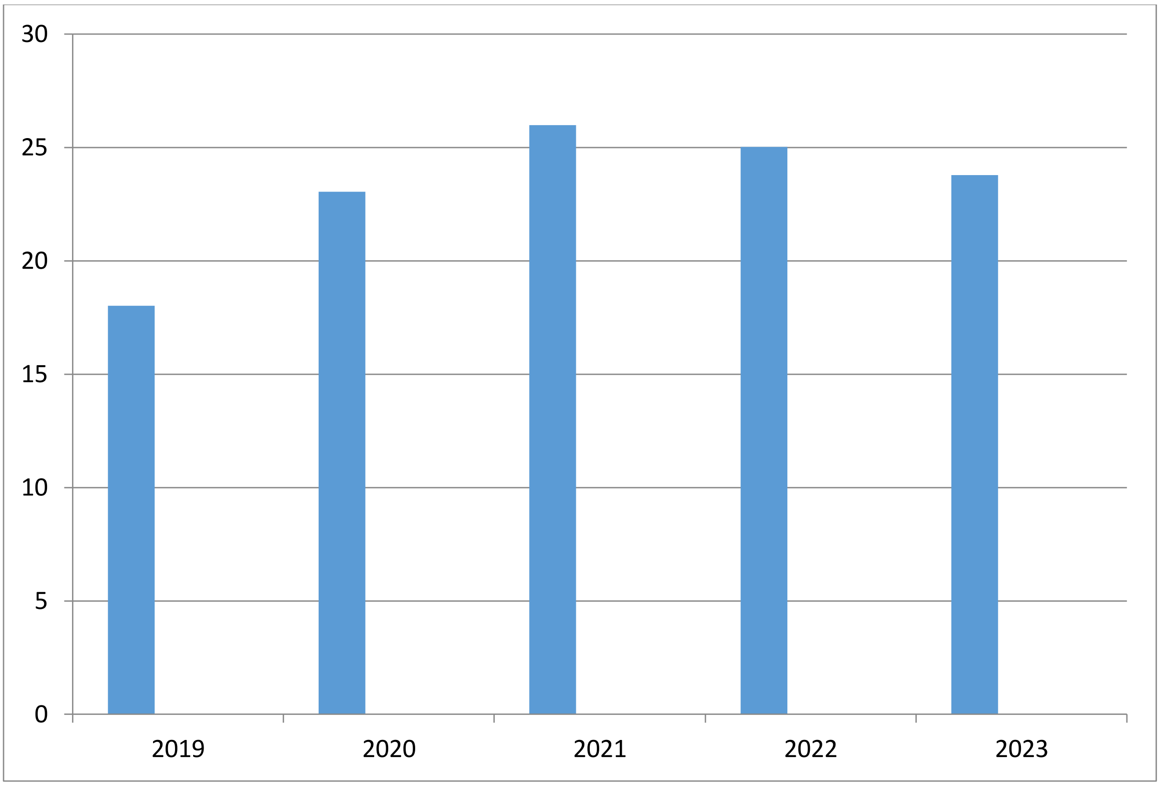

TABLE 4.2

Restating the Data

YEAR	CURRENT ASSETS (A)	CURRENT LIABILITIES (B)	CURRENT RATIO (A/B)
MAR 2019	106,980.35	2,178.14	49.12
MAR 2020	135,623.87	38,409.69	3.53
MAR 2021	135,852.25	28,841.58	4.71
MAR 2022	165,152.25	32,037.03	5.16
MAR 2023	213,086.83	50,528.50	4.22

Formulation of Hypothesis

Null Hypothesis (H_0):
There is no significant change in the company's liquidity position over the years. (Mean current ratio remains constant.)

Alternative Hypothesis (H_1):

Musik in Bayern
ISSN: 0937-583x Volume 90, Issue 11 (Nov -2025)
https://musikinbayern.com DOI https://doi.org/10.15463/gfbm-mib-2025-499

There is a significant change in the company's liquidity position over the years. (Mean current ratio has changed over time.)

In 2019, the ratio was extremely high (49.12) — possibly due to very low current liabilities.

From 2020 onward, the ratio stabilized between 3.5–5.2, which is a more realistic liquidity range.

The average current ratio (2020–2023) ≈ 4.40

The trend shows moderate fluctuations but remains consistently above 1, indicating good short-term solvency.

From 2019 → 2020: Sharp decline → liquidity normalized (less idle current assets).

2020 → 2022: Gradual increase → better management of current assets.

2022 → 2023: Slight decrease → increase in liabilities but still healthy.

Thus, the pattern indicates some variation, but liquidity remains strong and stable after 2020.

- The null hypothesis (H_0) stating "no significant change" can be partially rejected, since there is a large change from 2019 to 2020 and then stable liquidity afterward.
- The alternative hypothesis (H_1) is accepted — the company's liquidity position changed significantly during the period (mainly due to a major correction in 2020), after which it stabilized.

TABLE 4.3

Restating the Data

YEAR	TOTAL DEBT (₹ in lakhs)	SHAREHOLDER'S EQUITY (₹ in lakhs)	DEBT–EQUITY RATIO (Times)
MAR 2019	86,758.10	19,563.63	4.43
MAR 2020	67,780.67	31,813.21	2.23
MAR 2021	73,558.57	35,938.74	2.14

Musik in Bayern
ISSN: 0937-583x Volume 90, Issue 11 (Nov -2025)
https://musikinbayern.com DOI https://doi.org/10.15463/gfbm-mib-2025-499

MAR 2022	93,923.17	42,055.88	2.33
MAR 2023	114,503.12	51,493.13	2.23

Formulation of Hypothesis

Null Hypothesis (H_0):
There is no significant change in the company's financial leverage (Debt–Equity Ratio) over the years.

Alternative Hypothesis (H_1):
There is a significant change in the company's financial leverage over the years.

- 2019: D/E ratio (4.43) is very high — indicates high financial risk.
- From 2020 onward, ratio stabilizes between 2.1–2.3, showing a stronger equity base and lower dependence on debt.
- The average D/E (2020–2023) ≈ 2.23, indicating a healthy and consistent leverage level.

Trend Analysis (Qualitative Hypothesis Testing)

- 2019 → 2020: Sharp decline — company likely repaid debt or issued new equity.
- 2020 → 2023: Ratios hover around 2.1–2.3 — financial stability achieved.
- The variation after 2020 is minor, suggesting steady capital management.

Thus, although the leverage decreased significantly from 2019 to 2020, it remained stable afterward.

The null hypothesis (H_0) is rejected, because there is a significant change in the D/E ratio between 2019 and 2020.

The alternative hypothesis (H_1) is accepted, indicating that the company's financial leverage structure changed significantly during the period, though it stabilized in recent years.

TABLE 4.4

Restating the Data

Musik in Bayern
ISSN: 0937-583x Volume 90, Issue 11 (Nov -2025)
https://musikinbayern.com DOI https://doi.org/10.15463/gfbm-mib-2025-499

YEAR	CASH & CASH EQUIVALENTS (₹)	TOTAL CURRENT LIABILITIES (₹)	CASH POSITION RATIO
MAR 2019	241.69	2,178.14	0.11
MAR 2020	679.36	38,409.69	0.02
MAR 2021	1,385.76	28,841.58	0.14
MAR 2022	2,900.73	32,037.03	0.19
MAR 2023	3,319.46	50,528.50	0.16

Purpose of the Ratio

The Cash Position Ratio measures a company's most immediate liquidity — its ability to pay short-term obligations using only cash and near-cash assets.
A higher ratio means a stronger ability to pay liabilities instantly.

Hypothesis Formulation

Null Hypothesis (H_0):
There is no significant change in the company's cash position ratio over the years (liquidity position is stable).

Alternative Hypothesis (H_1):
There is a significant change in the company's cash position ratio over the years (liquidity position varies significantly)

TABLE 4.5

Restating the Data

YEAR	SHAREHOLDER'S FUND (₹ in Lakhs)	TOTAL ASSETS (₹ in Lakhs)	PROPRIETARY RATIO (%)

Musik in Bayern
ISSN: 0937-583x Volume 90, Issue 11 (Nov -2025)
https://musikinbayern.com DOI https://doi.org/10.15463/gfbm-mib-2025-499

MAR 2019	19,563.63	108,499.87	18.03
MAR 2020	31,813.21	138,003.57	23.05
MAR 2021	35,938.74	138,338.89	25.97
MAR 2022	42,055.88	168,016.08	25.03
MAR 2023	51,493.13	216,524.75	23.78

Concept

The Proprietary Ratio indicates the proportion of total assets financed by shareholders' funds.
A higher ratio means stronger financial stability and lower dependence on external debt.

Hypothesis Formulation

- Null Hypothesis (H_0):
  There is no significant change in the proprietary ratio over the years (the company's capital structure remains stable).
- Alternative Hypothesis (H_1):
  There is a significant change in the proprietary ratio over the years (the company's capital structure has changed).

FINDINGS

- The company's current ratio has been decreased last year in 2023 compared to the year in 2019. The company has to increase adequate cash to meet short-term financial requirements.
- Quick ratio of the company is same as current ratio for all five years. Quick ratio measures the company's ability to meet short-term obligations.

ISSN: 0937-583x Volume 90, Issue 11 (Nov -2025)
https://musikinbayern.com DOI https://doi.org/10.15463/gfbm-mib-2025-499

- In 2019, debt equity ratio was high compared to other years, then it means company is depending more on borrowings or debts as compared to shareholder's equity, company may suffer from repaying debts.
- Since the cash position of the company is fluctuating for past five years, the company must have adequate cash and cash equivalents to cover their short-term obligations.
- If the company has higher cash position it means company has adequate cash. If the company has lower cash position it means company less cash and cash equivalents in hand.
- Proprietary ratio of the company has been decreasing for the past five years. The ideal ratio of proprietary ratio depends upon the nature of the business as well as investor's risk.
- Working capital turnover ratio indicates the efficiency of a company at generating sales.

SUGGESTIONS

- Cash position ratio must be improved better to maintain Required cash for the company needs.
- Return on asset ratio for the year 2021 was very low compared to others. Lower ROA suggests room for requirement to increase assets for promoting income.
- In 2020 Current ratio and Quick ratio were low, it must be maintained better to meet necessary financial obligations.
- Working capital turnover ratio can be improved well to generate net sales.
- Debt-to-asset ratio must be maintained very low to avoid potentially high risk and also

CONCLUSION

The analysis of solvency reveals a fact that the NBFCs do their business taking high risk. Profit making is in direct proportion to risk taking. Thus, these NBFCs take more risk to earn profits. However, the performance of these NBFCs proves that they have sufficient solvency, as they manage their risk and have cash generation capabilities.

NBFCs serve an important role in developing countries, such as India, where access to bank finance continues to be a challenge for a large chunk of population and businesses. The contribution of NBFCs to Indian's Gross Domestic Product (GDP) is substantial.

NBFCs play a crucial role in economic development. Their diverse range of services contributes to the overall growth and resilience of the Indian economy. Non-Banking Financial Companies have become integral to Indian's financial ecosystem, offering diverse financial solutions and contributing significantly to economic growth.

As they continue to evolve, their role in promoting financial inclusion, supporting niche markets, and driving innovation becomes even more crucial. With effective regulation controls, NBFCs are well positioned to play a key role in shaping the future of India's financial landscape.

BIBLIOGRAPHY

Websites:

https://en.wikipedia.org/wiki/Non-bank_financial_institution
https://www.moneycontrol.com/financials/bajajfinance/profit-lossVI/BAF
https://www.bajajgroup.company/core-companies/bajaj-finance-limited/
https://www.bajajfinserv.in/types-of-nbfc-in-india
https://www.moneycontrol.com/financials/bajajfinance/ratiosVI/BAF
https://www.moneycontrol.com/financials/bajajfinance/balance-sheetVI/BAF