

## **A FINANCIAL PERFORMANCE AND GROWTH ASSESSMENT OF MUTHOOT FINCORP OPERATIONS IN COIMBATORE**

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### **ABSTRACT**

*This research paper evaluates the financial health, operational efficiency, and growth trajectory of Muthoot Fincorp Ltd. from the financial years 2021 to 2025. As a leading Non-Banking Financial Company (NBFC) in India, Muthoot Fincorp plays a vital role in financial inclusion by providing credit to underserved populations. Through analytical research of audited financial statements, this paper examines key performance indicators, including profitability, leverage, and asset quality, while assessing the impact of digital transformation on the company's scalability.*

**Keywords:** *Financial Health, Efficiency, Muthoot, Leverage.,*

### **INTRODUCTION**

Muthoot Fincorp Ltd. is a premier Non-Banking Financial Company (NBFC) in India, primarily dedicated to serving societal segments that are under-served by conventional banking institutions. Part of the historic Muthoot Pappachan Group—a family-owned conglomerate with over 130 years of history—the company blends traditional values of trust with modern financial technologies. The company was formally incorporated in 1997 as a non-deposit-taking NBFC, though its origins trace back to late 19th-century Kerala. Today, it operates an expansive network of over 3,700 branches across India, providing services in urban, semi-urban, and rural markets. While its core business remains secured gold loans, it has diversified into personal, business, housing, and vehicle loans, as well as insurance and foreign exchange. Muthoot Fincorp is critical for financial inclusion, offering quick, collateral-backed credit with simplified documentation. This accessibility allows low-income households and micro-entrepreneurs to meet urgent financial needs and invest in growth, reducing their reliance on informal moneylenders. Additionally, the company contributes to economic development through employment and the promotion of digital literacy via platforms like the Muthoot FinCorp ONE app.

### **OBJECTIVES OF THE STUDY**

- \* To examine growth patterns regarding revenue, profit, and assets.
- \* To evaluate the effectiveness of various loan products.
- \* To assess financial health through statement and ratio analysis.

### **STATEMENT OF THE PROBLEM**

The performance and stability of NBFCs rely on effective risk management and efficient lending practices. With rising competition from banks and other NBFCs, analyzing Muthoot Fincorp's growth trends and operational efficiency is essential to understanding its ongoing contribution to financial inclusion.

### **REVIEW OF LITERATURE**

- \* R. K. Sharma (2019): Highlighted that NBFCs provide critical credit access for small borrowers unable to secure loans from traditional banks.
- \* S. P. Gupta (2019): Emphasized ratio and trend analysis as vital tools for measuring institutional profitability and efficiency.
- \* A. Kumar (2020): Noted that NBFCs strengthen financial markets by providing alternative financing options for businesses and individuals.
- \* R. Nair (2021): Suggested that NBFCs must adopt innovative strategies and technology to maintain operational efficiency and competitiveness.

\* N. Joseph (2023): Identified gold loans as a rapidly growing financial product due to their secure and quick nature.

\* S. N. Rao (2024): Argued that maintaining a strong capital structure is fundamental to the long-term sustainability of financial institutions.

## HISTORY

Founded as a family-owned enterprise, Muthoot Fincorp has evolved into a trusted national brand. Its "phygital" strategy combines a large physical branch presence with digital services to ensure personalized customer support and high accessibility. The company measures success through factors such as loan

disbursement growth, revenue margins, customer retention, and the Non-Performing Asset (NPA) ratio, which reflects the quality of the loan portfolio.

## RESEARCH METHODOLOGY

\* Nature of Study: This is an analytical research study focused on financial performance evaluation.

\* Data Collection: The study utilizes secondary data from audited financial statements (2021–2025), annual reports, and official company publications.

\* Sampling: A judgmental sampling method was used to select five consecutive financial years for deep analysis.

\* Analytical Tools: Includes Comparative Statement Analysis, Cash Flow Analysis, and Ratio Analysis (Profitability, Liquidity, Leverage, and Efficiency).

## OVERVIEW OF MUTHOOT FINCROP

### INTERPRETATION

The chart shows the financial performance trend of Muthoot Fincorp from FY21 to FY25. In FY21, the value was around 18,900, which slightly increased to 19,250 in FY22, indicating gradual growth. In FY23, it further increased to about 21,300, showing steady improvement in the company's performance. The growth continued in FY24 with a value of approximately 21,800, reflecting stable progress. A significant rise is observed in FY25, where the value sharply increased to nearly 32,000, indicating strong financial growth and expansion of business operations. Overall, the graph highlights a consistent upward trend with a major surge in the final year

### FINDINGS

- Resilience: The company maintained stable net profits despite market uncertainties.
- Asset Quality: Asset quality remains healthy, with GNPA and NNPA levels reflecting prudent credit evaluation.
- Digital Scaling: Mobile apps and paperless processing have significantly improved customer onboarding efficiency and reduced costs.

### SUGGESTIONS

- Risk Mitigation: Management must continuously monitor gold price fluctuations and interest rate volatility to protect margins.
- Digital Deepening: Continuous investment in digital innovation is necessary to maintain a competitive edge in underserved markets.
- Product Diversification: Expansion into SME, housing, and retail lending is recommended to reduce dependency on the gold loan segment.

### CONCLUSION

The study confirms that Muthoot Fincorp Ltd. has maintained a robust position in the NBFC sector between 2021 and 2025. By balancing traditional customer trust with digital transformation, the company has successfully expanded its asset base and profitability while continuing to drive financial inclusion across India.

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