

Financial Performance Appraisal of Select Companies in India – Special Reference to Banking and NBFCs

Dr. M. Anbukarasi¹ and M. Devaki²

¹(Assistant Professor, School of Commerce, Bharathiar University, Coimbatore, Tamil Nadu, India)

²(Ph.D Research Scholar, School of Commerce, Bharathiar University, Coimbatore, Tamil Nadu, India)

Abstract: The present study aims to analyze the performance of Banking and Non –Banking Financial Companies in India. From this paper the researcher wants to find the financial position of select banking and non banking companies on the basis of purposive sampling method based on Market Capitalization value. The banking Companies are HDFC Bank Ltd, State Bank of India, ICICI Bank Ltd and Kotak Mahindra Bank. The NBFCs like Shriram Transport Finance Ltd, Sundaram Finance, Shriram City Union Finance and Sakthi Finance Ltd. The study is purely based on the secondary data. The study has been used financial statistical tools. The financial tools namely, profitability, liquidity and solvency ratios. The statistical tools like Augmented Dickey Fuller test, Semi log Growth Model, Financial ratios and Correlation. The secondary data has been taken from Balance Sheet of select companies CMIE ProwessIQ for the period of 24 years from 1994-95 to 2017-18. The study concludes with the findings that the financial performance of the ICICI Bank is best among the banking companies and Shriram City Union finance performs better among the NBFCs under study.

Keywords: Semi Log Growth Model, ADF test, Banking Companies and NBFCs accepting deposit from public.

I. INTRODUCTION

India incorporates a bank-overwhelmed fund framework, nonetheless the duty of Non-Banking financial companies (NBFCs) is to boot in depth. Consequently, in operating our financial framework, banks and NBFCs assume varied essential jobs which is able to be talked concerning in this paper. A Non-Banking Financial Companies (NBFCs) may be a company noncommissioned beneath the companies Act, 1956. associate NBFC indulges within the snoopiness of loans and advances, acquisition of shares / stocks / bonds / debentures / securities that are issued by government or local authority or alternative attractive securities of similar nature, leasing, hire-purchase, insurance business, chit business however will it doesn't embody any establishment whose main business is that of agriculture, industrial activity, buying and selling of the other goods (goods apart from securities) or providing any service or sale / purchase / construction of stabile property.

NBFCs are incorporated under the companies Act, 1956. NBFCs can be sorted into 2 general classifications, viz., (i) NBFCs accepting public deposit (NBFCs-D) and (ii) NBFCs not accepting / holding public deposit (NBFCs-ND). Residuary Non-Banking companies (RNBCs) are another class of NBFCs whose principal business is acceptance of deposits and investment approved securities. As indicated by Sec. 5 of the Banking Regulation Act, 1949 a banking company suggests that the accepting, for the aim of disposition or investment, of deposits of cash for the general public, owed on demand or otherwise and withdrawn by Cheque, Draft, Order or otherwise.

II. REVIEW OF LITERATURE

(Kumar, L.M. & Prasad, 2018), they examine a “Performance Evaluation of Development Financial Institutions in India”. The study is based on the both primary and secondary data. A total of 150 questionnaire has been collected from the organization which 38 questionnaire to know the opinions regarding rate of interest, loan repayment, problems, service of SIDBI etc. Secondary data have been collected from official website of SIDBI and Ministry of Finance. They suggest that new strategies need to be adopted by SIDBI in utilizing technology which is friendly and can make more effective to the customers.

(Subramani, Nadu, & Nadu, 2017), they investigated “Performance of non-banking financial institutions in India” This paper aims to understand the NBFIs and its importance for overall development of society and nation's economy. This study is in focus to analyze the financial performance of NBFIs in India during 2015-2016. Objectives of the study are to analyze the financial performance of Non-Banking Financial Institutions in India and to understand the major credit extension, refinancing, long-term finance operation for EXIM, NABARD, NHB, and SIDBI. The study concludes that Banks and NBFIs are both the key elements of a sound and stable financial system. Banks usually dominate the financial system in most of the countries because business, household & the public sectors all rely on the banking system for a wide range of financial products to meet their financial needs.

Statement of the problem

The banking and Non Banking sector is one among the vital sectors of an economy because it plays a major perform of channeling funds from savers to investors. It's continuing to draw in greater attention of the government through the Reserve Bank of India that accepting deposits from the general public by banking companies as well as Non-Banking financial companies (NBFCs). However, there have been alternative ways during which the federal government of India through the Reserve Bank of INDIA are making an attempt to revive the boldness of the plenty within the banking and Non-banking sector of the country. Hence, the researcher desires to understand the solution for the subsequent research question.

- *What is the growth level and financial performance of select Banking and Non-Banking financial companies (NBFCs) in India?*

Objective of the study

1. To examine the growth and financial performance of select Banking and Non-Banking Financial Companies (NBFCs) in India.
2. To analyze the relationship between select Banking and Non-Banking Financial Companies (NBFCs) in India.

Hypotheses

- Ho1: There is no stationarity in Banking Companies and Non-Banking Companies (NBFCs) in India.
- Ho2: There is no significant relationship between Banking Companies and Non-Banking Companies (NBFCs) in India.

III. METHODOLOGY

Source of Data and Tools Used For Analysis

The study is based on secondary data. For the purpose of the study the data relating to banking and NBFCs were collected from the "PROWESSIQ" database from Centre for Monitoring Indian Economy (CMIE). For the purpose of analysis of data, different statistical tools like Augmented Dickey-Fuller Unit Root test, Semi-Log Growth Model, Mean, Standard deviation, Coefficient of Variation, Compound Annual Growth Rate, Financial ratios and Correlation.

Sampling Design

The study covers a period of 24 financial years starting from 1994-95 to 2017-18. Top four Banking companies listed in NSE and Non-Banking Financial Companies (Accepting public deposits) those companies were got Certificate of Registration in Reserve Bank of India as well as listed in NSE are selected based on the Market capitalization. Banking Companies are HDFC Bank Ltd, ICICI Bank Ltd, State Bank of India and NBFCs are Shriram Transport Finance, Sundaram Finance Ltd, Shriram City Union Finance and Sakthi Finance Ltd. Purposive sampling Technique was adopted to select the banking and NBFCs in India.

IV. ANALYSIS AND INTERPRETATION

Objective: To examine the growth and financial performance of select Banking and Non-Banking Financial Companies (NBFCs) in India.

Ho1: There is no stationarity in Banking Companies and Non-Banking Companies (NBFCs) in India.

Table 1 Augmented Dickey Fuller test of select Banking Companies and Non-Banking Financial Companies in India from 1994-95 to 2017-18

Variable		Level		1st Difference		2nd Difference	
		t-Statistic	Prob.*	t-Statistic	Prob.*	t-Statistic	Prob.*
Banking Companies	HDFC	-2.222201	0.4562	-9.860507	0.0000	-	-
	SBI	-2.550206	0.3036	-3.429088	0.0209	-	-
	ICICI	-1.626726	0.7502	-3.650486	0.0130	-	-
	KMB	-2.279444	0.4276	-3.383981	0.0230	-	-
Non-Banking Financial Companies	STF	-1.749054	0.6942	-2.592834	0.1094	-7.0664	0.0000
	SUNF	-2.405306	0.3669	-3.555658	0.0159	-	-
	SCUF	-1.211596	0.8840	-3.959845	0.0066	-	-
	SAKF	-2.476614	0.3349	-2.442888	0.1423	-5.8373	0.0000

Source : Compiled and Calculated from CMIE

Table 1 report the result of the Augmented Dickey Fuller unit root test applied to determine the order of integration among the time series data. The ADF test was used at level, first difference and second difference under assumption of constant and trend. According to the result of the test, HDFC Bank Ltd, State Bank of

India, ICICI Bank Ltd. Kotak Mahindra Bank, Sundaram Finance Ltd and Shriram City Union Finance are not stationary on level, but it became stationary when its first difference was taken. That is, the degree of integration of this series is $I(1)$. Shriram Transport Finance and Sakthi Finance are stationary on second difference, that is, the degree of integration appears as $I(2)$. Hence the null hypothesis is rejected there is a stationary among Banking and Non-Banking Financial Companies (NBFCs) in India.

Table 2 Semi Log Growth Model of select Banking Companies and Non-Banking Financial Companies in India from 1994-95 to 2017-18

Variable		Coefficient	Std. Error	t-Statistic	Prob.
Banking Companies	HDFC	0.2941	0.0127	23.0815	0.0000
	SBI	0.1418	0.0021	69.0735	0.0000
	ICICI	0.3023	0.0286	10.5633	0.0000
	KMB	0.2700	0.0139	19.4278	0.0000
Non-Banking Financial Companies	STF	0.3118	0.0142	21.9603	0.0000
	SUNF	0.1240	0.0040	30.6710	0.0000
	SCUF	0.2735	0.0092	29.6937	0.0000
	SAKF	0.0741	0.0102	7.2459	0.0000

Source : Compiled and Calculated from CMIE

It is observed from Table 2 that the Semi Log Growth Model of Banking and Non-Banking Financial Companies (NBFCs) for the period of 24 years from 1994-95 to 2017-18. For calculating the growth the Total Assets have been chosen. In banking companies ICICI Bank Ltd shows the highest growth rate of 30% and State Bank of India shows the lowest growth rate of 14%. In Non-Banking Financial Companies in India Shriram Transport Finance shows the highest growth rate of 31% followed by Shriram City Union Finance is 27% and Sundaram finance have a lowest growth rate of 12%. Probability values of all the variables that Banking and Non-Banking Financial Companies are 0.00, it is significant at the level of 5%.

Table 3 Return on Asset Ratio of select Banking Companies and Non-Banking Financial Companies in India from 1994-95 to 2017-18

Year	HDFC	SBI	ICICI	KMB	STF	SUNF	SCUF	SAKF
Mean	14.60	7.21	11.67	19.91	23.96	24.00	23.48	7.75
SD	4.54	2.17	4.23	11.83	11.78	6.15	8.17	9.90
CV(%)	31.12	30.03	36.28	59.40	49.17	25.61	34.80	127.71
CAGR(%)	0.19	(0.05)	0.02	(0.05)	(0.05)	(0.02)	(0.03)	(0.02)

Source : Compiled and Calculated from CMIE

Table 3 shows the Return on Asset of select Banking and NBFCs in India for the period of 24 years from 1994-95 to 2017-18. The Sundaram Finance Ltd has the highest Return on Assets ratio with mean value of 24.00 followed by Shriram Transport Finance Ltd with 23.96. State Bank of India has the lowest ROA with mean value of 7.21. ROA is found to be consistent in Sundaram Finance Ltd. The Compound Annual Growth Rate of ROA is highest in HDFC Bank Ltd is 0.19% followed by ICICI Bank Ltd is 0.02%. State Bank of India, Kotak Mahindra Bank and Shriram Transport Finance Ltd shows lowest annual growth rate.

Table 4 Return on Equity/Networth Ratio of select Banking Companies and Non-Banking Financial Companies in India from 1994-95 to 2017-18

Year	HDFC	SBI	ICICI	KMB	STF	SUNF	SCUF	SAKF
Mean	16.25	13.80	12.10	11.48	20.70	16.81	21.33	6.18
SD	4.67	4.16	5.17	4.17	8.64	5.61	8.25	8.10
CV(%)	28.74	30.17	42.69	36.32	41.74	33.39	38.69	131.09
CAGR(%)	0.30	(0.06)	0.05	(0.04)	(0.05)	(0.03)	(0.04)	(0.04)

Source : Compiled and Calculated from CMIE

Table 4 reveals the Return on Equity/Networth of select Banking and NBFCs in India for the period of 24 years from 1994-95 to 2017-18. The Shriram City Union Finance Ltd has the highest Return on Equity ratio with mean value of 21.22 followed by Shriram Transport Finance Ltd with 20.70. Sakthi Finance has the lowest ROE with mean value of 6.18. ROE is found to be consistent in HDFC Bank Ltd with 28.74%. The Compound Annual Growth Rate of ROE is highest in HDFC Bank Ltd is 0.30% followed by ICICI Bank Ltd is 0.05%.

Sundaram Finance Ltd, Shriram City Union Finance Ltd, Shriram Transport Finance Ltd and Kotak Mahindra Bank shows lowest annual growth rate.

Table 5 Current Ratio of select Banking Companies and Non-Banking Financial Companies in India from 1994-95 to 2017-18

Year	HDFC	SBI	ICICI	KMB	STF	SUNF	SCUF	SAKF
Mean	4.69	1.92	3.22	1.13	1.00	0.26	1.18	0.44
SD	13.53	0.56	2.94	0.63	0.80	0.14	1.28	0.26
CV	288.71	28.95	91.21	55.93	79.73	53.68	108.09	58.28
CAGR	(0.12)	0.04	(0.05)	0.04	(0.07)	(0.04)	(0.11)	(0.06)

Source : Compiled and Calculated from CMIE

Table 5 exhibits the Current Ratio of select Banking and Non-Banking Financial Companies in India for the period of 24 years from 1994-95 to 2017-18. The HDFC Bank Ltd has the highest Current ratio with mean value of 4.69 followed by ICICI Bank Ltd with 3.22. Sundaram Finance Ltd has the lowest current ratio with mean value of 0.26. Current ratio is found to be consistent in State Bank of India with 28.95%. The Compound Annual Growth Rate of current ratio is highest in State Bank of India and Kotak Mahindra Bank by 0.04%. Shriram City Union Finance Ltd and HDFC Bank Ltd shows lowest annual growth rate.

Table 6 Quick Ratio of select Banking Companies and Non-Banking Financial Companies in India from 1994-95 to 2017-18

Year	HDFC	SBI	ICICI	KMB	STF	SUNF	SCUF	SAKF
Mean	4.69	1.92	3.22	1.13	0.97	0.26	1.17	0.42
SD	13.53	0.56	2.94	0.63	0.78	0.14	1.28	0.28
CV(%)	288.71	28.99	91.21	55.96	80.37	54.62	109.78	67.13
CAGR(%)	(0.12)	0.04	(0.05)	0.04	(0.07)	(0.05)	(0.11)	(0.07)

Source : Compiled and Calculated from CMIE

Table 6 depicts the Quick Ratio of select Banking and Non-Banking Financial Companies in India for the period of 24 years from 1994-95 to 2017-18. The HDFC Bank Ltd has the highest Current ratio with mean value of 4.69 followed by ICICI Bank Ltd with 3.22. Sundaram Finance Ltd has the lowest current ratio with mean value of 0.26. Quick ratio is found to be consistent in State Bank of India with 28.99%. The Compound Annual Growth Rate of Quick ratio is highest in State Bank of India and Kotak Mahindra Bank by 0.04%. Shriram City Union Finance Ltd and HDFC Bank Ltd shows lowest annual growth rate.

Table 7 Debt Equity Ratio of select Banking Companies and Non-Banking Financial Companies in India from 1994-95 to 2017-18

Year	HDFC	SBI	ICICI	KMB	STF	SUNF	SCUF	SAKF
Mean	0.92	1.46	2.36	1.81	6.50	4.87	7.29	5.44
SD	0.44	0.48	2.06	1.00	2.00	1.00	3.00	1.54
CV	48.12	33.09	87.30	54.90	30.76	20.48	41.20	28.36
CAGR	0.18	(0.00)	0.14	(0.07)	0.01	(0.01)	(0.01)	(0.01)

Source : Compiled and Calculated from CMIE

Table 7 represents the Debt Equity Ratio of select Banking and NBFCs in India for the period of 24 years from 1994-95 to 2017-18. The Shriram City Union Finance Ltd has the highest Debt Equity Ratio with mean value of 7.29 followed by Shriram Transport Finance Ltd with 6.50. HDFC Bank Ltd has the lowest Debt Equity ratio with mean value of 0.92. Debt Equity Ratio is found to be consistent in Sundaram Finance Ltd with 20.48%. The Compound Annual Growth Rate of Debt Equity Ratio is highest in HDFC Bank Ltd is 0.18% followed by ICICI Bank Ltd is 0.14%. Kotak Mahindra Bank shows lowest annual growth rate.

Table 8 Debt Equity Ratio of select Banking Companies and Non-Banking Financial Companies in India from 1994-95 to 2017-18

Year	HDFC	SBI	ICICI	KMB	STF	SUNF	SCUF	SAKF
Mean	78.86	78.84	214.06	319.06	703.96	696.82	734.66	742.18
SD	29.62	29.94	125.16	211.64	61.00	73.70	37.64	43.19
CV(%)	37.57	37.98	58.47	66.33	8.67	10.58	5.12	5.82
CAGR(%)	0.10	0.01	0.11	(0.08)	0.00	0.01	(0.00)	0.00

Source : Compiled and Calculated from CMIE

Table 8 determines the Debt to Asset Ratio of select Banking and NBFCs in India for the period of 24 years from 1994-95 to 2017-18. The Sakthi Finance has the highest Debt to Asset Ratio with mean value of 742.18 followed by Shriram City Union Finance Ltd with 734.66. State Bank of India has the lowest Debt to Asset Ratio with mean value of 78.84. Debt to Asset Ratio is found to be consistent in Shriram City Union Finance Ltd with 5.12%. The Compound Annual Growth Rate of Debt to Asset Ratio is highest in ICICI Bank Ltd is 0.11% followed by HDFC Bank Ltd is 0.10%. Kotak MahindraBank shows lowest annual growth rate.

Objective 2: To analyze the relationship between select Banking and Non-Banking Financial Companies (NBFCs) in India.

Ho2: There is no significant relationship between Banking Companies and Non-Banking Companies (NBFCs) in India.

Table 9 Correlation analysis of HDFC Bank Ltd

		ROA	ROE	CR	QR	DER	DAR
ROA	Pearson Correlation	1					
ROE	Pearson Correlation	.601**	1				
CR	Pearson Correlation	-.615**	-.754**	1			
QR	Pearson Correlation	-.615**	-.754**	1.000**	1		
DER	Pearson Correlation	.088	.621*	-.465*	-.465*	1	
DAR	Pearson Correlation	.393	.562**	-.481*	-.481*	.867**	1
**. Correlation is significant at the 0.01 level (2-tailed).							
*. Correlation is significant at the 0.05 level (2-tailed).							

Source : Compiled and Calculated from CMIE

From the above table it is clear that the Karl Pearson Correlation analysis between Financial Ratios of HDFC Bank Ltd. It is conferred that there is a high degree of positive correlation is Quick Ratio with Current Ratio (1.000**) followed by Debt to Asset Ratio with Debt equity ratio is (0.867**). Current ratio and Quick ratio is negatively correlated with Return on Asset (-0.615**) followed by same ratios with Return on Equity (-0.754**). Thus the null hypothesis (Ho) that there is no relationship between financial ratios of HDFC Bank Ltd is rejected at 1% level of significance.

Table 10 Correlation analysis of ICICI Bank Ltd

		ROA	ROE	CR	QR	DER	DAR
ROA	Pearson Correlation	1					
ROE	Pearson Correlation	.629**	1				
CR	Pearson Correlation	-.440*	-.365	1			
QR	Pearson Correlation	-.440*	-.365	1.000**	1		
DER	Pearson Correlation	-.320	-.019	-.421*	-.421*	1	
DAR	Pearson Correlation	-.145	-.172	-.566**	-.566**	.890**	1
**. Correlation is significant at the 0.01 level (2-tailed).							
*. Correlation is significant at the 0.05 level (2-tailed).							

Source : Compiled and Calculated from CMIE

From the above table it is clear that the Karl Pearson Correlation analysis between Financial Ratios of ICICI Bank Ltd. It is conferred that there is a high degree of positive correlation is Quick Ratio with Current Ratio (1.000**) followed by Debt to Asset Ratio with Debt equity ratio is (0.890**). Debt to Asset Ratio is negatively correlated with Current ratio and Quick ratio (-0.566**). Thus the null hypothesis (Ho) that there is no relationship between financial ratios of ICICI Bank Ltd is rejected at 1% level of significance.

Table 11 Correlation analysis of State Bank of India

		ROA	ROE	CR	QR	DER	DAR
ROA	Pearson Correlation	1					
ROE	Pearson Correlation	.817**	1				
CR	Pearson Correlation	-.620**	-.830**	1			
QR	Pearson Correlation	-.620**	-.830**	1.000**	1		
DER	Pearson Correlation	-.510*	-.581**	.355	.354	1	
DAR	Pearson Correlation	-.343	-.699**	.541**	.540**	.853**	1
**. Correlation is significant at the 0.01 level (2-tailed).							
*. Correlation is significant at the 0.05 level (2-tailed).							

Source : Compiled and Calculated from CMIE

From the above table it is clear that the Karl Pearson Correlation analysis between Financial Ratios of State Bank of India. It is conferred that there is a high degree of positive correlation is Quick Ratio with Current Ratio (1.000**) followed by Debt to Asset Ratio with Debt equity ratio is (0.853**) and third stand by Return on Equity with Return on Asset is (0.817**). Current ratio and Quick ratio is negatively correlated with Return on Equity (-0.830**) followed by Debt to Asset Ratio with Return on Equity negatively correlated is (-0.699**)

and third Current ratio and Quick ratio with Return on Asset (-0.620**). Thus the null hypothesis (Ho) that there is no relationship between financial ratios of State Bank of India is rejected at 1% level of significance.

Table 12 Correlation analysis of Kotak Mahindra Bank

		ROA	ROE	CR	QR	DER	DAR
ROA	Pearson Correlation	1					
ROE	Pearson Correlation	.518**	1				
CR	Pearson Correlation	-.149	-.095	1			
QR	Pearson Correlation	-.151	-.095	1.000**	1		
DER	Pearson Correlation	.132	.312	-.281	-.281	1	
DAR	Pearson Correlation	.534**	.119	-.156	-.157	.731**	1

** . Correlation is significant at the 0.01 level (2-tailed).

Source : Compiled and Calculated from CMIE

From the above table it is clear that the Karl Pearson Correlation analysis between Financial Ratios of Kotak Mahindra Bank. It is conferred that there is a high degree of positive correlation is Quick Ratio with Current Ratio (1.000**) followed by Debt to Asset Ratio with Debt equity ratio is (0.731**) and third stand by Debt to Asset Ratio with Return on Asset is (0.534**). Thus the null hypothesis (Ho) that there is no relationship between financial ratios of Kotak Mahindra Bank is rejected at 1% level of significance.

Table 13 Correlation analysis of Shriram Transport Finance Ltd

		ROA	ROE	CR	QR	DER	DAR
ROA	Pearson Correlation	1					
ROE	Pearson Correlation	.816**	1				
CR	Pearson Correlation	-.054	.168	1			
QR	Pearson Correlation	-.052	.170	.999**	1		
DER	Pearson Correlation	-.444*	.063	.558**	.559**	1	
DAR	Pearson Correlation	-.362	-.007	.281	.296	.776**	1

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Source : Compiled and Calculated from CMIE

From the above table it is clear that the Karl Pearson Correlation analysis between Financial Ratios of Shriram Transport Finance Ltd. It is conferred that there is a high degree of positive correlation is Quick Ratio with Current Ratio (0.999**) followed by Return on Equity Ratio with Return on Asset ratio is (0.816**) and third stand by Debt to Asset Ratio with Debt Equity Ratio is (0.817**). Thus the null hypothesis (Ho) that there is no relationship between financial ratios of Shriram Transport Finance Ltd is rejected at 1% level of significance.

Table 14 Correlation analysis of Sundaram Finance Ltd

		ROA	ROE	CR	QR	DER	DAR
ROA	Pearson Correlation	1					
ROE	Pearson Correlation	.862**	1				
CR	Pearson Correlation	-.237	-.074	1			
QR	Pearson Correlation	-.242	-.068	.999**	1		
DER	Pearson Correlation	-.166	.259	.269	.280	1	
DAR	Pearson Correlation	-.426*	-.291	.049	.048	.691**	1

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Source : Compiled and Calculated from CMIE

From the above table it is clear that the Karl Pearson Correlation analysis between Financial Ratios of Sundaram Finance Ltd. It is conferred that there is a high degree of positive correlation is Quick Ratio with Current Ratio (0.999**) followed by Return on Equity Ratio with Return on Asset ratio is (0.862**) and third stand by Debt to Asset Ratio with Debt Equity Ratio is (0.691**). Thus the null hypothesis (Ho) that there is no relationship between financial ratios of Sundaram Finance Ltd is rejected at 1% level of significance.

Table 15 Correlation analysis of Shriram City Union Finance Ltd

		ROA	ROE	CR	QR	DER	DAR
ROA	Pearson Correlation	1					
ROE	Pearson Correlation	.331	1				
CR	Pearson Correlation	-.022	.699**	1			
QR	Pearson Correlation	-.027	.699**	1.000**	1		
DER	Pearson Correlation	-.613**	.487*	.575**	.579**	1	
DAR	Pearson Correlation	-.007	.041	.006	.002	.084	1

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Source : Compiled and Calculated from CMIE

From the above table it is clear that the Karl Pearson Correlation analysis between Financial Ratios of Shriram City Union Finance Ltd. It is conferred that there is a high degree of positive correlation is Quick Ratio with Current Ratio (1.000**) followed by same ratios are correlated with Return on Equity ratio (0.699**). Debt Equity Ratio is negatively correlated with Return on Asset is (-0.613**). Thus the null hypothesis (Ho) that there is no relationship between financial ratios of Shriram City Union Finance Ltd is rejected at 1% level of significance.

Table 16 Correlation analysis of Sakthi Finance Ltd

		ROA	ROE	CR	QR	DER	DAR
ROA	Pearson Correlation	1					
ROE	Pearson Correlation	.964**	1				
CR	Pearson Correlation	-.510*	-.512*	1			
QR	Pearson Correlation	-.518**	-.523**	.997**	1		
DER	Pearson Correlation	.339	.504*	-.359	-.382	1	
DAR	Pearson Correlation	.330	.382	-.452*	-.489*	.697**	1
** . Correlation is significant at the 0.01 level (2-tailed).							
* . Correlation is significant at the 0.05 level (2-tailed).							

Source : Compiled and Calculated from CMIE

From the above table it is clear that the Karl Pearson Correlation analysis between Financial Ratios of Sakthi Finance. It is conferred that there is a high degree of positive correlation is Quick Ratio with Current Ratio (0.997**) followed by Return on Equity ratio is correlated with Return on Asset ratio (0.964**). Quick Ratio is negatively correlated with Return on Equity (-0.523**) and also with Return on Asset is (-0.518**). Thus the null hypothesis (Ho) that there is no relationship between financial ratios of Sakthi Finance is rejected at 1% level of significance.

V. CONCLUSION

The activities of Banking and Non Banking Financial Companies (NBFC) in India have undergone qualitative changes over the years through functional specialization. The study tells that Performance of Banking and NBFCs is improving. Importantly, the results indicate that NBFCs are the leading market players of the financial sectors through which the financial resources are effectively channelized for savers to the users in the economy. It is decorated that due to the rules of the Reserve Bank of India, still the NBFCs are not extending more credit.

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