

Review Article

Operational Performance of The Banks And Other Financial Institutions - A Review

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ABSTRACT:

This article examines the operational performance of state-owned banks, private banks, and non-banking financial companies (NBFCs) for the quarter ending September 30, 2023. By analyzing data from regulatory filings, it highlights the net profit and operational metrics of leading financial institutions. The State Bank of India (SBI) reported an 8% increase in net profit to ₹14,330 crore, driven by a 12.3% rise in Net Interest Income (NII), although its Net Interest Margin (NIM) decreased slightly. SBI's credit growth and asset quality showed positive trends, with the bank optimistic about future growth. Bank of Baroda's net profit surged by 28% to ₹4,253 crore, aided by substantial growth in operating income and recoveries from written-off accounts. Despite a slight drop in NIM, the bank's strong deposit growth and strategic adjustments are aimed at optimizing performance. Canara Bank reported a significant 43% increase in net profit to ₹3,606 crore, with improvements in net interest income and a reduction in NPAs, reflecting its robust operational performance. Indian Bank also saw a 62% increase in net profit, supported by higher net interest income and fee-based income. Overall, the study underscores the direct link between financial performance and credit flows, revealing varied but generally positive outcomes across different categories of financial institutions.

KEYWORDS: Bank, Financial, Institutions, Net Profit, Performance.

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INTRODUCTION

Finance is the lubricant which smoothen the business operation at each and every process. Banks other FIs are the supplier of this lubricant. The operational performance of the business enterprises is directly linked to the credit flows which in turn depends upon the operational performance of the Banks and other financial institutions. This article studies the operational performance of three categories of FIs for the quarter during 30th Sep 2023.

1. State owned Banks
2. Private Banks and
3. NBFCS.

The data for the study was collected from the financial report of the regulatory filing of the respective institution to the concerned authorities. In this study, consolidated Net profit has been taken as an indicator of operational performance. In very many cases, this article discusses the perception of the top management on their targets and future plans.

State owned Banks SBI Q2 profit rises 8% to ₹14,330 crore as NII climbs by 12.3%

State Bank of India (SBI) reported second-quarter standalone net profit grew 8% to ₹14,330 crore, aided by lower bad loan provisions and a 12.3% increase in Net Interest Income (NII) to ₹39,500 crore. However, the bank's Net Interest Margin (NIM) eased by 12 basis points (bps) to 3.43% due to an increase in the cost of deposits, SBI Chairman Dinesh Khara said while announcing the results at a briefing. The lender's operating profit also declined by 8.07% YoY to ₹19,417 crore. He said the bank's loan loss provision shrank by 9.75% YoY to ₹1,815 crore. The bank reported credit growth of 12.4% with domestic advances increasing by 13.2%. Domestic advances growth was driven by SME advances (22.8%) followed by retail personal advances which grew by 15.7%. Agri and corporate loans registered growth of 14.8% and 6.62%, respectively. The bank's deposits grew at 11.9%, out of which CASA deposits grew by 4.91%.

The bank's asset quality improved as Gross NPA ratio at 2.55% improved by 97 bps. Net NPA ratio at 0.64% improved by 16 bps. Provision coverage ratio (PCR) at 75.5% declined by 248 bps. Slippage ratio for the quarter increased by 13 bps YoY and stands at 0.46%, Mr. Khara said. He said the outlook on domestic activities was brightening on account of sustained buoyancy in services, consumer and wages optimism, public

spending on infrastructure and underlying strength of financial sector's balance sheet.

Upbeat outlook

"Consumer confidence has improved with uptick in most of the macroeconomic conditions growth is expected to get momentum through the rest of the year, especially from impetus spending," he said, adding "as demand for credit continues, we expect credit and deposit may grow by 16-17% in FY2024." On the outlook, Mr. Khara said: "Normally in the busy season we see an uptick as far as credit growth is concerned. We expect to grow at around 13-14%. We are seeing growth in all the sectors, right from the retail to SME and agriculture." Commenting on the rise of unsecured loans at lenders, Mr. Khara said, "I still maintain my stance that our unsecured book is better than the secured loans. Nearly 86% of our unsecured book is given to those who are maintaining salary account with us, and they are all from the government sector".

Bank of Baroda PAT up 28% on strong operating metrics, better loan quality Global advances were up 17.3 per cent y-o-y at ₹10.2 lakh crore

Bank of Baroda's net profit for Q2 FY24 rose 28.4 per cent y-o-y to ₹4,253 crore, led by 25 per cent growth in operating income to ₹15,002 crore and two-fold increase in non-interest income to ₹4,171 crore. In the post earnings call, Executive Director Ajay Khurana said that recoveries from written-off accounts of ₹1,231 crore were from certain large corporate accounts. More such accounts are lined up and the recovery rate for H2 FY24 should be similar to the ₹1,894 crore seen in the first half. However, net interest income (NII) was up a muted 6.5 per cent y-o-y to ₹10,831 crore. Global NIM for the quarter fell 26 bps y-o-y to 3.07 per cent. Yield on advances were up 121 bps against a 133 bps increase in cost of deposits.¹ Global deposits increased 14.6 per cent to ₹12.5 lakh crore, of which domestic deposits rose 12 per cent to ₹10.7 lakh crore. MD and CEO Debadatta Chand said deposit growth has been lagging credit growth for the industry, owing to which the bank expects incremental deposit growth to be lower at 12-13 per cent. Bulk deposits were up 59 per cent whereas CASA deposits up 4.4 per cent and retail term deposits 3.9 per cent. "We're trying to optimise on the bulk deposit front, moderate that growth so that we can maintain margins and grow strategically going forward," Chand said adding that in

addition to loan offers, the bank has also provided liability-side offers during the ongoing festival season which is expected to help bolster the CASA base as the bank moderates bulk deposit growth. The bank aims to improve the CASA ratio to 41 per cent in the “near future” from 39.6 per cent at present.

Global advances were up 17.3 per cent y-o-y at `10.2 lakh crore. Domestic loans were `8.3 lakh crore, 16.5 per cent higher. Retail loans grew 22.2 per cent, led by 13-21 per cent growth in high focus areas such as automobile, home, mortgage and education loans and 67 per cent in personal loans. Chand said that 95-96 per cent of the personal loan borrowers are existing bank customers and the new customers are only those that start a salaried account with the bank, due to which the portfolio quality remains strong. However, given the industry situation the bank has decided to go slower on personal loans, guiding for FY24 growth of around 35 per cent. Further, the bank now has data for the last 2-3 years which it will analyse to review and recalibrate its strategy going forward. Slippages for the quarter were `4,331 crore, higher than both a quarter and a year ago, due to one large international account of `500 crore and one aviation account worth `1,773 crore being classified as bad loans. Recoveries and upgrades for the quarter were `2,207 crore. The bank’s management said that the outlook on the aviation account, referring to Go Air, remains positive. The CoC (committee of creditors) for the airline undergoing insolvency proceedings, has seen interested bidders and it is difficult to comment on the possibility of liquidation at this point, they said. Gross NPA ratio of the bank improved to 3.32 per cent from 5.31 per cent a year ago and 3.51 per cent a quarter ago. Net NPA ratio at 0.76 per cent too was better than 1.16 per cent in the previous year and 0.78 per cent in the previous quarter.

Canara Bank Q2 net profit rises 43%, NPAs decline²

Canara Bank reported 43% year-on-year jump in its September ended quarter net profit to `3,606 crore. The bank said it saw huge growth as net interest income (NII) rose by 19% YoY to `8,903 crore, from `7,433 crore a year earlier. The lender’s operating profit improved 10.3% to `7,616 crore in Q2 as against `6,905 crore in the corresponding quarter a year earlier. Gross NPAs declined to `43,956 crore in Q2 as against `52,485 crore last year. The bank’s gross NPA ratio slid to 4.76% in Q2 against 6.37%, while net

NPA ratio slipped to 1.41% in Q2 against 2.19% in the same period a year earlier. However, net NPAs declined to `12,554 crore in Q2 compared with `17,286 crore in the year-earlier quarter, the bank said. In Q2, deposits of the bank stood at `11.43 lakh crore, growing by 8.22% and domestic advances stood at `8.78 lakh crore growing by 12.59%, MD and CEO K. Satyanarayana Raju said while addressing the media.

Indian Bank Q2 net profit jumps 62%

The state-owned lender’s net interest income rose 23% to `5,741 crore, while fee based income grew by 11% to `805 crore in the second quarter on a year-on-year basis. State-owned lender Indian Bank reported a 62% jump in the second-quarter standalone net profit to `1,988 crore, driven by an increase in net interest income, other income and improvement in asset quality. “Quarter after quarter, our profitability, net interest income, and other income are growing,” MD and CEO Shanti Lal Jain told. The bank’s net interest income rose 23% to `5,741 crore, while fee based income grew by 11% to `805 crore in the second quarter on a year-on-year basis. Advances increased 12% to `4,92,288 crore from the year-earlier period, while deposits grew 9% to `6,40,803 crore.

We have guided for a 10-12% credit growth in FY24. We hope to continue the good performance, Mr. Lal said. Bad debt recovery grew 6% during the second quarter. While the fresh slippages were to the tune of `1,976 crore, the recovery was more than `2,200 crore, he said. Our planned way of growth by containing cost, keeping the loan mix at 60% to the Retail, Agriculture & MSME (RAM) segment and 40% to Corporate Segment continue to fetch good results, Mr. Lal added. The bank’s RAM (Retail, Agriculture & MSME) advances grew by 12% to `2,85,891 crore in the July-September Quarter, while Gross non-performing assets (NPA) decreased by 233 basis points to 4.97% and Net NPA reduced by 90 basis points to 0.60% on a year-on-year basis.

Bank of India Q2 PAT rises 52% to `1,458 crore

Bank of India (BOI) reported standalone second quarter net profit increased 52% Year on Year (YoY) to `1,458 crore due to rise in Net Interest Income (NII) and improvement in asset quality. Operating profit during the quarter ended September 30, 2023 increased 11% YoY to Rs.3,756 crore. NII increased by 13% YoY to Rs.5,740 crore and NIM (Global) improved by 4

bps YoY to 3.08%, the bank said in a filing with exchanges. It's Gross NPA ratio down by 267 bps YoY and Net NPA ratio was down by 38 bps YoY. Provision Coverage Ratio (PCR) improved by 62 bps YoY, it said. The bank's global business increased by 9.25% while the global deposits increased by 8.68% YoY. The bank said it's advances increased by 10% YoY. While retail credit grew by 14.65% YoY, Agriculture credit grew by 10.82% YoY and MSME credit grew by 10.82% YoY. CASA deposits increased by 6.08% YoY and CASA ratio at 43.13%.

PNB Q2 net rises over fourfold to `1,756 crore

The bank said its global business increased by 11.26% YoY to `22,51,631 crore Punjab National Bank reported second-quarter standalone net profit surged more than fourfold to `1,756 crore year-on-year on better asset quality and reduction in non performing assets (NPA). Operating profit grew 11.67% to `6,216 crore. There was a 20% increase in net interest income (NII) to `9,923 crore. The public-sector lender said global net interest margin (NIM) improved by 11 basis points (bps) to 3.11%. Gross NPA ratio improved by 352 bps YoY to 6.96%. Net NPA ratio improved by 233 bps YoY to 1.47% while the provision coverage ratio improved by 795 bps YoY to 91.91%. The bank said its global business increased by 11.26% YoY to `22,51,631 crore. Global deposits grew by 9.75% to `13,09,910 crore and global advances grew by 13.43% YoY to `9,41,721 crore. During the quarter, the bank's retail loan portfolio grew 16.5% YoY to `1,47,247 crore. Within this category housing loan increased by 13.7% YoY to `87,430 crore, vehicles loans increased 28.3% to `18,010 crore and personal loans increased by 39% to `19,868 crore. Total retail loans increased by 40.42% YoY to `2,18,230 crore, the bank said in a filing. Gross NPAs were at `65,563 crore, a decline of `21,472 crore from the year ago period. Net NPAs were at `13,114 crore as compared with `29,348 crore a year ago, a decline of `16,234 crore. Provision coverage ratio improved by 1372 bps YoY to 80% from 66.28%. Slippage ratio improved YoY by 248 bps to 0.86% from 3.34% a year ago.

Bank of Maharashtra Q2 net profit soars 72 per cent to Rs 920 cr. The surge in net profit has come on the back of healthy growth in net interest income and other income, and a sharp decline in tax expenses.

Bank of Maharashtra reported second quarter standalone net profit surged 71.90% to `920 crore

as compared with `535 crore in the year-earlier period. Net Interest Income (NII) grew 28.88% to `2,432 crore from `1,887 crore a year earlier. Net revenue (net interest income plus other income) rose 29.73% to `3,100 crore from `2,389 crore. The cost to income ratio improved to 38.04% as against 38.82% in the year-earlier period. During the quarter, the bank's total business grew by 22.77% to `422,420 crore, total deposits increased by 22.18% to `239,298 crore year on year (YoY). Gross advances grew 23.55% to `183,122 crore from the year-earlier period. Retail, Agri. & MSME loan business grew by 24.38%, the bank said in a regulatory filing. Total Basel III Capital adequacy ratio improved to 17.61% with Common Equity Tier 1 (CET1) ratio of 12.28%, the bank said. Gross NPA declined to 2.19% from 3.40% in the year-earlier period, while net NPA declined to 0.23% from 0.68%. The bank said its provision coverage ratio improved to 98.40% as against 96.06% a year ago. The bank holds cumulative COVID-19 provision of `1,200 crore as on September 30, 2023.

Private Bank : HDFC Bank Q2 net rises 51% on merger with parent company³

These are the first results of India's largest private sector lender after the \$40 billion merger of HDFC Bank with parent company HBFC Ltd. HDFC Bank Ltd's reported second quarter (Q2) standalone net profit grew 50.6% to `15,976 crore over the same period last year due to more than 30% growth in Net Interest Income (NII) and on account of the benefits of the \$40 billion merger with its parent HDFC Ltd. For the quarter ended September 30, 2023 its net revenue grew by 33.1% to `38,093 crore from `28,617 crore a year ago. Net interest income (interest earned less interest expended) grew by 30.3% to `27,385 crore from the year ago period. Core net interest margin for the quarter was 3.65% on total assets and 3.85% on interest earning assets, the bank said in a filing with exchanges. The numbers are not comparable because the merger became effective July 1, 2023.

After absorbing debt funded cost for additional liquidity and merger management, the reported Net Interest Margin (NIM) for the quarter was 3.4% on total assets and 3.6% on interest earning assets. In the previous quarter the NIM was 4.1%. Explaining the dip, Srinivasan Vaidyanathan, Chief Financial Officer, HDFC Bank said, "It was due to debt financing [of assets] by the erstwhile HDFC Ltd which is

expensive than deposits [funded assets]. Over time, some of the debt financing will be replaced by deposits and NIM will improve gradually.” The total credit cost ratio was at 0.49%, as compared to 0.87% for the year ago period. Total balance sheet size as of September 30, 2023 was ₹34,16,310 crore as against ₹22,27,893 crore a year ago. Total deposits showed a healthy growth of approximately ₹1.1 lakh crore during the quarter post merger, and were at ₹21,72,858 crore, an increase of 29.8% over year ago period. Gross advances increased by approximately ₹1.1 lakh crore during the quarter post merger, and were at ₹23,54,633 crore as of September 30, 2023, an increase of 57.7% over September 30, 2022. Domestic retail loans grew by 112.1%, commercial and rural banking loans grew by 29.5% and corporate and other wholesale loans (excluding non-individual loans of eHDFC Ltd of approximately ₹1,02,800 crore) grew by 7.9%. Overseas advances constituted 1.7% of total advances, Mr Vaidyanathan said. The bank’s total Capital Adequacy Ratio (CAR) as per Basel III guidelines was at 19.5% (18% as on September 30, 2022) as against a regulatory requirement of 11.7%. Tier 1 CAR was at 17.8% and Common Equity Tier 1 Capital ratio was at 17.3% as of September 30, 2023. Risk-weighted Assets were at ₹21,74,226 crore, he said. Gross non-performing assets were at 1.34% of gross advances as on September 30, 2023, as against 1.41% on a proforma merged basis as on June 30, 2023, and 1.23% as on September 30, 2022. Loans of about Rs 5,000 crore were restructured and the bank’s provision towards bad loans was to the tune of Rs 2,900 crore. Net non-performing assets were at 0.35% of net advances as on September 30, 2023. During the quarter the bank’s consolidated net revenue grew by 114.8% to ₹66,317 crore and consolidated profit after tax was ₹16,811 crore, up 51.1%.

Axis Bank Q2 PAT up 10% to ₹5,864 crore

Axis Bank Ltd. reported second quarter standalone net profit grew 10% to ₹5,864 crore from ₹5,330 crore in the year earlier period due to improvement in asset quality and a 19% growth in Net Interest Income (NII) at ₹12,315 crore for the quarter ended September 30, 2023. “It is a good outcome because the numbers are better than analysts’ expectations,” said Puneet Sharma, CFO, Axis Bank. The bank’s operating profit for the quarter grew 12% year-on-year (YOY) to ₹8,632 crore. Net interest margin

(NIM) for quarter stood at 4.11%, up 15 bps YOY. Amitabh Chaudhry, MD and CEO, Axis Bank said, “With the upcoming festivities, we are already seeing a surge in demand, which augurs well for business. At Axis Bank, our Growth, Profitability, Sustainability (GPS) agenda is on track and we are looking at steady growth for all major business verticals of the bank.” Axis Bank Ltd. reported second quarter standalone net profit grew 10% to ₹5,864 crore from ₹5,330 crore in the year earlier period due to improvement in asset quality and a 19% growth in Net Interest Income (NII) at ₹12,315 crore for the quarter ended September 30, 2023. “It is a good outcome because the numbers are better than analysts’ expectations,” said Puneet Sharma, CFO, Axis Bank. The bank’s operating profit for the quarter grew 12% year-on-year (YOY) to ₹8,632 crore. Net interest margin (NIM) for quarter stood at 4.11%, up 15 bps YOY. Amitabh Chaudhry, MD and CEO, Axis Bank said, “With the upcoming festivities, we are already seeing a surge in demand, which augurs well for business. At Axis Bank, our Growth, Profitability, Sustainability (GPS) agenda is on track and we are looking at steady growth for all major business verticals of the bank.” Provision and contingencies for the quarter stood at ₹815 crore and specific loan loss provisions stood at ₹1,010 crore. The bank said it has not utilised Covid provisions during the quarter. The bank’s balance sheet grew 13% YOY and stood at ₹13,38,914 crore. The total deposits grew 18% YOY. The bank said its advances grew 23% YOY to ₹8,97,347 crore. At the end of the quarter the bank’s reported Gross NPA and Net NPA levels were 1.73% and 0.36% respectively as against 1.96% and 0.41% as on 30 June, 2023. Gross slippages during the quarter were ₹3,254 crore, compared with ₹3,383 crore a year earlier. Upgrades from NPAs during the quarter were ₹1,985 crore. The bank in the quarter wrote off NPAs aggregating to ₹2,671 crore. The net slippages for the quarter was ₹1,269 crore.

As on 30 September, 2023, the bank’s provision coverage, as a proportion of Gross NPAs stood at 79%, as compared to 80% in the year earlier period. Commenting on the performance Shreyansh Shah, Research Analyst, StoxBox said, “It would be an understatement to say that the Axis Bank reported decent numbers in Q2FY24. The bank came out with a solid set of numbers in the second quarter primarily due to a sharp growth in its credit card business and robust disbursements

done in small and mid-segment advances where they could generate higher yields. "This aided the bank in generating a marginally higher NIM in an environment where most peers are expected to feel the heat of NIM compression. It was commendable on the bank's part that it contained slippages even though they have a substantial unsecured book," he added.

Federal Bank Q2 profit jumps 36% at `954 crore

Net advances grew 19.58 per cent to `1.9-lakh crore. Federal Bank posted its highest ever quarterly profit of `954 crore in Q2 FY24, an increase of 35.54 per cent y-o-y on the back of 16.72 per cent growth in net interest income (NII) to a record high of `2,056.42 crore. In the post-earnings call, MD and CEO Shyam Srinivasan said the bank has seen broad-based growth across loan segments, with the bank posting better performance in Q2 compared with the previous quarter. Net advances grew 19.58 per cent to `1.9-lakh crore on the back of 18 per cent growth each in retail and business banking loans, 24 per cent in commercial banking loans, and 15 per cent in corporate advances.

Growing deposits

Deposits increased by 23.12 per cent to `2.3-lakh crore as of September 30. Within this, term deposits grew 33 per cent y-o-y, domestic savings deposits by 7 per cent, and NRE deposits by 14 per cent, Srinivasan said, adding that the high cost of incremental deposit growth continues to be a challenge. The CASA ratio for the bank declined to 31.2 per cent from 36.4 per cent a year ago. Despite the healthy deposit growth, NIM compression for the bank, which was faster for Federal Bank compared with peers, has stopped and instead saw a marginal up-tick this quarter, Srinivasan said. He added that margins will continue to improve going forward, led by the bank's focus on high-yield segments such as credit cards, personal loans, CV/CE, MSME, microfinance, and gold loans, and maintaining strong credit quality. NIM for the quarter rose to 3.16 per cent from 3.15 per cent in Q1, but was worse than 3.30 per cent a year ago. The gross NPA of the bank improved to 2.26 per cent from 2.38 per cent a quarter ago and 2.46 per cent a year ago. The net NPA ratio of 0.64 per cent was also better than 0.69 per cent in the previous quarter and 0.78 per cent in the previous year. The material improvement was led by lower incremental slippages, Srinivasan said, adding that

the NPA ratios are the lowest for the bank in 8–9 years.

Non-Banking Finance corporation: Bajaj Finserv's consolidated Q2 net profit rises 24% YoY to `1,929 cr.

Bajaj Finserv Ltd (BFS) reported a 24 per cent year-on-year increase in the second quarter consolidated net profit at `1,929 crore against `1,557 crore in the year-ago quarter. BFS is the holding company for the various financial services businesses under the Bajaj group. It participates in the financing business through its 52.45 per cent holding in Bajaj Finance Ltd (BFL) and in the life, general and health insurance businesses through its 74 per cent holding in two unlisted subsidiaries. Bajaj Allianz General Insurance Company Ltd (BAGIC) and Bajaj Allianz Life Insurance Company Ltd (BALIC). BFS' consolidated total income grew 25 per cent YoY to `26,023 crore (`20,803 crore in the year ago quarter). The company, in a statement, said BFL's net profit for Q2 FY24 increased by 28 per cent to `3,551 crore v/s `2,781 crore in Q2 FY23 led by robust AUM growth, higher net interest income, and better asset performance. This includes the net profit of its 100 per cent mortgage subsidiary, Bajaj Housing Finance Ltd of `451 crore v/s `306 crore, an increase of 47 per cent.⁴ BAGIC's net profit for Q2 FY24 increased by 39 per cent to `468 crore v/s `336 crore in Q2 FY23. BALIC's net profit for Q2 FY24 increased by 21 per cent to `193 crore v/s `159 crore in Q2 FY23. In its notes to accounts, BFS said the Company has expressed an intent to subscribe to Preferential Issue (PI) of Bajaj Finance Ltd up to an amount not exceeding `1,200 crore, subject to finalisation of terms and conditions for the proposed issue and other considerations. The above proposal is subject to necessary regulatory/statutory approvals as may be required.

Cholamandalam Financial's consolidated Q2 net rises 47% to `888 cr.

Cholamandalam Financial Holdings Ltd.'s (CFHL) consolidated net profit for the September quarter rose 47% to `888 crore from the year-earlier period. Revenue from operations rose to `6,300 crore from `4,298 crore, the core investment company of the Murugappa Group said in a statement. Cholamandalam Investment & Finance Co. Ltd. disbursed `21,542 crore against `14,623 crore and registered a growth of 35% in net profit to `762 crore. Assets under

management rose 46% to ₹1,33,775 crore. Chola MS General Insurance Co. Ltd. registered a Gross Written Premium of ₹1,984 crore, marking an increase of 29%. It posted a net profit of ₹111 crore against ₹40 crore. The company has an investment book of ₹15,240 crore. Chola MS Risk Services Ltd. posted total income of ₹18 crore against ₹16 crore and a net profit of ₹84 lakh against ₹1.71 crore.

Cholamandalam Investment Q2 net up 35% to ₹762 cr.

Cholamandalam Investment and Finance Co. Ltd. (CIFCL) standalone net profit for the September quarter rose 35% over the year earlier period to ₹762 crore. Disbursements were up 47% to ₹21,542 crore, while net income grew 39% to ₹2,367 crore and Assets Under Management increased 46% to ₹1,33,775 crore, it said in a statement. Of the total disbursements, Vehicle Finance accounted for ₹11,731 crore (up 38%), Loan Against Property ₹3,192 crore (up 42%), Home Loan ₹1,575 crore (up 112%), Small and Medium Enterprises Loan ₹1,945 crore (up 32%), Consumer and Small Enterprise Loans ₹2,853 crore (up 81%) and Secured Business and Personal Loan ₹246 crore. Gross non-performing Assets declined to 4.07% from 5.84%, while net NPA to 2.59% from 4.07%. The Capital Adequacy Ratio was 16.62%. Provision Coverage Ratio rose to 37.43% (31.62%). CIFCL continues to hold a strong liquidity position with ₹11,034 crore as cash balance with a total liquidity position of ₹13,569 crore.

Sundaram Finance Q2 standalone net up 21% to ₹366 cr.

Sundaram Finance Ltd. standalone net profit for the September quarter rose 21% over the year earlier period to ₹366 crore due to growth in interest income and other income. Total revenue from operations increased from ₹1,048 crore to ₹1,375 crore. Disbursements recorded 35% growth to ₹6,941 crore and net interest income grew 19%, the leading NBFC said in a statement. Assets under management for the first half grew by 25% to ₹40,106 crore. Gross and Net non-performing assets declined to 2.89% and 2.06%, respectively, from 4.29% and 2.97%, respectively. Sundaram Finance Ltd. standalone net profit for the September quarter rose 21% over the year earlier period to ₹366 crore due to growth in interest income and other income. Total revenue from operations increased from ₹1,048 crore to ₹1,375 crore. Disbursements recorded 35% growth to ₹6,941 crore and net interest income grew 19%,

the leading NBFC said in a statement. Assets under management for the first half grew by 25% to ₹40,106 crore. Gross and Net non-performing assets declined to 2.89% and 2.06%, respectively, from 4.29% and 2.97%, respectively. Return on assets marginally rose to 2.95% from 2.94% and capital adequacy contracted to 19.9% from 24.3%. "Our group companies in asset management, general insurance and home finance have continued their trajectory from FY23 and recorded strong results," said Executive Vice Chairman, Harsha Viji. "We continue to rely on our time-tested approach of steady and sustainable growth with best-in-class asset quality and consistent profitability," he added.

The company's MD Rajiv Lochan said, "Prospects for the second half are promising but geopolitical uncertainty, global macro volatility and implications of domestic challenges of continued inflation, inconsistent monsoon and upcoming elections remain key monitorables. We will continue to focus on extending our market share across all asset classes and geographies we operate in."

TVS Credit Services Q2 net up 40% to ₹134 cr.

TVS Credit Services Ltd. standalone net profit for the September quarter rose 40% over the year-earlier period to ₹134 crore. The NBFC reported total income of ₹1,399 crore, a rise of 49%, it said in a statement. In the first half, the company posted net profit of ₹252 crore and Assets Under Management grew by 14% to ₹23,516 crore. During H1, credit demand continued to be strong aided by higher consumption and infrastructure outlay by the government. TVS Credit's business witnessed significant growth, led by the robust performance of consumer loans with a book growth of 59%, it said. The company added 20 lakh new customers during H1 FY24, resulting in a total customer base exceeding 1.2 crore. As part of the digital transformation initiatives, TVS Credit has also transitioned all applications onto the cloud platform, enhancing operational efficiency and performance.

Chola MS Q2 standalone net almost trebles to ₹98 crore

Cholamandalam MS General Insurance Co. Ltd. (Chola MS) standalone net profit for the September quarter more than doubled to ₹98 crore from ₹35 crore. Chola MS, a joint venture between Murugappa Group and Mitsui Sumitomo Insurance Company (Japan), has been growing faster than the industry for 10 quarters.

It posted Gross Written Premium of `2,006 crore, 35% increase, aided by the re-entry into crop insurance which contributed to 14% growth, it said in a statement. Chola MS has grown higher than industry in fire, retail health and motor lines of business. It reported solvency ratio of 1.89 times. Cholamandalam MS General Insurance Co. Ltd. (Chola MS) standalone net profit for the September quarter more than doubled to `98 crore from `35 crore. Chola MS, a joint venture between Murugappa Group and Mitsui Sumitomo Insurance Company (Japan), has been growing faster than the industry for 10 quarters. It posted Gross Written Premium of `2,006 crore, 35% increase, aided by the re-entry into crop insurance which contributed to 14% growth, it said in a statement. Chola MS has grown higher than industry in fire, retail health and motor lines of business. It reported solvency ratio of 1.89 times. For the six months period, Chola MS networth stood `2,324 crore, with 83% comprising of accumulated profits over the years. The return on equity was 7% (not annualised) and the investment portfolio grew to `15,649 crore. "Chola MS is committed to pursuing higher than industry growth even as it improves overall profitability and return to investors and looks forward to a GWP of `10,000 crore in the near future.⁵ The technology transformation exercise that we have embarked will spur our growth, customer reach and servicing," said its MD V. Suryanarayanan.

Sundaram Home Finance net up 18% in Q2 FY24

Sundaram Home Finance, a wholly owned subsidiary of Sundaram Finance Ltd, has posted a 18% rise in net profit in the quarter ended September 30, 2023 at Rs 59.3 crore against Rs 50.3 crore in the corresponding quarter of the previous year. Disbursements during Q2 FY24 went up 29% at Rs 1,213.9 crore when compared with the year ago quarter, a statement here on Thursday said. Lakshminarayanan Duraiswamy, MD, Sundaram Home Finance said, "The strong growth of 33% in disbursements in the first half (of FY24) has been driven by our continued expansion in tier 2 and 3 towns. The statement also said, the company is now foraying into the affordable housing segment and plans to open 10 branches and hire up to 75 people in Tamil Nadu and Andhra Pradesh by March 2024, it added.

Sundaram Home Finance net profit rises 18% in

Q2 FY24

Sundaram Home Finance, a subsidiary of Sundaram Finance, reported an 18% increase in net profit for the quarter ending September 2023. Disbursements also rose by 29% compared to the same period last year. The company attributes its growth to expansion in tier 2 and 3 towns. Sundaram Home Finance plans to enter the affordable housing segment and aims to open 10 branches and hire up to 75 employees in Tamil Nadu and Andhra Pradesh by March 2024.

Reliance Capital reports `239 crore Q2 net loss

Reliance Capital on Wednesday reported a consolidated net loss of `239 crore for the quarter ended September 30, 2023-24. The company had posted a net profit of `215 crore in the year-earlier period. Total income rose to `6,393 crore in the second quarter from `5,796 crore in the year-earlier period, Reliance Capital said in a regulatory filing.

Total expenses increased to `6,679 crore as compared with `5,756 crore in the same quarter a year earlier. On a standalone basis, the company's loss widened to `442 crore from `26 crore a year earlier. The company has been under insolvency proceedings since November 29, 2021, when the Reserve Bank of India (RBI) superseded the board of Reliance Capital in view of payment defaults and serious governance issues. The RBI appointed Nageswara Rao Y as the administrator in relation to the corporate insolvency resolution process of the firm. Reliance Capital is the third large non-banking financial company against which the central bank has initiated bankruptcy proceedings under the IBC.

SUMMARY AND CONCLUSIONS

All state owned banks displayed an upbeat outlook for the quarter ending 30th September 2023. SBI CEO saw growth in all sectors right from the retail to SMEs and agriculture. Bank of Baroda was upbeat on its strong operating metrics and better loan quality. Canara Bank was happy because it saw huge growth in net interest income and appreciable decline in NPA. Similar operational parameters were witnessed in Indian Bank. Increase in NII, other income and improvement in asset quality were the highlights of Indian Banks performance. Most of the state owned banks reported fall in NPA, improvement in asset quality and appreciable increase in NII which augurs well for the future. Similar results were seen in Private Banks also. NII increased. Asset quality improved.

NBFs also reported a healthy financial disbursements in the first half (of FY24) has been performance for the quarter ending 30th September 2023. Since, the financial institutions are healthy, the credit flows to the different sectors of the economy would be better and economic growth will be much better.

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