INTERNATIONAL JOURNAL OF ENGINEERING MANAGEMENT AND SOCIAL SCIENCES (IJEMSS)

e-ISSN : 3139-065X

www.ijemss.com

editor@ijemss.com

Vol. 01, Issue 2, June2026, pp :299-304

A STUDY ON FINANCIAL PERFORMANCE OF MANAPPURAM FINANCE LIMITED THROUGH COMPARATIVE FINANCIAL STATEMENTS HYDERABAD.

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ABSTRACT

Financial performance analysis is an essential tool for evaluating the financial health, profitability, liquidity, and operational efficiency of business organizations. The present study focuses on Manappuram Finance Limited, a leading Non-Banking Financial Company (NBFC) in India, using comparative financial statement analysis. The study examines key financial indicators including revenue growth, profitability, liquidity, debt-equity position, and cash flow performance over a five-year period. The research utilizes secondary data obtained from company annual reports and financial statements. The findings reveal that the company has maintained a stable financial position with positive growth trends despite competitive and economic challenges. The study concludes that comparative financial statement analysis provides valuable insights into organizational performance and assists stakeholders in making informed financial decisions.

Keywords: Financial Performance, NBFC, Manappuram Finance Limited, Ratio Analysis, Cash Flow Analysis.

INTRODUCTION

Manappuram Finance Limited is one of India's leading Non-Banking Financial Companies (NBFCs), engaged in providing a wide range of financial services with gold loans as its primary business activity. The company plays a significant role in the Indian financial sector by offering credit facilities to individuals, small businesses, and economically weaker sections of society. Over the years, it has emerged as one of the most trusted and financially strong NBFCs in the country.

The financial performance of Manappuram Finance Limited reflects its operational efficiency, profitability, liquidity position, and ability to create value for shareholders. The company has consistently focused on increasing its Assets Under Management (AUM), improving asset quality, controlling operating costs, and enhancing customer reach. These efforts have contributed significantly to the company's growth in revenue and profitability over the years.

As a major player in the NBFC sector, Manappuram Finance operates in a highly competitive environment that requires effective financial management and risk control mechanisms. The company's performance can be evaluated through various financial indicators such as profitability ratios, liquidity ratios, solvency ratios, efficiency ratios, earnings per share, return on assets, and return on equity. These indicators help assess the company's financial health and operational effectiveness.

The present study on the financial performance of Manappuram Finance Limited aims to analyze the company's financial position over a specific period by examining its financial statements and key financial ratios. The study provides insights into the company's strengths, weaknesses, growth trends, and overall financial stability. Such an analysis is useful for investors, management, creditors, and other stakeholders in understanding the company's performance and future prospects.

REVIEW OF LITERATURE

Gupta, R., & Jain, P. (2018) - In their study titled "A Comparative Analysis of Financial Performance of NBFCs in India," Gupta and Jain analysed the financial performance of various NBFCs, including Manappuram Finance Limited. They employed the comparative balance sheet method to evaluate the changes in financial metrics over time. Their findings highlighted the importance of this method in understanding the financial stability and growth potential of NBFCs, especially in a volatile market environment.

Sharma, V. (2019) - In the article "Financial Performance Analysis of Indian NBFCs: A Case Study of Manappuram Finance," Sharma explored the financial health of Manappuram Finance Limited using various financial analysis tools, including the comparative balance sheet method. The study emphasized how this method can reveal trends in asset management, liquidity, and capital structure, offering a clear picture of the company's financial trajectory over the years

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Kumar, S., & Rao, M. (2020) - The paper titled "Evaluating the Financial Performance of NBFCs: A Focus on Manappuram Finance," by Kumar and Rao, examined the financial statements of Manappuram Finance Limited over a fiveyear period. The authors utilized the comparative balance sheet method to track changes in key financial indicators, concluding that this method is crucial for identifying shifts in financial strategy and operational efficiency.

Patel, A., & Mehta, K. (2021) - In their research titled "Impact of Financial Performance on Growth of NBFCs: A Comparative Study," Patel and Mehta analysed the financial data of major NBFCs, including Manappuram Finance Limited. They used the comparative balance sheet method to assess the financial performance, highlighting how shifts in assets, liabilities, and equity over time can indicate the company's adaptability and growth prospects in the competitive NBFC sector.

Nair, R. (2022) - The study "Financial Performance of NBFCs: A Comparative Balance Sheet Approach," by Nair, focused on the financial performance of NBFCs in India, with a particular emphasis on Manappuram Finance Limited. The research demonstrated how the comparative balance sheet method can effectively reveal changes in financial health, providing valuable insights into the company's operational and strategic decisions in response to market dynamics

NEED AND IMPORTANCE OF THE STUDY

The need for this study arises from the growing importance of NBFCs in the Indian financial sector and their contribution to economic development and financial inclusion. Financial performance analysis provides valuable insights into the company's financial position and helps identify its strengths and weaknesses. Through the examination of financial statements and ratio analysis, the study assesses the company's ability to meet its short-term and long-term obligations while maintaining sustainable growth and profitability.

The importance of the study lies in its usefulness to various stakeholders, including investors, creditors, management, shareholders, and regulatory authorities. Investors can evaluate the company's financial stability and growth prospects before making investment decisions, while creditors can assess its repayment capacity. Management can utilize the findings of the study to formulate effective financial strategies, improve operational efficiency, and enhance overall organizational performance.

SCOPE OF THE STUDY:

This study focuses on analysing the financial performance of Manappuram Finance Limited through the comparative balance sheet method, covering a period of five years. It encompasses a detailed examination of the company's financial statements, including assets, liabilities, and equity. The scope includes identifying key financial trends, assessing financial stability, and benchmarking performance against industry peers. Additionally, the study aims to provide insights that can aid in strategic decision-making and risk management. The findings will be relevant to investors, management, and financial analysts within the NBFC sector.

OBJECTIVES OF THE STUDY

Primary Objective

- To analyze and evaluate the financial performance of Manappuram Finance Limited during the study period.

Secondary Objectives

- To examine the profitability position of Manappuram Finance Limited using various profitability ratios.
- To assess the liquidity position of the company and its ability to meet short-term financial obligations.
- To evaluate the solvency and capital structure of the company through leverage and debt-equity analysis.
- To analyze the operational efficiency of the company using activity and efficiency ratios.
- To study the trends in revenue, assets, liabilities, and net profit of Manappuram Finance Limited.
- To assess the overall financial health and stability of the company through financial statement analysis.
- To identify the strengths and weaknesses of the company's financial performance.
- To provide suitable findings and suggestions for improving the financial performance of Manappuram Finance Limited.
- To understand the growth pattern and financial sustainability of the company over the selected period.
- To assist stakeholders such as investors, management, creditors, and shareholders in making informed financial decisions based on the company's performance.

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RESEARCH METHODOLOGY

Research methodology refers to the systematic approach adopted for collecting, analyzing, and interpreting data to achieve the objectives of the study. The present study focuses on analyzing the financial performance of Manappuram Finance Limited by examining its financial statements and evaluating various financial indicators over a specified period. The methodology adopted for this study ensures the reliability, validity, and accuracy of the findings.

Research Design

The study is based on both descriptive and analytical research designs. The descriptive research design is used to describe the financial position and performance of Manappuram Finance Limited through the examination of financial statements and annual reports. The analytical research design is employed to analyze financial data using various financial tools and techniques to evaluate the company's profitability, liquidity, solvency, and overall financial health. This approach helps in understanding the financial trends and performance patterns of the company over the selected period.

Sources of Data

The study is primarily based on secondary data collected from reliable and authentic sources. The major source of information includes the annual reports and audited financial statements of Manappuram Finance Limited. Additional information was collected from published research articles, journals, books, company publications, websites, stock exchange reports, Reserve Bank of India (RBI) publications, and industry reports. These sources provide comprehensive information regarding the company's financial performance and industry position.

Period of Study

The study covers a period of five financial years. Financial data relating to the selected years were collected and analyzed to identify growth trends, profitability patterns, liquidity position, and financial stability of Manappuram Finance Limited. The five-year period provides a comprehensive understanding of the company's financial progress and facilitates meaningful comparison and trend analysis.

Analytical Tools Used

Various financial and statistical tools have been employed to analyze the financial performance of the company. Growth Rate Analysis is used to measure the growth in revenue, assets, profits, and other financial indicators over the study period. Profitability Ratios such as Net Profit Ratio, Return on Assets (ROA), and Return on Equity (ROE) are used to evaluate the earning capacity of the company. Liquidity Ratios, including Current Ratio and Quick Ratio, help assess the company's ability to meet its short-term obligations.

The Debt-Equity Ratio is used to examine the capital structure and financial leverage of the company. Cash Flow Analysis is also conducted to understand the movement of cash through Operating Activities, Investing Activities, and Financing Activities. Operating Cash Flow Analysis evaluates the cash generated from core business operations, while Investing Cash Flow Analysis examines investments in assets and business expansion activities. Financing Cash Flow Analysis focuses on cash movements related to borrowings, repayment of debts, and equity financing.

Data Analysis and Interpretation

The collected financial data were systematically organized, classified, and analyzed using the above-mentioned financial tools. The results obtained from the analysis were interpreted to identify the strengths, weaknesses, opportunities, and challenges associated with the financial performance of Manappuram Finance Limited. The findings of the study provide valuable insights into the company's financial efficiency, profitability, liquidity, solvency, and long-term sustainability.

Thus, the research methodology adopted for this study provides a structured framework for evaluating the financial performance of Manappuram Finance Limited and helps in drawing meaningful conclusions and recommendations based on the financial analysis.

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LIMITATIONS OF THE STUDY

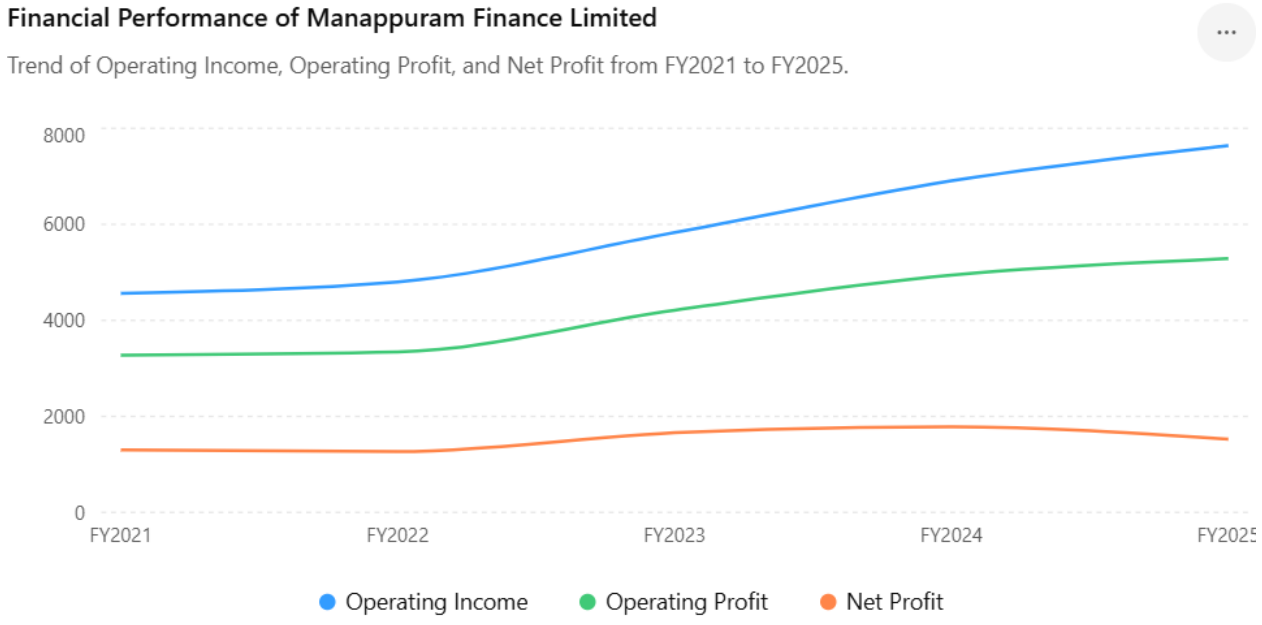
- The study is based only on secondary data collected from annual reports, financial statements, journals, websites, and company publications.
- The accuracy of the study depends on the reliability and correctness of the published data sources.
- The study is limited to a period of five financial years only.
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- The analysis is confined to Manappuram Finance Limited and does not include comparisons with other NBFCs.
- The study considers only financial aspects and does not cover qualitative factors such as management efficiency, employee performance, and customer satisfaction
- Changes in economic conditions, government policies, and RBI regulations during the study period may influence the financial performance of the company.

DATA ANALYSIS AND INTERPRETATION

Financial Highlights (FY2021 – FY2025)

The table below outlines the standalone operating income, operating profit, and net profit (in ₹ Crores) for Manappuram Finance across the five financial years.

Financial year	Operating income(in crs)	Operating income (in crs)	Net Profit (in crs)
FY2021	4,562.80	3,274.84	1304.54
FY2022	4801.78	3342.28	1266.26
FY2023	5829.91	4212.84	1657.78
FY2024	6906.37	4945.19	1783.27
FY2025	7642.72	5286.68	1524.65



The above graph presents the trend in Operating Income, Operating Profit, and Net Profit of Manappuram Finance Limited during the period from FY2021 to FY2025. The analysis of these financial indicators provides insights into the

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company's operational efficiency, profitability, and overall financial performance.

The Operating Income of the company exhibited a continuous upward trend throughout the study period. It increased from ₹4,562.80 crore in FY2021 to ₹7,642.72 crore in FY2025, indicating a significant growth of approximately 67.5 percent over five years. This increase reflects the company's expanding business operations, growing customer base,

and effective utilization of financial resources. The consistent rise in operating income demonstrates the company's ability to generate higher revenue from its core business activities.

Similarly, Operating Profit showed a steady increase from ₹3,274.84 crore in FY2021 to ₹5,286.68 crore in FY2025. The growth in operating profit indicates that the company maintained efficient cost control measures while expanding its operations. The increasing operating profit suggests improved operational performance and effective management of business expenses, which contributed positively to the company's financial strength.

Net Profit recorded an increasing trend from ₹1,304.54 crore in FY2021 to ₹1,783.27 crore in FY2024, reflecting enhanced profitability and better earnings performance. However, in FY2025, net profit declined to ₹1,524.65 crore despite the increase in operating income and operating profit. This decline may be attributed to higher finance costs, increased provisions, taxation expenses, or other non-operating expenditures affecting the company's bottom-line performance.

Overall, the graph indicates that Manappuram Finance Limited experienced substantial growth in revenue generation and operating efficiency during the study period. Although the decline in net profit during FY2025 requires careful attention, the company maintained a strong operational performance and financial position. Therefore, it can be concluded that Manappuram Finance Limited demonstrated satisfactory financial growth and operational effectiveness over the five-year period under study.

KEY FINDINGS

- Operating Income increased consistently from ₹4,562.80 crore to ₹7,642.72 crore.
- Operating Profit grew from ₹3,274.84 crore to ₹5,286.68 crore during the study period.
- Net Profit reached its highest level of ₹1,783.27 crore in FY2024.
- Net Profit declined to ₹1,524.65 crore in FY2025 despite higher operating income.
- The company maintained strong operational efficiency and revenue growth throughout the study period.
- Overall financial performance of Manappuram Finance Limited was satisfactory with positive growth trends in major financial indicators.

SUGGESTIONS

- Improve operational efficiency by optimizing working capital management.
- Focus on diversifying revenue streams to reduce dependency on core operations.
- Enhance cost control measures to maintain or improve profit margins.
- Continue exploring strategic partnerships for expanding market reach.
- Strengthen financial risk management strategies to minimize volatility.
- Invest in technology to improve operational processes and reduce costs.
- Regularly review debt management strategies to maintain a healthy debt-to-equity ratio.
- Increase focus on customer satisfaction and retention to drive revenue growth.
- Expand the company's presence in underdeveloped markets for greater growth opportunities.

CONCLUSION

Manappuram Finance Limited has showcased remarkable growth and stability in the financial sector over the years, driven by its diversified offerings and strong brand reputation. Its services, including gold loans, microfinance, insurance, and wealth management, have positioned the company as one of the key players in the Indian financial market. By offering personalized solutions and expanding its customer base, the company

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has significantly increased its market presence.

The company's financial performance is indicative of its well-managed operational strategy. Over the years, it has consistently reported an increase in revenue and profits, which demonstrates effective management and growth potential. Manappuram's ability to adapt to changes in the economic environment and its proactive approach to business diversification has helped it withstand market fluctuations.

Manappuram Finance's revenue growth trajectory has been impressive, with a steady increase in the revenue generated from various segments. Despite challenges, the company has managed to maintain its profitability by effectively controlling its costs and enhancing its operational efficiency. The projected growth rates for the upcoming years further suggest a positive outlook for the business.

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