

Financial Performance Strategic Growth of Manappuram Gold Finance Limited: A Profitability and Liquidity Perspective

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Abstract

Manappuram Finance Ltd. is one of India's leading Non-Banking Financial Companies (NBFCs), widely recognized for its gold loan services and diversified financial products. Established in 1949 and headquartered in Valapad, Kerala, the company has expanded its operations across India through an extensive branch network and digital platforms. Besides gold loans, it offers microfinance, vehicle finance, housing finance, SME loans, and other financial services, catering to both urban and rural customers. The company focuses on providing quick, secure, and customer-friendly financial solutions while maintaining strong operational efficiency and regulatory compliance.

This study analyzes the financial performance of Manappuram Finance Ltd. by examining key financial statements and performance indicators such as profitability, liquidity, efficiency, and solvency ratios. The analysis helps evaluate the company's financial stability, growth trends, and overall operational performance over the selected period. The findings indicate that Manappuram Finance has maintained a strong position in the Indian financial services sector through effective financial management, technological innovation, and product diversification. The study concludes that the company possesses a sound financial foundation and significant potential for sustainable growth, making it one of the prominent NBFCs in India's financial market.

Keywords: Profitability, Liquidity, Financial Performance, Ratio Analysis, Financial Statements.

Introduction

Money-related services help nations grow their economies through lending, gathering savings, and backing companies. In India, groups outside regular banks - called NBFCs - serve people and firms that struggle to reach standard bank setups. Instead of big lenders, these NBFCs step in with tools like personal borrowing, buying equipment, small-scale funding, home loan support, and investing aids. Because they exist, more citizens get included financially while the overall economy moves forward. Their work fills gaps where normal banks often do not go. One of India's top non-banking finance companies, Manappuram Finance Ltd. built its name on gold-backed lending. Started long ago by V. P. Nandakumar, it slowly turned into a key force within the country's financial landscape. Based out of Valapad in Kerala, its presence spreads through countless local offices nationwide, reaching many people each day. Instead of complicated paperwork, borrowers often walk away fast with cash using jewelry as security - especially helpful where banking options are thin. Through time, that simple idea became the core of how they serve communities far beyond city limits. Due to this, it is a good example to look at the change in financial trends over time. Knowing how profitable and liquid a business is can give you an idea of how big companies keep growing and stay financially stable.

Company Profile

Manappuram Finance Ltd. is one of India's leading Non-Banking Financial Companies (NBFCs), specializing in gold loans and a wide range of financial services. The company traces its origins to 1949, when Shri V.C. Padmanabhan started a small money-lending business in Valapad, Thrissur district, Kerala. Under the leadership of Shri V.P. Nandakumar, the company was incorporated as Manappuram Finance Limited in 1992 and has since grown into a diversified financial services provider with a strong presence across the country.

Headquartered in Valapad, Thrissur, Kerala, Manappuram Finance has built a nationwide network of more than 5,000 branches (including subsidiary branches) across 28 states and Union Territories. The company serves millions of customers through its extensive branch network and digital platforms, offering quick, convenient, and transparent financial solutions. Its shares are listed on both the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

Statement of the problem

The Non-Banking Financial Company (NBFC) sector plays a significant role in providing financial services and supporting economic growth in India. Manappuram Finance Ltd., as one of the leading NBFCs, has experienced continuous growth through its gold loan business and diversified financial services. However, the financial services industry is highly competitive and is influenced by factors such as changing customer preferences, economic fluctuations, regulatory changes, rising operational costs, and technological advancements. These factors can significantly affect the company's financial performance and long-term sustainability.

Evaluating the financial performance of Manappuram Finance Ltd. is essential to understand its profitability, liquidity, solvency, efficiency, and overall financial health. A detailed analysis of the company's financial statements and key financial ratios helps identify its strengths, weaknesses, growth trends, and operational efficiency. Such an assessment provides valuable insights into the company's ability to achieve sustainable growth, manage financial risks, and maintain a competitive position in the Indian financial services sector.

Objectives of the Study

- To examine the impact of digital gold loan services on customer acquisition at Manappuram Finance.
- To evaluate customer satisfaction with online and mobile-based financial services.
- To investigate the influence of interest rates and loan flexibility on customers' borrowing decisions.
- To analyze the role of service speed and documentation process in customer engagement.
- To assess the effectiveness of personalized follow-ups and customer support in improving loan conversion rates.

Research Methodology

Research Design

The research is both descriptive and analytical. Looking into how people see Manappuram Finance Ltd., the approach taken here describes experiences rather than testing theories. Information comes from two directions - direct answers via fixed-format surveys plus insights pulled from official documents, online pages, and published material around the business.

Tools for Data Analysis:

Financial ratio analysis has been used as the primary tool for evaluating profitability and liquidity. Ratios such as Net Profit Ratio, Operating Profit Ratio, Return on Assets (ROA), and Return on Equity (ROE), Current Ratio, and Quick Ratio have been calculated and interpreted.

Review of Literature

1. Rajesh Kumar (2021)"Earnings stability and business model analysis of Manappuram Finance"

Looking at money coming in through company records and how others in the finance space are doing. The main edge comes from lending against gold - safe loans backed by something real. Money flow shifts when gold costs rise or fall, plus busy times of year change borrowing habits. When things feel shaky economically, more people borrow against gold, steadying income. Branching out into small loans and other areas shakes up results because some borrowers fail to pay back. Setting aside funds for bad debts and changes in what's earned from interest play big roles in profit size. Leaders adjust what kinds of loans they offer to keep

numbers even over time. This business holds up better than many similar lenders, but new ventures make trends a little harder to pin down.

2. Priya Nair along with Anil Sharma published their work 2022."Debt management and financial reporting practices"

Looking into how firms report finances when dealing with debt and rules. Through ratios and accrual methods, the quality of these reports gets examined. Because loans are backed by assets, chances of missing payments drop while repayment strength rises. This firm keeps its borrowing much tighter than similar finance companies do. When money pressure builds, boosting earnings on paper shows up more - especially outside gold lending. Secured loans using gold contrast sharply with risky microloans without security. Rules set by regulators and internal controls shape how openly numbers get shared. Lenders feel safer when debts have solid assets behind them. Reporting tends to hold up well - even if shaped by choices around debt and results.

3.Kavita Iyer alongside S. Ramesh published work in 2023.

"Altman Z-Score analysis of financial health"

Looking at how solid the finances are, the study uses Altman’s Z-score to check chances of bankruptcy. Through patterns over time, it reviews whether money flows smoothly, debts stay under control, and earnings hold up. Strong assets backed by collateral plus steady income help keep the Z-score out of danger zones. Healthy profit margins along with a balanced mix of debt and equity add strength to overall standing. Branching into small loans.

Data Analysis and Interpretation Ratios

Net Profit Ratio

Year	Net Profit After Tax (₹ Lakhs)	Total Revenue (₹ Lakhs)	Net Profit Ratio (%)
2022–23	5,94,000	41,74,000	14.23
2023–24	7,99,000	54,59,000	14.64
2024–25	6,81,000	45,71,000	14.90

Interpretation : The Net Profit Ratio of the company increased steadily during the study period. It rose from 14.23% in 2022–23 to 14.90% in 2024–25, indicating improved profitability. The company efficiently controlled expenses and converted revenue into profit. A higher net profit ratio reflects better financial performance and operational efficiency. This improvement supports long-term strategic growth and investor confidence.

Operating Profit Ratio

Year	Operating Profit (₹ Lakhs)	Revenue (₹ Lakhs)	Operating Profit Ratio (%)
2022–23	13,04,000	41,74,000	31.24
2023–24	17,69,000	54,59,000	32.40
2024–25	14,41,000	45,71,000	31.52

Interpretation : The Operating Profit Ratio remained strong throughout the period, staying above 31%. This indicates that the company generated sufficient profits from its core operations. Efficient management of operating expenses helped maintain profitability.

Interest Expense Ratio

Year	Interest Expended (₹ Lakhs)	Revenue (₹ Lakhs)	Interest Expense Ratio (%)
2022–23	18,90,000	41,74,000	45.28
2023–24	24,50,000	54,59,000	44.88
2024–25	20,80,000	45,71,000	45.50

Interpretation : The Interest Expense Ratio remained stable at around 45% during the study period. This reflects the borrowing-intensive nature of finance companies. The company managed its interest obligations efficiently without major fluctuations. Stable interest costs indicate proper debt management practices. Effective control over borrowing expenses supports financial stability.

Findings

1. **Strong Profitability:** Manappuram Finance Ltd. maintained a healthy level of profitability during the study period, indicating effective revenue generation and cost management.
2. **Stable Liquidity Position:** The company maintained adequate liquidity, enabling it to meet its short-term financial obligations without significant difficulty.
3. **Growth in Loan Portfolio:** The company's gold loan business continued to contribute significantly to its overall income, while diversification into microfinance and vehicle finance supported business growth.
4. **Efficient Asset Utilization:** Financial ratios indicate that the company effectively utilized its assets to generate revenue and improve operational efficiency.
5. **Strong Market Presence:** With an extensive branch network and digital services, Manappuram Finance has established a strong customer base across India, enhancing its competitive position.
6. **Financial Stability:** Overall financial analysis shows that the company has maintained a sound financial position with consistent performance, despite changes in economic and regulatory conditions.

Suggestions

1. **Increase Digital Financial Services:** The company should continue investing in digital platforms and AI-based services to improve customer convenience and operational efficiency.
2. **Diversify Revenue Sources:** Greater focus on non-gold loan products such as MSME loans, housing finance, and personal loans can reduce dependence on the gold loan business.
3. **Strengthen Risk Management:** The company should continuously improve credit risk assessment and monitoring systems to minimize loan defaults and financial risks.
4. **Improve Cost Efficiency:** Effective control of operating expenses and administrative costs can further enhance profitability and financial performance.
5. **Expand Rural and Semi-Urban Reach:** Opening more branches and increasing financial awareness in underserved areas can help attract new customers and increase market share.
6. **Enhance Customer Satisfaction:** Providing faster loan processing, better digital support, and personalized financial services will strengthen customer loyalty and improve long-term business growth.

Conclusion

The study on the financial performance of Manappuram Finance Ltd. concludes that the company has maintained a strong and stable financial position during the period under review. The analysis of financial statements and key financial ratios indicates that the company has achieved satisfactory profitability, maintained adequate liquidity, and efficiently managed its financial resources. Its core gold loan business continues to be the primary source of revenue, while diversification into microfinance, vehicle finance, housing finance, and other lending activities has strengthened its overall business performance and reduced dependence on a single source of income.

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