CHAPTER – 1

INTRODUCTION

Gold is one of the very important assets among the entire assets class. In India gold also holds sentimental or social values. Since ancient times, it is used as a collateral asset against borrowing the money. Previously gold loan business was mainly controlled by unorganized players. Now days organized gold loan business is one of the emerging lending business segments for Non-Banking Financial Companies (NBFCs) and Banks in India. Organized sector registers record growth in last decade. Recently various regulations have changed by Reserve Bank of India (RBI) and other external factors negatively impacted the business growth and financial performance of this segment. The study is descriptive and analytical in nature.

A non-banking financial company is one that does activities based on loans and advance, share, securities, bonds, debentures, stocks, etc. and which is registered under the Companies Act of 1956. Every organisation makes profits and losses. So there is a need to be continued and loss making needs to be discontinued. So there is a need to identify what are the causes that enable profit making and what causes lead to loss making and remedial measures which can be taken to overcome the losses. Hence in the study titled. "An empirical study on comparative financial evaluation between Mannapuram Finance Limited and Muthoot Finance Limited." a comparison has been done between the two Non-Banking Financial Companies.

The study has been taken the past 5 years financial statements of the two various statistical techniques have been used to find out the true financial position. Analysis, evaluate the position of the two non-banking financial companies and to study the recommendations of Mannapuram and Muthoot finance to move ahead from the banking sector. The study gives the findings and suggestions based on the financial evaluation between the two leading Non-Banking Financial Companies.

1.1 Objectives of the Study:

- To understand the importance of financial statement analysis in comparative financial evaluation of a firm.
- To evaluate the position of two non-banking financial companies so as to know who is performing better in the industry.
- To provide the appropriate recommendations and suggestions for Mannapuram Finance Limited and Muthoot Finance Limited.

1.2 Need for the Study:

This study is done for knowing the correlation between the satisfaction level of consumer who are the customer of Muthoot Fincorp Pvt. Ltd. who taken the Gold Loan and the services provided by bank and their staff member's behaviour. This is also indicated that how services provided by bank is directly related with the satisfaction level of consumer and this is helpful to bank also that in which services or in which area bank need improvement to satisfy their customer.

More satisfied customer will help bank to consume more customer. Right now there are many loans available in the market like Car Loan, Housing Loan, Education loan Business loan for start-ups and etc. but I want to know about Gold loan. Because in India people are more attached with gold and in gold loan they are put their gold in bank and borrowed money from bank at that time they are in need of good services and trustworthy bank also and Muthoot is well established in this industry from last long time and I want to study on one of Muthoot part and that's why I preferred Muthoot Fincorp

1.3 Scope of the Study:

In India considerable growth has taken place in the Nonbanking financial sector in last two decades. Since the activities of NBFCs have undergone the qualitative change in the recent years, there is a need to look at the salient issues like liquidity, profitability, interest margins etc. the primary objectives of the study is to evaluate the overall financial performance of two different groups of NBFCs in terms of profitability, solvency and liquidity.

The study is based on the NBFC's which covers the period of study for five years and it reveals the study of two Non-financing banking companies in market and financial performance by analysing with the help of financial ratios. By this study we can understand the present situations of the two NBFC's-Mannapuram Finance Limited and Muthoot Finance Limited and the investment or borrowing loan etc. can be verified.

The study shows the financial position of the two companies which can be comparatively checked for future investment in the NBFC's, to know the advancements in the past and present which in turn helps in making a probabilistic measure of expectation of the future turn of profitability and growth.

1.4 Limitations of the Study:

- The study does not take into considerations banks, corporate companies and other financial institutions for a comparatives financial evaluation.
- It is limited to only two listed gold loan Non-banking Financial companies which are Manapurram Finance Limited and Muthoot Finance Limited.
- The study is not generalized to other firms as it is restricted to only two firms.
- This research is been carried out only for a specific time limit that is the study is limited to only the past five years from 2017-2018 to 2021-2022.

CHAPTER – 2

REVIEW OF LITERATURE

Venkataramma. N, k. Ramakrishna (2012) in the study, "Financial Performance and predicting the risk of bankruptcy- A case of selected companies in India" has used Altman Zscore Analysis, bankruptcy, Liquidity Ratio, Solvency Ratio, Working Capital Ratio, correlation, mean, standard deviation, variance and skewness.

It took into consideration ten cement companies and the financial reports are taken for ten years from 2001 to2010 to know the profitability and the financial position of all the firms. The study concludes financial failure needs to be predicted well in advance and appropriate and corrective measures need to be taken related to financial investment, leading and borrowings so that bankruptcy can be prevented and profitability can be ensured.

The firms which are not profitable are mainly due to causes such as lack of proper planning, no proper forecasting of sales, lack of experience among management, advancement in technology, more manpower, frauds and changing wants, tastes and preferences of consumers from time to time.

Every organization's growth and development depends on a variety of factors such as human technology, financial resources, quality, promotion, monetary and non-monetary items maintenance. Among these availability of financial resources is one of the most important factors. A firms worth is decided by few important criteria such as how much cash inflow is coming from assets or how much capability the asset has to incur cash inflow, how much time it takes to achieve stable rate of growth and the amount of capital to be invested or maintained without debts.

If an organisation wants to achieve success it must be able to achieve its objectives first. Hence there is a genuine need to know if the organization is performing well or not. If a firm is healthy both in the short run and long run not only by itself but also in comparison to other firms not only does the organisation become strong but also the career and business opportunities for both employees and the organization as it able to diversify itself and expand globally both locally and internationally.

Hence a comparative financial evaluation is very essential so that the firm can know what are its risks, strengths and weakness, rewards, higher return, performance analysis, etc. in comparison to another firm or firms which are its competitor or competitors in the same industry so it can assess what needs to change or improve to perform better or maintain the performance level.

Gold has always been fascinated the mankind since the beginning of civilization. From the centuries mankind has strong urge to possess the precious yellow metal. Gold is considered the most valuable asset and a symbol of wealth and prosperity. In India, the demand for gold is influenced due to various factors such as cultural, economic and social factors. As a tradition, gold is used and gifted in the form of jewellery on various social ceremonies such as weddings and pujas etc. For the unbanked and under-banked Indian populaces which are outside the purview of formal financial system gold acts as a 'store of value' and the most preferred investment avenue. Gold is highly liquid asset, provide hedge against inflation and moreover can be used in the period of economic and financial distress. India is known to be among the largest importers of gold in the world.

Every organisation strives to achieve better than the other be it in terms of customer satisfaction, hedging risks, maximizing profit, employee retention, increasing the reserves, etc. In order for every firm to be ahead of its competitors a comparative financial evaluation is necessary as it helps the firm in tracking its competitors past, present and future performance and what steps it can take to go ahead of its competitors. Financial evaluation of an organisation can be measured with the help of financial results attained from financial performance on a yearly basis to see how much it has earned that is how much is gain and how much is loss. Every firm or organisation must keep in mind that every financial decision is vital for its growth. If a financial decision increases the risk of the firm it reduces the value of the firm. On the other hand if a financial decision decreases the risk of the firm it increases the profitability as well as the value of the firm. Hence risk and profitability should be taken seriously by the firm to ensure long term growth. There are3 measures which are used in financial evaluation. They are:

- Return on Equity
- Earnings per Share, and

- Price Earnings Ratio

Profit and loss account also helps in knowing the profit or loss of a company as on a particular year. The Balance Sheet also helps in knowing the financial position of a firm at a particular point of time. The financial evaluation and performance can also be done using financial statements only. Hence in order to arrive at a proper conclusion on comparative financial evaluation the following needs to be considered:

a) Balance Sheet analysis (both horizontal and vertical)

b) Income Statement analysis (both horizontal and vertical)

c) Ratio analysis

The comparative financial evaluation helps the following parties:

1. Trade Creditors and Suppliers of long term debt

2. Investors

Various inquiries have been undertaken associated with the operation of a portion of the cooperative banking in India. Thus, through the study of current literature, an effort is made to provide a summary of the different viewpoints and interests of this examination. A few of the primary exams listed for audit is addressed below.

In the analysis titled' Banking Structure and Productivity — A Research paper of the Indian Banking System, 'Bhatia (1978) attempted to distinguish the economic analysis of the Indian banking mechanism as expressed in its production, cost & profitability over the 1950-68 period. He noticed Indian banking system income had an upward trend during the said era. The report proposed that loan prices be deregulated to increase the competitiveness of money-related foundations and to maintain a sustainable banking environment that will potentially result in stronger administrations.

In his book entitled "Economic Obligation List of Public Sector Banks," Markand (1979) calculated the demonstration of free portion banks. Utilizing, for example, an execution document consisting of six quantitative indicators, division production needing part credit, and payment costs, Mark and concluded that financing for the need section was crucial and necessary. Right now, it was suggested that loaning force would be assigned to the branch managers for better execution.

In his paper entitled "Banks and Financial institutions Profitability and Productivity Analysis, " Satyanarayane (1998) developed a converter for calculating the profitability of divisional establishments related to money. He provided an unmistakable and point-by-point analysis structure for competitiveness of the Company. He also proposed a three-layered system to determine the profitability of a bank, or the condition of a bank. The first section of the system delineated the calculation of the received income, the second included the commodity expense and yield criteria and the last portion displayed the return and appreciation of a bank's speculator.

Debasish (2003) attempted, in his research paper ' Prime Discriminants of Profitability in Indian Commercial Banks,' to establish a distinctive potential for bank profitability using the most obvious extent / parameters. The validity of the model was tried with experienced question test (78 banks). The magnitude of the impact was 49/78= 62.82 per cent for the request test. For efficiency y, four key criteria were chosen: bank liquidity, return execution, cost parameter and hierarchical capacity.

According to the advancement shrewd distinctive test, the study uses Wilk Lambda with the least value needed for region as 3.84 and the most usual open doorr with the probability of complementary factor departure as 2.71 from different measures, i.e., the smallest F-Ratio, Mahalnobis Size, and Wilk Lambda. At each step the vector confining General Wilk Lambda is reached. At the stage where the Wilk Lambda struggles to be limited by any greater portion of variables, the count leaves.

In their exploratory paper "Execution of Regional Rural Banks in Karnataka — Introduction of Principal Components and Distinguishing Function Analysis," Krishana et al. (2003) tried to identify the key isolating characteristics of the two recognized local banks in the Karnataka domain. We used the independent technique for analysis and tried to achieve a specific autonomous coefficient to such a degree that the square difference between the mean Z-score for one assembly and the mean Z-score for the other social incentive was as expansive as possible when opposed to the variety of Z-scores throughout the assembly process. We found that the number of delegates per division had the most intense isolation capacity at 55°/c, followed by acquisition (18°/c), credit store ratio (14°/c) and use ratio (13°/c) calculation.

Nair (2004) saw in his paper called' Town Co-operatives — A Century of Service to the Nation' that the officially systematized cooperative region had achieved a period of nation assistance by 2004. Breaking the progress of the Primary Agricultural Co-operative Societies, he saw that over the 50 years that stretched over more than 1951 -2001, the PACs enabled easy help strolls, had money, markets, and loans for farmers to be redirected. They were flexible in that sense; they would get a regional funding and nation association operation at snappy notice and at the most ostensible exchange costs. On every occasion, the cooperatives feel handicapped as a consequence of growing NPAs rather than surpassing expectations on all fronts. Last 2000-0 I PACs ' past due responsibilities grew to 95.899.60 million compared with' 63.79 million seen in 1950-51, along similar lines familiarizing them with a sponsored and strong analysis, redoing, and reclamation policy.

Carlos et al. (2005) found developments in the productivity of European cooperative banks and concluded that somewhere in the 1996 and 2003 timeframe a successful use of creativity had increased the profitability of many of the European cooperative banks under study. To larger cooperative banks, a valid program guide to specialists was to organize and establish inventiveness for or merge smaller cooperatives.

Heiko and Martin (2007) of the IMF undertook an analysis of cooperative banks and their financial-limit solidity. The analysis centered on the extraordinary bank details for 29 substantially decided economies from the Bank Reach Database and developing markets, which were people from the Organization for Economic Co-action and Growth QC ED). They saw cooperative banks in frontline projects and building markets having higher scores than commercial banks, suggesting cooperative banks were increasingly stable. These findings, probably genuinely mind bending from the earliest point of departure, have been linked to much lower unconventionality of cooperative banks profits, which changes their generally lower productivity and capitalization.

In their study entitled 'Relative Performance of Scheduled Commercial Banks in India (2001 - 08): A DEA Strategy,' Jayaraman and Srinivasan (2009) attempted to use Automated Envelopment Analysis to assess the size competence of booked commercial banks in India. The study runs oil the overall effectiveness makes cash based on proportional shows use efficacy assessments. lt was discovered that the general execution of booked commercial banks under scrutiny during the time of review 200 I - 08 was tolerant strong and that the minimum adequacy score was moving anywhere between the range between 0.9195 and 1. More than 60°/c of the commercial banks proposed under investigation reached the normal profitability score for each review period, with the exception of 2006, where it was approximately 53°/c. The results show that ICICI Bank, IndusInd Bank, ABN Amro Bank, Calyon Bank and Citibank have been successful over the whole years during the r of review. With the banks down, Travancore State Bank, Vijaya Bank, Maharashtra Bank, and Oriental Bank of Commerce, Axis Bank, Federal Bank, and Yes Bank's show scores have outperformed the usual rate of productivity for all years.

The respondents were shoppers from different chose gold adornments outlets in and furthermore the degree of mindfulness and the overall mentality of customers towards gold as speculation. Gold is uncommon among metals. Yet, it very well may be seen all over the place, from adornments to innovation. Not at all like some other metals some of the time gold, the sparkly valuable yellow metal makes some enthusiastic connections among individuals. Gold likewise plays an enormous situation in the economy of a nation. Private Investments and all the more as of late Central Bank Net Purchases, represent an extra 39 percent request. Many gold mines work over the world extending in scale from minor to colossal. As of now, the worldwide gold mine creation is generally steady. In the course of the most recent five years, the gracefully from gold mine creation has arrived at the midpoint of to 2,690 tons for every year. The year 2012, has seen colossal shout over the gold cost and buys by people in general. The offer of coins by Banks has additionally been viewed as against the public premium. Studies show that worldwide gold interest is essential for making adornments, as speculation or for innovation. Among them, 'Gold as adornments' has the most appeal; roughly 50 percent. Private Investments and all the more as of late Central Bank Net Purchases, represent an extra 39 percent request. Applications in innovation and different sorts of manufacture, for example, utilization of gold in gadgets, prescriptions, dentistry, and so on establish the staying 11 percent.

LOANS AGAINST GOLD

The most unmistakable mode that adapts gold is the gold adornments loan portion. As Indians own enormous amounts of gold jewellery, the loan against gold bodes well. The gold loan portion opens the shrouded monetary estimation of the current load of physical gold, which is in any case lying inert. It is an extremely helpful idea of changing over the physical reserve funds into money. In India, an enormous number of banks and NBFCs are expanding loans against the pre-owned gold gems and adornments at a particular loan to esteem proportion. There are cut off all explanations behind this sharp upward pattern in gold loans lately. It is an advantageous instrument for raising loans. Besides, adaptability of loan choices, liberal Loan to Value Ratio, simple to adjust documentation prompted extension of gold loans and geological development of gold loan organizations likewise encouraged the loan conveyance. The size of gold loans demonstrated an upward pattern due to cost increment of the gold and restricted accessibility of retail and individual loans from banks.

CHAPTER – 3

3.1 INDUSTRY PROFILE

The Indian gold loan market is segmented into organized gold loan market, also known as formal gold loan market and unorganized gold loan market or the informal gold loan market. The organized gold loan segment includes public banks, private banks, small finance banks, co-operative banks, NBFCs and Nidhi companies. In contrast, the unorganized sector is dominated by money lenders and pawnbrokers.

The unorganized segment accounts for more than 60% of the gold loan market in the country. Nevertheless, the organized sector is anticipated to expand exponentially during the forecast period.

NBFCs constitute the largest share of the organized market. Customers residing in rural parts of the country are gradually switching to these NBFCs, owing to quick loan processing, systematic gold valuation, auctioning and safe-keeping. Banks also offer gold loans, but they primarily consider these as their priority sector lending (PSL) requirements. Further, small finance and Nidhi companies represent the co-operative segment in the Indian gold loan industry, and account for ~12.98% of the organized gold loan market. Private sector banks are gradually entering the Indian gold loan market with tech-driven offerings like online gold loan services.

Banks and non-banking finance companies (NBFCs) typically lend against a security. This can be a physical asset of value like property or easily tradeable precious metals such as gold or silver, and also other business assets, for example, shares of publicly traded companies.

The ease of carrying and using gold as a mode of exchange-and indeed as a dependable security of value-has allowed moneylenders lending against gold to proliferate for centuries.

Even before a formal banking system developed, villages and small towns had their network of local moneylenders, who built their business largely on the basis of lending the currency of the time against gold jewellery or even utensils.

Although seen as an alternative mode of lending, the gold loans industry has grown significantly over the last couple of decades to become a key part of the organized lending ecosystem.

The rising price of gold allows borrowers to avail larger sums as loans. It also gives comfort to the lenders due to the relative security of the yellow metal. These are among the key factors behind the growth of the industry.

The ease with which one can temporarily monetize the gold jewellery sitting in the cupboards at home, along with aggressive marketing by specialized gold loan companies, has helped the industry clock high double-digit growth through the years.

Banks Versus NBFCs

For banks, the gold loan business is one of the several modes of lending. However, NBFCs have been offering the product to the public for meeting personal and also business loans for entrepreneurs, for a short period.

Broadly, even with the reach and branding of banks, the NBFCs have been a bigger driver of gold loans in the country. Almost two-thirds of around Rs 2 lakh crore worth of gold loans business is under private finance companies.

Uses Of Gold Loans

A borrower doesn't have any restrictions on the end use of the gold loan. Unlike a fixed mortgage product like a home loan, where the money is lent and disbursed to the seller of the property directly, in the case of a gold loan, just like a personal loan, one is free to use the loan amount for either:

- Personal use, such as children's education, weddings or going on vacation.
- Business needs such as expansion, arranging working capital or managing cash flows.

Often, a person getting into a small business needs a loan but does not own a personal house to mortgage. However, given the age-old love affair of Indian households and the tradition of festivals and marriages where gold jewellery is bought or gifted, many people have accumulated some gold jewellery. This comes in handy as a mode of security against which one can borrow money.

Demand And Growth Factors

The fate of the industry is largely driven by the price of gold as the amount one can borrow is dependent on that. And the secular long-term trend of the rising price of the yellow metal has bolstered the industry.

Demand for gold loans from small business owners and individuals is also dependent on the general state of the economy. So, in the April-June period last year, when the second wave of the pandemic had a brutal impact on people and the ensuing lockdowns also took a toll, there was a contraction in gold loan disbursals.

However, there was a strong bounce-back in the latter half of 2021, especially in the festive season.

According to Krishnan Sitaraman, Senior Director and Deputy Chief Ratings Officer at CRISIL Ratings: “Gold-loan disbursements have rebounded sharply in the second quarter of this fiscal (FY22) after a dismal first quarter. Gold loans will continue to be a sought-after asset class, while lenders will remain cautious about growth in many other retail asset classes.”

Expanding Gold Loan Market

Industry estimates show that until 2011, as much as 1,81,881 tones of gold had been mined in all of human history. Of this, just over half-52% to be exact-was in the form of gold jewellery.

In 2017, the World Gold Council estimated that Indian households held between 24,000 and 25,000 metric tones of gold. In 2019, this gold was estimated to be worth as much as 40% of the country’s Gross Domestic Product (GDP).

Even more interesting is the fact that rural India accounts for 65% of the total estimated gold holdings in the country. This is the scale of wealth locked up in India’s household gold, which could be put to good use.

If we consider the latest data for bank loans against gold jewellery, the quantum of credit has shot up from around Rs 34,000 crore at the end of March 2020 to nearly Rs 61,000 crore in 2020-21—the first year of the pandemic. It then rose again by a fifth to around Rs 74,000 crore at the end of March 2022.

This growth comes at a time when the total personal loans market grew in the 10-12% range over the last two years. Over a two-year horizon, the gold loans market grew five times faster than the overall personal loans granted by all banks put together.

These trends are similar for NBFCs, too, who have a larger chunk of the fast-growing gold loan pie.

That said, there is still immense scope of growth as gold loans comprise just around 2% of the total personal loans under bank credit. This has almost doubled as a proportion over the last two years and is one of the fastest growing modes of lending in India.

The assets under management (AUM) of gold loan non-banking finance companies (NBFC) is expected to rise 12-14% in the financial year 2022-23, on the back of buoyancy in the gold prices and limited borrowing avenue for select customer segments.

However, due to the increased competition from banks in the higher loan ticket segment, the loan growth of gold-focused NBFCs will likely stay muted in FY22. “With gold loan NBFCs also becoming conscious of the market demand at appropriate yields, the growth is expected to be higher in FY23,” said Sanjay Agarwal, senior director, CareEdge.

The non-bank lenders usually face competition from banks in the larger ticket loan, which is between 3 lakh and 5 lakh category. Then gold loan NBFCs compete on service, last-mile reach and domain expertise which is difficult for the banks to replicate.

Analysts say even as banks are targeting the gold loan segment aggressively, NBFCs are expected to remain key players in this segment due to their pan-India presence, the ability to facilitate the transaction in a very short period, and hassle-free process.

On the asset quality front, the reported non-performing assets (NPA) of gold loan NBFCs could see variations depending on the movement in the gold prices and timing of the auctions undertaken by these entities.

The analyst said that gold as an asset class, provides good recovery and principal loss is not seen. But there are some losses in the auctioning. “Principal loss is next to negligible. However, there could be some amount of auction losses impact interest portion of the gold loan, principal recovery is to the full extent,” said Jinay Gala, associate director, India Ratings and Research. However, the credit cost impact on the profitability has been quite modest.

A circular from the Reserve Bank of India – released on November 12, 20221 – on upgradation of bad loans are likely to have a minimal impact on gold loan NBFCs, said AM Karthik, VP and sector head, Financial Sector Ratings, ICRA. This is on account of such entities having a bullet repayment system. The borrowers are also incentivised via lower interest rates if they pay loans before the due date.

3.2 COMPANY PROFILE

MUTHOOT FINANCE

Even before the word "ethos" had found a place in the corporate lexicon, Muthoot Finance Ltd. had imbibed a work culture that was based on conscience. Ever since its inception, the company has nurtured trust as its most prominent value. We are committed to keeping this heritage alive throughout the generations to come. At Muthoot Finance Ltd. we are committed to creating a balance. We believe in a simple yet profound theory of "from excess or scanty, to appropriateness".

A prominent example of this is our financial inclusion policy. The company provides gold loans on extremely easy terms and conditions to people of each segment of the society. Our gold loan range begins from ₹ 1500 and there is no maximum limit. Driven by the invaluable trust and commitment that people have shown in us through centuries, we have created a reputable market image.

Mission

To build leading customer-centric businesses enabled by technology, maintaining the highest standards of corporate governance and uncompromising values.

Vision

Be the most trusted, globally diversified institution enriching lives of the masses while contributing back to the society.

Muthoot Finance Limited (MFL) is a “systematically important non-deposit taking NBFC” that is involved in the business of providing loans against gold and is today, considered to be the largest company in India (in terms of loan portfolio, with a gold loan portfolio of Rs.22694 crores provided to over 5.5 million accounts) to be offering this service. It is the flagship company of the Kerala based “Muthoot Group”. MFL has an operating history of over seven decades having first started the gold loan business in 1939. Muthoot Finance Ltd. was incorporated as a private limited Company on 14th March, 1997 and was converted into a public limited Company on 18th November, 2008. The Company is promoted by Mr. M. G. George Muthoot, Mr.

George Thomas Muthoot, Mr. George Jacob Muthoot and Mr. George Alexander Muthoot collectively operating under the brand name of „The Muthoot Group", which has diversified interests in the fields of Financial Services, Healthcare, Education, Plantations, Real Estate, Foreign Exchange, Information Technology, Insurance Distribution, Hospitality etc.

The Company obtained permission from the Reserve Bank of India for carrying on the business of NonBanking Financial Institutions on 13.11.2001 vide Regn No. N 16.00167. The Company is presently classified as Systemically Important Non- Deposit Taking NBFC (NBFC-ND-SI).

The Company made an Initial Public Offer of 51,500,000 Equity Shares of the face value 10/- each at a price of 175/- raising 9,012,500,000.00 during the month of April 2011. The equity shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited from 6th May, 2011. However it was only in 2001 that the company secured an NBFC license from the RBI. In addition to the gold loan business, MFL also provides money transfer services through their various branches by acting as sub-agents of various registered money transfer agencies. Recently MFL has also got into the collection agency services. In addition to all of that the company also operates three windmills in the state of Tamil Nadu.

During the quarter ended December 31, 2013 MFL reported a PAT of Rs. 194 crore against a PAT of Rs. 270 crore in the corresponding period in the previous financial year. The reduction in profits during the quarter were primarily on account of the reduction in portfolio during the period (of 14%) and also owing under recoveries of interest from auctioning of delinquent contracts. As on December 31, 2013 the company had a net worth of Rs. 4121 crore and had a gross NPA% of 1.99%. Muthoot Finance Ltd (MFL) is the flagship company of the Kerala based business house „The Muthoot Group", which has diversified operations in financial services, healthcare, real estate, education, hospitality, power generation and entertainment. MFL has a long and established track record of operating in the gold loan business and is India"s largest gold loan focused NBFC with a managed advance base of Rs. 21,618 crore (provisional) as on March 31, 2014.

The company operates through an extensive pan India branch network of 4270 as on March 2014. The company derives a significant proportion of its business from South India where gold loans have traditionally been accepted as means of availing short term credit, although over the past few years the company has increased its presence beyond South India.

VALUES OF THE MUTHOOT FINANCE:

Being a prominent venture of the Muthoot Group, Muthoot Finance Ltd. carefully and passionately imbibes the values of the former. It takes pride in its strong foundation, which is deeply rooted in the following pillars: s Ethics: Muthoot‟s main aim is to put the needs of its customers first before anything else. The Company strives to provide them with the best quality of service under the Muthoot Brand Umbrella and is doing so with a smile. Values: Accountability for all our operations and services, and towards the society makes Muthoot a socially responsible and intelligent citizen. Its empire has grown by leaps and bounds on the basis of these values. The times may change, but its values will remain unchanged. Reliability: With an unblemished track record throughout the markets that it serves; and across national as well as global boundaries, Muthoot Finance values its commitment to customer-service. **Dependability:**

Muthoot Finance does not judge itself by the profit it makes but by the trust and confidence that people have had in it for over 125 years. With over 6 million people having turned towards Muthoot, to help them in their hour of need, Muthoot feels that this has been possible only because of its core guiding principle.

Trustworthiness:

Muthoot pledges loyalty in its operations, fairness in its dealings and openness in its practices. The Company embraces policies and practices that fortify trust. Integrity: The value is innate to a corruption-free atmosphere and an open work culture. At Muthoot Finance Ltd., therefore, it cultivates transparency as a work ethic.

Goodwill:

Muthoot Finance has 6 million outstanding loan accounts spread across the country. The Company serves around 80,000 customers each day. With an unmatched goodwill, the Company shoulders the responsibility of creating a deserving brand image.

HISTORY OF THE STUDY

- 1887 The Group comes into being as a trading business at a village in Kerala
- 1939 Commenced gold loan business
- 2001 Received an RBI license to function as an NBFC
- 2004 Received highest rating of F1 from Fitch Ratings for a short-term debt of 200 Million
- 2007 Retail loan and debenture portfolio crossed 5 Billion Retail loan portfolio crossed 14 Billion, Net owned funds crossed 1 Billion, Accorded SI-NDNBFC status, Branch network crossed 500
- 2008 Retail loan portfolio crossed 21 Billion Retail debenture portfolio crossed 12 Billion Fitch affirms the F1 short-term debt rating with an enhanced amount of 800 Million Converted into a Public Limited Company
- 2009 Retail loan portfolio crossed 33 Billion Retail debenture portfolio crossed 19 Billion Net owned funds crossed 3 Billion Gross annual income crossed 6 Billion Bank credit limits crossed 10 Billion Branch network crossed 900 branches
- 2010 Retail loan portfolio crossed 74 Billion Retail debenture portfolio crossed 27 Billion CRISIL assigned „P1+‟ rating for short-term debt of 4 Billion , ICRA assigns A1+ for shortterm debt of 2 Billion Net owned funds crossed 5 Billion Gross annual income crossed 10 Billion Bank credit limits crossed 17 Billion Branch network crossed 1,600 branches
- 2011 Retail loan portfolio crossed 158 Billion Retail debenture portfolio crossed 39 Billion CRISIL assigned long-term rating of AA- Stable for 1 Billion subordinated debt issue and for 4 Billion Non-convertible Debenture issue, respectively ICRA assigned long-term rating of AA- Stable for 1 Billion subordinated debt issue and for 2 Billion Non-convertible Debenture issue respectively PE investments of 2,556.85 Million in the Company by Matrix partners, LLC, The Wellcome Trust, Kotak PE, Kotak Investments and Baring India PE Net owned funds crossed 13 Billion Gross annual income crossed 23 Billion Bank credit limit crossed 60 Billion Branch network crossed 2,700

branches 2012 Retail loan portfolio crossed 246 Billion Retail debenture portfolio crossed 66 Billion ICRA assigned long-term rating of AA- Stable and short-term rating of A1+ for 9,353 Crores Line of credit Successful IPO of 9,012.50 Million in April 2011 Raised 6.93 Billion through Non-convertible Debenture Public Issue – Series I Mobilised 4.59 Billion through Non-convertible Debenture Public Issue – Series II Net owned funds crossed 29 Billion Gross annual income crossed 45 Billion Bank credit limit crossed 92 Billion Branch network crossed 3,600 branches 2013 Retail loan portfolio crossed 260.00 billion Retail debenture portfolio crossed 97.00 billion Net owned funds crossed 37.00 billion Gross annual income crossed 53.00 billion Profit After Tax for the year crossed 10.00 billion Bank credit limit crossed 99.00 billion Branch network crossed 4,000 branches ICRA assigned long-term rating of AA- Stable and short-term rating of A1+ for the 10,428.00 million line of credit Raised 2.60 billion and 2.70 billion through public issues of Series III and Series IV secured non-convertible debentures, respectively.

We take our name, Muthoot, from our family, which is a branch of a traditional Orthodox Christian family, based in Kozhencherry, a small town in the erstwhile primary state of Travancore. (Kerala). In the year 1887, Muthoot Ninan Mathai (Patron Founder of the group), started as a retail and wholesale trader of grains at Kozhencherry. The wholesale goods were supplied to the large Estates owned by British Companies. Later, understanding the needs of the estates' workers and at the request of the British owners, who appreciated the values & principles of Mr. Ninan Mathai, he started a form of Chit Fund. The aim was to provide self-less service for the workers, who were not able to manage their cash and would tend to lose and/or misspend the same.

Giving the workers an avenue for saving, provide for exigencies and also secure their tomorrow, started as a simple solution to the need at that point in time, soon gained momentum and spread across. The business grew slowly but steadily along with its share of ups and downs. Functioning out of a single office in Kozhencherry, Muthoot Ninan Mathai entered the gold loan business in the 1950s. He soon went on to become the largest player in Chits & Gold Loans. Even today, people from across the state are happy to come to Kozhencherry for gold loans & chits. The Late Muthoot

Ninan Mathai had four sons, Ninan Mathew, M. George, M. Mathew and Mathew M. Thomas (Muthoot Pappachan) who were involved in the business from their childhood and later took over the family business. In the late 1980s, the business was most amicably split four ways and Shri Muthoot Pappachan founded the Muthoot Pappachan Group. Over the years, the Muthoot Pappachan Group has grown to become a significant entity in the Indian business landscape.

"A journey of a thousand miles begins with a single step". True to this adage, the group which planted its roots in retail trading, later diversified and made its mark, into various sectors including Financial Services, Hospitality, Automotive, Realty, IT Services, Healthcare, Precious Metals, and Alternate Energy.

MANNAPURAM:

Manappuram Finance Ltd. is one of India's leading gold loan NBFCs. Promoted by Shri. V.P. Nandakumar, the current MD & CEO, its origins go back to 1949 when it was founded in the coastal village of Valapad (Thrissur District) by his late father Mr. V.C. Padmanabhan. The firm was involved in pawn broking and money lending carried out on a modest scale. Shri Nandakumar took over the reins in 1986 after his father expired.

Since then, it has been a story of unparalleled growth with many milestones crossed. Incorporated in 1992, Manappuram Finance Ltd. has grown at a rapid pace. Today, it has 5073 (Includes branches of subsidiary companies) branches across 28 states/UTs with assets under management (AUM) of Rs. 302.6 billion and a workforce of more than 41,000.

MANY ACHIEVEMENTS

Soon after it commenced its operations, the company gathered several "firsts" to its credit. The first non banking financial company (NBFC) in Kerala to receive a Certificate of Registration issued by the RBI, it was also among the earliest to go for an IPO in 1995. In 2007, it became the first Kerala based NBFC to receive investment from foreign institutional investors (FIIs) when the celebrated PE fund, Sequoia Capital, invested Rs.700 million along with Hudson Equity Holdings. Sizable foreign investment was received during two QIPS in 2010 when a total of Rs.12,450 million was raised. Manappuram Finance Ltd. was the first NBFC in Kerala to obtain the highest short term credit rating of A1+ from ICRA. In 2010, it became the first Kerala-based NBFC to offer ESOPs (Employee Stock Option Plan) to its middle and senior management functionaries.

A RECORD OF INNOVATIONS

As a pioneer and trailblazer, Manappuram Finance Ltd. has always been an innovator par excellence that enabled it to lead the way and stay ahead in the game.

Technology innovations:

In the matter of technology, Manappuram was one of the earliest to adopt the "core banking" platform. This was no mean achievement considering that unlike the banking sector there were no ready-made software solutions for gold loans. It came about only because the company invested in developing its own proprietary solutions, and today its technology platform is one of its core strengths. The investment in technology has paid off in many ways, for instance, in streamlining procedures to reduce turnaround times in gold loan disbursal and in implementing advanced risk management practices as described below.

Critical to the success of a large scale gold loan business is the ability to weed out spurious and substandard gold at the pledge stage itself. The purity testing that is carried out essentially verifies the purity of the ornament at a particular point or two. It is not designed for 100 percent certainty. Moreover, the gold loans business emphasize speed and hassle free experience. Therefore, simplicity of procedure is also a must and a balance has to be struck. At Manappuram, advanced risk management practices were put in place that drew upon the promoter's intimate understanding of the business. It was implemented through the IT platform which generates alerts to management upon any suspicious or abnormal transactions at the branches. For example, the gold loan business focuses on household used jewellery to which borrowers may be expected to have an emotional connect. When a branch accepts multiple numbers of the same ornament for pledge, it is more likely to be a local jeweller or pawnbroker and the system automatically flags the transaction for verification by internal auditors.

In keeping with its record of technology led innovations, the company launched its latest product “Online Gold Loans” in 2015. A customer who has completed the initial formalities can now avail a gold loan 24X7, from anywhere in the world, in fact, even as he sits at home. The loan proceeds are instantaneously transferred to his bank account. The concept is now proposed to be extended further with launch of a co-branded debit card that would allow even customers without access to bank accounts to withdraw the money from an ATM anywhere.

Product innovations:

Manappuram has led the way in the matter of product innovations too. Gold loans were for long sold as a “one-size-fits-all” product. The company was a pioneer in introducing variety to it, for instance, by offering progressively higher loan amounts at higher price points. It was also the first to come up with “one-day interest” where borrowers have the option to settle a gold loan at their earliest convenience, even within a day, at a time when the norm was to recover a minimum interest of seven days, or even a month.

The most recent innovation is the launch of short tenured gold loans. Historically, all gold loans were sanctioned for one year and bullet repayments of both interest and principal was the norm. After the fierce correction in gold prices in 2013, gold loan companies were faced with higher defaults and profitability took a hit. Manappuram Finance Ltd. launched short term gold loans of three and six month tenure and today, the bulk of its gold loan portfolio has been shifted to the short term buckets. This has minimised price risk which is otherwise a major concern in gold loans.

Innovative approach to raising finance:

For a non banking financial company (NBFC), raising funds was a big challenge in the nineties. In the aftermath of the CRB scam of 1997, raising deposits from the public was difficult and banks were not comfortable with lending to NBFCs in general. Moreover, Manappuram’s foray into gold loans was untested as a business model. Growth was slow in the initial days. The picture was to change only after the company hit upon unconventional ways to raise funds.

In the first breakthrough, Manappuram became the first gold loan company to raise finance through the securitization and assignment route in a tie up with ICICI Bank. The arrangement with ICICI Bank continued to work well for a few years and the company was put on the growth path. Buoyed by the success, the company planned a big expansion of the branch network. However, around 2006, ICICI Bank faced some regulatory hurdles regarding securitization and they could no longer fund the company. With ICICI Bank pulling out, the expansion plans were in jeopardy.

At this point, the company chanced to get its second break. Temasek, the sovereign investment fund of Singapore, was looking to expand its footprint in the Indian financial market. Mr. Nandakumar happened to be in Singapore to take part in a conference of NBFCs. Having heard Mr. Nandakumar speak about the gold loan business, Temasek expressed interested in financing Manappuram through their India arm Fullerton. Temasek's debt participation provided the visibility, and paved the way for other international players to follow.

In December 2007, Manappuram became the first NBFC in Kerala to attract foreign institutional investment when the celebrated PE fund Sequoia Capital invested Rs.700 million together with Hudson Equity Holdings. Since then, the company has regularly received foreign investment. The second round of private equity funding in November 2008 was led by Ashmore Alchemy which, together with Sequoia and Hudson, put in another Rs.1,080 million. Sizable foreign investment was received during the two QIPS in 2010 when a total of Rs.12,450 million was raised. Once private equity came in, the company was able to shift gears and grow much faster than before because now even the PSU banks were willing to lend to it. From this point onwards, there was no looking back.

Conventionally, companies have sought funds from foreign investors after they have tapped the domestic banks and other financial institutions. In the case of Manappuram, the order was upended. Because the domestic banks were uncomfortable lending to NBFCs, especially one with an untested business model focused on gold loans, the company went out of India and roped in the foreign players first. Once they were persuaded, the domestic players became more confident about lending to the company.

Innovative Marketing Campaign with multiple celebrity Brand Ambassadors:

Despite the vast amount of gold in private hands in India, the gold loan business is yet to grow to its true potential even today. There was a continuing stigma attached to pledging gold. Rather than use their gold to raise money, many preferred to go to moneylenders and borrow at exorbitant rates.

Manappuram has been proactive in tackling this sensitive issue head-on. It followed a strategy of a big-budget advertising campaign that revolved around celebrity brand ambassadors with strong regional appeal, who talked about gold loans to the masses in their own language. When the fashion was to use one celebrity brand ambassador for a nationwide campaign, Manappuram's campaign beginning in 2010 had a galaxy of super stars like Akshay Kumar, Mohanlal, Mithun Chakravarty, Vikram, Venkatesh etc. and they were used to target different geographies; Mohanlal for Kerala, Akshay Kumar for the Hindi speaking belt, Vikram for Tamil Nadu etc. The campaign was successful in growing the gold loan category as a whole and benefits were reaped by players across the sector.

OWNERSHIP

Manppuram Finance Ltd. is a professionally run company promoted by Shri V.P. Nandakumar who controls approximately 35% of the total equity of the company. A similar share is held by various Indian and foreign private equity funds while the balance is dispersed among the public. The shares of the company are traded on both the BSE and NSE. The company is managed by a Board consisting of eleven directors headed by Shri Jagdish Capoor, Chairman. Shri Capoor is a former Deputy Governor of the RBI. Shri V.P. Nandakumar is the MD & CEO of the company. In January 2017, he was ranked by Business Today magazine as one among the Top 40 CEOs from the BSFI sector. He was one of a select few corporate leaders from India to be shortlisted for the CNBC Asia Business Leader Award 2016 held in Jakarta in November 2016.

CSR REDEFINED

Besides focus on the business, the cause of the wider community is central to the vision of the company. The Manappuram Foundation was established in October 2009 to drive the company's initiatives in Corporate Social Responsibility (CSR). The major project of the Foundation is an original scheme, “Janaraksha Manappuram Free Health Insurance Scheme” extending health insurance to 20,000 Below Poverty Line (BPL) families in the seven Panchayats located around the Valapad Head Office of the Company. They are now eligible for free medical care up to Rs.60,000 per year along with cashless treatment at some of the leading hospitals in Thrissur District.

The Manappuram Foundation has set up the Manappuram Academy for Professional Education to impart free coaching for Professional Courses like CA/CS/ICWA, to bright students from low income households. The company was honoured with a 'Special Commendation' at the Golden Peacock Awards for Corporate Social Responsibility for the year 2014.

RECENT DIVERSIFICATIONS

As a company focused on gold loans, Manappuram was prone to the concentration risk. Financial sector regulators in India have been expressing concern over the concentration risk inherent in the mono-line business model. To assuage their concerns, the company initiated bold moves to become a multi product company.

Over the last six years, the company has diversified into new business areas like microfinance, vehicle and housing finance, and SME lending. In February 2015, the company acquired Asirvad Microfinance Pvt. Ltd. with AUM a little short of Rs. 3,000 million. Today, six years of its takeover, AUM has around Rs. 60,000 million. Accelerated growth is reported in the other new business segments too. Our other new businesses — Commercial vehicle loans and housing finance loans —now contribute over Rs. 17,000 million to our total AUM of about Rs. 302.6 billion. Overall, non-gold businesses contributed 30 percent of the total business as of March 31, 2021.

THE VISION

Over the next few years, Manappuram Finance Ltd. hopes to become a leading player in the financial services sector catering to the requirements of the mass market with a suite of products ranging from home loans, vehicle finance, microfinance, and MSME loans, besides its core offering of gold loans.

The company was founded in 1949 by late V.C.Padmanabhan in Thrissur District. The company commenced its operations at Valapad, mainly with money lending activity on a very modest scale. The group's flagship company, MAGFIL, was established in 1992 in the wake of economic reforms launched by the Government of India. Manappuram's origins go back to 1949 when it was founded in Valapad (a coastal village in the Thrissur District of Kerala) by the late V.C. Padmanabhan, father of Nandakumar. Its activity was mainly pawn broking and money lending carried out on a modest scale.

Controversies

On 14 February 2012, The company announced an immediate compliance to any of RBI's concerns. To enhance governance and better manage growth to the next level, the Board also decided to constitute an independent committee under the chairmanship of Mr Jagdish Capoor (former Deputy Governor of RBI and former Chairman of HDFC Bank). This committee will review relevant aspects of operations, systems, controls and organizational structure, including Board composition and effectiveness.

CHAPTER – 4

RESEARCH METHODOLOGY

RESEARCH DESIGN AND SIZE

The study relates to comparatives financial evaluation between Mannapuram Finance Limited and Muthoot Finance Limited the study is based on description and analytics. For the study only two non-banking financial companies which are mostly dealing in gold loans are taken. The study relates to secondary data analysis and the study conducted is purely an analytical study. The period of study is for five years and two companies have been selected.

DATA COLLECTION

The collection of data has been done by purely using secondary data analysis which was acquired, collected and gathered from various sources such as websites, annual reports, financial statements such as balance sheet and profit and loss account, research related portals five years that is from 2018-2022. Data was further obtained from other related articles, previous studies pertaining to the present topic, books, international journals and papers.

Method of Analysis

The collected data is analysed using ratios, tables and charts with interpretation.

TOOLS OF ANALYSIS

Financial ratios, solvency ratios, liquidity ratios, charts and tables are used to analyse and compare the financial evaluation of two selected gold loan non-banking financial companies in India.

CHAPTER – 5

DATA ANALYSIS AND INTERPRETATION

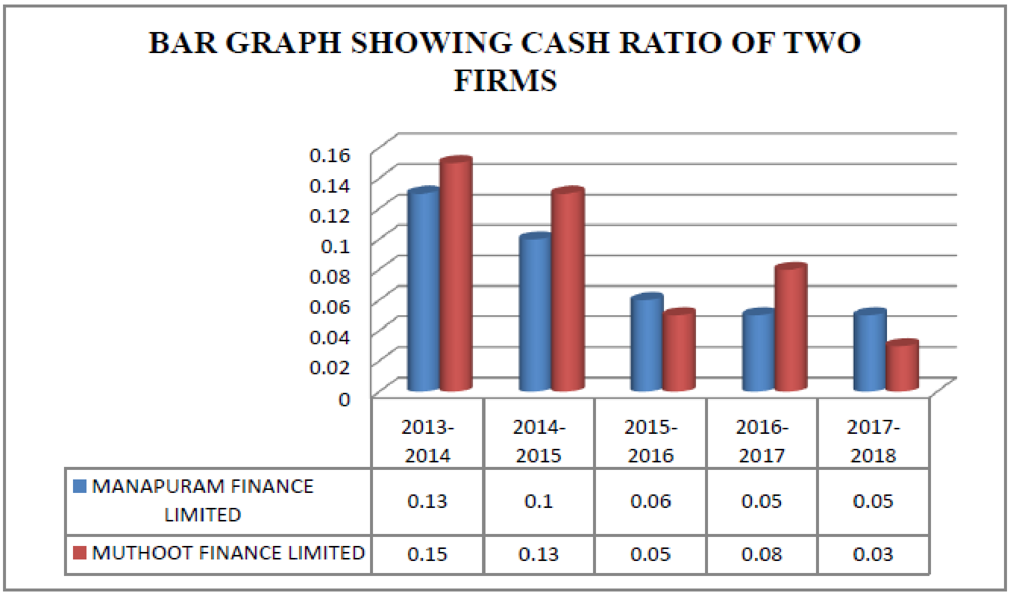
1.

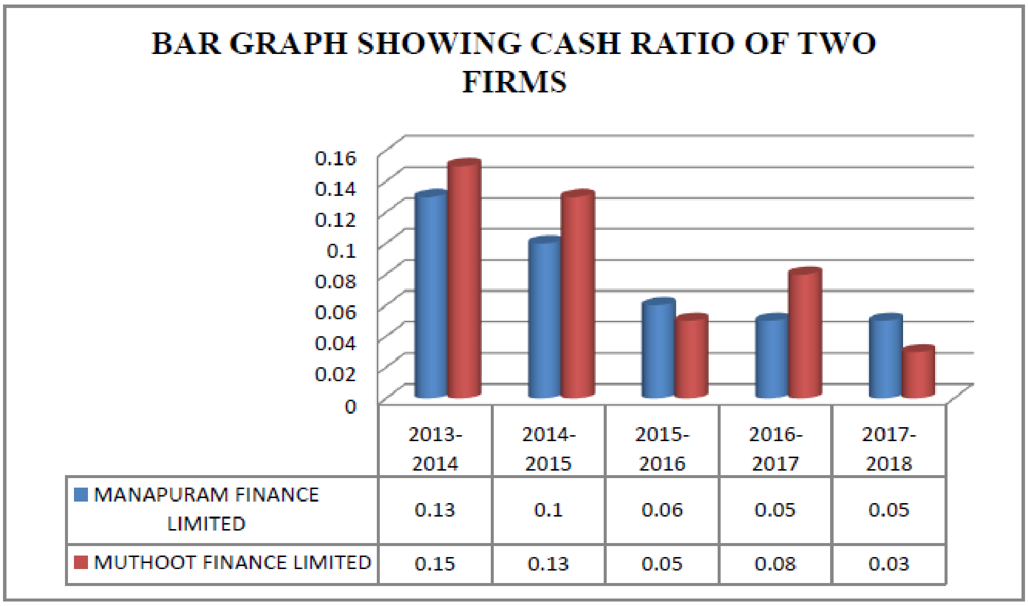
YEARS	MANNAPURAM FIN LTD		MUTHOOT FIN LTD	
	CURRENT RATIO	CASH RATIO	CURRENT RATIO	CASH RATIO
2017-18	1.57	0.13	1.86	0.15
2018-19	1.53	0.10	1.91	0.13
2019-20	1.39	0.06	1.77	0.05
2020-21	1.58	0.05	1.56	0.08
2021-22	1.39	0.05	1.62	0.03

1) CURRENT RATIO AND CASH RATIO

$$\boldsymbol{Current\ Ratio} = \frac{\boldsymbol{Current\ Assets}}{\boldsymbol{Current\ Liabilities}}$$

$$\boldsymbol{Cash\ Ratio} = \frac{\boldsymbol{Cash} + \boldsymbol{Marketable\ Securities}}{\boldsymbol{Current\ Liabilities}}$$





INTERPRETATION:

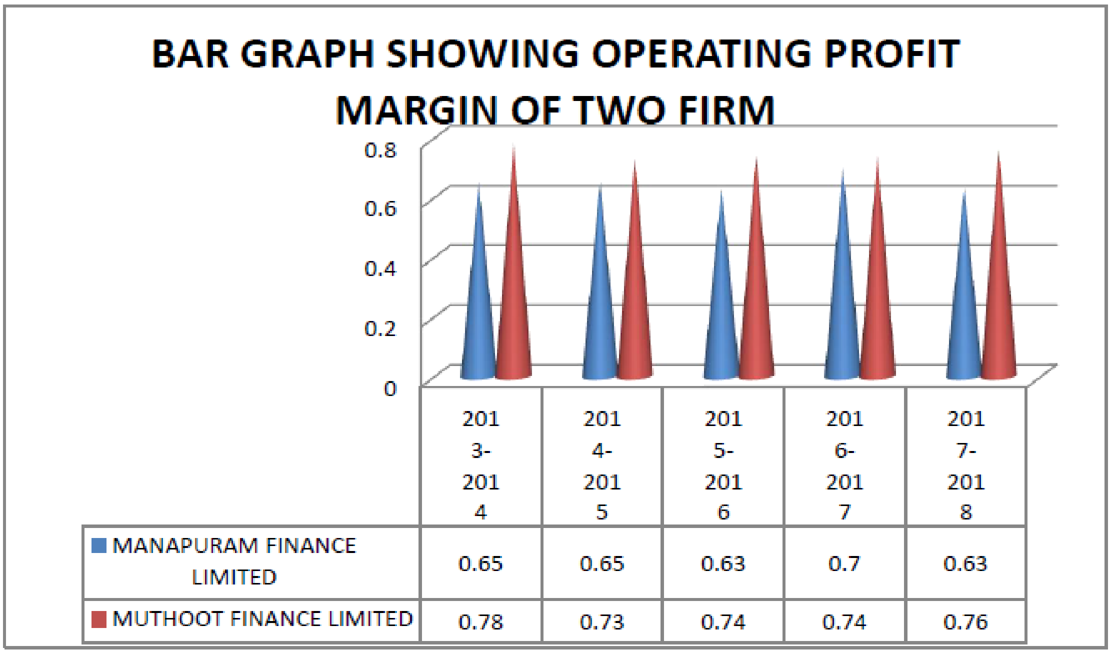
From the above table and bar graph it can be seen that the current ratio of Muthoot Finance limited is higher than that of Mannapuram Finance Limited for all the years from 2013-2018 except 2016-2017. Hence this shows that Mannapuram has a lesser efficiency and liquidity than that of Muthoot Finance Limited. The cash ratio of Mannapuram Finance Limited is lesser than that of Muthoot Finance Limited for 2013-2014, 2014-2015 and 2016-2017 which clearly shows that Muthoot Finance Limited can easily pay off its debts than Mannapuram Finance Limited.

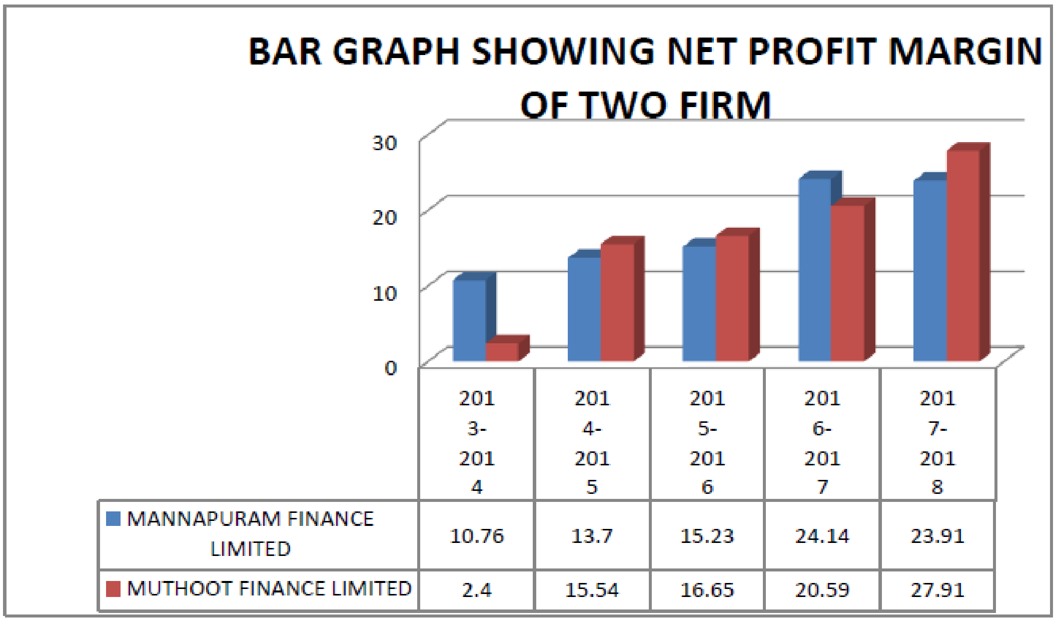
2) NET PROFIT MARGIN AND OPERATING PROFIT MARGIN

$$Operating\ ProfitMargin = EBIT\ /Sales$$

$$Net\ Profit\ Margin = Net\ Income\ /Sale$$

YEARS	MANNAPURAM FIN LTD		MUTHOOT FIN LTD	
	OPERATING PROFIT	NET PROFIT	OPERATING PROFIT	NET PROFIT
2017-18	0.65	10.76	0.78	15.82
2018-19	0.65	13.70	073	15.54
2019-20	0.63	15.23	0.74	16.65
2020-21	0.70	24.14	0.74	20.59
2021-22	0.63	23.91	0.76	27.91





INTERPRETATION:

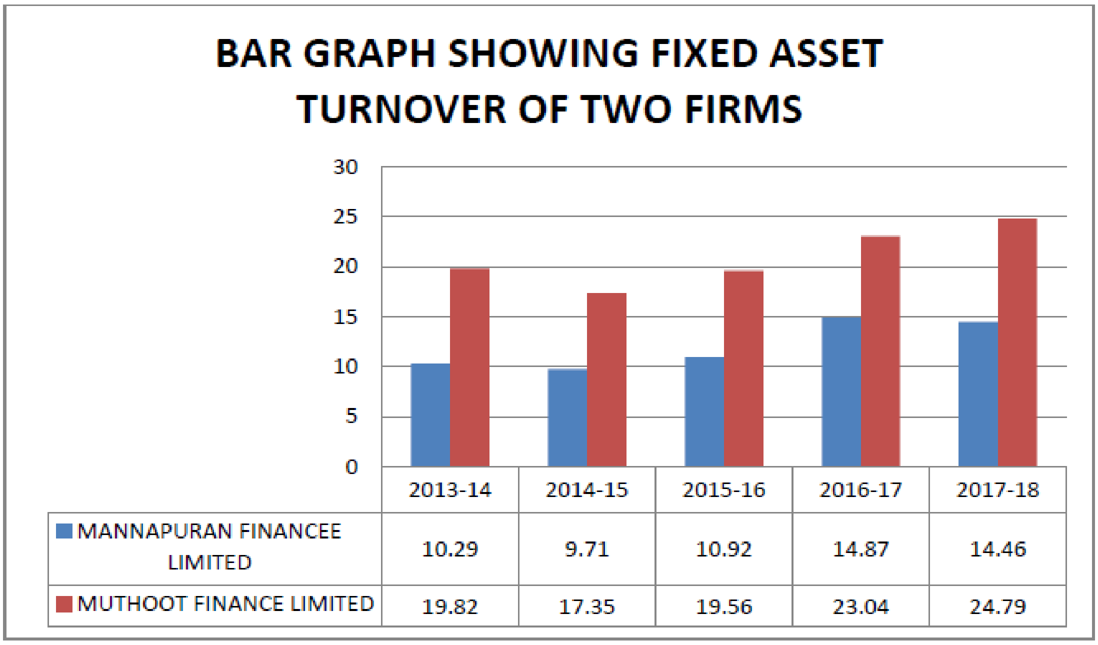
From the above table it can be seen that the operating profit margin of Mannapuram Finance Limited is lesser than that of Muthoot Finance Limited for the past five years from 2013- 2018 which clearly shows that Muthoot Finance Limited has more profits than that of Mannapuram Finance Limited after paying for the cost of production. Net profit margin of Mannapuram Finance Limited is lesser than Muthoot Finance Limited for all the years except for the financial year 2016-2017 which indicates that Muthoot Finance Limited is more efficient in converting the sales into profit than that of Mannapuram Finance Limited.

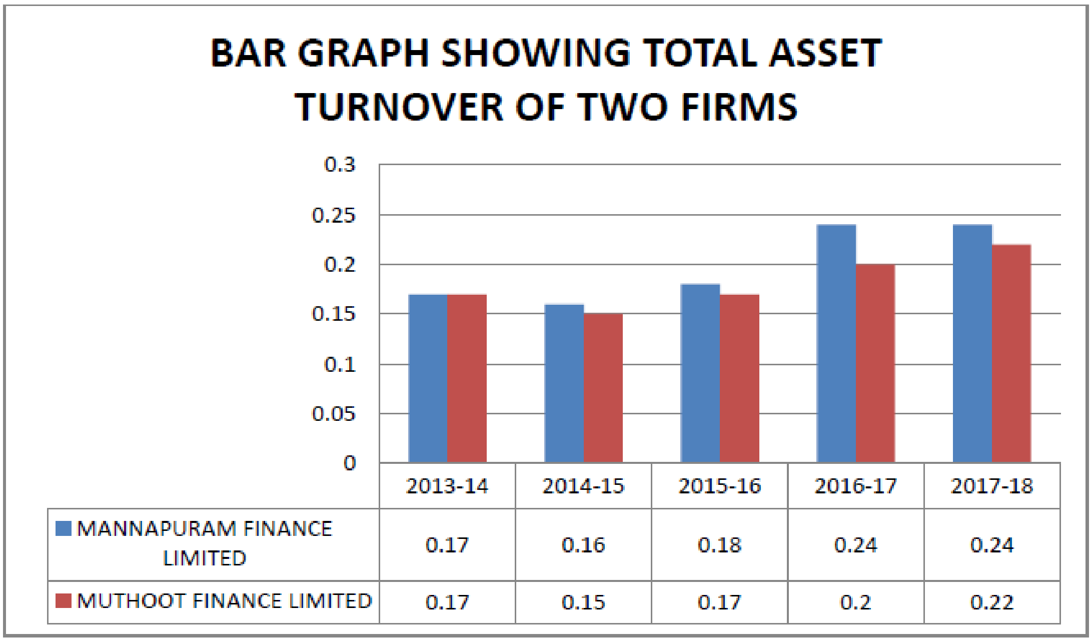
FIXED ASSET TURNOVER AND TOTAL ASSET TURNOVER

$$\boldsymbol{Total\ Asset\ Turnover} = \boldsymbol{Sales}\ /\boldsymbol{Average}$$

$$\boldsymbol{Total\ Assets\ Fixed\ Asset\ Turnover} = \boldsymbol{Sales}\ /\boldsymbol{Average\ Net\ Fixed\ Asset}$$

YEARS	MANNAPURAM FIN LTD		MUTHOOT FIN LTD	
	FIXED ASSET TURNOVER	TOTAL ASSET TURN OVER	FIXED ASSET TURNOVER	TOTAL ASSET TURN OVER
2017-18	10.29	0.17	19.82	0.17
2018-19	9.71	0.16	17.35	0.15
2019-20	1092	0.18	19.56	0.17
2020-21	14.87	0.24	23.04	0.20
2021-22	14.46	0.24	24.79	0.22





INTERPRETATION

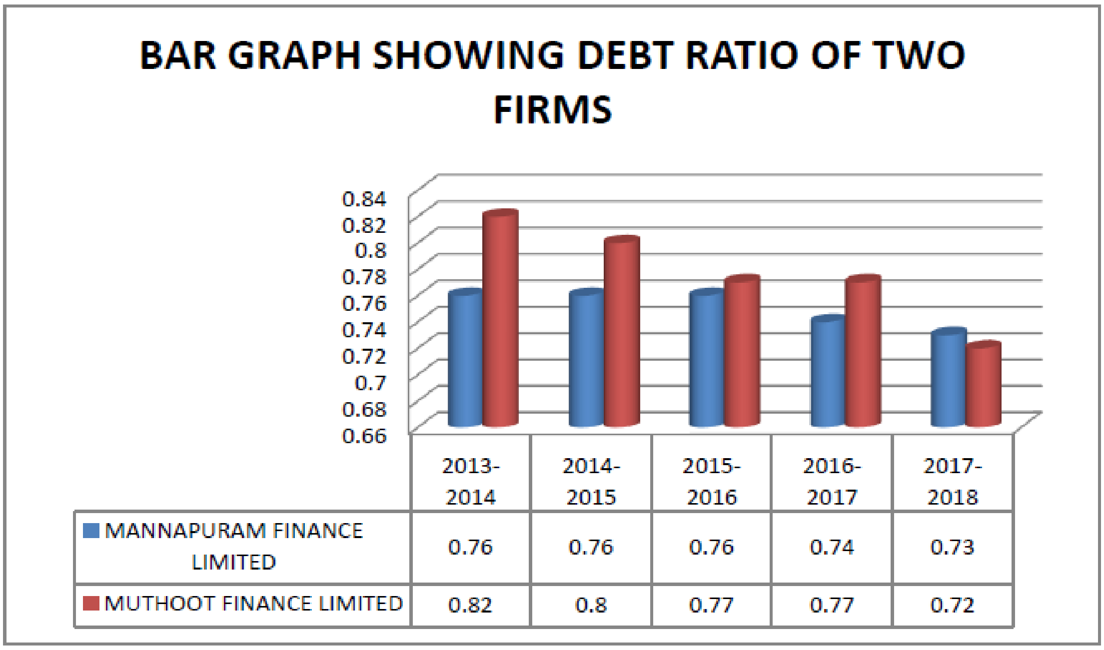
From the above table it can be seen that the fixed Asset Turnover ratio of Mannapuram is lesser than that of Muthoot Finance Limited for all the five years from 2013-2018 and Total Asset Turnover ratio of Mannapuram Finance Limited is higher than that of Muthoot Finance Limited for four years from 2014-2018 .Muthoot has a higher Fixed Assets Turnover ratio than that of Mannapuram Finance Limited which shows that Muthoot finance Limited has higher rate of generating sales with a very small amount of fixed assets than that of Mannapuram Finance Limited.

It also shows that the operating performance of Muthoot finance Limited. Also Muthoot finance Limited has a lower rate of Total Assets Turnover ratio that that of Mannapuram has higher efficiency, revenues and productivity than that of Mannapuram Finance Limited.

4 DEBT RATIO

$$\textit{Debt Ratio} = \textit{Total Debts} / \textit{Total Asset}$$

YEARS	MANNAPURAM FIN LTD	MUTHOOT FIN LTD
2017-18	0.76	0.82
2018-19	0.76	0.80
2019-20	0.76	0.77
2020-21	0.73	0.77
2021-22	0.74	0.72



INTERPRETATION:

From the above table and graph it can be clearly seen that the debt ratio of Mannapuram Finance Limited is lower than that of Muthoot Finance Limited for four years from 2013- 2017 which clearly shows that Mannapuram Finance Limited has taken a smaller and lower amount of risk than that of Muthoot Finance Limited and it also shows that a large amount of assets of Mannapuram Finance Limited are not financed through debt but equity in comparison to Muthoot Finance Limited.

CHAPTER – 6

6.1 Findings:

1. The current ratio of Muthoot finance limited is higher than that of Mannapuram Finance Limited for all the years from 2017-2022 except 2020-2021. Hence this shows that Mannapuram has a lesser efficiency and liquidity than that of Muthoot Finance Limited.
2. The cash ratio of Mannapuram Finance Limited is lesser than that of Muthoot finance Limited for 2017-2018, 2018-2019 and 2019-2020 which clearly shows that Muthoot Finance Limited can easily pay off its debts than Mannapuram Finance Limited. It should also be noted that though Muthoot has a higher cash ratio than that of Mannapuram, all the cash ratio for the years are below 1 which clearly shows that both the companies need to have more cash reserves in order for it to pay the current debt. It shows less availability of cash in both the firms and in which Muthoot has lesser availability than that of Mannapuram.
3. Muthoot Finance Limited has a higher operating profit margin ratio than that of Mannapuram Finance Limited for all the 5 years from 2018-2022 which clearly shows that Muthoot makes a higher profit than that of Mannapuram even after paying for all the costs that are variable in nature such as raw materials, wages, etc.
4. Muthoot Finance Limited has a higher net profit margin ratio than that of Mannapuram Finance Limited for all the 5 years from 2018-2022 except 2020-2021 which clearly shows that Muthoot has better and an efficient manner of controlling costs and providing its products and services at a cost that is more higher than the price of its products and services.
5. Muthoot Finance Limited has a higher fixed assets turnover ratio than that of Mannapuram Finance Limited for all the 5 years from 2018-2022 which clearly shows that Muthoot Finance is using its assets in a better way thanMannapuram Finance which helps in generating more sales with a small amount of fixed assets. Also it shows that its operating performance is better than that of Mannapuram Finance Limited.
6. Total Asset Turnover ratio of Mannapuram Finance Limited. Is higher than that of Muthoot Finance Limited for four years from 2019-2022. Which clearly

shows that Muthoot has more efficiency in generating sales than that of Mannapuram Finance Limited.

7. The debt ratio of Mannapuram Finance Limited is lower than that of Muthoot Finance Limited for four years from 2018-2022 which clearly low shows that Mannapuram Finance Limited has taken a smaller and lower amount of risk than that of Muthoot Finance Limited and it also shows that a large amount of assets of Mannapuram Finance Limited are not financed through debt but equity in comparison to Muthoot Finance Limited.

6.2 Suggestions:

1. New products or features or services which suit a diversified range of people need to be introduced by Mannapuram in order to reduce its competition from Muthoot.
2. Mannapuram should not finance its funds through debts. It can rather focus on creating more reserves and surplus.
3. Mannapuram Finance Limited must aim at increasing its sales when compared to Muthoot Finance by focusing more on cost reduction and profit maximization.
4. Mannapuram can merge with any other firm within the same industry and which has more amount of sales in order to increase its value in the market ahead of its competitors.
5. If Mannapuram focuses more on customer satisfaction, customer retention and customer creation, it can certainly increase is profits over time.

6.3 Conclusion:

Mannapuram Finance Limited and Muthoot Finance Limited are one of the best firms to invest in gold loan. Both the firms are doing significantly well in terms of profits, innovation, customer needs, wants and satisfaction, etc. But in terms of financial evaluation for the past five years from 2018-2022 Muthoot Finance Limited has a higher rate of profits than that of Mannapuram Finance Limited.

Taking into consideration the important factors such as profit maximization and increasing customer creation and customer retention, Mannapuram Finance Limited can also increase its profits significantly. In general Mannapuram is also doing considerably well in terms of profits, revenue, growth and turnover but taking into consideration its competitor the above factors needs to be noted.

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