THE INTERNATIONAL JOURNAL OF
BUSINESS & MANAGEMENT

A Study of Financial Performance: A Comparative Analysis of Muthoot Finance Ltd. and Manappuram Finance Ltd.

Ketan Mulchandani
Assistant Professor, Institute of Business Management and Research, IPS Academy, Indore, India
Kalyani Mulchandani
Assistant Professor, Jaipuria Institute of Management, Indore, India

Abstract:
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. The aim of research work is to analyze and compare the financial performance of selected listed gold loan non banking financial companies in India. Muthoot Finance Ltd. and Manappuram Finance Ltd. were considered as sample and 5 financial years i.e., 2010-2011 to 2014-2015 was considered as period of the study. CAMEL rating model, financial Ratios and mean tools were deployed to fulfill the objectives of the study. Results revealed that Muthoot Finance Ltd. outperformed as compared to Manappuram Finance Ltd.

Keywords: *CAMEL Rating, Financial Performance, Gold Loan NBFCs, Muthoot, Manappuram.*

1. Introduction

Indians buy Gold for a variety of reasons such as; Jewelry, Investment, hedge against inflation, diversification of asset portfolio, auspicious sentiments, and gifts in marriages etc. It is also known as "Stridhan". Gold is having the quality storage of value and also considered as good as cash.India is one of the largest markets for gold, accounting for approximately 10% of the total world gold stock as of 2010. Rural India accounts for 65% of this gold stock. Though gold prices have increased at more than 19% CAGR from 2002 to 2010, gold stock in India has grown at 22% CAGR during the same period to 18,000 tons (Rs. 32,000 billion).(http://www.cognizant.com/InsightsWhitepapers/Surveying-the-Indian-Gold-Loan-Market.pdf)

In India gold was use as collateral asset for money lending business since centuries. Now days it is called gold loan business. Previously gold loan business was controlled by unorganized sector i.e.; money lenders, pawn brokers and Zamindars (land lords). Gold loan business has very attractive feature such as; higher interest rate, safe collateral asset, universal commodity, higher liquidity and easy to store etc., these special features attracted the organized sector. Many non-banking financial companies and banks are now taking this business seriously and enjoying higher business growth, by introducing lower interest rate, providing good customer services, easy disbursement and unique products related to gold loan business. Gold loan companies expanded business at an astronomical pace in 2010 and 2011 as gold's price zoomed and more and more people pledged the metal to avail of cheaper loans.

In last couple of years growth of this business is flat and companies are not performing well, various reasons are responsible for the same. Reserve Bank of India capped loan-to-value ratio from 75% to 60%. Minimum 12% Tier-I capital should be maintained from 1st April 2014. These new rule hit the financial performance of Non-Banking Financial Companies (NBFCs) very hard. Other external factors such higher cost of funds and lower lending rates are also played vital role in depriving profitability. NBFCs are also getting tough competition from banking sector, because banks have competitive advantage in terms of lower cost if funds, providing lower lending rates and wider network etc. (http://www.businesstoday.in/moneytoday/stocks/gold-loan-companies-struggling-with-market-reality/story/194411.html)

2. Literature Review

(Karri, Meghani and Mishra, 2015) conducted a study to analyze the financial performance of public sector banks in India. Period of the study was 5 years from 2010-2014. Bank of Baroda (BOB) and Punjab National Bank (PNB) were considered as sample size for the study. CAMEL model and t-test applied for data analysis purpose. Results revealed that out of 14 ratios used in the CAMEL model the average figures of Bank Of Baroda is the best for (6 ratios) followed by Punjab National Bank (5 ratios). Thus it is established that Bank of Baroda is the best bank in the selected public sector banks.

(Tandon, Anjum and Julee, 2014)The Banks plays a vital role in any economy and to sustain with negative shocks and fuel the growth of the economy it is important that banks should be profitable. A study was based on financial performance of selected Indian Banks. 5 banks based on market capitalization have been taken as sample size and period of study was 2009-10 to 2013-14. Ratio analysis, Mean and Standard deviation tools were used for data analysis purpose. Based on results it was found that Punjab National Bank had the highest return on capital employed (mean). State bank of India had highest Dividend Payout Ratio (Mean). Bank of Baroda had the highest Return on Assets (mean) which is a sign that management of Bank was using Assets fund more efficiently to increase earning capacity. It was also suggested that Bank of India had lowest Divided per share and Earning per share, so bank had improved its profit accordingly and increase in its Dividend per Share, Earning per Share.

(Singla, 2013) conducted a comparative study to analyze the productivity of among the selected private banks in India. ICICI Bank, HDFC Bank and Axis Bank were taken as sample and period of study was 2007-08 to 2001-12. Ratio analysis was used as a financial tool for the data analysis purpose. Employee Productivity and Branch Productivity was used as a major productivity indicator and various sub-parameters were used to analyze the productivity. The study revealed that based on employee productivity ICICI Bank was better than other selected private banks and as per branch productivity of ICICI bank is less than the other selected banks

(Singh and Tandon, 2012) analyze the financial performance Stat Bank of India (SBI) and ICICI Bank. Period of study was considered from 2007-08 to 2011-12. Financial ratio, mean and compound annual growth rate tools were considered for data analysis purpose. The study revealed that SBI is performing well and financially sound as compared to ICICI bank, but in context of deposits and expenditure ICICI bank has better managing efficiency than SBI.

(Dhanabhakyam M. and Kvitha M., 2012) examined the financial performance of selected public sector banks in India. Study period considered for research was from 2001-2010. Six public sector banks i.e., Bank of India, Indian bank, Indian overseas bank, Canara bank, Union bank of India and State bank of India were considered as sample for the study. Results revealed that selected public sector banks have performed well on the sources of growth rate and financial efficiency during the study period. The old private sector banks and new private sector banks play a vital role in marketing of new type of deposits and advances schemes.

2.1. Research Objectives

- To analyze the financial performance of Muthoot Financial Ltd. and Manappuram Finance Ltd.
- To compare the financial performance of Muthoot Finance Ltd. and Manappuram Finance Ltd.

3. Research Methodology

3.1. The Study

The study is descriptive and analytical in nature. The study relates to analysis and comparative analyses of financial performance Muthoot Finance Ltd. and Manappuram Finance Ltd.

3.2. Study Sample

Listed two gold loan non-banking financial companies i.e., Muthoot Finance Ltd. and Manappuram Finance Ltd. were considered as sample for the study. The period of the study was 5 years (20010-2011 to 2014-2015).

3.3. Data Collection

The secondary data and necessary information was gathered from Ace Knowledge & Research Portal**,** annual reports, financial statements and balance sheets of the selected banks over the period of 5 years. In addition, data was collected Books, papers, articles, specialized international journals, the World Wide Web (Internet), and relevant previous studies.

3.4. Tools

CAMEL Rating Model, Financial Ratio and Mean were used to analyze and compare the financial performance of listed selected gold loan non-banking financial companies in India. The details of them are as follows:

4. Data Analysis, Results and Interpretation

4.1. Capital Adequacy Segment

Capital Adequacy Ratio (%)							
Company Name	2014-15	2013-14	2012-13	2011-12	2010-11	**Mean**	**Rank**
Muthoot	24.780	24.690	19.620	18.290	15.820	20.640	2
Manappuram	25.640	27.680	22.490	23.390	29.130	25.666	1

Table 1

Capital Adequacy Ratio (CAR) indicates safety and ability to absorb negative shocks. As per Table 1 Manappuram Finance Ltd. have higher Capital Adequacy Ratio (Mean 25.666%, Rank 1) and followed by Muthoot Finance Ltd. (Mean 20.640%, Rank 2). Manappuram Finance Ltd. is having higher safety and greater ability to absorb losses as compared to Muthoot Finance Ltd.

Table 1 also revealed that Muthoot Finance had highest Capital Adequacy Ratio (CAR) in 2014-15 and lowest in 2010-11. But in case of Manappuram CAR was highest in 2010-11 and lowest in 2011-12.

Capital Adequacy Segment				
Sr. No.	Company Name	Capital Adequacy Ratio (%)	**Mean**	**Segment**
		Rank	**Rank**	**Rank**
1	Muthoot	1	1	1
2	Manappuram	2	2	2

Table 2

According to one sub parameters of Capital Adequacy segment Manappuram Finance Ltd. (Ranks 1) is more capitalized, enjoys higher level of safety and having greater cushion to absorb losses as compared to Muthoot Finance Ltd. (Rank 2)

4.2. Asset Quality Segment

Gross NPA Ratio (%)							
Company Name	2014-15	2013-14	2012-13	2011-12	2010-11	**Mean**	**Rank**
Muthoot	1.250	1.110	1.060	1.200	1.340	1.192	1
Manappuram	1.360	1.360	1.530	2.400	2.940	1.918	2

Table 3

Asset quality is foremost important in any lending business and one of the measures to judge the same is Gross NPA Ratio (Gross NPA/Gross Advances). Higher asset quality means lower level of non -performing assets. Lower ratio indicates higher standard assets in bank which turn into higher level of profits, capital and safety. As per Table 3 Muthoot Finance Ltd. had lower ratio (Mean 1.192%, Rank 1) and higher asset quality as compare to Manappuram Finance Ltd. (Mean 1.918%, Rank 2).

Table3 showed that that Muthoot Finance had highest Asset Quality (Lowest Gross NPA Ratio) in 2012-13 and lowest Asset Quality (Highest Gross NPA Ratio) in 2012-13. But in case of Manappuram Asset Quality was highest in 2013-14, 2014-15 and lowest in 2010-11.

Net NPA Ratio (%)							
Company Name	2014-15	2013-14	2012-13	2011-12	2010-11	**Mean**	**Rank**
Muthoot	2.190	1.900	2.000	0.570	1.040	1.540	2
Manappuram	0.980	1.010	0.770	0.320	0.120	0.640	1

Table 4

One of the measures to judge the asset quality is Net NPA Ratio (Net NPA/Net Advances). Higher ratio indicates lower level of asset quality and weaker profitability, lower level of safety for banks. As per above Table 4 Manappuram Finance Ltd. maintains lower ratio (Mean .640%, Rank 1), and higher asset quality as compare to Muthoot Finance Ltd. (Mean 1.540%, Rank 2)

Table 4 revealed that that Manappuram Finance had highest Asset Quality (Lowest Net NPA Ratio) in 2010-11 and lowest Asset Quality (Highest Gross NPA Ratio) in 2013-14. But in case of Muthoot Finance Asset Quality was highest in 2011-12, and lowest in 2014-15.

Net NPAs / Total Assets Ratio (%)							
Company Name	2014-15	2013-14	2012-13	2011-12	2010-11	**Mean**	**Rank**
Muthoot	1.640	1.342	0.411	0.517	0.285	0.839	1
Manappuram	0.794	0.759	6.056	2.901	2.210	2.544	2

Table 5

Net NPA/Total Assets is another ratio to analyze the asset quality. Its interpretation is same as the Gross NPA and Net NPA ratio. Higher ratio indicates lower level of asset quality and lower ratio indicates higher standard assets in gold loan NBFCs which turn into higher level of profits, capital and safety. As per Table 5 Muthoot Finance Ltd. had lower ratio (Mean .839%, Rank 1) and higher asset quality as compared to Manappuram Finance Ltd. (Mean 2.544%, Rank 2).

Table 5 found that Muthoot Finance had highest Asset Quality (Lowest Net NPA Ratio) in 2010-11 and lowest Asset Quality (Highest Gross NPA Ratio) in 2014-15. But in case of Manappuram Finance Asset Quality was highest in 2013-14, and lowest in 2012-13.

Asset Quality Segment						
Sr. No.	Company Name	Gross NPA Ratio (%)	Net NPA Ratio (%)	Net NPA / Total Asset (%)	**Mean**	**Segment**
		Rank	**Rank**	**Rank**	**Rank**	**Rank**
1	Muthoot	1	2	1	1.333	1
2	Manappuram	2	1	2	1.666	2

Table 6

According to three sub parameters of Asset Quality segment Muthoot Finance Ltd. (Ranks 1) having higher asset quality, standard assets and greater level of safety as compared to Manappuram Finance Ltd. (Rank 2)

4.3. Management Efficiency Segment

Cost of Funds (%)							
Company Name	2014-15	2013-14	2012-13	2011-12	2010-11	**Mean**	**Rank**
Muthoot	9.520	10.840	12.520	12.200	8.870	10.790	1
Manappuram	9.160	12.600	13.090	12.950	12.290	12.018	2

Table 7

Cost of Funds refers to the overall cost incurred by gold loan companies on its funds generated from various sources. Higher cost means lower interest spread which ultimately deprives profitability. As per table 7 Muthoot Finance Ltd. (Mean 10.790 %, Rank 1), have lowest cost of funds; it implied that management is efficiently raising funds at lower cost which ultimately enhance the profitability as compared to Manappuram Finance Ltd. (Mean 12.018%, Rank 2).

According to Table 7 Muthoot Finance had highest Management Efficiency (Lower Cost of Funds) in 2010-11 and lowest Management Efficiency (Higher Cost of Funds) in 2012-13. But in case of Manappuram Finance Management Efficiency was highest in 2014-15, and lowest in 2012-13.

Net Yield (%)							
Company Name	2014-15	2013-14	2012-13	2011-12	2010-11	**Mean**	**Rank**
Muthoot	19.310	20.270	21.600	22.000	19.000	20.436	2
Manappuram	22.280	22.660	20.500	27.210	22.790	23.088	1

Table 8

Net Yield ratio is one of the measures in on which management efficiency can be analyzed. Higher Net Yield means companies are generating more income on their loans or advances and having better profitability. It also indicates the efficient and effective use of its resources to generate higher returns.As per table 8 Manappuram Finance (Mean 23.088 %, Rank 1), have higher net yield; it implied that management is efficiently deploying their resources to generate higher return on investment as compared to Muthoot Finance (Mean 20.436%, Rank 2).

According to Table 8 Muthoot Finance had highest Management Efficiency (Highest Net Yield) in 2011-12 and lowest Management Efficiency (Lowest Net Yield) in 2010-11. But in case of Manappuram Finance Management Efficiency was highest in 2011-12, and lowest in 2012-13.

Interest Spread (%)							
Company Name	2014-15	2013-14	2012-13	2011-12	2010-11	**Mean**	**Rank**
Muthoot	9.790	9.430	9.080	9.800	10.130	9.646	2
Manappuram	13.120	10.060	7.410	14.260	10.500	11.070	1

Table 9

Interest Spread is one of the important efficiency measures that examine how successful a gold loan company's Loans (Advances) or Investment decisions are compared to its liabilities (Deposits, Debts) situations. As per table 9 Manappuram Finance (Mean 11.070 %, Rank 1), have higher interest spread; it implied that they are managing efficiently their portfolio of interest earning and interest spending assets as compared to Muthoot Finance (Mean 9.646%, Rank 2).

According to Table 8 Muthoot Finance had highest interest spread in 2010-11 and lowest Management Efficiency (Lowest Interest Spread) in 2012-13. But in case of Manappuram Finance Management Efficiency was highest in 2011-12, and lowest in 2012-13.

Assets Under Management Per Branch (In Lakhs)							
Company Name	2014-15	2013-14	2012-13	2011-12	2010-11	**Mean**	**Rank**
Muthoot	551.425	512.881	636.943	668.842	578.119	589.642	1
Manappuram	281.486	247.892	302.165	399.959	365.751	319.451	2

Table 10

Assets under Management per Branch refer to the overall business generated by per branch and higher assets under management shows higher business and it implied greater management efficiency and vice verse. As per table 10 Muthoot Finance Ltd. (Mean Rs. 589.654 Lakhs, Rank 1), have higher business generated; it implied that management is efficiently working and generating great volume of business, which ultimately enhance the profitability as compared to Manappuram Finance Ltd. (Mean Rs. 319.451 Lakhs Rank 2).

According to Table 7 Muthoot Finance had highest Management Efficiency (Higher Assets under Management per Branch) in 2011-12 and lowest Management Efficiency (Lower Assets under Management per Branch) in 2013-14. But in case of Manappuram Finance Management Efficiency was highest in 2011-12, and lowest in 2013-14.

Total Expenses / Total Revenue (%)							
Company Name	2014-15	2013-14	2012-13	2011-12	2010-11	**Mean**	**Rank**
Muthoot	76.233	75.875	71.943	70.736	67.131	72.384	1
Manappuram	79.180	83.756	86.463	66.971	64.123	76.098	2

Table 11

Total Expenses / Total Revenue Ratio are very important in determining the management efficiency. The ratio gives stakeholders a clear view of how efficiently the firm is being run – the lower it is, the more profitable and efficient the company will be. As per table 11 Muthoot Finance Ltd. (Mean Rs. 72.384%, Rank 1), have lower ratio; it implied that management is efficiently and effectively working, which ultimately enhance the profitability as compared to Manappuram Finance Ltd. (Mean 76.098%, Rank 2).

As per Table 11 Muthoot Finance had highest Management Efficiency (Lowest Total Expenses/Total Revenue Ratio) in 2010-11 and lowest Management Efficiency (Highest Total Expenses/Total Revenue Ratio) in 2014-15. But in case of Manappuram Finance Management Efficiency was highest in 2010-11, and lowest in 2012-11.

Management Efficiency Segment								
		Cost of Funds	Net Yield	Interest Spread	AUM Per Branch	TE / TR	**Mean**	**Segment**
Sr. No.	Company Name	Rank	Rank	Rank	Rank	Rank	**Rank**	**Rank**
1	Muthoot	1	2	2	1	1	1.4	1
2	Manappuram	2	1	1	2	2	2	2

Table 12

According to five sub parameters of Management Efficiency Segment as per Table 12 Muthoot Finance Ltd. (Rank 1) is having higher lower cost of funds, higher assets under management per branch and lower total expenses / total revenue ratio and optimally using their assets, efficiently managing their cost and enjoying strong position as compared to Manappuram Finance Ltd. (Rank 2).

4.4. Earnings Segment

Return on Assets (%)							
Company Name	2014-15	2013-14	2012-13	2011-12	2010-11	**Mean**	**Rank**
Muthoot	3.030	3.220	4.050	4.730	4.840	3.974	1
Manappuram	2.440	1.900	1.580	4.890	5.040	3.170	2

Table 13

Return on Assets Ratio is an indicator of profitability. It refers how profitable a bank is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings. As per above Table 13 Muthoot Finance Ltd. (3.974%, Rank 1) having higher ratio and managing efficiently their assets to generate incomes as compared to Manappuram Finance Ltd. (Mean 3.170%, Rank 2).

Table 13 showed that Muthoot Finance had highest Return on Assets in 2010-11 and lowest Return on Assets in 2014-15. But in case of Manappuram Finance Return on Assets was highest in 2010-11, and lowest in 2012-13.

Return on Equity (%)							
Company Name	2014-15	2013-14	2012-13	2011-12	2010-11	**Mean**	**Rank**
Muthoot	14.390	19.530	30.150	41.880	51.510	31.492	1
Manappuram	10.580	9.200	7.910	26.570	26.240	16.100	2

Table 14

Return on Equity Ratio is one of the important measures to judge the profitability. It shows the ability of a bank to generate profits from its shareholders investments. ROE also refers how much profit each rupee of common stockholders' equity generates. Higher ratio indicates higher efficiency in generating incomes on stockholder's equity. As per above Table 14 Muthoot Finance Ltd. (Mean 31.492%, Rank 1) generates higher ROE, it implied higher efficiency in generating income on shareholder's equity as compared to Manappuram Finance Ltd. (Mean 16.100%, Rank 2).

Table 14 found that Muthoot Finance had highest Return on Equity in 2010-11 and lowest ROE in 2014-15, it also shows declining trend throughout the study period. But in case of Manappuram Finance Return on Equity was highest in 2011-12, and lowest in 2012-13.

Profit Per Branch (In Rs.)							
Company Name	2014-15	2013-14	2012-13	2011-12	2010-11	**Mean**	***Rank***
Muthoot	1579562	1826859	2460165	2425296	1808183	2020013	1
Manappuram	822143	686337	632570	2033909	1369496	1108891	2

Table 15

Profit per Branch is new metrics to judge the efficiency of lending institutions. Its implication is simple higher ratio indicates better efficiency more profit generated per branch and lower ratio indicates lower efficiency. As per above Table 15 Muthoot Finance Ltd. (Mean Rs. 20,20,013.319Profit per Branch Rank 1) is having higher Profit per Branch, it implies higher management efficiency and efficient use of resources as compared to Manappuram Finance Ltd. (Mean Rs. 11,08,891.643 Profit per Branch, Rank 2).

Table 15 showed that Muthoot Finance had highest Profit per Branch in 2012-13 and lowest Profit per Branch in 2014-15, But in case of Manappuram Finance Profit per Branch was highest in 2011-12, and lowest in 2012-13.

Profit Per Employee (In Rs.)							
Company Name	2014-15	2013-14	2012-13	2011-12	2010-11	**Mean**	**Rank**
Muthoot	293035	311877	403617	351869	296126	331305	1
Manappuram	170668	134578	114460	269777	168744	171645	2

Table 16

Profit per Employee is another ratio to judge the efficiency of lending institutions. Its implication is simple higher ratio indicates better efficiency more profit generated per employee and lower ratio indicates lower efficiency. As per above Table 16 Muthoot Finance Ltd. (Mean Rs. 3,31,305Profit per Employee, Rank 1) is having higher Profit per Employee, it implies higher management efficiency and efficient use of resources as compared to Manappuram Finance Ltd. (Mean Rs. 1,71,645 Profit per Employee, Rank 2).

Table 16 showed that Muthoot Finance had highest Profit per Employee in 2014-15 and lowest Profit per Employee in 2011-12, But in case of Manappuram Finance Profit per Employee was highest in 2011-12, and lowest in 2012-13.

Earnings Segment								
			Return on Assets	Return on Equity	Profit per Branch	Profit per Employee	**Mean**	**Segment**
Sr. No.	Company Name	Sector	Rank	Rank	Rank	Rank	**Rank**	**Rank**
1	Muthoot	Private	1	1	1	1	1	1
2	Manappuram	Private	2	2	2	2	2	2

Table 17

According to four sub parameters of Earnings segment as per Table 17 Muthoot Finance Ltd. (Rank 1) is having higher earnings capitalized, and optimally using their assets, capital employed and shareholders' equity to generate higher level return and enjoying strong position as compared to Manappuram Finance Ltd. (Rank 2).

4.5. Liquidity Segment

Current Ratio (%)							
Company Name	2014-15	2013-14	2012-13	2011-12	2010-11	**Mean**	**Rank**
Muthoot	1.900	1.800	1.700	1.600	1.400	1.680	1
Manappuram	1.500	1.600	1.400	1.400	1.400	1.460	2

Table 18

Current ratio (Current Assets/Current Liabilities) is the measure to analyze the liquidity position of a company. Higher ratio indicates greater liquidity and vice versa. As per above Table 17 Muthoot Finance Ltd. (Mean 1.68%, Rank 1) is maintaining higher ratio; it implied that Muthoot maintains adequate funds to meet its short term obligations and having sound liquidity position as compared to Manappuram Finance Ltd. (Mean 1.460%, Rank 2).

Table 18 showed that Muthoot Finance had highest Current Ratio in 2014-15 and lowest 2010-11, increasing trends depicted during the study period. But in case of Manappuram Finance Current Ratio was highest in 2013-11, and lowest in 2012-13, 2011-12 and 2010-11.

Liquidity Segment				
Sr. No.	Company Name	Current Ratio (%)	Mean	Segment
		Rank	Rank	Rank
1	Muthoot	1	1	1
2	Manappuram	2	2	2

Table 19

According to one sub parameters of Liquidity segment as per Table 19 Muthoot Finance Ltd. (Rank 1) and maintains higher liquidity and efficiently managing their short term obligations as compared to Manappuram Finance Ltd. (Rank 2).

4.6. Overall Raking

	Capital Adequacy	Asset Quality	Management Efficiency	Earnings	Liquidity	**Overall Ranking of All Segments**	
Company Name	Rank	Rank	Rank	Rank	Rank	**Mean**	**Rank**
Muthoot Finance Ltd.	1	1	1	1	1	1	**1**
Manappuram Finance Ltd.	2	2	2	2	2	2	**2**

Table 20

According to fourteen sub parameters of 5 categories i.e., Capital Adequacy, Asset Quality, Management Efficiency, Earning and Liquidity segment as per Table 20 Muthoot Finance Ltd. Ranks 1 and Manappuram Finance Ltd. Ranks

5. Conclusion

Muthoot Finance Ltd. had top ranking in Capital Adequacy Segment, Assets Quality Segment, Management Efficiency Segment, Earnings Segment andLiquidity Segment. It implied that it is well capitalize and have greater capability absorb negative shocks. Muthoot Finance also had lowest nonperforming assets and its impact was positive on profitability and margins. The management of the Muthoot Finance is very efficient in terms of managing lower total expenses / total revenue ratio, lower cost of funds and higher assets under management per branch. Earnings of Muthoot as compared to Manappuram Are higher, which implies that efficient use of assets, higher returns on shareholder's funds, higher profit per employee and greater returns on capital employed Muthoot is having sufficient funds to manage the short term liquidity requirements.

5.1. Suggestions

- As per capital adequacy segment both the companies are maintaining higher capital adequacy ratio.
- Companies should change their credit appraisal mechanism to improve the qualities of assets and reduces their non-performing assets.
- Management efficiency should be improved by reducing the staff cost, improving the business per employee by effective marketing strategies and reducing their operational cost.
- Performance measure improved by reducing the non-operating assets and improving the asset qualities of the companies.
- Liquidity should maintain at least according to the industry average to reduce the probability of technical insolvency.

5.2. Limitations of the Study

Five years (2010-2011 to 2014-2015) data were considered for the research. Only 2 listed gold loan NBFCs were considered as sample. Fourteen financial ratios were considered under CAMEL rating model and other ratios were not considered for study purpose.

5.3. Future Scope of the Study

Larger time period may be considered for the more comprehensive results. Other ratios can also be considered for future research work. More number of NBFCs or gold loan segment of banks can be considered with the same business model as sample for clearer picture.

6. References

i. Dhanabhakyam,D.; and Kavitha, M. (2012). Financial Performance of Selected Public Sector Banks in India. International Journal of Multidisciplinary Research, 2(1), 255-269.
ii. Karri, H. K.; Meghani, K.; and Mishra, B. M. (2015). A Comparative Study on Financial Performance of Public Sector Banks in India: An Analysis on Camel Model. Arabian Journal of Business and Management Review (OMAN Chapter),4(8), 18-34.
iii. Singh, A. B.;and Tandon, P. (2012). A Study of Financial Performance: A Comparative Analysis of SBI and ICICI Bank. International Journal of Marketing, Financial Services & Management Research, 1(11), 56-71.
iv. Singla, V. (2013). Analysis of Productivity of Indian Banks: A Comparative Study of Selected Private Banks. International Journal of Computing and Business Research, 4(2).
v. Tandon M.; Anjum, B. and; Julee. (2014). A Study on Financial Performance of Selected Indian Banks. International Journal of Research in Management, Science & Technology, 2(3), 81-92.
vi. http://www.businesstoday.in/moneytoday/stocks/gold-loan-companies-struggling-with-market-reality/story/194411.html
vii. http://www.cognizant.com/InsightsWhitepapers/Surveying-the-Indian-Gold-Loan-Market.pdf