18
MINT STREET'S NEW BOSS

+

104
C-SUITE SPOTLIGHT: ASHOK VASWANI

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ANNUAL SPECIAL ISSUE

INDIA'S BEST BANKS

THE 29th BT-KPMG SURVEY OF INDIA'S BEST BANKS AND NBFCs

(FROM LEFT) • **RAJEEV JAIN,** MD, BAJAJ FINANCE • **DINESH KUMAR KHARA,** FORMER CHAIRMAN, SBI • **SANDEEP BAKHSHI,** MD & CEO, ICICI BANK • **KAUSTUBH KULKARNI,** SENIOR COUNTRY OFFICER-INDIA AND VICE CHAIRMAN-ASIA PACIFIC, J.P. MORGAN

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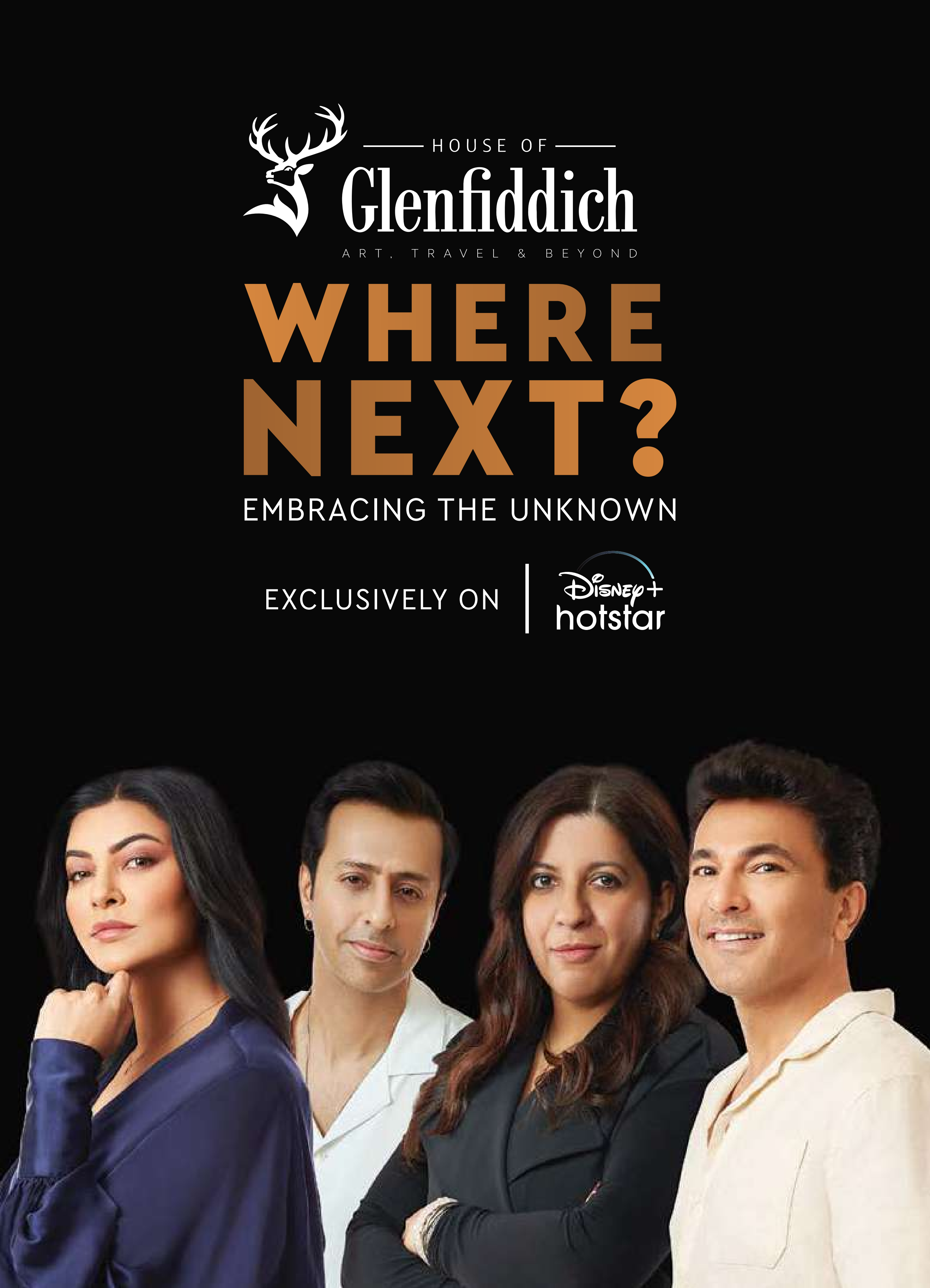
"I'M BRINGING KOTAK UNDER ONE NARRATIVE"

KOTAK MAHINDRA BANK MD & CEO ASHOK VASWANI TALKS ABOUT THE ROAD AHEAD FOR THE BANK AND THE OUTLOOK FOR THE BANKING SECTOR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ART, TRAVEL & BEYOND
WHERE NEXT?
EMBRACING THE UNKNOWN
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Golden Period for India's Banks

Nearly three decades is a long time to track the evolution of India's banks and non-banks. The latest *BT*-KPMG Survey of India's Best Banks and NBFCs for 2023-24 takes a deep dive into the forces shaping this sector. From the burden of massive non-performing assets, our banks today are not just resilient but thriving. A recent S&P Global Ratings note highlights this resilience, citing stabilising asset quality and a projected decline in bad loans in the banking sector to 3% of gross loans by the end of the financial year.

Yet, as *Anand Adhikari* notes, headwinds remain. Interest rate volatility, liquidity pressures, and a decline in low-cost deposits are forcing banks to rethink strategies, including raising deposit rates—moves that could compress net interest margins and profitability. Rising delinquencies in micro-loans and tighter capital requirements for unsecured lending also signal potential risks.

The 29th *BT*-KPMG survey evaluated India's banks and NBFCs across over 35 quantitative parameters, alongside qualitative inputs judged by a distinguished jury chaired by Jayant Sinha, former Chair of the Standing Committee on Finance and MoS Finance. Other eminent jury members were Kalpana Morparia, Alice G. Vaidyan, Subhash Chandra Garg, Dinesh Kumar Khara, Gunit Chadha, and A.P. Hota.

As Sinha puts it, the Indian financial system is doing extraordinarily well right now. "The hard work of the last 10 years to restore strength and resilience to the Indian financial system is paying off. Whether we look at our public sector banks, our private banks, or NBFCs, all are doing very, very well," he says. Khara attributes this success to early risk identification, robust mitigation measures, and strong capital positions. Veteran banker Morparia sums it up best. "I have been in banking now for 49 years, and this is truly the golden period," she says.

The jury picked ICICI Bank as the Bank of the Year; it also emerged as the Best Large Indian Bank. State Bank of India won the Best Bank in Innovation award, while Bajaj Finance emerged as the Best Large NBFC. J.P. Morgan won the Best Foreign Bank award, and the Lifetime Achievement Award went to Dinesh Kumar Khara, former SBI Chairman.

This edition also puts the spotlight on Ashok Vaswani, who occupies the C-suite at Kotak Mahindra Bank, which has moved up a notch to No. 3 among Large Indian Banks in the *BT*-KPMG study. In an exclusive interview, the global banking veteran talks about his vision for the bank, and says technology is the new arms race in the financial services space.

Meanwhile, the Reserve Bank of India is set for a fresh chapter under its new Governor, Sanjay Malhotra. With the RBI intensifying its focus on compliance and governance, the former IAS officer is expected to bring a fresh perspective to the growth-versus-inflation debate. As *Surabhi* and *Teena Jain Kaushal* write, the key question for 2025 is whether the RBI will cut rates early in the year to spur economic growth, which slowed to 5.4% in Q2FY25—well below expectations. BT

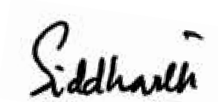

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ILLUSTRATION BY RAJ VERMA

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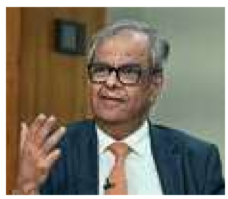

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Intelligent Engineering for a Sustainable Future

The last few years have seen a profound shift in how innovation is approached and applied, driven by the need to address urgent, real-world challenges. In an increasingly interconnected and digital world, purposeful innovation has emerged as the guiding principle for creating technology that serves humanity. The focus has shifted from merely developing new tools to applying intelligent engineering to improve lives across industries such as AdTech, MedTech, Energy, Sustainability, and Connectivity.

Hitachi India has been at the forefront of Digital Transformation (DX) and Green Transformation (GX), leveraging the expertise of GlobalLogic, a Hitachi Group Company, in intelligent engineering and purposeful innovation to untangle complex problems and deliver solutions that have a meaningful impact. Purpose ful innovation is no longer just about pushing the boundaries of what's possible; it's about ensuring that these advancements enrich people's lives, make cities greener, enhance mobility, and expand educational opportunities, particularly in underserved areas.

Transforming Healthcare with Purposeful Innovation

In the healthcare sector, the goal has always been to enhance patient outcomes and deliver technologies that make a difference where it matters mosts—saving lives. GlobalLogic's collaboration with a medical device company led to the creation of an AI-driven model that monitors the readiness of life-saving defibrillators. In situations where seconds count, having an always-on device can mean the difference between life and death, exemplifying how innovation becomes purposeful when it directly addresses critical needs.

This is part of a larger movement where healthcare is evolving rapidly. Technologies like Artificial Intelligence (AI) and Machine Learning (ML) are moving from being experimental to indispensable. GlobalLogic's work with cochlear implants has helped develop software that enhances the performance of these devices, providing individuals with hearing loss a renewed connection to the world around them. It's an innovation that doesn't just push boundaries—it brings real improvements to the quality of life for thousands of people.

Fostering an Intelligent Healthcare Ecosystem

How GlobalLogic is helping build a more connected, efficient, and patient-centered system

HealthConnect
Connected Healthcare Platform

Empowering healthcare providers by integrating patients, medical devices, and systems, optimizing care coordination, and enhancing operational efficiency.

DeviceSure
Medical Device Assurance

Ensuring medical devices meet safety and regulatory standards through automated testing, improving compliance and accelerating time to market.

Intelligent Clinical Trials
AI-Driven Clinical Trials

Streamlining clinical trials with AI and data analytics, improving recruitment and management to accelerate the development of new treatments.

Digital Front Door
Patient Engagement Solution

Transforming patient interactions with an integrated platform for scheduling, telehealth, and monitoring, improving care experiences and provider workflows.

HITACHI
Inspire the Next

Pioneering the Future of Connected Mobility

Innovation in connectivity is following a similar path. As the world becomes increasingly reliant on seamless communication, GlobalLogic has been working on solutions that keep systems running efficiently and reliably. In the automotive sector, the move toward software-defined vehicles (SDVs) has been particularly significant. Vehicles today are no longer just about transportation; they are platforms of mobility and safety, with integrated systems that need constant updates. GlobalLogic's development of a universal platform for SDVs enables manufacturers to innovate faster, bringing new features to market more quickly while ensuring that these updates address the ever-evolving needs of drivers.

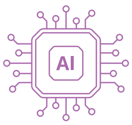
In a connected world, this kind of agility is essential—not only for automotive manufacturers but across industries where technology must be adaptive and responsive. In fleet management, for example, GlobalLogic has implemented advanced driver assistance systems (ADAS) powered by AI to enhance safety and reduce operational costs. These systems don't just optimize logistics; they protect lives on the road, demonstrating once again how purposeful innovation can turn complex technology into practical solutions that improve everyday experiences.

> "The thread running through all of the advancements is purposeful innovation. Whether it's creating medical devices that save lives, developing platforms that transform mobility, or investing in sustainable energy solutions, GlobalLogic's approach is grounded in the belief that technology must serve a higher purpose. The company's innovations are not just technical achievements; they are solutions that address real-world challenges, designed to make life better for individuals, communities, and the world as a whole."
>
> ***Mr. Piyush Jha***
> *Group Vice President & Managing Director, APAC, GlobalLogic*

Powering the Sustainable Cities of Tomorrow

Sustainability and energy are also critical areas where technology has the potential to create a significant impact. As cities become smarter, the demand for sustainable energy solutions grows. GlobalLogic has been instrumental in developing intelligent system that help cities manage their energy needs more efficiently. Smart grids, powered by AI-ML, optimize the use of renewable resources, reduce wastage, and ensure that energy distribution is both efficient and environmentally friendly. By focusing on solutions that make cities greener, GlobalLogic is playing a key role in shaping urban landscapes that are not only smarter but more sustainable for futuTns. As GlobalLogic continues to innovate across sectors, it is clear that breakthrough technologies like AI, ML, Blockchain, and data analytics will be at the heart of this journey. The recent launch of GlobalLogic's Generative AI Platform of Platforms to accelerate purposeful innovation is a testament to this vision.

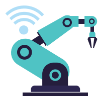
GlobalLogic's Generative AI Platform of Platforms



AI Made Accessible and Scalable

Empowering enterprises to harness AI for solving complex problems across sectors like healthcare, finance, and energy.

Automating Routine, Amplifying Potential



Enabling businesses to automate tasks and optimize processes, freeing up resources for high-value activities.

Accelerating Innovation for Real Impact

Driving efficiency and speed, allowing organizations to focus on the ultimate goal: improving the human experience.

Empowering the Next Generation of Innovators

Purposeful innovation is not confined to technological advances—it extends into the social sphere as well. In India, GlobalLogic has taken purposeful steps to bring educational opportunities to underserved communities. By offering access to digital learning platforms, GlobalLogic has empowered over 8,000 students in Tier 2 and Tier 3 cities, providing them with the tools and knowledge needed to participate in the digital economy. These educational programs are designed to close the digital divide, bringing opportunity and a brighter future to regions that otherwise face limited access to quality education.

Recently, GlobalLogic inaugurated a Science, Technology, Engineering, and Mathematics (STEM) Lab at Bharatiya Vidyanikethan High School in Bengaluru, offering around 1,000 students hands-on experience with robotics, coding, and AI, while empowering teachers through capacity-building programs to guide the next generation of innovators. This focus on education and community development reflects a broader vision of innovation at GlobalLogic—one that emphasizes systemic change.

Contributing to the Government of India's visionary initiatives like Skill India, Digital India, and Aatmanirbhar Bharat, GlobalLogic is fostering economic growth and creating opportunities for individuals to contribute to a more inclusive and sustainable future.

Scan for Social Innovation Business Site

bt Photographik

PHOTO COURTESY **NIA**; Text by **PRINCE TYAGI**

THE FOUR-PHASE PROJECT IS BEING DEVELOPED BY ZURICH AIRPORT INTERNATIONAL AG

SOURCE YAMUNAEXPRESSWAYAUTHORITY.COM, PIB

READY FOR TAKE-OFF

THE NOIDA INTERNATIONAL AIRPORT IN JEWAR, UP, SAW ITS FIRST SUCCESSFUL TEST FLIGHT ON DECEMBER 9. COMMERCIAL FLIGHTS ARE LIKELY TO OPERATE FROM APRIL 2025. THE ESTIMATED TOTAL COST OF THE PROJECT IS ₹29,561 CRORE. HERE ARE THE KEY FIGURES:

70
MILLION
Total estimated traffic design capacity per annum at Jewar after completion of all four phases by FY50

350-400
Expected operational airports in India by 2047. The number has more than doubled to 157 in 2024 from 74 in 2014

15
PER CENT
YoY increase recorded in total air passengers handled at Indian airports, touching 376 million in FY24

CREDITABLE PERFORMANCE

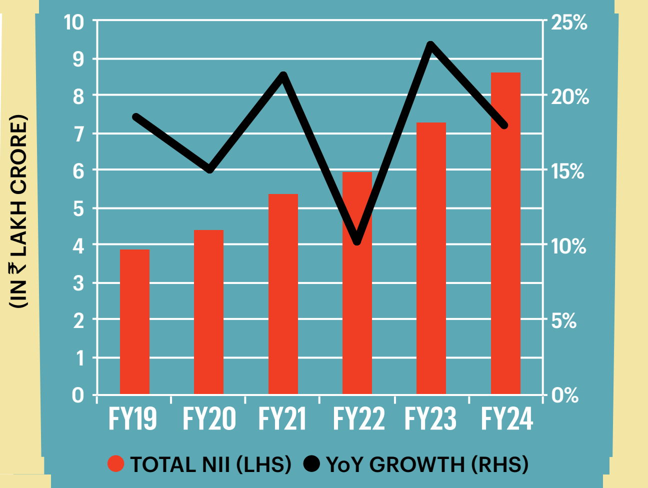
INDIAN BANKS HAVE PERFORMED EXCEPTIONALLY WELL IN RECENT YEARS, WITH THEIR COMBINED NET PROFIT REACHING AN ALL-TIME HIGH OF MORE THAN ₹3 LAKH CRORE IN FY24. THEIR STRONG PERFORMANCE IS EVIDENT IN THEIR ACTIONS: THEY NO LONGER APPROACH THE GOVERNMENT WITH REQUESTS FOR RECAPITALISATION. LET'S TAKE A LOOK AT THE STATE OF THE INDIAN BANKING SECTOR:

By **PRINCE TYAGI & RAHUL OBEROI**

Graphics by **RAJ VERMA**

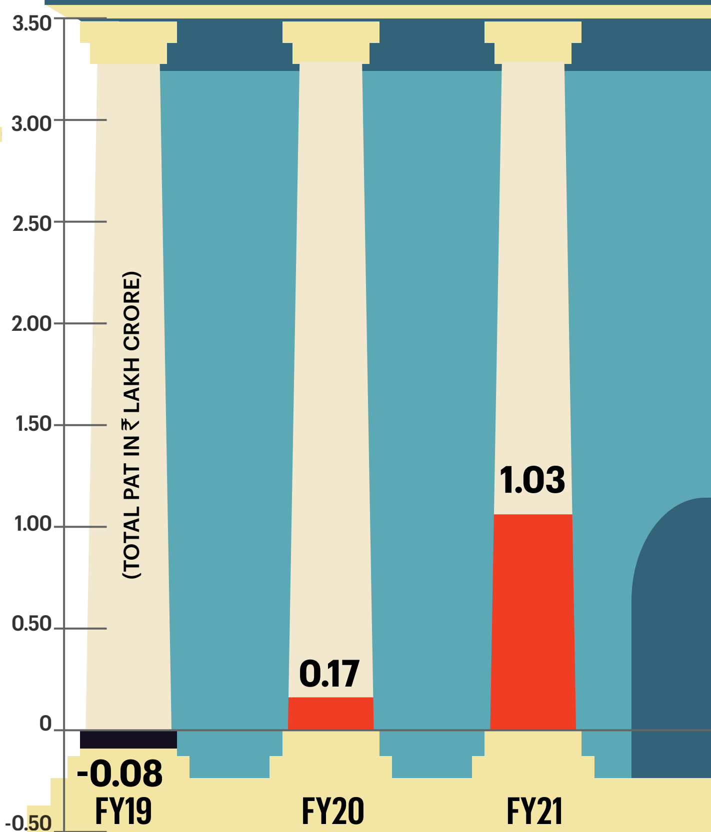
SLIPPING INTEREST

THE GROWTH IN COMBINED NET INTEREST INCOME (NII) OF LISTED BANKS SLOWED DOWN IN FY24 FOLLOWING A RISE OF MORE THAN 20% IN FY23



SOURCE ACE EQUITY

THE BOTTOM LINE



SOURCE ACE EQUITY

11%

SURGE IN NIFTY BANK INDEX IN 2024 (TILL DECEMBER 16), AND 68% IN THE PAST FIVE YEARS, WHILE THE BENCHMARK NIFTY 50 RALLIED 14% YTD, AND 105% IN THE PAST FIVE YEARS

20%

YEAR-ON-YEAR GROWTH IN COMBINED PROFIT WITNESSED BY LISTED BANKS (41) IN THE FIRST HALF OF FY25 AT ₹1.76 LAKH CRORE

₹61,077 CRORE

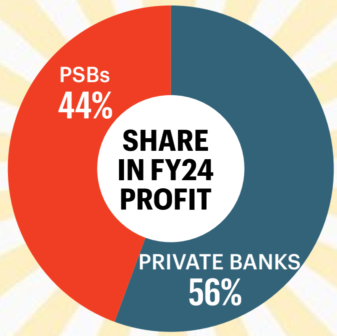
NET PROFIT OF STATE BANK OF INDIA IN FY24, MAKING IT THE MOST PROFITABLE LENDER IN THE INDIAN BANKING SYSTEM. IT WAS FOLLOWED BY HDFC BANK (₹60,812 CRORE) AND ICICI BANK (₹40,888 CRORE)

₹1.1 LAKH CRORE

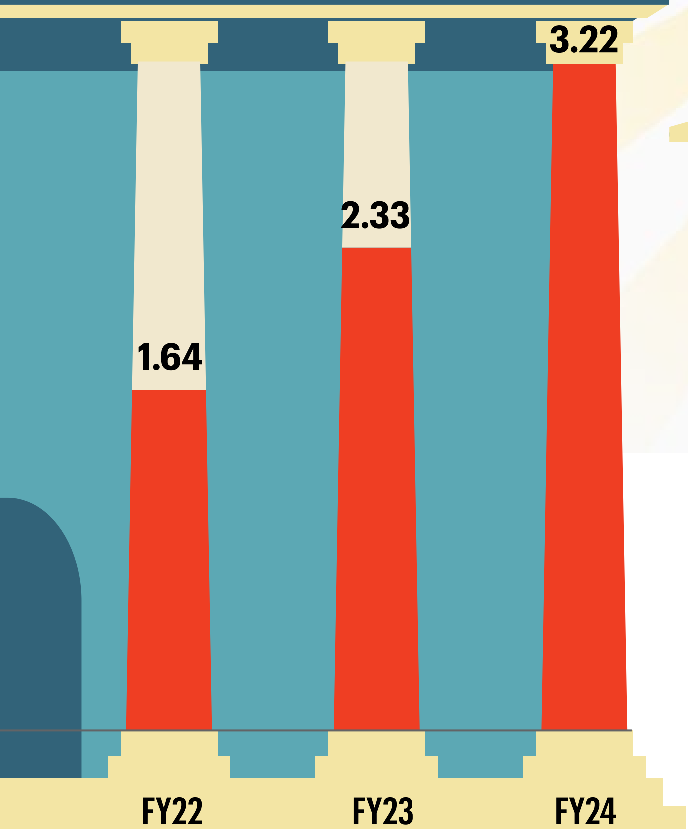
PROVISIONS MADE BY SCHEDULED COMMERCIAL BANKS IN FY24, DOWN NEARLY 19% FROM ₹1.41 LAKH CRORE A YEAR AGO

PROFIT PIE

OUT OF A TOTAL OF 41 LISTED LENDERS, 13 PUBLIC SECTOR BANKS (PSBs) CONTRIBUTE 44% TO THE OVERALL PROFIT OF THE INDIAN BANKING SYSTEM

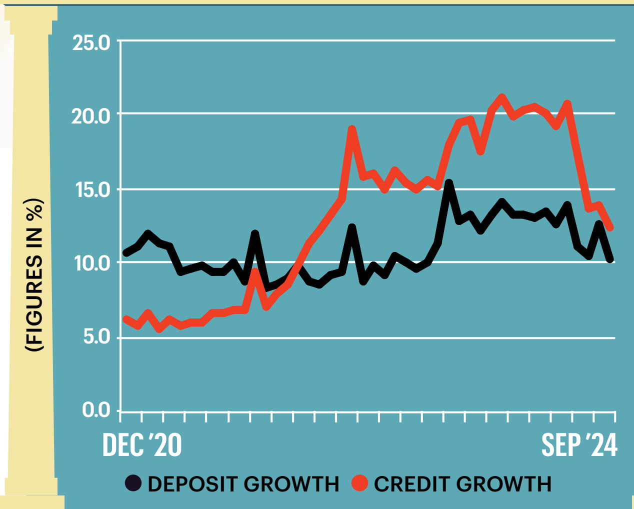


SINCE FY19, THE COMBINED PROFIT AFTER TAX (PAT) OF LISTED BANKS HAS BEEN RISING STEADILY



MODERATING CREDIT GROWTH

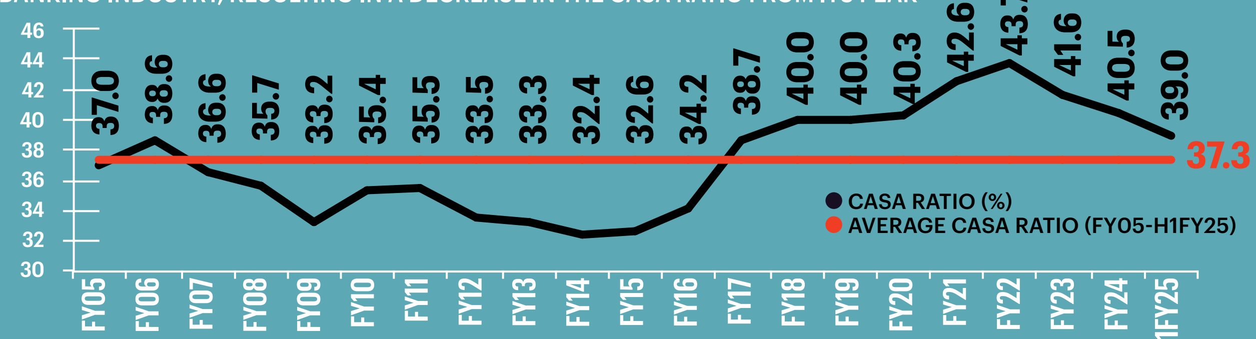
CREDIT GROWTH IS SET TO CONVERGE WITH DEPOSIT GROWTH AFTER 2.5 YEARS, INDICATING A SOFTENING IN CREDIT DEMAND



SOURCE CMIE INDUSTRY OUTLOOK

COUNTING THE COST

THE SHIFT IN HOUSEHOLD SAVINGS PATTERNS, WITH A GREATER EXPOSURE TO EQUITIES, MUTUAL FUNDS, AND OTHER INVESTMENT VEHICLES, HAS LED TO A CHANGE IN DEPOSIT MOBILISATION PATTERNS ACROSS THE BANKING INDUSTRY, RESULTING IN A DECREASE IN THE CASA RATIO FROM ITS PEAK



SOURCE RBI, NIRMAL BANG INSTITUTIONAL EQUITIES RESEARCH

Ingram Micro Xvantage: Transforming Tech Distribution in the Digital Era

In an era where technology is evolving at an unprecedented pace, Ingram Micro's Xvantage platform is reshaping the landscape of tech distribution. By offering a comprehensive digital experience akin to popular consumer platforms, Xvantage empowers partners to navigate the complexities of modern business with speed, efficiency, and accuracy. This article delves into insights from Sanjib Sahoo, EVP, Global Technology and Chief Digital Officer, Ingram Micro Inc. and Navneet Singh Bindra, SVP and Chief Country Executive, Ingram Micro India Pvt. Ltd, highlighting how their innovative platform is revolutionizing the way partners engage with technology.

Elevating Partner Experiences

Emphasizing how Xvantage is transforming Ingram Micro into a platform company, delivering user-friendly experiences akin to leading B2C platforms like Amazon and Netflix. Sanjib explained how partners can now track orders in real-time and receive personalized recommendations tailored to their specific needs. This holistic approach enables them to access a wide array of products—including hardware, software, subscriptions, and cloud services—through a single, intuitive interface. The platform not only enhances user experience but also equips partners with valuable insights that drive profitability. According to Sanjib, the Xvantage acts as a supportive backbone for partners, helping them explore new market opportunities and integrate emerging technologies such as AI and cybersecurity solutions more swiftly. This bi-directional feedback loop ensures that the platform evolves in response to partner needs, creating a dynamic ecosystem that fosters growth.

Navneet Singh Bindra
SVP and Chief Country Executive, Ingram Micro India Pvt. Ltd.

Sanjib Sahoo
EVP, Global Technology and Chief Digital Officer, Ingram Micro Inc.

Embracing the Digital Revolution

As technology continues to advance rapidly, Sanjib highlighted the necessity for partners to adapt to this digital revolution. With the technology distribution model shifting from hardware-centric to solution-oriented approaches, speed and efficiency have become paramount. Sanjib emphasized that Xvantage addresses these challenges by enabling real-time pricing and rapid configuration of complex solutions.

By leveraging AI and data analytics, the platform curates bundled solutions tailored to specific market demands, enhancing partners' productivity and margin potential. This innovative approach not only connects vendors with partners but also streamlines access to end customers, significantly improving the overall distribution process.

Real-World Impact: A Case Study

Illustrating the practical benefits of Xvantage through a recent example from India, Navneet, explained how a partner equipped with the mobile app was able to respond to an urgent request from an end customer for laptops with additional requirements such as financing and antivirus software. Thanks to the capabilities provided by Xvantage, the partner successfully closed a deal for 200 units on the spot—demonstrating how speed and flexibility can lead to substantial business opportunities. This example underscores how Xvantage empowers partners by providing them with immediate access to essential tools and resources needed to meet customer demands efficiently. The ability to deliver tailored solutions quickly not only enhances customer satisfaction but also boosts partner profitability.

Bridging the Digital Divide

Sanjib addressed the challenge of geographical disparities in technology access, asserting that Xvantage's platform transcends these barriers. With just an internet connection, partners across diverse regions can access the same powerful tools and solutions. The multilingual capabilities of Xvantage further enhance its accessibility, making it viable for users in various locales.

Speaking about specific solutions, Navneet added that Ingram Micro has curated solutions for different verticals, enabling partners in smaller towns like Tiruppur to offer relevant technology solutions tailored to local market needs. By simplifying access to technology and providing productized solutions available 24/7, Ingram Micro helps empower local partners to grow their businesses effectively.

Empowering Tier Two and Three Cities

Tier two and three cities represent a burgeoning market for technology adoption, particularly post-COVID. Navneet pointed out, that traditionally, serving these regions posed challenges due to high costs and limited technological understanding among customers. However, post-COVID awareness has driven demand for technology investments in these areas. Ingram Micro's digital tech talks initiative aims to educate local partners about available solutions tailored to their specific needs. By fostering relationships between partners and end customers while providing support for deployment and maintenance, Ingram Micro is effectively lowering service costs while enhancing solution accessibility. The eagerness for technology adoption in smaller towns often surpasses that seen in major urban centers. Navneet emphasized that this presents a unique opportunity for Ingram Micro's platform to make a significant impact in these markets.

Ingram Micro's Xvantage platform: Setting a new standard of excellence for the tech industry

Ingram Micro's Xvantage platform exemplifies how technology can transform traditional distribution models into agile ecosystems that prioritize partner success. By focusing on experience-driven solutions and bridging geographical divides, Ingram Micro not only empowers its partners but also paves the way for a more inclusive digital future in tech distribution. As Sanjib aptly put it, "We are distributing capabilities and solutions at speed, marking a new era of innovation in the industry. With its focus on inclusivity, innovation, and efficiency, Xvantage empowers partners and lays the foundation for a more agile and responsive tech ecosystem."

BANKING

MINT FRESH

Sanjay Malhotra, the new RBI Governor, brings a fresh pair of eyes to the ongoing growth versus inflation debate

BY **SURABHI & TEENA JAIN KAUSHAL**

KEEPING UP WITH its preference of appointing a top finance ministry official to helm the country's central bank, the government has appointed former Revenue Secretary Sanjay Malhotra as the 26th Governor of the Reserve Bank of India (RBI). Malhotra, a 1990-batch Indian Administrative Service officer, has taken over from Shaktikanta Das, who was among the longest-serving RBI Governors.

The thinking seems to be that an officer from North Block who is appointed at Mint Street would lend a more sympathetic ear to the government's concerns. Malhotra's appointment comes at a critical juncture when the government is hoping for a rate cut to jump-start economic growth that slowed to a lower-than-anticipated 5.4% in the second quarter of financial year 2024-25. Gross domestic product (GDP) is now widely seen to grow at a lower rate in the current fiscal than the the previously estimated 7%.

Until now, the RBI's Monetary Policy Committee, which Malhotra will now chair, has stuck to its goal of inflation targeting and bringing the stubbornly high retail inflation within its tolerance band of 2% to 6%. Das, in his last media interaction as Governor, underlined that growth is impacted by a multiplicity of factors, not just the repo rate. The very next day, Malhotra, in his first address as RBI Governor, listed out "stability, trust, and growth" as the core focus of the RBI while underlining that India's growth trajectory must continue and RBI will play a key role in fostering it.

Malhotra was known in New Delhi for his calm approach and measured words. Analysts in Mumbai are hopeful that he will be more dovish in his stance, especially after recent data pegged retail inflation at 5.48% in November, down from 6.21% in October. The RBI has kept the repo rate unchanged at 6.5% since February 2023, and analysts are hoping for a 25-basis point rate cut in the MPC meeting of February 2025.

"We maintain our call for a 25-basis point cut at the February

GOVERNORS OF LIBERALISATION

S. VENKITARAMANAN
22-12-1990 to 21-12-1992

C. RANGARAJAN
22-12-1992 to 22-11-1997

BIMAL JALAN
22-11-1997 to 06-09-2003

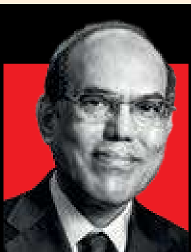
Y.V. REDDY
06-09-2003 to 05-09-2008

PHOTO BY **MILIND SHELTE**

NEW DYNAMIC RBI Governor Sanjay Malhotra was known in New Delhi for his calm approach and measured words

meeting, with cumulative cuts of 75 basis points in this cycle, keeping an eye on the US dollar and dollar liquidity," said Radhika Rao, Executive Director and Senior Economist at DBS Bank, in a recent note. She also pointed out that the composition of the MPC is due to change after three new external members joined in October, followed by the new Governor's appointment and a likely new Deputy Governor (Deputy Governor and policy hawk Michael Patra's term ends in January).

Srinath Sridharan, an independent markets commentator and corporate advisor, agrees that the RBI must carefully balance growth concerns with inflation risks. "The MPC is mandated to target inflation at 4% (+/- 2%) and cannot afford to prioritise growth for some segments at the expense of inflationary



D. SUBBARAO
05-09-2008 to 04-09-2013

RAGHURAM RAJAN
04-09-2013 to 04-09-2016

URJIT R. PATEL
04-09-2016 to 11-12-2018

SHAKTIKANTA DAS
12-12-2018 to 10-12-2024

pressures on others," he says.

But beyond this very obvious issue, several other equally pressing matters await Malhotra's attention. The Indian rupee, which has been depreciating steadily, now faces more pressure as Donald Trump takes charge as the next US President in late January 2025. From 63.04 against the US dollar on December 31, 2014, the Indian rupee has depreciated to 84.92 as of December 17, 2024. CareEdge Ratings expects the rupee to trade around 84 by the end of FY25 and between 84 and 86 by the end of FY26.

This is not all.

Trump's victory has also brought Bitcoin back into the spotlight. The cryptocurrency recently surpassed the $100,000-mark, delivering an extraordinary return of around 130% since the start of the year. This rally is largely attributed to Trump's pro-crypto stance.

However, Trump's promise to transform the US into "the crypto capital of the planet" and establish a "strategic reserve" of Bitcoin has reignited debates in India. Das had consistently warned against cryptocurrencies, calling them a "huge risk to financial and monetary stability".

Overleveraging by households is another major challenge for Malhotra, as unchecked debt accumulation risks undermining financial stability and jeopardising the economic prospects of India's youth.

India's net financial household savings rate has plummeted to 5.3% in FY23, the lowest in 47 years, down from 7.3% in FY22. This steep decline is largely attributed to a surge in household borrowing, which has eroded savings as debt liabilities mount.

Rajeev Jain, MD of Bajaj Finance, mentioned in a Q2FY25 earnings conference call that customers with three or more live unsecured loans are showing a higher propensity to default and, in general, exhibit lower downstream collection efficiencies.

Regulations and the agility with which the RBI takes decisions are other key points to watch, particularly as defaults in the microfinance sector have shown an uptick. Das was known for acting swiftly at the first sign of froth in the sector.

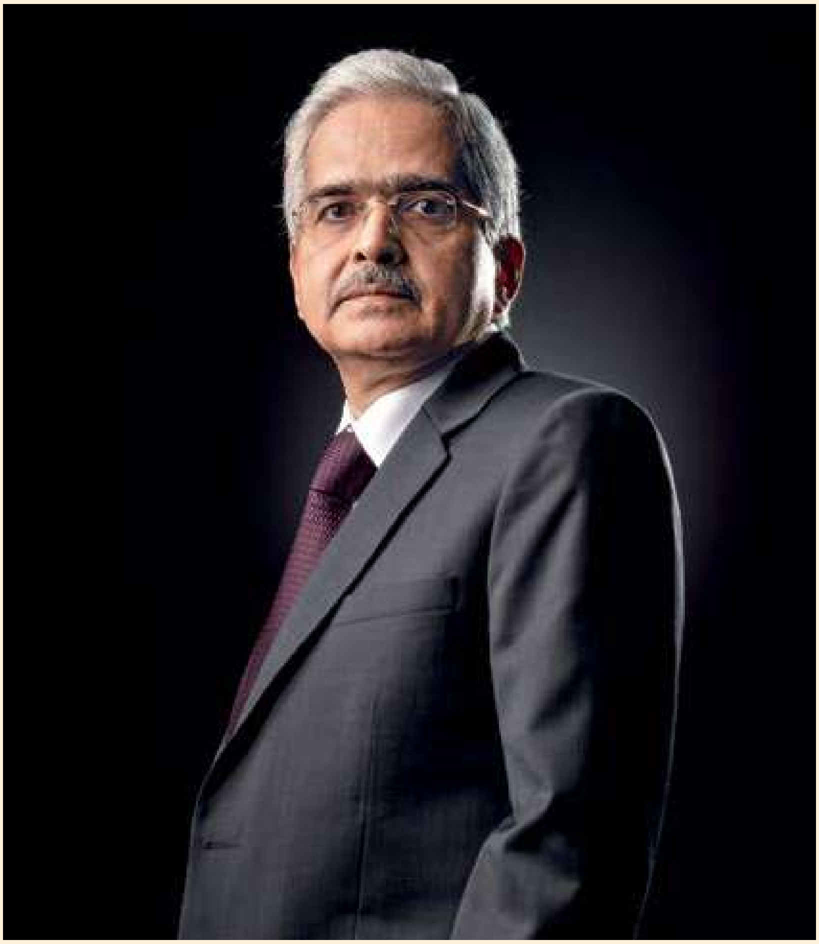
Sridharan sums up the agenda for Malhotra. "The RBI faces several critical challenges. These include scaling up Indian banks to achieve global competitiveness, particularly as bank balance sheets have been strengthened under the leadership of Shaktikanta Das," he says.

Furthermore, with the rapid evolution of emerging technologies, the RBI must focus on regulating their use by its regulated entities. This will require the central bank to build internal capabilities and strengthen its supervisory frameworks to keep pace with technological advancements.

Clearly, a rate cut is just one of the issues in front of Malhotra, whose plate is already full at the start of his three-year term. His predecessor, Das, was known for performing a balancing act and managing political expectations. Malhotra, too, will have to walk this tightrope. BT

@surabhi_prasad, @teena_kaushal

PHOTO BY **BANDEEP SINGH**



STABILITY Former RBI Governor Shaktikanta Das had one of the longest tenures at the head of the central bank

BIRLA OPUS

War Paint

Birla Opus Paints' big-bang entry has already started hurting the incumbents. Analysts warn that smaller players may be impacted the most

BY **ARNAB DUTTA**

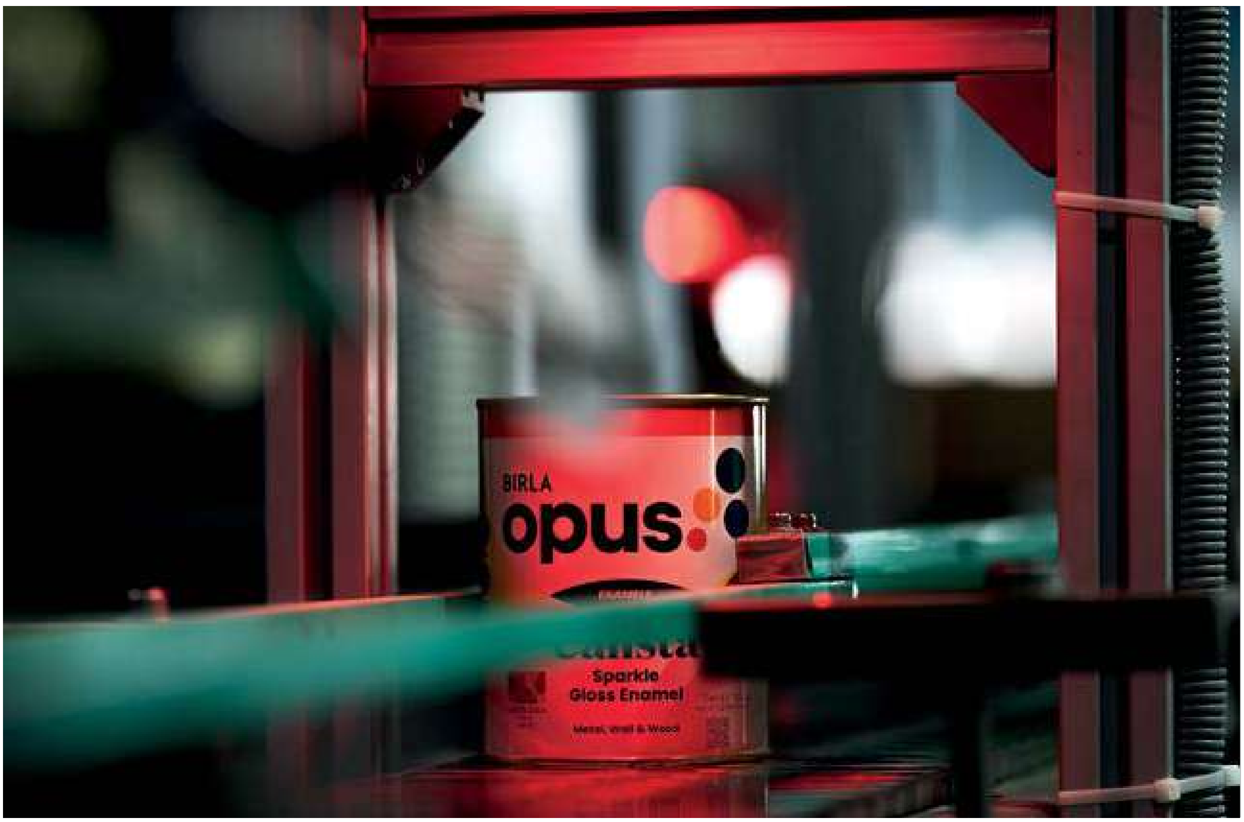
BIRLA OPUS PAINTS, one of the newest ventures from the stable of billionaire businessman Kumar Mangalam Birla, appears to have made an instant impact. The paint brand, which was launched in early 2024, is now fighting with well-established players like Asian Paints and Berger Paints.

The decorative paints company is housed under the ₹1.31 lakh crore Grasim Industries, a global producer of cellulosic fibres, diversified chemicals, fashion yarn, and fabrics.

4,300

TOWNS BIRLA OPUS PAINTS IS PRESENT IN. IT IS LOOKING TO INCREASE THAT TO 6,000 BY THE END OF THE FINANCIAL YEAR

The new entrant has demonstrated high levels of aggression, and with the commencement of production at its fourth plant (in Karnataka's Chamarajnagar), it claims to be the second largest in the decorative paints segment in terms of capacity, pegged at 866 million litres per annum (MLPA). The other plants are located in Ludhiana (Punjab), Panipat (Haryana), and Cheyyar (Tamil Nadu).



"We are focussed on accelerating our growth trajectory with a strategic approach to capital expenditure, capacity expansion, and market penetration. We are poised for significant scaling over the next few years," Rakshit Hargave, CEO of Birla Opus Paints, tells *BT*. The company has set itself an ambitious target of reaching ₹10,000 crore in revenue within three years of full-scale operations. "It reflects the ambition and scale of our vision, and we are committed to delivering the biggest launch by any paint company globally. Our target capacity of 1,332 MLPA will position us as one of the largest players in the industry," says Hargave.

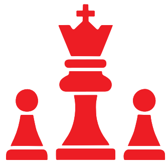
The investment commitment for the foray is ₹10,000 crore, of which around ₹8,470 crore, or 85%, has been earmarked for capex spend. "With this investment, we are positioning ourselves to become the No. 2 brand in the Indian decorative paints sector, a target that is both ambitious and achievable," Hargave adds.

The growth in capacity will need to be augmented through stronger distribution. According to Hargave, Birla Opus is "rapidly expanding its market reach too," having already established a presence in over 4,300 towns with a road map to reach 6,000 by the end of the financial year.

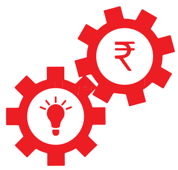
The aim is to build the second-largest dealer network within the first year of operations and continue engaging with various touch points in the ecosystem. "We will also increase our network of depots to over 150 by the end of this year. Our goal is to have a strong presence in every city, particularly those with a population over one lakh (100,000), and to ensure the availability of our products across all corners of the country."

Birla Opus' entry has shaken up the competition. The largest player, Asian Paints, which accounts for about half the market, has had a very challenging couple of quarters.

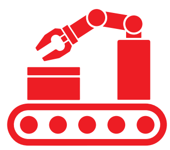
THE PAINT SHAKE-UP



Within months of venturing into the decorative paints market, Birla Opus has emerged as one of the largest players



The Aditya Birla Group company has rapidly expanded its production capacity to 866 million litres per annum (MLPA)



With a fifth facility on the cards, it plans to scale annual production to 1,332 MLPA

Competitors like Asian Paints and Berger Paints are feeling the heat

Analysts tracking the sector at Geojit Financial Services say the combination of a muted demand scenario and an aggressive Birla Opus have been the key reasons. "Due to increasing competition intensity with the entry of the new player, the overall industry may experience a shift in cost structure and market share," they said in a recent report.

Asian Paints reported faltering volume offtake in the September quarter for the first time in over a decade, not counting the lockdown during the pandemic. In the July-September quarter, its net profit plunged 42% year-on-year to ₹695 crore. Revenue declined 5.3% to ₹8,003 crore. In the last year, the stock has dipped over 25%—it fell 15% just between early November and December.

KR Choksey Research, too, has pointed towards margin headwinds from heightened competitive intensity, which is expected to put pressure on earnings despite revenue growth. It expects Asian Paints' earnings to remain at "lower-than-expected levels in the near term".

Abhijit Roy, CEO of Berger Paints, the second-largest player, told investors at a recent post-earnings call that Birla Opus has installed a large number of machines and made persistent efforts in terms of wooing customers and dealers. "We have lost about 1.5% of our growth, as compared to the 2.5-3% loss that I had estimated." Berger holds about 20% of the local decorative paints market.

The hit will be felt the most by smaller players. InCred Equities said in a report that though Kansai Nerolac's urban demand remains firm, it may feel the pinch as Birla Opus aggressively steps up its distribution reach and Berger invests in increasing its penetration in urban markets.

The battle has just begun, and it looks to be a long one. **BT**

@arndutt

ILLUSTRATION BY **RAJ VERMA**

AKZONOBEL

Heading for the Exit

As the competition intensifies in India's paint industry, Dutch firm AkzoNobel is looking to become a minor partner to an established player

BY **KRISHNA GOPALAN**

▶ **WHEN DUTCH PAINT** company AkzoNobel said in the third week of September that it was planning to cut 2,000 jobs globally, the signs looked ominous. Just a few months before that announcement, the paint company, which is known for the Dulux brand, had closed plants in Ireland, the Netherlands, and Zambia.

Soon after that there was a review of its decorative business in South Asia. Of course, that included India as well, where AkzoNobel has a 5-6% market share (it has been in India for 70 years through various rounds of ownership), with nimble-footed local players only getting stronger. Asian Paints remains the largest, followed by Berger Paints, and then there's Birla Opus' aggressive launch, which has only put more pressure on smaller players.

SALE PRICE
Media reports have indicated an asking price of $2.5-3 billion (at least ₹20,000 crore) to buy out AkzoNobel in India, and new players could be interested. The company is known for its Dulux brand

The question is, what options are being considered in India, which forms the company's regional presence along with Pakistan, Sri Lanka and Indonesia? Gregoire Poux-Guillaume, AkzoNobel's CEO, in a call with analysts, spoke of markets with more natural consolidators and how the company was "happy to be a minority partner or exit altogether".

Speaking about Birla Opus' entry and Asian Paints "solidifying its position" he believed that "it is a good time to have conversations with the various market players to see how we can contribute a winning hand" before going on to say that AkzoNobel "is open to being a junior partner to a company which has a larger distribution network than itself".

Industry executives say a potential sale could see higher levels of interest from newer players like JSW, Birla Opus or even Adani (since paints complements the cement business). Media reports have indicated an asking price of $2.5-3 billion (at least ₹20,000 crore) to buy out AkzoNobel in India. The market capitalisation is around ₹16,500 crore and for FY24, revenue was ₹4,000 crore with a net profit of ₹427 crore. That steep price tag could prove to be a hitch.

"Obviously, they are not in great shape globally. In the case of India, it is surprising they did not look for options earlier," says Mahesh Singhi, Founder & MD of Singhi Advisors, an M&A advisory firm. In his view, firms like JSW and Birla Opus had a small or no presence in paints three years ago. "Now, with a brand portfolio and good distribution, they will need a very good reason to look at AkzoNobel." BT

@krishnagopalan

Lending an Experienced Hand to Enterprise and the Socially Vulnerable

The visionary, Dr. Anil Kumar, CEO and Chairman of Ankita Group of Companies, has a chequered entrepreneurial growth story from humble beginnings to emerge as a power to reckon with in the international market with its versatile portfolio in diverse sectors, including Agro, Healthcare, and Grocery items.

Dr. AniL Kumar
CEO and Chairman of Ankita Group

Empowered with envious accomplishments in academics and an indomitable spirit to succeed, Mr Anil Kumar, has proven that anything can be achieved if you are focused, ready to work hard, and are ethical. Success is bound to follow. His impressive educational qualifications of MBA, Master of Arts degree, and the distinguished title of Doctor of Philosophy in Management from KEISIE INTERNATIONAL UNIVERSITY in South Korea and an Honorary Doctoral award from the Confederation of International Accreditation Commission (CIAC), acknowledge the humble man's brilliance and incredible body of work. From a middle-class family to becoming the CEO and Chairman of the Ankita Group of Companies, the journey has been eventful and more surprises are in the offing.

The destiny of Dr Anil Kumar took a turn when he embarked on his entrepreneurial journey in 1998-1999, with marginal financial backing to launch Healthmax Pharma, venturing into the healthcare sector. But the decisive and a turning point in his life came during a business tour to African countries for exploring business opportunities where he bagged an initial export order of $5000 for groceries, marking audacious moment and no turning back ever. Today, the company has grown extensively with presence across more than fifteen Asian, African, Eastern European, and CIS countries.

The 2000's was the beginning of an era of start-ups with many players trying their luck at succeeding in the ventures launched by them. As the vertical of start-ups was still raw and loose ends the initial pick-up was slow. However, the momentum gathered as a more start-up friendly eco-system was coming-up bringing with it many unique concepts and talent in the world of enterprise believed to have the power to transform the socio-economic landscape of the nation. Investment and a level playing field were still a pain-point, which few enterprises could overcome and one such company which made it big was Ankita Overseas led by Dr. Anil Kumar, an inspiring business magnate. Today, the company's name is synonymous with high benchmarks in quality and incomparable services. At the core of Ankita's export business lie the welfare of farmers, where under Dr Kumar's guidance, a channel for marketing their produce became a reality. Today, the company purchases a variety of high-quality agricultural produce, including foxnuts, lychee, and rice, directly from farmers at a fair price and then sells them on the global market. Today, these goods are available in about 43 different variants the world-over, particularly, Africa and the Middle East, where these products are in demand.

A prodigy, who started young, Dr. Anil Kumar's incredible accomplishment in the corporate world is acknowledged by several accolades including the recognition by National Education and Human Resource Development Organization, which awarded him the Rashtriya Udyog Ratha Award in 2011. Recently, he was also honoured with the Eminent Personality of the Year Award at the Global Achievement Business / Education / Healthcare Awards 2022. These awards have furthered inspired Dr Kumar to move forward to cover new bastions with his focused vision and an insatiable drive to explore and venture into new global markets. His diligent and aggressive approach to grow as the world's leading name in business, has a higher purpose - love for his country. Through his businesses, Dr Kumar aims to earn substantial foreign currency for India apart from creating employment opportunities for the youth. In the current fiscal, Ankita Group of Companies is set to achieve a whopping $100 million turnover, which will catapult the company to greater heights.

An unassuming man, Dr Kumar, understands the aspirations of the common man and looks for opportunities to make a positive impact on society. To accomplish his social responsibilities and commitment, the kind entrepreneur started an NGO called the Maheshwar Laxmi Memorial Foundation. The Foundation is dedicated to empower women through education and skill training. Another cause that is close to his heart is the welfare of war widows, disabled and retired defence personnel, and their dependents. He uses his resources and contacts for helping them with resettlement and providing access to government schemes. His philanthropic efforts during the Covid pandemic was praise worthy when he financially supported many people during the lockdown. Dr Anil Kumar is deftly steering the company through dynamic times while staying firmly rooted to reality with compassion for society.

Q&A

"India's role in tech, particularly in AI, to be pivotal"

Hemant Taneja, CEO of General Catalyst, on the emerging opportunities in India, the investment firm's future path, and more

BY **KARISHMA ASOODANI**

GENERAL CATALYST *is a prominent early-stage investment company with investments in companies like Stripe, Snap, and Airbnb. In an exclusive interview with* Business Today, *CEO Hemant Taneja, shares his insights on the evolving investment landscape in India. He discusses how the firm is transitioning from a venture capital focus to a broader role as a global investment and transformation company. Edited excerpts:*

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General Catalyst (GC) has evolved into a global investment and transformation company. How do you see your company?

We describe ourselves as a global investment and transformation company. At our core, we still focus on early-stage venture capital. This year, we acquired Venture Highway in India and a similar firm in Europe. We aim to create companies not just for local markets, but for global ones as well, including through leveraging advanced technologies like AI.

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How significant is General Catalyst's investment in India?

We've been investing in India for years and see it as an exciting market. The opportunity here is incredibly compelling, especially in sectors like fintech, healthcare, energy, and software development. We started investing in India before the pandemic, with a long-term focus on the country's potential to scale globally.

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What are the emerging sectors in India that you believe will do well?

Our primary focus is on the evolving opportunities, including healthcare, defence, energy, industrials, and consumer services. Beyond that, we are excited about India's potential to create software companies that can compete globally, especially leveraging AI to serve both local and international markets.

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India is emerging as a geopolitical power. How do you view its role in the global investment ecosystem?

India is a fast-growing economy, and its alignment with the West—especially in terms of values and technology—positions it as a key player. As India becomes a tech power, I foresee a unique collaboration with the US and Europe, especially in creating opportunities in sectors like software and AI. India's role in technological innovation, particularly in AI, will be pivotal.

"POLICYMAKING IS CHALLENGING EVERYWHERE, NOT JUST IN INDIA, BUT I AM IMPRESSED BY INDIA'S PROGRESS"

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Can you draw any parallels between India's technological growth today and China's technological rise?

India has the same high-growth potential that China had in the past two

decades, but with one key difference: India's growth is grassroots and entrepreneurial. China's rise was top-down, while India's innovation is driven by a rising generation of ambitious entrepreneurs. India's opportunity spans infrastructure, communications, and software.

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What is your view of India's emerging start-up ecosystem?

The Indian start-up ecosystem is incredibly exciting. We've seen companies like CRED and Zepto make an impact. What stands out is the entrepreneurial ambition, with many founders thinking about global opportunities while building for the Indian market. The models emerging here are distinct from the West, often more innovative and tailored to local needs.

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How do you approach investment decisions, particularly for technology-driven start-ups?

When evaluating investments, the first thing I focus on is the people—their motivations and insights. While technology is essential, it's not technology alone that makes a business exciting. What matters most is the team's vision and ability to leverage technology to create economic value. We always look for companies where technology amplifies business impact.

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GC is known for fostering responsible innovation. How does that influence your investment philosophy?

We believe the best investments come from companies that serve society's long-term interests. Responsible innovation ensures that businesses are inclusive, sustainable, and ethical. It's about building companies that have a positive impact on all stakeholders, which is crucial for creating resilient, enduring businesses. We view this mindset as essential for achieving superior returns.

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Do you think India's policymaking process could be improved to better support entrepreneurship?

Policymaking is challenging everywhere, not just in India, but I am impressed by India's progress. While policy design is always complex, India is making meaningful strides.

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What are General Catalyst's views on India's efforts towards inclusive capitalism?

India's focus on uplifting Tier II and Tier III cities is an exciting opportunity. The best businesses will cater to the broader population, not just the affluent. Products and services designed for the bottom of the pyramid will have enormous market potential, and India's future businesses will likely emerge from this inclusive growth model.

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GC has a keen interest in the healthcare sector. What are your plans in the coming years?

In the US, we are already driving healthcare transformation, working with top health systems to create a proactive, affordable, and accessible healthcare model. We're looking at how we can drive similar innovations in India, particularly in improving healthcare access. BT

@tweettokarishma

Transforming India's BFSIs with Robust Digital CCM Platform

Carrying forward a legacy that dates back to 1959, Mr Amit Sawhney, heads India's leading Customer Communications Management (CCM) solutions provider as CEO, FCI CCM, headquartered in Noida, India. Gifted with sharp business acumen, strategic skills, and taking calculated risks, Mr Sawhney, believes in the philosophy of continuous change and to adapt with evolving times. This winning combination helped him build a business from a photocopy shop to one of the largest transaction print and mail provider to now an innovative CCM and digital data products company.

Amit Sawhney
CEO, FCI-CCM

What prompted you to go into the business of digital Customer Communications Management ?

Traditionally, we were completely into print and it was a question of survival for us because print was declining. I noticed the writing on the wall and upgraded our business offering with the demands of time. We were agile to leverage this change transitioning from a copy shop to transactional print and now a tech business. The new age digital business required a completely new skill set, but we sustained with the support of a smart and dedicated team. Post Covid, is when we really started putting our energies around technology growing from a humble team of 5-7 people to a strength of 250, in the last four years. Today, FCI, is India's leading omnichannel CCM solutions provider majorly to BFSIs i.e., Banking, Insurance, and Financial Services, besides some utility and healthcare services.

How is CCM proving to be an asset to your clients?

To put in lay man's words, the transaction updates, payments reminder messages that come to you on your mobile, or when you open the mobile app to get documents like bank or credit card statements or tax certificates and so on, this flow of communications between the institution and the consumer is facilitated by FCI's digital CCM platform.

Earlier, companies developed their own tools in-house, which were inadequate to cater to all communications spanning across channels and devices including WhatsApp, e-mails, etc. They had separate applications for every channel leading to a mesh of applications without any central hub, resulting in a broken experience for the customers, loss of time, resources and opportunities and data security threats. This is where we step in as a provider of a central communications hub to unburden our client's problems.

What efforts do you invest towards enhancing client experience?

The solutions that we have developed have been co-created with our clients. They operate both on their own data centres as well as on their private cloud. Our objective is two-fold. One, sharpen the experience of their customers by trying to ensure that communications are as omnichannel, and as real-time as possible. Second, our long-term vision is to be the strategic partner to our clients to help them grow their revenue through our solutions. If we succeed in leveraging the huge amount of data that our BSFI clients have, we can create a huge amount of value addition for them by giving insights that the clients do not know exist.

What is the gap that still exists out there which you want to venture into?

Despite our chequered history, we are still a very young and dynamic organization. There is a veritable mine of opportunities out there to explore and we have just scratched the surface! Our print and mail business was confining us within the India market, but after going digital and evolving the product, geographical boundaries are no more a limiting factor. We have already started operating in foreign markets like the Middle East (Qatar and the UAE), the US, and Hong Kong. The engagements are small as of now. As our product matures, we see ourselves grow in a lot of other global markets.

How are you leveraging AI technology to excel in product development?

It's a road map that we have embarked upon. The kind of data that touches our platform is so granular in nature and if we are able to use AI well, the solutions that we are building will be able to predict a lot of useful outcomes for our business and our clients. AI is able to churn huge data and sift information showing us a predictive behavioural pattern/road map of an end customer of a financial institution. This will enable them to recommend new products and services in a hyper-personalised manner replacing the one-size-fits-all approach.. We are laying much emphasis on data science and AI, which will play an impactful role in our business in the times to come and is here to stay.

What do you envision with the great digital churn happening in India in terms of strengthening the economy?

As the digital penetration in the country grows, consumers will continue to expect better digital experiences. Today, their expectations are shaped by the new-age digital platforms, like Amazon, Facebook, Spotify, Snapchat, etc.; and they demand similar experiences from financial institutions.

Experience drives trust and loyalty. A robust CCM solution helps financial institutions inform, engage, and educate their customers based on their needs and choices by leveraging data. This relatable (hyper-personalized) experience will encourage them to save, borrow, insure, and invest more and better with their banks and insurers. Which will at once positively influence their financial behaviour as well as benefit the institutions. Thus, CCM has a great role to play in enhancing the country's financial inclusion.

What is the scope of CCM panning out in the next couple of years?

Customer Communications is the backbone of customer experience. The buzz around customer experience started in India only a decade ago and until then it was a sub-optimum experience that they were compelled to put up with. With changing customer expectations, BFSI sector has just started playing the catch-up game.

Data is the new oil. The future of CCM lies in effective mining of data. If we develop good products and help financial institutions deliver tangible value for their customers, there will be many takers of our products which can take us across geographies.

It's exciting time for us to be in this unique business and for us being in India building a business like this. BSFI's are more robust abroad but on the tech side of things India has the upper hand.

What role can the government play in terms of ease-of-doing business for CCM companies?

Currently, the bulk of our business is in the private sector, but there is huge business potential in the public sector banks, and insurance companies where the government can proactively involve companies like FCI in policy making that supports and would enhance more inclusion in the entire gamut of CCM companies, BFSI and end customers. We recently bagged a project of a leading public sector Insurance company. Our aspirations too have grown markedly, which looks at the world as a large arena to explore and play. Our focus is to become globally the number one!

With your business growing manifold, what are FCI's expansion plans in terms of infra?

We already have facilities for physical print and mail in Gurugram, Navi Mumbai, Chennai and Kolkata, but our flagship Noida-based company office is mainly for the tech side of our business. As we have outgrown our Noida office, a 150-seat newly constructed office has been built on our Navi Mumbai premises. We also have office space in Vikhroli, Mumbai. We are looking at a two-location split between Mumbai and Delhi-NCR. As all our customers are based out of Mumbai, it will be a marketing and client interaction centre, while Delhi-NCR headquarter will be the strategic innovation centre.

AT A CROSSROADS

BANKS ARE FACING CHALLENGES ON BOTH SIDES OF THE BALANCE SHEET—ASSETS AS WELL AS LIABILITIES—WHICH ARE PUTTING PRESSURE ON MARGINS. THE 29TH *BT*-KPMG SURVEY OF INDIA'S BEST BANKS AND NBFCs CELEBRATES INSTITUTIONS THAT HAVE THRIVED AND EXCELLED DESPITE THESE CHALLENGES

BY **ANAND ADHIKARI**

ILLUSTRATIONS BY **NILANJAN DAS**

IN A FINANCIAL services landscape fraught with interest rate and liquidity risks, India's banking sector currently finds itself at a crossroads. The sudden decline in the share of low-cost current account and savings account (CASA) deposits is forcing banks to rethink their strategies. To attract funds, these lenders may need to raise deposit rates—a move that risks narrowing net interest margins (NIMs) and squeezing profitability. Simultaneously, surging unsecured loans now face tighter capital requirements from the Reserve Bank of India (RBI). And the micro-loans segment—once seen as a goldmine of fresh credit—is grappling with rising delinquencies, signalling a turning credit cycle. The stock market valuations of banking, financial services and insurance (BFSI) players, too, have corrected in a big way with the sector underperforming in the market.

This is the high-stakes environment in which banks and non-banking financial companies or NBFCs often operate as cycles turn, where navigating a delicate balance between growth, cost efficiency, and customer service becomes the key differentiator. There are some players that have not only endured these headwinds but have excelled. The *BT*-KPMG Survey of India's Best Banks and NBFCs for 2023-24 shines a spotlight on these stars of resilience and innovation, celebrating their

CELEBRATING THE C

JURY WINNERS

BANK OF THE YEAR
ICICI Bank

LIFETIME ACHIEVEMENT AWARD
Dinesh Kumar Khara, Former Chairman, SBI

BEST BANK IN INNOVATION
SBI

BEST BANK IN TALENT & WORKFORCE
Axis Bank

BEST NBFC IN INNOVATION
Aditya Birla Capital

BEST NBFC IN TALENT & WORKFORCE
Mahindra Finance

BEST FINTECH IN PAYMENTS
MobiKwik

BEST FINTECH IN VALUE-ADDED SERVICES
Jocata

BEST FINTECH IN LENDING
Oxyzo-OfBusiness

CHAMPIONS

BT-KPMG QUANTITATIVE WINNERS

BEST LARGE INDIAN BANK
ICICI Bank

BEST MID-SIZED BANK
Bank of Maharashtra

BEST LARGE FOREIGN BANK
JP Morgan

BEST SMALL BANK
Karur Vysya Bank

BEST SMALL FINANCE BANK
Ujjivan Small Finance Bank

BEST LARGE NBFC
Bajaj Finance

ability to redefine excellence in the face of adversity. (*See graphic 'Celebrating the Champions'*).

THE CHALLENGE OF LIABILITIES

There has been sluggish momentum in mobilising deposits by banks—and this has been a result of multiple challenges. These include a slowdown in the economy (the RBI has projected a lower GDP of 6.6% in FY25); delayed government spending during elections; and other liquidity challenges in the economy. The buoyancy in the stock markets after the pandemic has also attracted young savers to equity and mutual funds because of higher returns, further aggravating banks' struggles in mobilising deposits.

Naveen Kulkarni, Chief Investment Officer at Axis Securities PMS, says banks have sharpened their focus on deposit accretion to support the credit growth buoyancy. "In the quarter gone by, the pace of deposit growth has improved, with growth led by both CASA and term deposits (TDS). We believe banks will continue to focus on deposit mobilisation and eventually credit and deposit growth will align," he explains.

Akshay Gupta, Managing Director & CEO of Prime Research & Advisory, doesn't believe that there is any structural challenge for banks to mobilise deposits. He explains that banks have headway to increase deposit rates, if required, as the rates have lagged the 250-bps hike in repo rate—the rate at which the central bank lends money to commercial banks. While it may seem that bank deposits are currently less favoured compared to other asset classes, specifically equity mutual funds that grow at faster rates, "equity mutual funds and bank deposits are not comparable as both cater to different needs, time horizons and risk appetites", says Gupta.

Former SBI Chairman Dinesh Kumar Khara, who is the winner of this year's Lifetime Achievement Award, has a different take. "When it comes to deposits, it's not that deposits aren't available—they are, but at a price. This is tied to the choices depositors make. Some prefer safer options with no risk, while others are willing to take risks and allocate their savings to market-linked products," he explains.

ASSET-SIDE CHALLENGES

In November 2023, RBI decided to curb the growth in unsecured lending, especially personal loans and credit cards, by increasing the capital requirement. It also restricted the capital flow from banks to NBFCs. As the high growth in riskier unsecured loans slowed down subsequently, then RBI Governor Shaktikanta Das mentioned that the central bank's endeavour was to smell a crisis early and act on it. "...not taking any action on the unsecured lending front would have created bigger problems," Das had said.

The stress in the microfinance (MFI) portfolio has also been visible across lenders that have considerable exposure to the segment, be it NBFC-MFIs, small finance banks (SFBs) or larger banks. This is partly attributed to a K-shaped recovery in the economy and probably liberal underwriting by some lenders. In fact, SFBs are the worst affected even as they are diversifying their books to include more secured loans. Kulkarni of Axis Securities PMS says the stress is not just from the MFI portfolio.

Banks are struggling to get low-cost current and savings account deposits

There is stress in micro-loans, which have shown deterioration in asset quality

Unsecured loans, which give high yields, are under the scanner of RBI, the regulator

Corporate banking is yet to pick up in the country

Investors are still cautious about banking stocks and their valuations are stagnant

"It is visible in other unsecured portfolios such as credit cards and personal loans. However, the asset quality in other secured segments and corporate portfolios continues to hold up well," Kulkarni says.

Gupta of Prime Research & Advisory says the impact is also on select full-scale banks, apart from SFBs and NBFC-MFIs. "The impact appears limited to the micro part of the MSME portfolio; small and medium enterprises are better off," he explains.

THE IMPACT ON RETURNS

Generally for banks, it has always been the changes on the assets side that have impacted returns, because of underwriting of bad credit. But this time around, the liabilities side challenges have also started erupting, which is building pressure on NIMs. Will the deposit challenge and stress in select portfolios affect the banking sector's NIMs?

"My sense is that because it's a highly competitive space, nobody could be permitted to have super normal profits, which means that the NIMs will be range-bound," says Khara. (*Read a detailed story on the former SBI chairman, who has won the Lifetime Achievement Award this year, on page 38*).

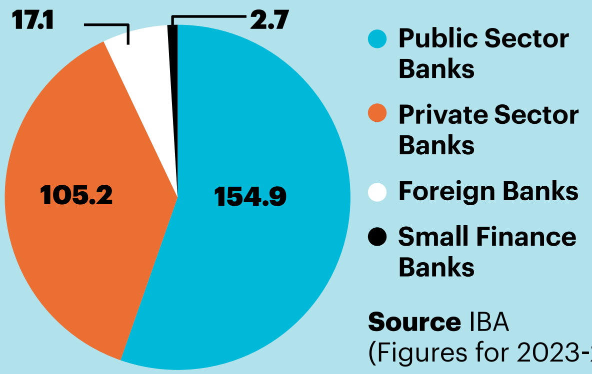
"We believe margins for banks, ex-SFBs are likely to have largely bottomed-out and should stabilise hereon, with Cost of Funds (CoF) having peaked out. We expect slippages from the troubled segments to continue to remain elevated in H2; however, the impact on NIMs may not be very significant," says Kulkarni of Axis Securities PMS.

He, however, believes that for SFBs, NIM compression will continue primarily on the back of a shift in the portfolio mix towards secured products and from elevated slippages from the MFI portfolio.

VITAL STATS

Private sector banks catching up fast...

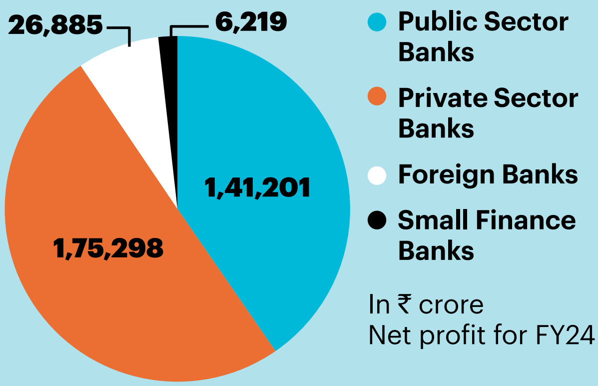
TOTAL ASSETS
(IN ₹ LAKH CRORE)



Source IBA
(Figures for 2023-24)

...they also rule in terms of profitability

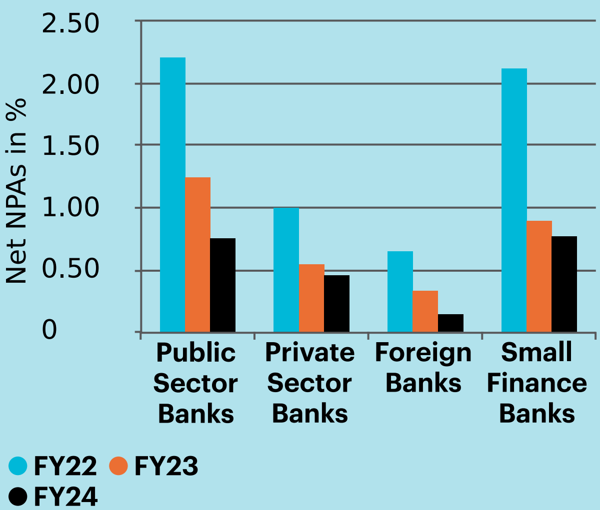
NET PROFIT



In ₹ crore
Net profit for FY24

SFBs have the highest delinquencies

NET NPAs



Source IBA

"The deposit challenge not being structural, we do not feel there is an imminent impact on NIMs of the banking sector. Having said that, banks that are innovative and efficient will be able to deliver better in the event of compression of NIMs," says Gupta of Prime Research & Advisory.

THE DIGITISATION RISK

The surge in digitisation volumes, digital journeys for personal, auto and home loans, and API integrations with hundreds of fintechs bring with them a host of risks like cybersecurity threats, data breaches and hacking. "Now, with more and more things moving to the digital platform, your risks also increase because the entire risk landscape is shifting to digital operations, with IT-related risks. It's a reality. So, you have to invest in the technology side of it," says an RBI official who declined to be named.

"The dependence created by the use of third-party APIs can lead to other risks such as system vulnerabilities, outages, and deterrence from the service levels agreed upon. Also, increased anxiety over consumer privacy coincides with increased data sharing, which can be misused or abused directly," says Shams Tabrej, CEO of fintech firm Ezeepay.

"Cybersecurity is a shared responsibility. Banks must protect systems, educate customers, and continuously upgrade protocols to stay ahead of cybercriminals. However, customers also play a critical role by safeguarding their credentials against evolving social engineering tactics," says Khara.

Tashwinder Singh, CEO and MD of Niyogin Fintech Limited, says a significant concern is the potential for widespread system failures due to overreliance on interconnected digital systems and third-party APIs, where a single vulnerability could cripple multiple services.

"As innovation surges ahead, regulatory frameworks struggle to keep pace, leaving consumers vulnerable in many sectors," says Singh.

Clearly, the banks have to be on guard in the current challenging and dynamic operating environment. In the pages that follow, read about some of the banks and NBFCs that have managed to do well despite the challenges. BT

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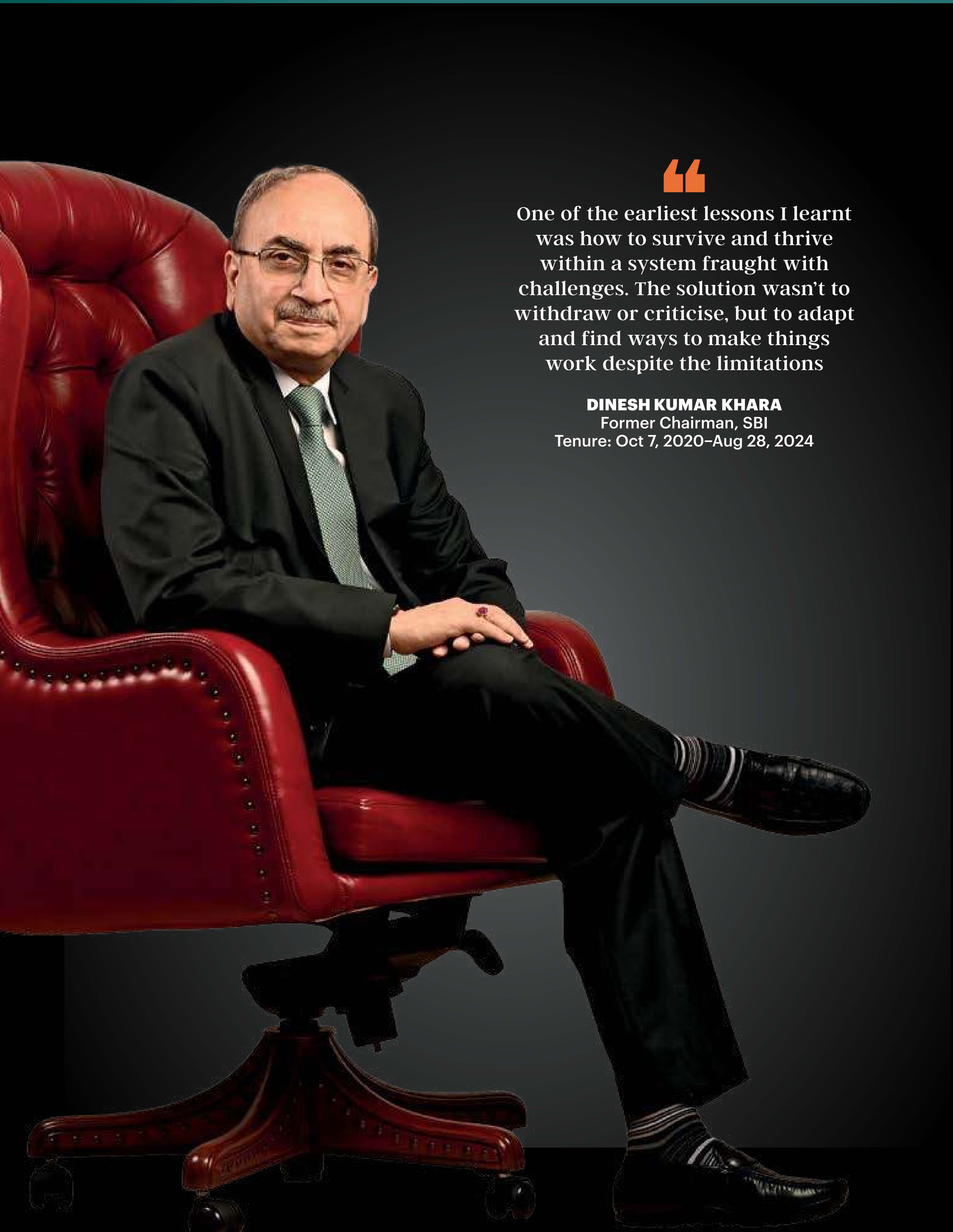

“One of the earliest lessons I learnt was how to survive and thrive within a system fraught with challenges. The solution wasn’t to withdraw or criticise, but to adapt and find ways to make things work despite the limitations

DINESH KUMAR KHARA
Former Chairman, SBI
Tenure: Oct 7, 2020–Aug 28, 2024

FROM CRISIS TO TRIUMPH

Dinesh Kumar Khara stewarded SBI through multiple challenges during his tenure, while ensuring that profits tripled, productivity soared, and the bank consolidated its global standing

BY **ANAND ADHIKARI**

PHOTO BY **MILIND SHELTE**

DINESH KUMAR KHARA stepped into the corner office of State Bank of India (SBI) in October 2020, just before he confronted one of the toughest challenges of his career—the devastating second wave of Covid-19. At that time, SBI faced a range of challenges, particularly concerns about how the balance sheet would appear in light of the lockdowns.

"Maintaining employee morale and ensuring uninterrupted services in every corner of the country were significant priorities. The approach was collaborative, involving team members and recognising their contributions while aligning them with the organisation's purpose," says Khara, who demitted office in August this year.

True leadership shines in times of crisis, and Khara's leadership skills were on full display during that challenging period. His major focus was on asset quality, which was a recurring theme in all his communications to employees. "This wasn't limited to statements; support from the corporate centre played a crucial role in identifying pitfalls and high-risk geographies. The collaborative effort, coupled with a solutions-oriented approach, helped secure employee commitment and kept the organisation moving forward," says Khara.

The result: during the four years he was at the helm of the country's largest bank by assets, SBI's annual profit skyrocketed by 200%, from ₹20,410 crore in FY21 to a staggering ₹61,077 crore in FY24, while the net NPA plunged from 1.50% to 0.57% in the same period. In the last four years, the bank has earned a combined net profit of ₹1.63 lakh crore. The same for the 64 years before that was ₹1.45 lakh crore.

It's no surprise then that the jury of the *BT*-KPMG study unanimously chose Khara for this year's Lifetime Achievement Award. "Khara has always been a diligent professional who believed in delivering results," says Pallav Mohapatra, MD & CEO of Arcil and Khara's former colleague at SBI.

The higher profits also had a cascading impact on the stock performance. SBI's market cap rose from ₹1.75 lakh crore in FY21 to ₹7.23 lakh crore in FY24. But Khara is not very happy with the market valuations. SBI has a price-to-book (PB) ratio, a measure of valuation for lending businesses, of 1.80 times, whereas the same ratio is nearly double for ICICI Bank, at 3.47 times. HDFC Bank enjoys a PB of 2.89 times, and Axis Bank has 2.15 times. "When we evaluate the price-to-book ratio, it must be viewed in the context of the inherent strengths of the entity. The bank has immense strength in terms of its extensive network, which enables it to raise resources from every corner of the country," reasons Khara.

Under Khara's leadership, SBI maintained its position among the world's Top 50 banks by assets. According to S&P Global Market Intelligence's 2024 report, SBI ranked 47th globally, with HDFC Bank, India's largest private sector bank, at 74th.

Khara's journey at the bank started from Jaipur. With an MBA from Delhi University, Khara started as a probationary officer in 1984. Those days, bank jobs were among the most coveted, apart from the civil services. Khara's inclination was towards business and management.

Later, Khara was tasked with leading mergers and consolidation at the bank. SBI initiated the consolidation phase as far back as 2008, starting with the merger of Bank of Saurashtra. At the time, there was no guidance, no template—nothing to refer to. Despite this, Khara and his team not only ensured a smooth merger but also created a comprehensive white paper to guide future mergers for other banks. "It was a unique and pioneering assignment," says Khara.

The former SBI chairman studied previous mergers, including the PNB-New Bank of India merger, which involved a Supreme Court case, and the Air India-Indian Airlines merger. "By analysing their pitfalls, we devised strategies to avoid similar challenges, ensuring a seamless process," says Khara. This proved invaluable when he returned as an MD and was given the responsibility of merging all the associate banks, including Bharatiya Mahila Bank. "We focussed on making the merger smooth and painless while ensuring it created value for the bank," says Khara.

His big break came in November 2013, when he was sent as MD and CEO of SBI Mutual Fund. When he took charge, the entity, which had been stuck at approximately ₹60,000 crore in assets under management (AUM) for nearly a decade, underwent a remarkable transformation. "Within three years, the AUM had grown to ₹1.4 lakh crore. Today, SBI Mutual Fund is far ahead of its competitors," he says. Following this, Khara was brought back to SBI as MD of Corporate Banking & Subsidiaries in August 2016, where he initiated the synergies within the bank. Under Khara's leadership, two leading subsidiaries, SBI Cards and SBI Life, also tapped the capital market via the IPO route.

Towards the fag end of his career, Khara was working on a new version of the bank's digital banking platform, YONO, where it will be made more modular and faster in terms of processing.

Khara's ambition is to see SBI generating ₹1 lakh crore in profit after tax. In FY24, it was about ₹80,000 crore. It is likely to be a reality soon.

What after retirement? "I am exploring various options to re-engage in an active role after completing the mandatory cooling-off period," says Khara. The banking world will undoubtedly watch with great anticipation. BT

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THE REPORT CARD

SBI SCORES ON ALL PARAMETERS UNDER KHARA

Parameters	Sept '20	Sept '24
Net NPA	1.59%	0.53%
Cost to income	55.16%	48.51%
CASA	45.39%	52.79%
EPS (in ₹)	20.33	81.49
ROE	8.94%	21.80%
NIM	3.07%	3.14%
ROA	0.44%	1.13%

NOTE NPA IS NON-PERFORMING ASSET; CASA IS CURRENT ACCOUNT AND SAVINGS ACCOUNT; EPS IS EARNINGS PER SHARE; ROE IS RETURN ON EQUITY; NIM IS NET INTEREST MARGIN; ROA IS RETURN ON ASSET **SOURCE** SBI

THE OUTLIER

ICICI Bank is effecting a cultural shift to win over more customers. With a focus on service excellence and value-driven engagement, the strategy is delivering impressive results

BY **ANAND ADHIKARI**

BANK OF THE YEAR & BEST LARGE INDIAN BANK
ICICI BANK

KARMANYE VADHIKARASTE MA *phaleshu kadachana,*' this Sanskrit phrase from the Bhagavad Gita (it roughly translates to "You have the right to perform your duties, but you are not necessarily entitled to the fruits of your actions") seems to be the motto of ICICI Bank under Managing Director and Chief Executive Officer Sandeep Bakhshi.

Focussing on efforts and responsibilities rather than obsessing over results seems to have helped Bakhshi effect a complete turnaround at the bank, not just in terms of financial numbers but also in the way it provides its services.

Those efforts include the 'One Bank, One Team' strategy, through which ICICI Bank is making products simpler to understand, decongesting processes, and shunning hard selling. And it seems to be paying off. The bank has emerged as the Best Large Indian Bank in the *BT*-KPMG Survey of India's Best Banks and NBFCs. A high-powered jury chaired by Jayant Sinha also unanimously recognised its achievements by awarding it the Bank of the Year title.

At a time when the banking sector is finding it hard to mobilise deposits, the Mumbai-headquartered bank has emerged as an outlier, achieving the highest growth in low-cost current account and savings account (CASA) deposits in the *BT*-KPMG study (*see table on Page XX*). This crucial metric not only drives higher returns for the bank, but it is also visible in the growing market share and stable

PHOTO BY **HARDIK CHHABRA**

KEY INITIATIVES

- ICICI Bank is making a transformative change as it focusses on customer centricity
- Despite challenges, it achieved the highest growth in low-cost current and savings accounts in FY24
- Boasts the highest profit per employee among large Indian banks at ₹30 lakh
- Achieving substantial cost efficiencies through digitisation, resulting in the lowest cost-to-income ratio at 0.4%
- Maintaining the lowest attrition rate despite cross-functional roles
- Merged its retail and rural business groups into a single structure

deposits base of ICICI Bank.

What is fuelling this? Surprisingly, it's not higher interest rates on deposits or an aggressive branch expansion spree. Instead, ICICI Bank's edge lies in its unique strategy. "We don't consider CASA growth in isolation. Instead, we prioritise enhancing services for our customers, each with their unique needs. Our goal is to earn and maintain their trust, ensuring they choose to stay with us, whether through CASA or FDs," reasons Sandeep Batra, Executive Director of ICICI Bank.

Bakhshi and his team consistently emphasise in town halls, emails, quarterly results calls, and every interaction with employees the importance of the risk framework, philosophical framework, trust framework, customer framework, and product framework—principles that are considered sacrosanct and non-negotiable at the bank. "The principles of 'Return of Capital,' 'Fair to Customer, Fair to Bank,' and 'One Bank, One Team' will continue to guide our operations," Bakhshi said in a recent call with investors.

HIRING RIGHT

The bank places a strong emphasis on employees serving customers with humility, reflecting the values of brand ICICI. It tries to reinforce this culture by hiring the right talent, providing top-notch training, and nurturing its workforce—a strategy that continues to attract and retain customers in an increasingly competitive market. The result: With a workforce of more than 140,000, ICICI Bank is reaping significant productivity gains, boasting the highest profit per employee at ₹30 lakh. Simultaneously, ongoing digitisation efforts on the back end have driven substantial cost efficiencies, resulting in the lowest cost-to-income ratio at 0.4%.

The higher productivity is the direct result of the 'One Bank, One Team' strategy, the management feels. This approach requires every employee to take the whole bank to the customer. The bank's 'customer-oriented' approach, known as Customer 360°, encourages employees to take up new roles and not restrict themselves to specific areas.

For career and skill development, the bank offers employees opportunities to explore diverse roles and functions to give them a chance to develop expertise in different domains. "Our HR policies and compensation structure are built on the belief that collective efforts make a difference, not individual actions. We continuously reinforce this principle within our bank," says Batra.

When the bank adopted this approach in 2019, under Bakhshi's leadership, there were apprehensions among investors and stakeholders about increased attrition.

The bank's attrition rate is 24.5% as of March 2024. "Major banks, including ICICI Bank, saw a surge in attrition rates in FY23, but the trend moderated in FY24. Attrition is usually higher in the case of junior/entry-level employees. In FY23, the bank saw a higher attrition as it focussed on increasing its presence and expanding via branch expansion. The branch expansion and other efforts to increase productivity led to lesser focus towards employee growth and welfare measures," says Shweta Upadhyay, Research Analyst at financial services firm Asit C Mehta Investment Intermediates Ltd.

MAKE IT SIMPLE

A lot of effort has been put into decongesting processes and simplifying products in a sector that could at times appear to thrive on arcana. "We have been a bank for many years, and we have emphasised the importance of delivery throughout this time. This includes both our processes and technology. The key is to simplify both, ensuring that

TOP 5 LARGE INDIAN BANKS

RANK	BANKS	TOTAL ASSETS*	NET NPA (%)	COST TO INCOME RATIO	ROCE (%)	CAPITAL ADEQUACY (%)
1	ICICI Bank	18.7	0.45	0.40	18.6	16.3
2	Axis Bank	14.8	0.34	0.49	18	16.6
3	Kotak Mahindra Bank	6	0.34	0.46	15.3	20.6
4	Bank of Baroda	15.9	0.68	0.48	16.9	16.3
5	Indian Bank	7.9	0.43	0.46	15.2	16.4

*IN ₹ LAKH CRORE; ROCE IS RETURN ON CAPITAL EMPLOYED; DATA FOR FY24
SOURCE *BT*-KPMG SURVEY OF INDIA'S BEST BANKS AND NBFCs 2023-24

everything we do eases our customers' experience," says Batra.

Towards that end, in the last year or so, the bank has eliminated 80 variants of credit cards. In mortgage, it has discontinued 60 variants, and in savings accounts, it knocked off some 20 variants. "The leadership has reiterated many times: If you believe the customer profile or the counterparty is not right, step back," says a bank employee.

The retail business, with a 55% share in the loan book, continued to be a key driver of growth in financial year 2023-24, as the bank pursued a strategy of building a diversified and granular loan portfolio.

In the current year, the bank has extended its iLens platform for mortgages to personal loan and education loan offerings. iLens, created in November 2022, is a digitised mortgage lending platform for seamless onboarding of customers without the physical movement of paper. In order to capture the growing opportunities in the rural market, the bank has also merged retail and rural business groups within one structure. The rural portfolio currently accounts for less than 10% of its advances.

On the corporate side, the bank's approach is centred on building meaningful and holistic relationships with clients. "Our aim is to evaluate the entire cash flow of our customers and leverage the full strength of the bank to meet their needs. It's not just about assisting with one aspect of their business, but about becoming a true partner in their growth journey," says Batra.

It's not just employees and customers who seem to be benefitting; even investors are reaping the rewards of the bank's strong performance. ICICI Bank has been an outperformer on the stock market, delivering 40% returns between November 2023 and October 2024—outperforming key benchmarks like the NSE Nifty 50 and Nifty Bank indices. Investors and analysts remain bullish on ICICI Bank due to its consistent growth, profitability, and efficient management. Its price-to-book ratio of 3.51 times surpasses that of major competitors like HDFC Bank and Axis Bank.

"The bank has taken various steps to improve the way it was underwriting and sourcing its portfolio in terms of customer segments," says Upadhyay of Asit C Mehta. Its key challenges are those that confront the banking sector as a whole, she says. "Net interest margin compression is seen throughout the sector, mainly due to lower CASA and higher cost of funds. This, however, is a systemic issue and isn't specific to the bank."

As Bakhshi continues in this third term, set to end in October 2026, the bank remains focussed on delivering to its customers. As it navigates the headwinds facing the sector, the bank is firmly focussing on customer service and building values within the bank rather than looking solely at short-term outcomes. BT

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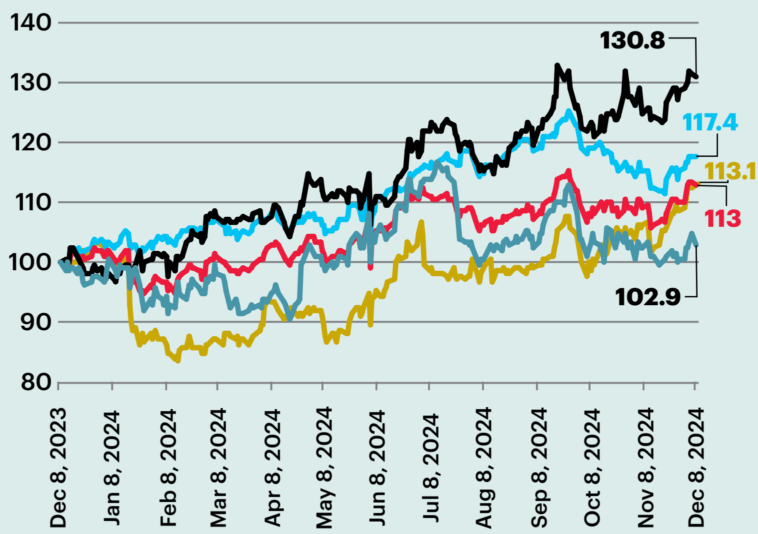
OUTPERFORMER

▶ From December 8, 2023, ICICI Bank's stock price has increased 31% ▶ It has outperformed both the benchmark NSE NIfty 50 and the Nifty Bank indices



NIFTY 50 · NIFTY BANK · HDFC BANK · ICICI BANK · AXIS BANK
BASE PRICE INDEXED TO 100 **SOURCE:** ACE EQUITY

BEST LARGE NBFC
BAJAJ FINANCE

RAJEEV JAIN
MANAGING DIRECTOR, BAJAJ FINANCE

EXPANSIVE VISION

Bajaj Finance, an outlier in terms of digitisation, faces stiff competition. But it continues to expand its reach

BY **TEENA JAIN KAUSHAL** • PHOTO BY **MANDAR DEODHAR**

SEVENTEEN YEARS AGO, Bajaj Finance was far from being a household name in India's financial sector. The turning point came in 2007, when Rajeev Jain took the reins as Managing Director. Under his stewardship, the company has delivered remarkable growth.

In the last 17 years, their product lines grew from 4 to 26, loan disbursals from 1 million to 36 million, customer franchise from 0.8 million to 83 million, AUM from ₹2,500 crore to ₹3.3 lakh crore, and profits grew from ₹30 crore to over ₹19,000 crore in FY24. The market share has also grown from 10 bps to 200 bps.

Jain is elated with the phenomenal growth. "At the FY22 AGM, when our AUM crossed ₹2 lakh crore, I presented our ambition of doubling it to ₹4 lakh crore by FY25 with similar return ratios. We are well on course to disburse over 40 million loans, cross 100 million franchise [customers] and ₹4 lakh crore AUM in FY25 with a healthy return on assets and return on equity," said Jain at the investor day held on December 10, 2024.

So, what is the next target for the lending behemoth? Bajaj Finance aims to be the lowest-cost operating model in financial services by leveraging digital and technology. "Our focus on fundamentals remains solid," Jain reiterates.

The NBFC aims to double up customer franchise from 100 million by the end of FY25 to

CHARTING THE GROWTH PATH

- Bajaj Finance's AUM has surged to ₹3.3 lakh crore in FY24 from ₹2,500 crore in 2007
- BFL 3.0 targets AI-driven growth, boosting efficiency and engagement
- By FY29, it aims for 200 million customers, spread across 5,500 locations
- It has evolved from four products to 26 in 17 years

200 million by FY29 and steadily compound AUM at 25-26% while maintaining healthy return ratios.

Bajaj Finance Limited, or BFL, was an early adopter of cloud and data analytics. It now aims to become a FINAI (Finance + AI) company, leveraging AI-driven technology to optimise its processes, boost revenue, and reduce costs.

By FY29, under its BFL 3.0 vision, the company is targeting a credit market share of 3.2-3.5% overall and 3.8-4.2% in retail, expansion to 5,200-5,500 locations, 150-170 million Bajaj Finserv app downloads, and 3.5-4.5 billion website visits.

Its AI-enabled technology architecture will integrate AI across all its processes to deliver significant operating leverage.

According to a report by financial services company Motilal Oswal, Bajaj Finance Limited is implementing 29 GenAI use cases across 25 work streams, which will deliver annual cost savings of ₹150 crore in FY26 alone.

"In the medium term, we estimate employee headcount to grow at a slower pace compared to business growth. We also forecast operating efficiencies from better utilisation of our branches, digital properties, and overhead costs. We are looking to improve Opex (operational expenses) to NIM from 34% in FY24 to about 33.2% for FY25," Jain tells *Business Today*.

DIVERSIFIED MIX

In the first seven years since inception, Bajaj Finance used to primarily borrow wholesale and lend retail. Since 2014, the company has also started borrowing retail and lending wholesale. The diversified liability profile has given it an edge over peers.

For instance, as of September 30, 2024, or the end of Q2FY25, money markets accounted for 47% of the company's borrowings, bank borrowings stood at 29%, deposits at 20%, and External Commercial Borrowings (ECBs) at 4%. The deposits franchise grew 21% year-on-year (YoY) to ₹66,131 crore, despite the significant price war.

"Given significant improvement in foreign currency borrowing rates on a fully hedged basis, we used the opportunity to deepen the diversification of our liabilities profile. Bajaj Finance raised ECB loans of $1.5 billion (₹12,600 crore) as part of its liability diversification over the last three quarters. Our fully hedged borrowing costs of ECB loans availed in Q2 were sub-8%," adds Jain.

On the product front, the company is also well-diversified, with growth gaining momentum from newly-launched businesses in FY24, such as loan against property (LAP), gold loans, new car financing, microfinance, tractor finance, and commercial vehicle finance. These new lines have started contributing 2-3% of the company's AUM growth. Currently, mortgages account for 31% of its consolidated AUM, while SME and commercial lending represent 14% and 13%, respectively.

Moreover, Bajaj Finance has made significant investments in its omnipresence strategy over the last three years across its app, web, technology, geography, and people.

STRONG MOMENTUM

Bajaj Finance ended FY24 with a 34% growth in AUM at ₹3,30,615 crore. New loans booked went up 22% YoY to 36.20 million, and it saw the highest-ever customer franchise addition of 14.5 million.

"We have made a good start to FY25 and aim to stay at the upper end of our assessment of 26-28% AUM growth for the year. Consolidated AUM growth for Q2FY25 was 29%," says Jain.

Have the K-shaped economic recovery and the Reserve Bank of India's higher capital requirements for unsecured loans affected the demand for Bajaj Finance's unsecured loan book? Jain says the increase in risk weight on unsecured lending in Q3FY24 has led to stabilisation in monthly personal loan disbursement of the industry. "If you look at the bureau data in the first half, the personal

TOP 5 LARGE NBFCs

Bajaj Finance is the largest player among NBFCs in terms of total assets and has the highest NIM at 11.54%

BANK	BALANCE SHEET SIZE (₹ crore)	COST / INCOME RATIO	ROCE	NIM	CAR	DEBT-EQUITY RATIO
Bajaj Finance	2,96,614	0.33	12.93%	11.54%	22.52%	2.23
Muthoot Finance	85,028	0.29	17.86%	11.00%	30.37%	2.42
LIC Housing Finance	2,91,205	0.12	16.29%	2.42%	20.78%	7.73
Bajaj Housing Finance	81,827	0.23	15.23%	3.47%	21.28%	5.64
Aditya Birla Finance	1,11,212	0.29	16.65%	5.81%	16.24%	6.05

Data for FY24 ***Source*** *BT-KPMG Survey of India's Best Banks and NBFCs 2023-24*

THE 17-YEAR JOURNEY

Under Rajeev Jain's tenure, the company's AUM has grown at a CAGR of 33% Net profit has grown at a CAGR of 47% over 17 years

PARAMETER	FY08	FY24
Total income (₹ crore)	503	36,258
Net profit (₹ crore)	21	14,451
AUM (₹ crore)	2,478	3,30,615
Customer franchise	0.8 million	83.64 million
ROA	0.70%	5.08%
ROE	2%	22.05%

NOTE CONSOLIDATED NUMBERS **SOURCE** COMPANY

FUTURE GOALS

Bajaj Finance aims to be the leader, with 200 million consumers It aims at a market share of 3-4% of total credit, 4-5% of retail credit

BASIC CONSTRUCT	6MFY25	FY28	FY29
Customer franchise (in million)	92.1	130-140	190-210
Cross-sell franchise (in million)	57.7	80-90	115-125
India payments GMV	0.27%	1.25-1.5%	0.4-0.5%
Share of total credit	2.11%	3-3.25%	3.2-3.5%
Share of retail credit	2.67%	3.8-4.0%	3.8-4.2%
Location presence	4,245	5,200-5,500	5,200-5,500
Net app installs (In million)	61.7	120-150	150-170
Web visitors (In million)	277	1,500-1,800	3,500-4,500
Return on Equity	19.40%	20-22%	20-22%
AUM per cross-sell franchise (₹ '000)	65	90-95	80-85
PAT per cross-sell franchise (₹ '000)	1.37	3.8-3.9	3.8-4.0
Product per customer	6.15	6 to 7	6 to 7

SOURCE BAJAJ FINANCE

loan YoY growth shows a decline in terms of disbursals," he adds. However, the rural B2B business continued to be strong in terms of momentum and in credit performance.

But the company is not completely protected from risks. Bajaj Finance's asset quality saw a slight decline in Q2FY25, with the GNPA and NPA standing at 1.06% and 0.46% respectively. Moreover, it recently exited the co-branded credit card market, where it had collaborated with RBL Bank and DBS. This move has impacted the fee income.

But Jain remains cautiously optimistic. "We continue to tighten our underwriting norms across all our products. The underwriting actions that we have taken in the last four to five months will start to show results from Q4," he says.

Being a risk-first business translates to being overtly vigilant. And Bajaj Finance does exactly that. According to Jain, the lending company identifies risk, takes pre-emptive corrective actions and remains watchful across portfolios. "We continue to invest in debt and risk management and are making investments in compliance and operational risk," he says.

Bajaj Finance faces increasing competition. For the first time, it is competing with major players like Reliance Industries, Poonawalla, Piramal, and Godrej groups. But Bajaj Finance is prepared to tackle these challenges and keep its head above the water. It is because of this grit, gumption, and well thought out strategies that it has emerged as the Best Large NBFC in the *BT*-KPMG Survey of India's Best Banks and NBFCs. BT

@teena_kaushal

सत्यमेव जयते
Government of Gujarat

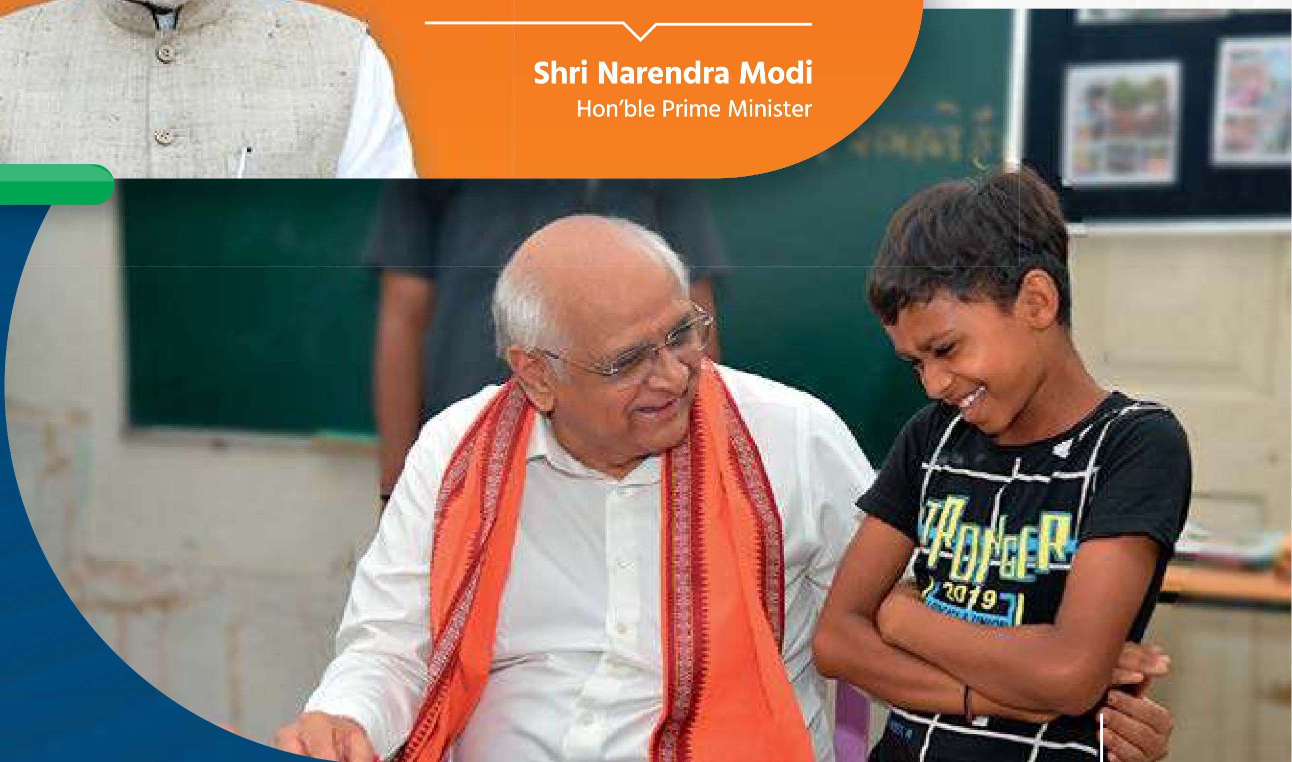
2 years of Seva, Sankalp and Samarpan

Under the visionary leadership of Hon'ble Chief Minister Shri Bhupendrabhai Patel,

Two Years of Seva, Sankalp and Samarpan

"Today, Gujarat has reached a significant milestone in its development. Gujarat’s contribution to building Viksit Bharat by 2047 will be remarkable."

Shri Narendra Modi
Hon’ble Prime Minister



"Prime Minister Shri Narendrabhai Modi has described the period leading up to 2047 as Kartavya Kaal. Let us all commit to building Viksit Gujarat during this Kartavya Kaal and contributing to the vision of Viksit Bharat."

Shri Bhupendrabhai Patel
Hon’ble Chief Minister, Gujarat

Government of Gujarat

Under the visionary leadership of
Hon'ble Chief Minister Shri Bhupendrabhai Patel,

Two Years of Seva, Sankalp and Samarpan

Two Years of Decisive Policy-Making

1) Procurement Policy - 2024
2) Gujarat Textile Policy - 2024
3) Cottage and Rural Industries Policy - 2024
4) Nari Gaurav Niti - 2024
5) Gujarat Renewable Energy Policy - 2023
6) Semiconductor Policy
7) New IT/ITeS Policy
8) Green Hydrogen Policy

Two Years of Good Governance

- Gujarat's largest-ever budget allocation of ₹3.32 lakh crore
- Formation of 'Gujarat State Institution for Transformation' (GRIT) Inspired by NITI Aayog, to drive the state's development strategies.
- Formation of 9 New Municipal Corporations and 1 Municipality to Strengthen Urbanization in the State
- Solar Panel Installation on 2.82 lakh houses, making Gujarat a national leader in energy security
- Gujarat leads nationwide in housing construction under Pradhan Mantri Awas Yojana.
- Assistance under PMJAY-MA increased, offering free treatment up to ₹10 lakh.
- Implementation of the Gujarat Special Courts Act, 2024, to seize assets acquired through corruption and criminal activities.
- Launch of 'Mukhyamantri Paushtik Alpahar Yojana', benefiting 41 lakh students in government and grant-in-aid primary schools with nutritious snacks.
- 'Sardar Patel Good Governance Fellowship' was introduced to integrate innovative youth ideas into governance.
- Plantation of over 17.19 crore tree saplings in Gujarat under 'Ek Pad Maa Ke Naam' initiative
- Gujarat attracted $7.3 billion in FDI in FY24, marking a $2.6 billion increase from the previous year, according to DPIIT.
- 1,59,338 beneficiaries covered under the PM Surya Ghar: Muft Bijli Yojana in just 7 months.
- Construction of the world's largest 37 GW Hybrid Renewable Park is underway.
- Prime Minister Shri Narendra Modi inaugurated Ahmedabad Metro Phase-2.

Two Years of Prosperity for Farmers

- Under 'Kisan Suryodaya Yojana', farmers in 13,730 villages (76% of the state) have been provided with daytime electricity.
- Over 56 lakh farmers have received assistance of over ₹6,300 crore under Pradhan Mantri Kisan Samman Nidhi Yojana.
- Interest subsidy of over ₹2,900 crore on crop loans provided to over 20 lakh farmers.
- Agricultural products worth over ₹2,800 crore were purchased at the support price.
- 9.85 lakh farmers are actively involved in Natural farming, with training provided to over 53 lakh farmers across the state.

Two Years of Holistic Development for Women

- Over ₹138 crore was disbursed to approximately 10 lakh female students through the 'Namo Lakshmi Yojana', aimed at encouraging the girls of the state to pursue education and progress.
- Under 'Namo Saraswati Vigyan Sadhana Yojana', over ₹28 crore was distributed to more than 2.5 lakh students to inspire them to pursue studies in the science stream.
- 1.45 lakh pregnant women received ₹12,000 in financial assistance through Namo Shri Yojana.
- For the first time, the gender budget surpassed ₹1 lakh crore, with over 200 schemes dedicated exclusively to women.

Two Years of Welfare for the Underprivileged

- Food distribution to 2 crore 68 lakh people under 'Shramik Annapurna Yojana.'
- Distribution of food grains to over 72 lakh NFSA cardholder families under 'Pradhan Mantri Garib Kalyan Anna Yojana.'
- Shramik Basera Yojana has been launched, aiming to construct Shramik Basera for 3 lakh construction workers at a cost of ₹1500 crore during the next 3 years.
- Expenditure of over ₹2500 crore under 'Vanbandhu Kalyan Yojana 2.0' in the last two years.
- The 150th birth anniversary of Bhagwan Birsa Munda is celebrated as 'Jan Jatiya Gaurav Divas'.

Two Years of Youth Development

- Gujarat ranks first in the country for youth employment, according to the 'Employment Exchange Statistics–2023.'
- Gujarat has topped the Government of India's Startup Rankings for four consecutive years.
- A historic decision to establish government libraries in 50 talukas across 21 districts of the state.
- In 2023, Gujarat organized the first-ever Sports Startup Conclave in the country.

Two Years of Remarkable Achievements

- Successfully organized the 10th edition of the Vibrant Gujarat Global Summit.
- Over 98,000 MoUs worth more than ₹45 lakh crore were signed.
- Successfully organized 17 G-20 meetings in Gujarat.
- Dhordo, Kutch, was recognized as the 'Best Tourism Village' by the United Nations World Tourism Organization (UNWTO).
- Gujarat's Garba was declared an 'Intangible Cultural Heritage' by UNESCO.
- Bhuj's Smritivan Earthquake Memorial and Museum has been recognized as one of the Three most beautiful museums in the world.
- Gujarat was named the 'top achiever' state at the national level in the 'Ease of Doing Business' ranking.
- More than 11.5 lakh property cards were distributed under SWAMITVA Yojana, Gujarat tops in the country in the second phase of this scheme

Paving the way for a Viksit Bharat with

'Viksit Gujarat @ 2047'

Growth Roadmap

2 years of Seva, Sankalp and Samarpan

THE GROWTH MANTRA Nidhu Saxena, Managing Director & CEO, Bank of Maharashtra

BEST MID-SIZED INDIAN BANK
BANK OF MAHARASHTRA

MAHA GROWTH

With its sharp focus on maintaining asset quality, Bank of Maharashtra has once again emerged as the Best Mid-sized Indian Bank in the *BT*-KPMG Survey of India's Best Banks and NBFCs

BY **NAVNEET DUBEY**

THERE ARE VERY few turnaround stories in the banking sector, particularly among mid-sized banks. In the past, many such banks either merged or remained stagnant, and some are still struggling to make their way up. However, Bank of Maharashtra is an outlier.

The bank, which reported a gross non-performing assets (GNPA) ratio of 1.84% in June 2024, an improvement from 2.28% a year earlier, has emerged as the winner in the Best Mid-sized Bank category of the *BT*-KPMG Survey of India's Best Banks and NBFCs.

The public sector bank (PSB) was put under the Prompt Corrective Action (PCA) framework in 2017 because of a high level of bad loans. In 2019, it was removed from PCA and has since become one of the most efficient PSBs.

Central to this transformation is Maha Parivartan, the bank's initiative aimed at effecting a complete digital transformation through advanced technologies such as Robotic Process Automation (RPA), AI-powered solutions, and digital lending platforms.

Under this programme, the bank has streamlined processes and implemented robust compliance measures, focussing on delivering seamless digital experiences.

Speaking about the digitalisation efforts, Nidhu Saxena, Managing Director & CEO, Bank of Maharashtra, says: "The banking sector is poised to grow at a rapid pace by digitalising financial services dissemination, further formalising credit to micro, small, and medium enterprises (MSMEs), adopting innovative digital operating models, adapting to the continuously evolving landscape, and driving consumption-fuelled growth for our economy."

The bank's financial metrics paint a picture of resilience and growth. Its balance sheet grew by an impressive 92.65% from ₹1.6 lakh crore in March 2019 to ₹3.2 lakh crore in September 2024. Similarly, business volumes surged from ₹2.3 lakh crore to ₹4.9 lakh crore over the same period, reflecting a strong growth trajectory in loans and deposits.

The bank's success in maintaining a provision coverage ratio (PCR) of 98.3%—the highest among PSBs—has ensured robust financial stability. Measures like the appointment of resolution agents for high-value NPAs, the introduction of recovery schemes like the Maha Svanidhi Yojana, and a strengthened loan review mechanism have contributed to significant improvements in asset quality.

After its troubles in the past, the bank has taken a proactive approach to building a healthy loan portfolio. It has put in place rigorous underwriting standards, including credit score benchmarks, to ensure approval of only quality loans, sources say. This has led to significant improvements in asset quality, with gross NPAs and net NPAs standing at an industry-low of 1.8% and 0.2%, respectively, as of the second quarter of financial year 2024-25.

"We have taken steps to restrict fresh delinquencies, including the use of credit monitors, strengthening our loan review mechanism, broadening our monitoring framework with more objective asset performance review reports for spotting signals of early stress, identifying accounts for timely restructuring, strengthening our NPA recovery mechanism, assessing need-based credit limits, and regular follow-up for timely recovery of overdues," says Saxena.

To further its growth agenda, the bank has prioritised the retail, agriculture, and MSME (RAM) sectors, which now comprise 60% of total advances (as of September 30, 2024).

The bank has also expanded its service delivery network, with more than 2,500 branches nationwide. Plans are underway to add 200 branches per year, with a goal of building 1,000 new branches over the next five years.

However, there are some lingering concerns for the sector. Nirav Karkera, Head of Research at digital wealth management platform Fisdom, says the recent cut in cash reserve ratio (CRR) has provided mid-sized PSBs a temporary reprieve as they grapple with systemic pressures on margins and net interest income.

"The combination of rising deposit costs and slowing inflows of fresh low-cost deposits—amid strong credit demand—suggests these challenges are likely to persist through the coming quarters. Adding to the strain are concerns over potential NPAs, particularly from priority lending sectors, alongside stringent regulatory norms, which do not make life any easier for these banks," Karkera adds.

The bank's growth exemplifies the power of strategic vision and operational agility. With its focus on digital excellence, customer-centricity, and robust financial health, the bank is well-equipped to continue its journey as a trusted institution in the years to come. BT

@imNavneetDubey

TOP 5 MID-SIZED INDIAN BANKS

RANK	BANKS	TOTAL ASSETS (₹ CR)	NET NPA (%)	COST TO INCOME RATIO	ROCE (%)	CAPITAL ADEQUACY (%)
1	Bank of Maharashtra	3,07,138	0.20%	0.38	22.98%	17.4%
2	IDBI Bank	3,63,190	0.34%	0.46	11.84%	22.3%
3	Indian Overseas Bank	3,52,034	0.57%	0.56	9.98%	17.3%
4	Federal Bank	3,08,312	0.60%	0.55	14.71%	16.1%
5	IDFC First Bank	2,96,115	0.60%	0.72	10.22%	16.1%

Data for FY24 ***Source*** *BT-KPMG Survey of India's Best Banks and NBFCs 2023-24*

BEST LARGE FOREIGN BANK
J.P. MORGAN

GOOD TIMES AHEAD Kaustubh Kulkarni, Senior Country Officer-India and Vice Chairman-Asia Pacific, J.P. Morgan

BIG ON INDIA

From assisting in big-ticket IPOs to focussing on mid-cap firms, J.P. Morgan India is looking to deepen its engagement in India

BY **SURABHI**

IN 2025, J.P. Morgan India is set to complete 80 years in the country. In that time, it has not just expanded its operations here but continues to bet big on the economy and work on further deepening its engagement with Indian clients.

J.P. Morgan India has once again emerged as the winner in the Best Foreign Bank category in the BT-KPMG Survey of India's Best Banks and NBFCs for the fourth year in a row this year. It has come out on top across parameters like quality of earnings, strength of employees in terms of productivity and efficiency, and has also shown strong performance in criteria such as three-year CAGR of total deposits, absolute increase in CASA (current account savings account) market share, and the growth in operating profit.

The bank focuses on the wholesale segment in the country with three key themes of Indian corporates, financial institutions and multinational companies (MNCs) operating here. And within this, it wants to focus more on mid-cap firms, those in the new economy, as well as companies working on energy transition.

"From a client engagement perspective, we continue to grow deeper across both listed companies and MNCs," says Kaustubh Kulkarni, Senior Country Officer-India and Vice Chairman-Asia Pacific, J.P. Morgan.

The focus on mid-caps is relatively new. "Our mid-cap business is expected to grow at over 30% for the next few years, buoyed by the higher growth rate of Indian mid-size companies," says Kulkarni. In the new economy and energy transition segment, the firms it is looking at include digital consumer businesses, fintech, and payments firms, among others, Kulkarni says.

While deal activity has remained slow in the recent past, J.P. Morgan India has been at the forefront of two of the largest listings on the Indian bourses this year. These include the initial public offering (IPO) of Hyundai Motor India, which was the largest listing in the country, raising $3.3 billion. It also shepherded the IPO of online food delivery platform Swiggy, which raised $1.35 billion. And the bank continues to work on several such transactions.

"We were the primary bank for the Swiggy IPO. We were working with Swiggy through various iterations for the last three to four years, and it finally culminated in the IPO," Kulkarni says, adding that the bank plans to assist in more such IPOs. "If you look at 2025, our team is working on 15 IPOs. And 40% or 50% of them are in effectively new-age or new business companies," he says.

Hyundai is a classic example, where a large global strategic company which has built a substantial business in India is also looking at capital markets presence, diversifying its shareholder base, connecting more with HNI and retail customers through the stock markets. "What we are saying is that India is moving reasonably quickly on investors' radar as an active investment destination—both for strategic and financial investors; it is an important destination for raising capital and an attractive place to build businesses at scale in a reasonably short period of time," Kulkarni elaborates.

Another significant development is the inclusion of Indian government bonds in the J.P. Morgan Government Bond Index-Emerging Markets this June. Kulkarni underlines that global investors on the credit side are quite keen to get exposure to alternate government securities, and, in that context, India is a very important part of an Emerging Market Index.

Indian bonds have a maximum weight of 10% on the index. "We have already seen $8 billion post-close which have come in through the investments and the rest will continue to come," Kulkarni says, adding that this is a good first step.

Ask Kulkarni about the plans going forward, and he points out that there is intense competition amongst foreign banks, which means there's very little room for error. "In the overall theme, what we see is that India is going to offer a very predictable growth pattern for at least the medium term of five to six years," he asserts.

Kulkarni is also optimistic about ties between India and the US and believes that the dynamics between the two present a great opportunity for the lender.

The return of Donald Trump as the President of the US could also benefit India. According to a note by J.P. Morgan economists, India will be the least impacted by the Trump administration compared to other Asian countries they studied. "This actually could be a good opportunity for India and Indian domestic companies to continue strengthening their structural alignment, investments, and manufacturing partnerships," Kulkarni says.

Ask him if this signals good tidings for the two countries as well as for J.P. Morgan India, and Kulkarni signs off saying in the affirmative. "These are good times." BT

@surabhi_prasad

TOP 5 LARGE FOREIGN BANKS

RANK	BANKS	TOTAL ASSETS (₹ CR)	NET NPA (%)	COST TO INCOME RATIO	ROCE (%)	CAPITAL ADEQUACY (%)
1	JPMorgan Chase Bank	1,26,876	0.00%	0.18	13.18%	21.51%
2	Bank of America	1,06,784	0.00%	0.23	10.21%	18.46%
3	HSBC	2,96,773	0.05%	0.37	14.11%	15.88%
4	Mizuho Bank	36,446	0.00%	0.42	5.37%	23.37%
5	Sumitomo Mitsui	46,245	0.00%	0.33	4.94%	20.33%

Data for FY24 ***Source*** *BT-KPMG Best Banks and NBFCs Survey 2023-24*

PHOTO BY MILIND SHELTE

PHOTO BY **MILIND SHELTE**

'Indian banks in a very strong position'

Kaustubh Kulkarni, Senior Country Officer-India and Vice Chairman-Asia Pacific, J.P. Morgan, on India's economy and more

BY **SAKSHI BATRA**

KAUSTUBH KULKARNI, Senior Country Officer-India and Vice Chairman-Asia Pacific, J.P. Morgan, talks about the outlook for the country and the role his bank wishes to play in the country. Edited excerpts:

As this is your fourth successive win, could you please share the key strategies and initiatives that have consistently placed J.P. Morgan India at the forefront?

It means that we are doing something right. We are working with the right clients, and we have been able to scale up our business in a very, very nice manner.

Looking ahead, what are your primary focus areas in India?

If you look at how fast our business is changing, it is a reflection of how fast India and Indian clients are changing, and in particular, if you look at the last five-year cycle, what we have seen is infrastructure, energy transition, and mid-cap companies have effectively become very active in addition to the technology side, innovation, and direct-to-consumer businesses. In the last five years, in particular, we have made enormous efforts to engage with all of these new and up-coming companies, and that is contributing to meaningful growth for our business.

The renewable energy, semiconductor, and electric vehicle sectors are gaining substantial momentum in India. How are you contributing to these industries?

These sectors are inherently global in nature whether it comes to technology or interesting business models that India is pioneering but which have also been done in the West. Some of our larger clients are looking to invest in these sectors. That is what is giving us a lot of visibility. We are banking with a number of these companies in their respective operations, and we are now partnering with them as they look to each of these new businesses in India. And this works both in terms of companies as well as investors. Because a lot of capital that is being deployed and invested in a number of these areas is coming in from financial sponsors, infrastructure funds, and private equity, which is again a big area of focus from our perspective.

The Indian start-up ecosystem is thriving. What role do you envision for yourself in this space?

I actually get most excited about working with start-ups. Typically, companies that J.P. Morgan engages with are a bit more mature in terms of their own journey, probably four or five years old, if not older, and are valued at at least about $500 billion. That's when we start engaging with them. We have two very large teams that cover about 175 companies in the innovation economy. A number of start-ups in India have meaningful international presence; we are working with them on their global banking requirements. We are positioning our business to engage with them across the spectrum of operations—banking, payments, international payments, etc.

Deal activity continues to grow in India. How do you perceive the growth trajectory in this area?

The key theme that we have seen in 2024 is the re-emergence of existing established MNCs on the capital market side who are looking at India as one of the most promising capital-raising locations to further their domestic and international ambitions for growth capital.

Could you provide an overview of the trends in the initial public offering (IPO) space?

We were really proud to work with both Swiggy and Hyundai on their IPOs. In 2025, the number of IPOs we are actively working on is twice the number that we worked on in 2024. But for us, the main focus is the quality of the business that we want to bring to the market.

As we step into 2025, what excites you the most about the year ahead?

It's a complex external environment that we have to carefully track. But as we look at the next 12 to 18 months, a few things are at play. One is geopolitics and the related impact from trade barriers that are likely to increase. Second is the likely response from countries that are going to be impacted by the trade barriers. On the other hand, if you look at some of the larger contributors to our imports, which is crude oil, its price forecast is softening, which is remarkable for a net importer like India. Other things we will be watching are inflation and jobs in the Indian context, because clearly I think getting inflation to a lower level is important. We then need to look at job creation, in both urban and rural areas, because that is ultimately going to drive consumption and spending. But our analysts are factoring in a slight slowdown, not just in India but in other Asian countries as well because of all of the geopolitical events into 2025.

Coming to the banking industry, how do you see it navigating the current challenges?

When we look at the regulator and the Indian banking system, I think we are in a very good place, both in terms of capital and the way that the bank managements in India have balanced growth with underwriting standards. Asset growth, I think, is getting to a more manageable pace compared to the past. And credit quality issues are not cropping up in [large] numbers in the larger banks that we are tracking carefully. Indian banks are in a very strong position to support growth for their clients, whether on the wholesale, corporate, or retail side. BT

@sakshibatra18

Scan here for the full video of the interview

SMALL WONDER

With a strategic push towards low-cost deposits, this small bank is betting on the lucrative retail and MSME segments

BY **RIDDHIMA BHATNAGAR**

TAMIL NADU-HEADQUARTERED The Karur Vysya Bank's (KVB) goal is to prioritise retail and MSME loans with an emphasis on yields and granular loan book diversification. It also aims to maintain robust collection and recovery mechanisms to uphold asset quality.

Currently, the bank's commercial portfolio stands at 33%, with standalone MSME at 23% and retail also at 23%. In retail, housing loans and mortgage (loan against property or LAP) loans account for the big segments of the entire retail loan book—at 45% and 21%, respectively.

However, in the cut-throat retail and MSME segments, there are big players to wean away customers. It is for this reason that the bank is focussing on low-cost current account and savings account (CASA) deposits. The bank's CASA ratio stood at 29% as of September 2024, lower than the average for most private sector banks.

Foreseeing a challenge, KVB established an exclusive sales vertical for accelerated acquisition of new-to-bank customers in the Liabilities segment through an increase in 'Feet on Street' marketing activity. It has adopted a segmented approach with exclusive sales teams focussing on separate segments. MD & CEO B. Ramesh Babu says KVB has launched 24 new CASA products tailored to different customer segments. "Concurrently, efforts have been made to strengthen the branch network to deepen relationships with Existing to Bank (ETB) customers by addressing their needs. With strategic initiatives in deposit mobilisation, term deposits have grown by 20% year-on-year (YoY) at the end of September 2024," he adds.

KVB's focus is on the MSME sector, and in that they aim to increase digital lending and providing funding solutions, among others. "We want to expand into underpenetrated markets (via digital and physical channels), continue to foster partnerships with NBFCs/fintechs for co-lending, and reinforce compliance frameworks," says Babu.

Per the *BT*-KPMG study, the bank has secured the highest rank in asset quality with net Non-Performing Assets (NPAs) at 0.40% of advances and has retained its position as the Best Small Bank. The return on capital employed (ROCE) is also the highest in the category.

"The bank continues to deliver strong earnings growth, with PAT and peer-best RoA at 1.7%, driven by strong and stable margins at 4.1%, contained opex (operational expenses), and higher recoveries. Credit growth moderated due to the strategy to pull out from the low-yielding corporate book and deceleration in the PL/VF book," says financial services firm Emkay Global Financial Services.

Anand Rathi, another financial services firm, attributes stable NIM and a strong traction in non-interest income for a sturdy Q2 operating performance.

TOP 5 SMALL INDIAN BANKS

RANK	BANKS	TOTAL ASSETS (₹ CR)	NET NPA (%)	COST-TO-INCOME RATIO	ROCE (%)	CAPITAL ADEQUACY (%)
1	Karur Vysya Bank	1,05,585	0.40%	0.48	17.23%	16.67%
2	RBL Bank	1,38,432	0.74%	0.67	8.23%	16.18%
3	Bandhan Bank	1,77,842	1.11%	0.47	10.82%	18.28%
4	Karnataka Bank	1,16,085	1.58%	0.53	13.71%	18%
5	CSB Bank	36,056	0.51%	0.62	16.18%	24.47%

Data for FY24 ***Source*** *BT-KPMG Best Banks and NBFCs Survey 2023-24*

ALL EYES ON GROWTH B. Ramesh Babu, MD & CEO, The Karur Vysya Bank

PHOTO BY HARDIK CHHABRA

BEST SMALL INDIAN BANK **THE KARUR VYSYA BANK**

DRIVEN BY DIGITISATION

Pre-approved digital loan products, including personal loans with 2-minute disbursement via mobile app DLite, pre-approved credit cards, and Amazon BNPL through Amazon India pay later services are all part of the bank's digital offerings.

Babu says, "At present, the product is offered via Amazon, along with Axio through a co-lending arrangement in a split of 80:20. Based on agreed parameters, KVB and Axio underwrite the customer and approve the in-principle eligible loan amount." This loan amount is subject to successful completion of the KYC process. The underwriting is parameterised assessment of values that are configured in both lenders' systems to arrive at the eligible loan amount, he adds.

The bank has also created a robust core banking platform and multiple digital channels, based on API. It has built a digital end-to-end lending system with the support of Boston Consultancy Group in 2018, connecting multiple fintech partners in real-time using Aadhaar, PAN, and GST credentials. "We have more than 15 fintech partners that help us in getting quick turnaround of credit applications while processing the same digitally," Babu says.

FOCUS ON SKILLING

KVB prioritises investments in training programmes, spanning a wide range of topics including banking products, customer service excellence, compliance with regulations such as KYC and AML, risk management, sales techniques and technological advancement. Training sessions are conducted through various channels as well. Babu says, "We also upskill our senior management through courses in transformative impact of AI in finance and reverse mentorship programmes where younger employees who are well-versed in emerging technologies, digital tools, and new-age solutions will mentor experienced executives and the executives on the other hand share their wealth of knowledge in strategy, decision-making and customer experience."

KVB's priority of digital-first methods, an acute interest in skilling, and the ardour to rise up the ranks in a highly-competitive space makes the bank one to watch out for. BT

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BEST SMALL FINANCE BANK
UJJIVAN SMALL FINANCE BANK

Sanjeev Nautiyal, MD & CEO, Ujjivan Small Finance Bank, attributes the lender's success to robust business performance and improved recoveries

LITTLE MASTER

For the second consecutive year, Ujjivan has won the Best Small Finance Bank award for its resilience in navigating sector stress

BY **RAHUL OBEROI**

IN 2024, microfinance lenders faced considerable challenges stemming from rising delinquencies. The situation was primarily driven by borrowers acquiring multiple loans from different institutions. Increasing financial distress among those at the bottom of the pyramid further worsened the situation for the lenders. These factors contributed to increased provisioning requirements and a deceleration in credit growth. Despite these challenges, some microfinance lenders, such as Ujjivan Small Finance Bank, have successfully navigated the storm with relative ease.

Thus, for the second year in a row, the Bengaluru-headquartered Ujjivan Small Finance Bank has emerged as the winner in the small finance bank category in the *BT*-KPMG Survey of India's Best Banks and NBFCs. Its MD & CEO Sanjeev Nautiyal attributes the bank's success to a combination of factors, such as robust business performance, improved recoveries, reduced credit costs, and effective cost management.

"Over the last two years, the bank expanded its footprint by opening 178 new branches, taking the total to 752. Also, it has introduced innovative products like micro-mortgages, gold loans, and vehicle finance. These initiatives have laid a solid foundation for future growth," says Nautiyal, who took over in May 2024.

The bank plans to focus on consolidating its gains through asset quality management, cost optimisation, and profitability enhancement.

Ujjivan's growth narrative is supported by its strategic shift towards secured lending products. As of September 2024, the

PHOTO BY **HEMANT MISHRA**

TOP 5 INDIAN SMALL FINANCE BANKS

RANK FY24	BANKS	ASSETS	NET NPA / NET ADVANCES (%)	COST / INCOME RATIO	ROCE (%)	CAR (%)
1	Ujjivan Small Finance Bank	40,422	0.28%	0.54	26.09%	24.69%
2	AU Small Finance Bank	1,09,426	0.60%	0.65	13.04%	20.06%
3	Jana Small Finance Bank	32,710	0.56%	0.57	24.92%	20.31%
4	Suryoday Small Finance Bank	12,378	0.86%	0.62	12.74%	28.41%
5	ESAF Small Finance Bank	26,087	2.26%	0.59	20.23%	23.27%

Assets in ₹ crore; Data for FY24 **Source** *BT-KPMG Best Banks and NBFCs Survey 2023-24*

bank reduced its microfinance loan exposure to 63.7% from 69.2% in September 2022, while its housing loan portfolio rose to 19.1% from 14.7% during the same period. As of September 2024, the bank's gross loan book reached ₹30,344 crore, up 14% over a year ago.

Despite these efforts, the bank's ratio of gross non-performing assets to gross advances rose slightly to 2.52% in September 2024 from 2.35% a year earlier. But, it remained below the 5.06% recorded in September 2022.

Moving forward, Nautiyal says, cautious growth strategies and stringent underwriting norms will ensure healthy asset quality. In addition, the recent sale of loans through an asset reconstruction company will further strengthen the asset quality and stability.

Ujjivan plans to grow its secured lending segments, which includes housing, MSME loans, vehicle finance, and gold loans at a pace that surpass its overall portfolio growth. It expects these segments, with their relatively small base and high growth potential, to drive its growth at a CAGR of over 20% in the next five years.

Ujjivan , which began operations in 2017, has also increased its total number of branches to 752 in just seven years. In FY24, it reported a net profit of ₹1,282 crore compared to ₹199 crore in FY19. To diversify its income base, Ujjivan is now focussing in on the third-party products and fee-based business lines. This strategy, experts say, will enhance Ujjivan's non-interest income and support its core lending operations. Emkay Global Financial Services estimates that by FY27, Ujjivan's net profit could rise to ₹1,459 crore, with its balance sheet expanding to ₹70,560 crore.

In recent quarters, Ujjivan has faced increasing provisions and contingencies. Its provisions increased to ₹151 crore in Q2FY25 from ₹26 crore a year ago; the amount was ₹110 crore in Q1FY25. Nautiyal attributes this to stress in the microfinance sector, despite robust post-pandemic recovery in FY22 and FY23.

The sector's difficulties increased in late FY24 due to factors such as geography-specific economic challenges, including floods and slowdowns. Nautiyal, however, says that the scenario of elevated provisions will persist for two more quarters before stabilising.

All these factors weighed on investor sentiment. As a result, the bank's share price has declined by 26% since April 2024. "The recent fall in microfinance-focussed players can be attributed to weak earnings," explains Nautiyal. However, he remains confident in the resilience of Ujjivan's microfinance business and its strategic shift towards secured lending. "As the microfinance cycle turns, our performance will rebound strongly," says Nautiyal. BT

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DIGITAL EDGE

SBI, through its DigiGOV platform, is streamlining the government's financial transactions

BY **TEENA JAIN KAUSHAL**

BEST BANK IN INNOVATION
STATE BANK OF INDIA

STATE BANK OF India (SBI), the country's largest lender, has transformed the way the government handles transactions with SBI DigiGOV. Through this platform, SBI in FY24 processed over 10 million transactions totalling ₹43,000 crore. The bank has onboarded more than 650 schemes, including education and welfare programmes, across 28 states. With a 39% market share in central/state nodal agency accounts, SBI has established itself as a leader in the space.

SBI DigiGOV aims to streamline and digitise government financial transactions, making processes more efficient and transparent. The platform caters to government bodies, public sector firms, and other organisations, offering a solution for fund allocation, management, and monitoring. Its real-time dashboards and management information systems offer a clear view of fund positions and utilisation.

SBI DigiGOV distinguishes itself by effectively tackling a prevalent issue encountered by government: unspent funds lying idle across multiple accounts. The platform enhances visibility and control over available funds, ensuring efficient utilisation and improving overall fund management. While other banks offer solutions linked to the public financial management system, SBI DigiGOV's advanced features give it a significant edge. This distinction earned SBI the award for the Best Bank-Innovation in this year's *BT*-KPMG Survey of Best Banks and NBFCs. **BT**

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DRIVING UP TALENT

Axis Bank has cracked the code in finding the right talent with suitable skill sets

BY **ARNAB DUTTA**

BEST BANK IN TALENT & WORKFORCE
AXIS BANK

MOST CORPORATE EMPLOYERS, across industries, face a common challenge—how to find the right talent pool. The banking sector is not immune to this. But Axis Bank—one of the largest private lenders in the country—has found a way to not only secure job profiles but has also developed a new talent pool suited to the banking industry.

The strategy that the bank has adopted is simple. Instead of relying on traditional channels like technical educational institutions, Axis Bank has created a network of its own. Short-duration courses in partnership with institutes like Manipal Global Education Services and NIIT to upskill graduates have been instrumental.

The Axis Bank Bharat Banking Program in partnership with BML Munjal University has been at the forefront of the bank's new hiring strategy, says Chief Human Resource Officer Rajkamal Vempati. The one-year residential programme specific to the Bharat Banking Department is an assured job scheme and awards a post-graduate certification in Bharat Banking from BML Munjal University. Today, while most of its peers grapple with a dearth of good talent, Axis Bank has a pipeline of over 10,000 new graduates every year, specifically trained for the job roles they will be absorbed in.

Managing over 103,000 employees is surely not an easy task. It has seen an increase in the share of women on its payrolls up from 23% in 2022 to 26.5% in 2024. **BT**

@arndutt

EMPOWERING CUSTOMERS

Customer-centric solutions, robust compliance mechanisms make Aditya Birla Capital a leader

BY **NAVNEET DUBEY**

BEST NBFC IN INNOVATION
ADITYA BIRLA CAPITAL

ADITYA BIRLA CAPITAL has been moulding its products according to the specific needs of their customers, in the process of keeping the customer first. "We aim to build a deep understanding of customer profiles and provide them best-in-class solutions," says CEO Vishakha Mulye.

Aditya Birla Capital adheres to a "Customer First, Compliance First" philosophy. This policy has made them win the Best NBFC (Innovation) category.

Lending: A focus on prudent risk management ensures stable growth. By prioritising the right customer segments—95% of the company's retail lending customers are either new to credit or possess a CIBIL score above 700—the NBFC maintains its asset quality.

Health Insurance: The company has disrupted this space with its "Health First Model." By incentivising healthy behaviour, customers experience reduced loss ratios. Collaborating with in-house health coaches and external partners, the company has intervened in over 120,000 high-risk lives to improve health metrics, further reducing claim ratios.

Life insurance: The company leverages analytics and technology for efficient underwriting and premium collection. These initiatives place it in the top quartile among private insurers.

Aditya Birla Capital's "One ABC One P&L" strategy exemplifies its forward-thinking approach to financial services, making it a trusted name in the industry. BT

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INVESTING IN EMPLOYEES

For Mahindra & Mahindra Financial Services, the path to excellence has been investing in their employees

BY **ARNAB DUTTA**

THE MUMBAI-HEADQUARTERED Mahindra & Mahindra Financial Services' rise has reflected India's economic prowess. And in that, the NBFC has rarely lost sight of the well-being of its employees.

Chief Human Resource Officer Manish Sinha chalks the blueprint of success. He considers professional development as a key to success for both the NBFC and its staffers. "Learning & development is where we stand out. We have many learning intervention programmes stratified for different employees," Sinha tells *BT*.

There are four pillars of success that Sinha considers to be sacrosanct—growth mindset, agility and engagement of employees, diversity and inclusion, and a wider opportunity for its employees. Leveraging technology to enhance overall employee experience, and streamline HR processes are other important factors.

BEST NBFC IN TALENT & WORKFORCE
MAHINDRA FINANCE

Mahindra Finance's investment in employees—through programmes like Future Shapers, XLDP, Mahindra Accelerator Leadership Track and Transformational Leadership Development Program, and Emerging Leadership Development Program is what keeps it ahead of its competition. BT

@arndutt

POCKET ROCKET

MobiKwik has emerged as the Best Fintech in Payments as it transforms payments with innovations like Pocket UPI

BY **TEENA JAIN KAUSHAL**

BEST FINTECH IN PAYMENTS
MOBIKWIK

MOBIKWIK, A 15-year-old Gurgram-based fintech company, is transforming digital payments with innovations like Pocket UPI, a product that enables users to make UPI (Unified Payments Interface) transactions through their MobiKwik wallet rather than directly linking a bank account. "Since its launch in early 2024, MobiKwik has experienced a fivefold growth in wallet market share, highlighting the company's ability to drive product adoption through innovation," says its Co-founder and CFO, Upasana Taku. It currently holds a 24% market share, making it the largest wallet provider in India.

For many Indians, multiple small transactions can lead to challenges, including a cluttered statement or an increased risk of fraud. "With Pocket UPI, users can load a small amount into their MobiKwik wallet and use it for transactions without exposing their main bank account." Taku explains that it's secure, convenient, and effectively addresses genuine concerns, particularly for middle-class and lower middle-class users.

PHOTO BY **HARDIK CHHABRA**

TAKING IT FORWARD
Upasana Taku, Co-founder and CFO, MobiKwik

MobiKwik wallet users can also scan any QR code, regardless of the organisation it is associated with and make payments seamlessly. "This innovation underscores our dependence on product development, instead of substantial marketing expenditures," she adds.

All these have helped MobiKwik emerge as the Best Fintech in Payments in this year's *BT*-KPMG study.

Recently, MobiKwik's IPO, valued at ₹572 crore, garnered an overwhelming response from investors. On December 18, 2024, the stock was listed on the National Stock Exchange at ₹440 over its issue price of ₹279.

MobiKwik has accomplished what many fintech start-ups strive for but seldom achieve: profitability. The company reported revenue of ₹890 crore for FY24, a 59% increase compared to the previous year, alongside ₹37 crore in Ebitda and ₹15 crore in net profit. "This is our first full profitable financial year," says a proud Taku.

The company operates across three key segments: payments, savings, and credit. The company's foundation, however, lies in its payments business, which facilitates transactions across physical stores, e-commerce platforms, and utility bill payments. Merchants pay MobiKwik a nominal fee (Merchant Discount Rate or MDR) for facilitating these transactions.

"We've partnered with 100,000 e-commerce merchants and 3.7 million physical stores, which makes us a leader in wallet usage," says Taku. "We hope that the introduction of MDR on UPI transactions gets industry acceptance soon, which will further expand our revenue stream," she adds.

Leveraging customer insights, MobiKwik provides investment options such as fixed deposits (FDs), digital gold, and direct MF plans. The platform aggregates FD rates from banks and NBFCs, allowing users to invest directly through its app. "Our app simplifies the process. Users don't need to open a separate bank account. They can view interest rates, invest, and manage their savings—all in one place," says the 45-year-old Taku.

For the third segment, the fintech has partnered with banks and NBFCs to offer credit products tailored to user spending patterns. This includes personal loans for individuals and working capital loans for merchants.

MobiKwik has expanded its merchant ecosystem by introducing a soundbox device for small businesses. The soundbox provides audio confirmation of payments and generates a monthly rental income for MobiKwik. The company intends to expand this offering further, targeting *kirana* stores and other micro-enterprises.

MobiKwik is also planning to diversify its lending portfolio by expanding into secured products. To reduce reliance on personal loans, it is introducing a secured credit card for individuals who lack access to traditional credit cards; customers can earn interest income on FDs while enjoying the convenience of a credit card through this. For instance, users can invest an amount as low as ₹5,000 in an FD through the MobiKwik app. This card, which works on UPI and offers rewards, is particularly beneficial for those with limited or no credit history. It enables them to build a credit score without the usual barriers of prior credit history or complicated documentation.

In terms of financials, the company's payments services are profitable, with a 20% contribution margin in payments and 40% in the financial services business. The payments business serves as a low-cost acquisition channel for attracting high-quality users to whom the company can cross-sell. With its payments business growing rapidly, MobiKwik aims to strengthen its leadership position further. "We are at the cusp of transforming how India manages payments, savings, and credit. Our goal is to make every financial journey seamless and secure for users," concludes Taku. BT

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FOSTERING INNOVATIONS

- **MobiKwik's Pocket UPI simplifies transactions, addressing clutter and fraud concerns effectively**
- **Users can scan any QR code and pay seamlessly via its wallet**
- **The fintech reported ₹890 crore in revenue in FY24, its first profitable year**
- **It also offers savings options like FDs, digital gold, and MFs**
- **It has launched soundbox devices to expand its merchant ecosystem further**
- **Introducing secured credit cards to empower users with no credit history**
- **Achieved growth with frugality, focussing on innovation over marketing**

CHANGE AGENT

Jocata, led by Prashant Muddu, has emerged as the winner in the Best Fintech in Value Added Services category thanks to its innovative solutions

BY **RIDDHIMA BHATNAGAR**

BE IT PRIVATE BANKS like Axis Bank or ICICI Bank or foreign banks, they're all using Jocata's solutions.

The numbers speak for themselves. This Hyderabad-headquartered fintech firm has empowered financial institutions to achieve a 60% reduction in loan processing costs, over 80% faster credit decisioning, a 50% boost in sales productivity, and an average 3x growth in cumulative loan portfolios, according to the company.

Founded in 2010 by Managing Director and Chief Executive Officer Prashant Muddu, Jocata is a business-to-business (B2B) digital transformation partner for the BFSI (banking, financial services, and insurance) industry, offering solutions to more than 50 large financial institutions.

Thanks to these collaborations, it has delivered good performance in recent times. Jocata has reported an annual turnover of over ₹126 crore in FY24. It processes more than 50 million loan applications and facilitates ₹50,000 crore worth of disbursements annually. This is the reason it was picked by the jury as the Best Fintech in Value Added Services for this year's *BT*-KPMG Survey of India's Best Banks and NBFCs.

Jocata says its platform facilitates end-to-end digital transformation, integrating every aspect of the customer lifecycle from onboarding and credit assessment to disbursal, collections, and regulatory compliance.

Some of Jocata's Indian clients include Bank of Baroda, Punjab National Bank, American Express, DBS, and Airtel Payments Bank.

In terms of business verticals, Jocata has a digital lending transformation platform, which is an integrated digital lending stack covering customer onboarding, loan origination, loan management, and collections. It offers over 100 products and variants across retail, MSME, agriculture, corporate, and credit card segments.

It also has a financial crime compliance service that uses advanced data analytics for KYC management, negative screening, regulatory reporting, fraud detection, and risk categorisation. The company says it has 98% accuracy in terms of predicting suspicious patterns.

Third is AI-powered credit intelligence, which uses AI for swift and accurate processing of vast volumes of data, enabling scale and efficiency. Its scoring engine helps institutions with deep behavioural and predictive analytics for better and faster sourcing, underwriting, and monitoring.

The original founders of Jo-

FRESH APPROACH

- **Jocata facilitates end-to-end digital transformation integrating every aspect of the customer lifecycle—onboarding, credit assessment, disbursal, collections, and regulatory compliance**
- **Jocata SWARA allows lenders to assess individuals or entities beyond traditional methods by leveraging alternative data sources**
- **It has launched a pioneering GST-based score, SME DNA, representing the business performance and risk of a business**

STREAMLINING PROCESSES Prashant Muddu, Managing Director and Chief Executive Officer of Jocata

cata, have exited via a sale to India Ideas.com/BillDesk. Now, Muddu owns less than 1%.

"Jocata raised a seed round of $1 million when it started and was largely bootstrapped and funded through customer revenues until 2018, when it was acquired by BillDesk. Jocata was acquired by a strategic investor and, as such, has not raised external funding," adds Muddu.

The company has its presence across six countries—India, the UAE, Qatar, Hong Kong, Myanmar, and the Maldives. Some of their international clients include Standard Chartered, Wio Bank, Bank of Maldives, Yoma Bank, and Wave Money. Muddu says, "We are engaged in the transformative projects that include digital retail and SME lending, credit marketplaces, and embedded finance to financial crime compliance."

In an industry like the BFSI industry, which is in a constant state of flux, institutions need to keep investing to stay ahead of the race. But these entities also need to harness the vast amounts of data they generate to derive insights and help them drive growth. "This is where Jocata collaborates," Muddu says.

Looking ahead, Muddu says the company aims to double its revenue year-on-year, with a focus on international expansion and product launches, particularly in accelerating MSME lending.

"India, as our home market, continues to be the powerhouse of opportunities, fuelled by its ongoing digital revolution." BT

@Riddhima76

PHOTO BY **MILIND SHELTE**

GOING SMALL

Gurugram-based fintech unicorn Oxyzo is revolutionising SME financing with its cash flow-aligned lending products and solutions for raw material financing

BY **RIDDHIMA BHATNAGAR**

SMALL AND MEDIUM enterprises (SMEs) have few dedicated institutions that they can turn to, especially in the private sector. But Gurugram-headquartered Oxyzo is a pioneer in this regard, offering cash flow-aligned lending products for buying key raw materials such as metals like steel, aluminium, copper, zinc, polymers, chemicals, and agro products (foodgrain and spices).

Started in 2018 by husband-wife duo Asish Mohapatra and Ruchi Kalra, Oxyzo Financial Services, the lending arm of B2B commerce unicorn OfBusiness, is a technol-

PHOTO BY **HARDIK CHHABRA**

BEST FINTECH IN LENDING **OXYZO**

THE A-TEAM (*From left*) Prashant Roy Sharma, Chief Business Officer; Asish Mohapatra, Co-founder; Vasant Sridhar, Chief Sales Officer; Bhuvan Gupta, Co-founder; Ruchi Kalra, Chief Executive Officer; Druva Shree Agarwal, Chief Technology Officer ogy-enabled NBFC that caters to SMEs and emerging corporates in the core sectors.

Over time, the fintech has expanded its product suite to cater to multiple requirements of SMEs. It also facilitates wider services beyond lending. For example, it helps in raw material purchases and technological solutions.

The seven-year-old fintech firm has grown its assets under management from ₹4,700 crore in FY23 to ₹6,700 crore in FY24 and intends to maintain a 30%-plus growth rate going forward.

The fintech firm's net profit rose 47% to ₹290 crore in FY24, from ₹197 crore in FY23, and its revenue jumped 59% to ₹904 crore in FY24 from ₹569 crore in FY23. It closed FY24 with a gross non-performing asset ratio of 1%.

Oxyzo's loan book climbed to ₹6,850 crore by the end of the September quarter of FY25, compared to ₹6,600 crore at the end of the March quarter of FY24.
In a ratings note, ICRA said it expects the company to grow its loan book in the 15-20% range in the medium term.

Mohapatra says, "Oxyzo has always been focussed on keeping a control on its operating costs and credit costs to be able to provide tailored working capital solutions to SMEs in the core sectors of the economy, manufacturing and subcontracting, at the right prices."

In May 2022, Oxyzo became a unicorn when it raised its first round of external funding. OfBusiness has a close to 75% stake in Oxyzo.

A customer of Oxyzo can also buy from the OfBusiness group. Kalra, the CEO and Co-founder of Oxyzo, says, "A lot of our customers bid for tenders, so we have built something that you can call, in a way, Google for tenders. Our customers can go and avail themselves of those services. They can sign up for free; they can have a paid membership wherein they can get all the tenders matching their profile. Similarly, if customers want to use their borrowings to buy raw materials, they can use the OFP platform."

The company borrows from various sources, including private and public sector banks, larger non-banking financial companies, development finance institutions, and capital markets through multiple types of instruments. "All of Oxyzo's sourcing is to build the AUM on its own balance sheet," says Mohapatra.

The bulk of Oxyzo's lending is to the SME segment, with an average ticket of around ₹2.5 crore across secured and unsecured lending. Around 70% of its loan book is secured and has a very negligible share of loans that have not been repaid on time, the company says. The unsecured part forms 30% of the loan book. Of that, 0.9% have been due for more than 90 days. ICRA also pointed out in its credit note that the group has around ₹360 crore as cash in hand and around ₹362 crore of unutilised funding lines.

Most of Oxyzo's customers are banked enterprises but still have creditors funding their working capital. Oxyzo comes in as a partial replacement for high-cost creditors by providing them financing at an average yield of 14-15%. Hence, the major competition of Oxyzo becomes informal trade credit.

The company has raised a total of ₹1,963 crore of primary equity since inception to support its business growth and is backed by marquee private investors like Alpha Wave Ventures, Tiger Global, Norwest, Matrix Partners, and Creations Investments.

Going ahead, Oxyzo is preparing for a public listing. Mohapatra says, "Currently the parent, OfBusiness, is planning for an IPO in the next 12 months. Oxyzo shall be planning an independent fundraise in the private market in the coming 6-12 months in the equity side."

Clearly, there's a lot more to come from this fintech company in the future. BT

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GROWING STRONG

- **Oxyzo currently serves 5,000+ SMEs across India and has an AUM of ₹6,800 crore**
- **It offers cash flow-based solutions for raw material financing and tenured loans for capex financing, business expansion, asset purchase, etc.**
- **The bulk of Oxyzo's lending is to the SME segment with an average ticket size of ₹2.5 crore**
- **It is preparing to raise funds through the IPO route**

ADANI FOUNDATION EMPOWERING WOMEN THROUGH SUSTAINABLE DAIRY DEVELOPMENT

Priyanka Mehta is engaged in a sustainable livelihood programme run by the Adani Foundation in Kawai, Rajasthan. The festival season this year was special for her because she was able to gift her daughter clothes and other essential items needed for her studies with her own income. It was an empowering moment for her. This sense of empowerment and financial independence is a testament to the transformative impact of the Adani Foundation's initiatives.

The Foundation has been actively promoting sustainable livelihood programme, particularly dairy development at the grassroots level, to boost the incomes of people like Priyanka of Rajasthan and Rewati Patle of Tirora in Maharashtra. By bringing cattle farmers together and sensitising them on leveraging a demand-driven market, the Foundation has facilitated the establishment of farmers' producer companies to operate village-level milk collection centres. These centres are run by members of women's self-help groups (SHGs) and serve as storage facilities for milk, which is later supplied to AMUL.

The women managers of these collection centres ensure that milk is stored hygienically and maintain a comprehensive database of farmers' details. By introducing improved cattle breeds and modern milk collection and storage facilities, the Foundation is creating a self-sustainable dairy ecosystem that provides long-term livelihood support to farming families.

One exemplary initiative is the Anuradha Dairy and Milk Collection Centre from Gondia district in Maharashtra that is fetching higher prices for farmers through effective supply chain management and marketing strategies. Recognising the potential of dairy development in the region, the Adani Foundation introduced an integrated approach encompassing breed improvement, fodder management, cattle healthcare services, and marketing of milk in 26 villages.

In 2019, the Foundation supported the formation of a farmer producer company named Tiroda Farmer Producer Company Ltd (TFPCL). Through TFPCL, the Foundation facilitated the establishment of the Anuradha Dairy initiative with the support of AMUL. Currently, this initiative benefits more than 2,000 farmers in the Tirora block. The Farmer Producer Organisation (FPO) operates 45 milk collection centres with the support of SHGs of Mahila Arthik Vikas Mahamandal (MAVIM). The collected milk is supplied to the Panchmahal District Co-operative Milk Producer's Union Ltd., Godhra (Gujarat) under the brand Anuradha Dairy.

Presently, Anuradha Dairy collects 17,000 litres of milk per day. In the financial year 2023-24, the dairy collected an average of 3.1 lakh litres of milk per month, with an average monthly payment of Rs 1.5 crore directly deposited into farmers' bank accounts. Since the inception of the project, dairy farmers of Tirora have cumulatively earned Rs 36.94 crore, receiving 30%-40% higher prices for the milk collected.

Beyond benefiting farmers, Anuradha Dairy has generated employment for 134 women, offering them a monthly income ranging from Rs 4,000 to Rs 5,000. These women, organised in the form of self-help groups (SHGs), run the milk collection centres, exemplifying the role of women in driving economic growth and community development.

Inspired by the success of this dairy model, the initiative is expanding with the support of the state government. This expansion includes the addition of a 30 KLPD (thousand litres per day) milk chilling centre, which is set to commence operations soon, covering two blocks of Gondia district. This new facility will further enhance the capacity and efficiency of milk processing, ensuring that farmers can consistently meet market demands and secure better prices for their produce.

Another commendable initiative started in Kawai few years back is now fetching famers handsome amount. After a survey on the scope of animal husbandry in the region, the Foundation held meetings with the farmers in Kawai to create awareness about the breed improvement through artificial insemination and dairy development. Two breed improvement centres were opened in Neemoda and Bamori villages in 2017.

Through artificial insemination, over 2,000 improved breeds with higher milk production were born, starting in 2017-18. To promote women's empowerment and increase their involvement in the project Hadothi Pragatisheel Producer Company (HPCC) was formed with 10 shareholders in March 2022. In response to HPPC shareholders' requests, Neemoda Milk Samiti was established in the same year with five village-level centres, starting with only 8 litres of milk collected on June 22, 2022.

Adani Foundation connected with farmers, efficiently channelising surplus milk. Within a month, milk collection increased by 700 litres, and FPO membership grew to over 500. Adani Foundation then met with Amul Dairy, resulting in an agreement with Sabar Dairy to collect 10,000 litres of milk within a 50 km radius.

In March 2024, with the Foundation's support, Sabar Amul began collecting 800 litres per day. Regular meetings with farmers and village-level in-charges increased milk collection to 6,000 litres per day, valued at Rs 84 lakh per month.

The Adani Foundation's commitment to sustainable livelihood programmes like dairy development is not only boosting farmers' incomes but also fostering community resilience and economic stability. By integrating modern agricultural practices with traditional knowledge, the Foundation is paving the way for a brighter, more prosperous future for rural communities.

The dairy development initiatives spearheaded by the Adani Foundation are a shining example of how targeted support and innovative approaches can transform livelihoods. The success stories of individuals like Priyanka Mehta and the thriving operations of Anuradha Dairy highlight the profound impact of these programmes. As the Foundation continues to expand its reach and refine its strategies, the positive ripple effects on farmers' lives and the broader community are sure to continue growing, creating a legacy of empowerment and sustainable development.

STRENGTHENING COMPLIANCE

By leveraging advanced technologies and adopting proven frameworks, financial institutions can cultivate a proactive, information-driven compliance environment

BY SANJAY DOSHI AND HOSHNAR KAPADIA

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IN RECENT YEARS, India's financial services industry has seen a significant shift in regulatory compliance due to increased vigilance of the Reserve Bank of India (RBI). This aligns with a global trend where regulatory bodies prioritise financial stability, governance, and customer protection. Prompted by crises at major banks and financial institutions, this new approach underscores the need for stronger compliance frameworks. As a result, institutions face heightened scrutiny, stringent standards, and substantial penalties. In FY24, the RBI's monetary penalties more than doubled year-on-year—from ₹40.39 crore in FY23 to ₹86.1 crore.

BRIDGING THE GAPS

The compliance framework for regulated entities (REs) in India has evolved, transitioning from manual processes to automated systems. Previously dependent on labour-intensive methods prone to errors, the industry faced vulnerabilities, especially in the burgeoning digital payments ecosystem. Broad cybersecurity guidelines lacked the depth to counter emerging threats.

To counter these, the RBI has adopted a technology-driven approach to bridge compliance gaps. The February 2024 mandate on automating compliance functions represents a major step forward. This mandate standardises compliance monitoring for REs, allowing boards and leadership to ensure accountability and streamline operations. It highlights the need for automation and real-time monitoring to minimise data manipulation and human error.

The RBI has issued Master Directions and Circulars addressing IT outsourcing, cybersecurity, digital payment security, card tokenisation, and Incident Response protocols. These directives emphasise the regulator's focus on technology and customer protection. The central bank also revised the fraud risk management directions for REs, which expanded the role of the board of directors and senior management in overall governance, and outlined a new framework for prevention, early detection, and timely reporting of fraud. The RBI has also mandated regular reporting, set key risk indicators and key performance indicators, and has intensified scrutiny.

GAUGING THE IMPACT

The increasing regulatory demands have profound implications for the sector, presenting operational and strategic challenges. Financial institutions must embed compliance within their business models to mitigate financial repercussions and reputational risks that can

ILLUSTRATION BY **RAHUL SHARMA**

erode customer trust. The RBI's new guidelines require a holistic approach to managing data integrity, governance and risk assessments, making automation essential to mitigate threats such as 'man-in-the-middle' attacks. To address these, BFSI firms are embracing digital transformation. Advanced technologies such as GenAI, blockchain, and RegTech solutions are empowering compliance teams.

Automation in compliance: Institutions are investing in automation for real-time data analysis and monitoring, with technology spend increasing from 6-8% to 10-12% of the total operating expenses in the last financial year. Data analytics and AI/ML aid compliance functions to interpret new regulations, assess impact, and ensure robust regulatory change management. Many multinational banks have computerised systems to:

- *Disseminate and interpret new regulations and perform impact assessment of regulatory circulars*
- *Issue management, tracking, and monitoring to strengthen resolution process of adverse findings*
- *Use technology to deliver tailored trainings to the staff*

Leveraging RegTech for compliance precision: With KYC and AML violations being primary drivers of non-compliance penalties (which have grown by 88% from 2021 to 2024), RegTech solutions are vital. They automate compliance processes, provide risk assessment, monitoring and reporting, consolidate customer profiles and facilitate real-time behaviour monitoring, helping institutions foresee and address compliance risks

Harnessing GenAI: GenAI automates tasks such as document review, transaction monitoring, and fraud detection. However, risks such as AI biases and insufficient data necessitate caution

In addition, there is an increasing emphasis on strengthening the Risk and Compliance Governance at these institutions with focus on key aspects related to the enterprise structure and relevant operational matters emanating from the business.

Three Lines of Defence model framework: Adopting a "Three Lines of Defence" model strengthens compliance. By defining roles across operational management, compliance and risk management and internal audit, it reinforces governance and creates a cohesive compliance structure.

Extending compliance to operational strategies: Compliance demands enhanced focus on customer experience, including onboarding, grievance redressal and transaction transparency. Institutions must adopt practices that safeguard customers and uphold trust. Stricter due diligence for risk rating systems and Expected Credit Loss (ECL) modelling necessitate advanced analytical tools and skills. Institutions need to evaluate financial health, market conditions and historical performance

Shifting perception about compliance: Boards and senior leadership must champion compliance as a strategic priority rather than a mere checkbox activity. Transparent communication, ongoing training, and regular evaluations are essential

FUTURE OF COMPLIANCE

As the regulatory landscape evolves, financial institutions must anticipate further changes in compliance mandates and prepare for a future where automation, digital transformation and strategic foresight will drive compliance. Key focus areas for regulators are expected to include the following:

Expanding regulatory automation: Building on current directives, regulators may require additional compliance functions—such as regulatory returns, risk-based assessments, compliance monitoring and testing and compliance incident management—are automated. The storage of historical data in automated systems paves the way for AI applications that can help predict and manage future compliance risks

Enabling accountability through self-regulation: The RBI has proposed to recognise a self-regulatory organisation to develop industry standards and codes within its regulatory framework. This will foster collaboration between regulators and industry participants, signaling a move towards a more granular approach to compliance assessments. Business teams may bear greater responsibility for the implementation of regulatory changes and also contribute to enhance the monitoring processes

Elevating governance standards: Stronger governance structures, including reporting lines and a "tone at the top" approach, will remain pivotal. Boards and senior leadership will be expected to play an active role in championing compliance and setting long-term strategies for regulatory alignment

Managing data-driven compliance: Focus on developing a centralised repository using data lakes, straight-through processing mechanism for management information systems, and regular regulatory reporting are expected to increase to improve accuracy and timeliness

Necessitating investment in advanced analytics: In-line with directive for automated compliance infrastructure, REs may be required to implement advance data analytics, model risk management frameworks and machine learning algorithms to further enhance the ECL modelling or credit rating systems.

Mitigating risks of greenwashing: The regulatory stringency for green claims made by organisations is expected to rapidly develop, aiming to foster responsible environmental stewardship by REs. The RBI has proposed measures to address greenwashing concerns in green deposits. These include the use of third-party verification and impact assessments to prove the veracity of eco-friendly claims. While the RBI has not specified penalties, it aims to increase transparency and consumer trust in green financial products

Financial institutions must embed compliance within their business models to mitigate financial repercussions and reputational risks that can erode customer trust

A RESILIENT PATH

In an industry facing continuous regulatory evolution, the financial sector must not view compliance as a hurdle, but as an opportunity to foster resilience. By leveraging advanced technologies and adopting proven frameworks, financial institutions can cultivate a proactive, information-driven compliance environment. This approach mitigates risks and aligns with the regulatory overarching goals of financial stability, customer protection and governance excellence. BT

Views are personal. Suveer Khanna, Partner & Head, Forensic Services; Amitava Mukherjee, Partner, Financial Risk Management; Kunal Pande, Partner and Co-head, Digital Risk and Cyber Management; and, Vishnu Pillai, Partner and Lead, FS Technology Enablement, also contributed to the article.

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GROUP-I

LARGE INDIAN BANKS

With a balance sheet size of more than or equal to ₹5 lakh crore

				GROWTH (%)												SIZE (₹ CRORE)			
RANK FY24	CHG	RANK FY23	Bank	Growth in total deposits	Growth in CASA Deposits	Growth in loans and advances	Growth in fee income	Growth in operating profit	Absolute increase in market share of deposits	Absolute increase in market share of CASA	3-year CAGR of total deposits	3-year CAGR of CASA Deposits	3-year CAGR of loans and advances	3-year CAGR of fee income	3-year CAGR of operating profit	Deposits	Operating profit	Balance sheet size	Increase in gross NPAs (%)
1	↑1	**2**	**ICICI Bank**	19.65% **2**	10.09% **1**	16.16% **3**	14.32% **7**	18.42% **3**	0.45% **1**	0.25% **1**	14.85% **3**	11.35% **2**	17.31% **3**	17.02% **8**	16.89% **3**	14,12,825 **2**	58,131 **2**	18,71,515 **2**	1.72% **10**
2	↑8	**10**	**Axis Bank**	12.85% **4**	2.88% **10**	14.17% **8**	27.82% **1**	87.58% **1**	0.02% **4**	-0.23% **9**	15.26% **2**	13.08% **1**	16.24% **4**	24.57% **3**	17.09% **2**	10,68,641 **7**	37,123 **3**	14,77,209 **6**	1.59% **9**
3	↑1	**4**	**Kotak Mahindra Bank**	23.65% **1**	6.51% **7**	17.57% **2**	25.18% **2**	31.92% **2**	0.21% **2**	0.00% **7**	17.03% **1**	6.46% **7**	18.91% **1**	25.63% **2**	18.53% **1**	4,48,954 **10**	19,587 **8**	6,00,357 **10**	1.44% **6**
4	↓1	**3**	**Bank of Baroda**	10.24% **8**	8.27% **2**	13.26% **9**	21.85% **3**	15.27% **4**	-0.14% **8**	0.10% **2**	11.12% **5**	9.83% **4**	14.70% **7**	12.47% **10**	13.46% **7**	13,26,958 **4**	30,965 **4**	15,85,797 **3**	1.04% **3**
5	↑4	**9**	**Indian Bank**	10.76% **7**	7.54% **4**	14.60% **6**	4.91% **9**	10.27% **7**	-0.05% **5**	0.03% **3**	8.54% **9**	7.21% **5**	12.25% **10**	19.79% **5**	13.90% **4**	6,88,000 **9**	16,840 **9**	7,92,619 **9**	1.40% **5**
6	↑1	**7**	**Union Bank of India**	9.29% **10**	4.08% **8**	14.30% **7**	3.84% **10**	10.77% **5**	-0.18% **9**	-0.14% **8**	9.76% **7**	6.91% **6**	13.79% **8**	23.51% **4**	13.57% **6**	12,21,528 **6**	28,211 **6**	13,91,958 **7**	1.45% **8**
7	↓1	**6**	**Canara Bank**	11.29% **5**	7.04% **5**	12.15% **11**	15.59% **6**	6.12% **9**	-0.07% **6**	0.02% **5**	9.09% **8**	5.85% **9**	13.39% **9**	18.14% **7**	13.70% **5**	13,12,367 **5**	29,413 **5**	14,91,541 **5**	1.21% **4**
7	↑1	**8**	**IndusInd Bank**	14.37% **3**	8.02% **3**	18.41% **1**	15.78% **5**	9.72% **8**	0.03% **3**	0.02% **4**	14.52% **4**	10.84% **3**	17.32% **2**	26.11% **1**	10.31% **9**	3,84,793 **11**	15,740 **10**	5,14,935 **11**	1.91% **11**
9	↓4	**5**	**State Bank of India**	11.13% **6**	3.92% **9**	15.78% **5**	5.81% **8**	3.56% **11**	-0.30% **10**	-0.70% **11**	10.12% **6**	5.48% **10**	14.78% **6**	1.68% **11**	6.61% **10**	49,16,077 **1**	86,697 **1**	61,79,694 **1**	0.59% **1**
10	↑4	**14**	**Bank of India**	10.21% **9**	6.65% **6**	15.90% **4**	19.63% **4**	5.05% **10**	-0.08% **7**	0.00% **6**	5.57% **11**	6.04% **8**	15.48% **5**	18.88% **6**	11.05% **8**	7,37,920 **8**	14,069 **11**	9,12,598 **8**	1.44% **7**
11	↑1	**12**	**Punjab National Bank**	6.91% **11**	2.69% **11**	12.47% **10**	-1.64% **11**	10.66% **6**	-0.37% **11**	-0.29% **10**	7.38% **10**	3.89% **11**	11.49% **11**	16.13% **9**	2.75% **11**	13,69,713 **3**	24,931 **7**	15,61,835 **4**	0.66% **2**

NOTE Numbers in bold indicate ranks of respective parameters; value in each parameter are rounded-off up to two decimals. IDBI Bank, Central Bank of India, YES Bank, UCO Bank and Indian Overseas Bank moved from Group I to Group II due to increase in balance sheet size limit for Group I; HDFC Bank excluded on account of merger; #Two parameters—Divergence in gross NPAs and Divergence in provisions for NPAs—have been excluded from the table because of 'nil' divergences reported across all the banks in the group.

ILLUSTRATIONS BY **RAJ VERMA**

QUALITY OF ASSETS							PRODUCTIVITY & EFFICIENCY					QUALITY OF EARNINGS					CAPITAL ADEQUACY & LIQUIDITY COVERAGE		
NPA coverage (%)	Net NPA/ Net advances (%)	GNPA/ Gross advances (%)	Secured advances/ Total advances (Net)	Deposits of 20 largest depositors (% of total)	Advances to 20 largest borrowers (% of total)	Exposure to 20 largest borrowers (% of total)	Cost / Income ratio	Cost /Avg asset ratio	Absolute increase in return on assets	Profit per employee	Increase in operating profit/Total income (%)	Return on average assets	Fee Income/ Total income (%)	ROCE (%)	NIM (%)	Penalties (₹ crore)	CAR (%)	Tier I (%)	LCR Ratio (%)
80.31%	0.45%	2.26%	70.88%	3.44%	8.59%	8.86%	0.40	0.023	0.17%	0.29	-7.84%	2.37%	10.29%	18.62%	4.54%	12.19	16.33%	15.60%	122.45%
3	4	5	8	1	3	4	1	8	7	1	3	2	6	1	2	10	7	3	8
77.36%	0.34%	1.47%	69.93%	8.51%	7.97%	8.16%	0.49	0.025	0.96%	0.25	44.17%	1.78%	14.17%	17.98%	3.79%	1.66	16.63%	14.20%	120.58%
5	1	2	9	8	2	2	8	9	1	3	1	4	1	3	4	5	5	6	10
75.91%	0.34%	1.39%	76.71%	9.19%	7.10%	7.78%	0.46	0.031	0.06%	0.18	-2.75%	2.53%	12.81%	15.29%	4.93%	3.96	20.55%	19.25%	119.95%
8	2	1	7	9	1	1	3	11	11	6	2	1	4	7	1	8	1	1	11
77.34%	0.68%	2.92%	77.68%	4.57%	14.48%	13.14%	0.48	0.019	0.15%	0.24	-9.66%	1.17%	8.63%	16.91%	3.06%	17.78	16.31%	14.07%	140.15%
6	7	6	4	3	9	10	7	4	8	4	6	5	9	5	6	11	8	7	4
87.57%	0.43%	3.95%	90.67%	5.92%	10.39%	10.56%	0.46	0.019	0.27%	0.13	-9.52%	1.07%	9.58%	15.16%	3.20%	3.69	16.44%	14.03%	133.32%
1	3	7	1	5	5	6	2	6	4	9	5	6	8	9	5	7	6	8	6
78.40%	1.03%	4.76%	83.59%	7.05%	11.59%	11.07%	0.46	0.018	0.32%	0.18	-8.81%	1.02%	11.42%	15.57%	2.88%	1.00	16.97%	15.00%	142.12%
4	9	9	2	7	8	8	4	2	3	6	4	9	5	6	8	3	3	4	3
70.79%	1.27%	4.23%	77.12%	11.20%	11.16%	10.93%	0.47	0.018	0.19%	0.18	-14.22%	1.03%	12.90%	18.13%	2.69%	6.16	16.28%	13.95%	131.67%
10	11	8	5	10	7	7	5	3	6	6	10	8	3	2	11	9	9	9	7
70.58%	0.57%	1.92%	67.21%	17.40%	8.67%	8.50%	0.48	0.029	0.12%	0.21	-11.38%	1.84%	13.42%	15.24%	4.51%	0.02	17.23%	15.82%	122.24%
11	6	3	11	11	4	3	6	10	9	5	8	3	2	8	3	1	2	2	9
75.02%	0.57%	2.24%	69.79%	4.74%	11.08%	10.31%	0.59	0.021	0.08%	0.26	-18.20%	1.04%	7.76%	17.33%	2.98%	1.00	14.28%	11.93%	139.81%
9	5	4	10	4	6	5	11	7	10	2	11	7	10	4	7	3	11	11	5
76.54%	1.22%	4.98%	79.84%	5.97%	16.17%	11.87%	0.52	0.017	0.20%	0.12	-13.91%	0.73%	7.35%	9.88%	2.81%	1.68	16.96%	14.93%	153.12%
7	10	10	3	6	10	9	9	1	5	10	9	10	11	10	9	6	4	5	1
86.72%	0.75%	5.73%	77.10%	4.07%	18.02%	17.36%	0.53	0.019	0.36%	0.09	-10.50%	0.55%	10.13%	7.99%	2.80%	0.72	15.97%	13.17%	146.83%
2	8	11	6	2	11	11	10	5	2	11	7	11	7	11	10	2	10	10	2

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GROUP-II

MID-SIZED INDIAN BANKS

With a balance sheet size of more than ₹2 lakh crore and less than ₹5 lakh crore

				GROWTH (%)												SIZE (₹ CRORE)				
RANK FY24	CHG	RANK FY23	Bank	Growth in total deposits	Growth in CASA deposits	Growth in loans and advances	Growth in fee income	Growth in operating profit	Absolute increase in market share of deposits	Absolute increase in market share of CASA	3-year CAGR of total deposits	3-year CAGR of CASA deposits	3-year CAGR of loans and advances	3-year CAGR of fee income	3-year CAGR of operating profit	Deposits	Operating profit	Balance sheet size	Increase in gross NPA (%)	NPA coverage (%)
1	↔	1	Bank of Maharashtra	15.66% **4**	14.25% **3**	16.95% **5**	14.47% **5**	31.25% **1**	0.04% **4**	0.13% **3**	15.88% **3**	14.97% **3**	25.05% **1**	11.41% **7**	26.44% **2**	2,70,747 **4**	8,005 **2**	3,07,138 **7**	0.68% **1**	87.71% **2**
2		N/A	IDBI Bank	8.68% **6**	3.38% **8**	16.03% **7**	-9.95% **8**	9.80% **4**	-0.05% **6**	-0.06% **8**	6.35% **6**	6.34% **7**	13.75% **7**	0.17% **8**	10.89% **4**	2,77,657 **3**	9,592 **1**	3,63,190 **3**	2.03% **5**	92.78% **1**
3		N/A	Indian Overseas Bank	9.59% **5**	9.99% **4**	19.81% **4**	23.03% **4**	13.83% **3**	-0.04% **5**	0.05% **4**	5.97% **7**	7.10% **5**	18.65% **3**	12.29% **6**	4.68% **6**	2,85,905 **2**	6,764 **4**	3,52,034 **4**	0.84% **2**	78.08% **3**
4	↓1	3	Federal Bank	18.35% **3**	6.46% **6**	20.04% **2**	28.79% **3**	7.93% **5**	0.07% **3**	0.00% **6**	13.52% **4**	8.33% **4**	16.66% **5**	31.08% **3**	10.83% **5**	2,52,534 **7**	5,174 **6**	3,08,312 **6**	0.91% **3**	71.37% **5**
5	↓3	2	IDFC First Bank	38.68% **1**	31.65% **1**	28.19% **1**	37.09% **2**	26.46% **2**	0.20% **1**	0.24% **1**	31.26% **1**	27.34% **1**	24.62% **2**	52.92% **1**	35.66% **1**	2,00,576 **8**	6,237 **5**	2,96,115 **8**	3.04% **8**	68.79% **6**
6		N/A	Central Bank of India	7.16% **7**	6.28% **7**	19.91% **3**	7.52% **6**	6.96% **6**	-0.10% **8**	-0.01% **7**	5.28% **8**	5.82% **8**	15.84% **6**	29.93% **4**	17.16% **3**	3,85,011 **1**	7,363 **3**	4,46,673 **1**	2.30% **6**	63.11% **8**
7		N/A	YES Bank	22.47% **2**	23.04% **2**	12.07% **8**	42.66% **1**	6.39% **7**	0.11% **2**	0.15% **2**	17.80% **2**	24.57% **2**	10.93% **8**	36.40% **2**	-10.02% **8**	2,66,372 **5**	3,386 **8**	4,05,493 **2**	2.47% **7**	66.61% **7**
8		N/A	UCO Bank	5.53% **8**	7.44% **5**	16.78% **6**	-0.06% **7**	5.43% **8**	-0.09% **7**	0.01% **5**	8.52% **5**	6.92% **6**	17.80% **4**	15.00% **5**	3.32% **7**	2,63,130 **6**	4,576 **7**	3,23,691 **5**	1.23% **4**	73.65% **4**

NOTE Numbers in bold indicate ranks of respective parameters; value in each parameter are rounded-off up to two decimals; IDBI Bank, Central Bank of India, YES Bank, UCO Bank, and Indian Overseas Bank moved from Group I to Group II due to increase in balance sheet size limit for Group I; South Indian Bank, Karur Vysya Bank, Bandhan Bank, RBL Bank, Karnataka Bank, Jammu & Kashmir Bank, Punjab & Sind Bank exited the category due to increase in balance sheet size limit for Group II; #Two parameters—Divergence in gross NPAs and Divergence in provisions for NPAs—have been excluded from the table because of 'nil' divergences reported across all the banks in the group

QUALITY OF ASSETS						PRODUCTIVITY & EFFICIENCY					QUALITY OF EARNINGS					CAPITAL ADEQUACY & LIQUIDITY COVERAGE		
Net NPA/Net advances (%)	GNPA/Gross advances (%)	Secured advances/ Total advances (Net)	Deposits of 20 largest depositors (% of total)	Advances to 20 largest borrowers (% of total)	Exposure to 20 largest borrowers (% of total)	Cost/ Income ratio	Cost/Avg asset ratio	Absolute increase in return on assets	Profit per employee	Increase in operating profit/Total income (%)	Return on average assets (%)	Fee income/ Total income (%)	ROCE (%)	NIM (%)	Penalties (₹ crore)	CAR (%)	Tier I (%)	LCR ratio (%)
0.20%	1.88%	81.89%	10.66%	11.56%	11.03%	0.38	0.017	0.35%	0.30	1.56%	1.41%	11.21%	22.98%	3.54%	1.57	17.38%	13.72%	134.53%
1	**2**	**5**	**6**	**4**	**4**	**1**	**1**	**2**	**1**	**1**	**2**	**4**	**1**	**3**	**7**	**2**	**5**	**5**
0.34%	4.53%	87.12%	10.06%	13.74%	13.88%	0.46	0.024	0.45%	0.30	-8.82%	1.62%	8.39%	11.84%	4.60%	0.07	22.26%	20.11%	138.65%
2	**8**	**1**	**4**	**5**	**5**	**2**	**4**	**1**	**1**	**3**	**1**	**8**	**3**	**2**	**2**	**1**	**1**	**4**
0.57%	3.10%	84.29%	4.48%	18.38%	14.49%	0.56	0.026	0.09%	0.12	-9.92%	0.80%	14.94%	9.98%	3.16%	3.20	17.28%	14.47%	149.10%
3	**5**	**3**	**2**	**7**	**6**	**4**	**7**	**5**	**4**	**4**	**5**	**1**	**5**	**5**	**8**	**3**	**4**	**3**
0.60%	2.13%	86.45%	7.03%	7.73%	7.39%	0.55	0.022	0.05%	0.26	-18.27%	1.31%	10.16%	14.71%	3.14%	0.55	16.13%	14.61%	124.39%
6	**4**	**2**	**3**	**2**	**2**	**3**	**3**	**6**	**3**	**8**	**3**	**7**	**2**	**6**	**3**	**5**	**2**	**6**
0.60%	1.88%	55.21%	10.60%	5.66%	5.80%	0.72	0.061	-0.02%	0.08	-5.32%	1.10%	14.81%	10.22%	6.49%	1.00	16.11%	13.36%	120.13%
5	**3**	**8**	**5**	**1**	**1**	**7**	**8**	**7**	**5**	**2**	**4**	**2**	**4**	**1**	**6**	**6**	**6**	**8**
1.23%	4.50%	83.66%	3.46%	15.29%	15.04%	0.58	0.024	0.18%	0.08	-10.57%	0.60%	10.61%	8.32%	3.20%	0.84	15.08%	12.46%	225.25%
8	**7**	**4**	**1**	**6**	**7**	**5**	**5**	**3**	**5**	**5**	**6**	**5**	**6**	**4**	**5**	**8**	**7**	**1**
0.58%	1.73%	77.89%	11.46%	8.00%	7.94%	0.74	0.026	0.11%	0.05	-14.16%	0.33%	12.66%	3.02%	2.55%	0.02	15.40%	12.20%	121.77%
4	**1**	**7**	**7**	**3**	**3**	**8**	**6**	**4**	**8**	**6**	**8**	**3**	**8**	**8**	**1**	**7**	**8**	**7**
0.89%	3.46%	78.11%	11.81%	19.44%	17.85%	0.60	0.022	-0.11%	0.08	-15.39%	0.53%	10.44%	6.23%	2.78%	0.67	16.98%	14.54%	164.85%
7	**6**	**6**	**8**	**8**	**8**	**6**	**2**	**8**	**5**	**7**	**7**	**6**	**7**	**7**	**4**	**4**	**3**	**2**

IDFC FIRST BANK | Scores the highest in growth parameters, especially in deposits and advances

GROUP-III

SMALL INDIAN BANKS

With a balance sheet size of less than or equal to ₹2 lakh crore

				GROWTH (%)												SIZE (₹ CRORE)			
RANK FY24	CHG	RANK FY23	Bank	Growth in total deposits	Growth in CASA Deposits	Growth in loans and advances	Growth in fee income	Growth in operating profit	Absolute increase in market share of deposits	Absolute increase in market share of CASA	3-year CAGR of total deposits	3-year CAGR of CASA Deposits	3-year CAGR of loans and advances	3-year CAGR of fee income	3-year CAGR of operating profit	Deposits	Operating profit	Balance sheet size	Increase in gross NPAs (%)
1	↔	1	Karur Vysya Bank	16.28% **5**	6.43% **9**	16.68% **5**	21.11% **4**	14.27% **5**	0.02% **4**	0.00% **9**	12.09% **5**	7.75% **9**	13.52% **5**	25.54% **4**	29.87% **1**	89,113 **7**	2,829 **3**	1,05,585 **7**	0.73% **1**
2		N/A	RBL Bank	21.92% **2**	14.92% **3**	19.62% **1**	25.15% **3**	37.61% **2**	0.04% **2**	0.04% **2**	12.28% **4**	16.14% **2**	12.73% **6**	21.72% **5**	1.28% **8**	1,03,494 **4**	3,031 **2**	1,38,432 **4**	3.17% **11**
3		N/A	Bandhan Bank	25.11% **1**	18.14% **1**	15.64% **6**	-30.59% **13**	-6.37% **10**	0.07% **1**	0.07% **1**	20.14% **1**	14.03% **3**	14.07% **4**	-0.18% **13**	-0.64% **10**	1,35,202 **1**	6,639 **1**	1,77,842 **1**	5.03% **13**
4	↔	4	Karnataka Bank	12.24% **6**	8.82% **6**	19.28% **2**	4.36% **8**	-2.03% **8**	0.00% **6**	0.01% **4**	9.03% **6**	9.58% **5**	11.55% **8**	11.77% **10**	4.27% **6**	98,058 **6**	2,163 **5**	1,16,085 **6**	2.51% **10**
5	↓3	2	CSB Bank	21.27% **3**	2.51% **13**	17.84% **4**	71.54% **1**	10.25% **6**	0.01% **5**	0.00% **11**	15.80% **3**	9.47% **7**	19.01% **1**	38.58% **1**	14.80% **2**	29,719 **11**	780 **11**	36,056 **11**	0.78% **2**
6		N/A	Jammu & Kashmir Bank	10.44% **8**	3.11% **11**	13.95% **7**	0.93% **10**	22.51% **4**	-0.01% **10**	-0.03% **13**	7.64% **8**	3.48% **13**	11.94% **7**	15.83% **8**	12.85% **4**	1,34,775 **2**	2,277 **4**	1,54,527 **2**	1.26% **4**

NOTE Numbers in bold indicate ranks of respective parameters; Value in each parameter are rounded-off up to two decimals; South Indian Bank, Karur Vysya Bank, Bandhan Bank, RBL Bank, Karnataka Bank, Jammu & Kashmir Bank, Punjab & Sind Bank moved from Group II to Group III due to increase in balance sheet size limit for Group II; #Two parameters—Divergence in gross NPAs and Divergence in provisions for NPAs—have been excluded from the table because of 'nil' divergences reported across all the banks in the group

	QUALITY OF ASSETS							PRODUCTIVITY & EFFICIENCY					QUALITY OF EARNINGS					CAPITAL ADEQUACY & LIQUIDITY COVERAGE		
	NPA coverage (%)	Net NPA/ Net advances (%)	GNPA/ Gross advances (%)	Secured advances/ Total advances (Net)	Deposits of 20 largest depositors (% of total)	Advances to 20 largest borrowers (% of total)	Exposure to 20 largest borrowers (% of total)	Cost / Income ratio	Cost /Avg asset ratio	Absolute increase in return on assets	Profit per employee	Increase in operating profit/Total income (%)	Return on average assets	Fee Income/ Total income (%)	ROCE (%)	NIM (%)	Penalties (₹ crore)	CAR (%)	Tier I (%)	LCR Ratio (%)
	70.12%	0.40%	1.40%	97.92%	10.04%	4.22%	4.24%	0.48	0.027	0.29%	0.18	-11.07%	1.64%	13.44%	17.23%	4.08%	0.03	16.67%	15.46%	239.13%
	5	**1**	**1**	**3**	**8**	**1**	**1**	**4**	**8**	**2**	**2**	**5**	**3**	**3**	**1**	**4**	**4**	**8**	**7**	**3**
	72.73%	0.74%	2.65%	57.20%	17.44%	6.93%	6.96%	0.67	0.048	0.08%	0.09	8.45%	0.92%	16.95%	8.23%	5.14%	0.64	16.18%	14.38%	135.48%
	3	**3**	**4**	**12**	**11**	**6**	**6**	**10**	**13**	**4**	**7**	**2**	**10**	**1**	**10**	**2**	**6**	**10**	**10**	**10**
	71.84%	1.11%	3.84%	42.67%	16.16%	6.62%	6.56%	0.47	0.035	-0.15%	0.03	-18.22%	1.34%	8.51%	10.82%	6.68%	3.26	18.28%	17.21%	156.30%
	4	**8**	**7**	**13**	**10**	**5**	**4**	**1**	**11**	**11**	**12**	**9**	**5**	**10**	**9**	**1**	**11**	**5**	**5**	**9**
	53.19%	1.58%	3.53%	89.57%	3.74%	12.49%	12.57%	0.53	0.023	-0.07%	0.15	-16.34%	1.21%	12.42%	13.71%	3.44%	-	18.00%	16.17%	280.21%
	11	**11**	**6**	**9**	**1**	**9**	**9**	**5**	**4**	**10**	**3**	**7**	**6**	**4**	**6**	**9**	**1**	**6**	**6**	**1**
	64.52%	0.51%	1.47%	92.87%	21.02%	8.67%	8.57%	0.62	0.039	-0.30%	0.07	-17.25%	1.74%	14.84%	16.18%	4.68%	0.00	24.47%	23.10%	114.49%
	10	**2**	**3**	**7**	**12**	**7**	**7**	**7**	**12**	**12**	**8**	**8**	**2**	**2**	**2**	**3**	**2**	**2**	**2**	**13**
	82.93%	0.79%	4.08%	69.55%	9.77%	13.79%	15.19%	0.62	0.025	0.32%	0.14	2.91%	1.18%	5.89%	15.94%	3.98%	5.07	15.33%	13.09%	169.54%
	2	**4**	**10**	**11**	**7**	**10**	**12**	**8**	**5**	**1**	**4**	**3**	**7**	**12**	**3**	**5**	**12**	**11**	**12**	**7**

BANDHAN BANK | Enjoys the highest net interest margins among small Indian banks

				GROWTH (%)												SIZE (₹ CRORE)			
RANK FY24	CHG	RANK FY23	Bank	Growth in total deposits	Growth in CASA Deposits	Growth in loans and advances	Growth in fee income	Growth in operating profit	Absolute increase in market share of deposits	Absolute increase in market share of CASA	3-year CAGR of total deposits	3-year CAGR of CASA Deposits	3-year CAGR of loans and advances	3-year CAGR of fee income	3-year CAGR of operating profit	Deposits	Operating profit	Balance sheet size	Increase in gross NPAs (%)
7		**N/A**	**South Indian Bank**	11.20% **7**	8.16% **7**	11.83% **8**	3.80% **9**	23.91% **3**	-0.01% **9**	0.01% **5**	7.21% **10**	9.96% **4**	10.37% **10**	17.49% **7**	3.97% **7**	1,01,920 **5**	1,868 **6**	1,17,413 **5**	1.89% **7**
8	↓5	**3**	**Tamilnad Mercantile Bank**	3.66% **13**	6.85% **8**	6.55% **11**	-8.61% **11**	-5.79% **9**	-0.02% **13**	0.00% **8**	6.52% **12**	7.89% **8**	8.54% **11**	10.61% **11**	7.22% **5**	49,515 **9**	1,482 **8**	61,552 **10**	1.31% **5**
9	↓4	**5**	**City Union Bank**	6.22% **12**	8.90% **5**	5.74% **12**	-9.95% **12**	-16.57% **11**	-0.02% **11**	0.00% **6**	7.71% **7**	9.51% **6**	7.98% **12**	17.69% **6**	1.10% **9**	55,657 **8**	1,517 **7**	70,826 **8**	2.29% **9**
10	↓4	**6**	**DCB Bank**	19.68% **4**	17.87% **2**	19.04% **3**	13.73% **6**	9.88% **7**	0.02% **3**	0.02% **3**	18.44% **2**	23.69% **1**	16.72% **2**	13.69% **9**	-0.81% **11**	49,353 **10**	864 **10**	63,037 **9**	3.95% **12**
11		**N/A**	**Punjab & Sind Bank**	8.89% **9**	5.09% **10**	7.70% **9**	29.10% **2**	-22.00% **12**	-0.02% **12**	-0.01% **12**	7.50% **9**	7.08% **10**	10.73% **9**	36.95% **2**	13.57% **3**	1,19,410 **3**	1,131 **9**	1,47,657 **3**	1.22% **3**
12	↓4	**8**	**Nainital Bank**	7.63% **10**	10.41% **4**	4.65% **13**	13.45% **7**	39.45% **1**	0.00% **7**	0.00% **7**	3.71% **13**	6.88% **11**	7.39% **13**	8.29% **12**	-2.34% **12**	8,268 **13**	107 **12**	9,307 **13**	2.20% **8**
13	↓6	**7**	**Dhanlaxmi Bank**	7.03% **11**	2.86% **12**	6.88% **10**	16.47% **5**	-43.78% **13**	0.00% **8**	0.00% **10**	6.86% **11**	3.88% **12**	14.17% **3**	26.56% **3**	-12.98% **13**	14,290 **12**	69 **13**	15,962 **12**	1.56% **6**

NOTE Numbers in bold indicate ranks of respective parameters; Value in each parameter are rounded-off up to two decimals; South Indian Bank, Karur Vysya Bank, Bandhan Bank, RBL Bank, Karnataka Bank, Jammu & Kashmir Bank, Punjab & Sind Bank moved from Group II to Group III due to increase in balance sheet size limit for Group II; #Two parameters—Divergence in gross NPAs and Divergence in provisions for NPAs—have been excluded from the table because of 'nil' divergences reported across all the banks in the group

QUALITY OF ASSETS							PRODUCTIVITY & EFFICIENCY					QUALITY OF EARNINGS					CAPITAL ADEQUACY & LIQUIDITY COVERAGE		
NPA coverage (%)	Net NPA/ Net advances (%)	GNPA/ Gross advances (%)	Secured advances/ Total advances (Net)	Deposits of 20 largest depositors (% of total)	Advances to 20 largest borrowers (% of total)	Exposure to 20 largest borrowers (% of total)	Cost / Income ratio	Cost /Avg asset ratio	Absolute increase in return on assets	Profit per employee	Increase in operating profit/Total income (%)	Return on average assets	Fee Income/ Total income (%)	ROCE (%)	NIM (%)	Penalties (₹ crore)	CAR (%)	Tier I (%)	LCR Ratio (%)
65.30% **9**	1.45% **10**	4.50% **11**	81.60% **10**	4.51% **2**	15.88% **12**	12.82% **10**	0.61 **6**	0.026 **6**	0.19% **3**	0.11 **6**	-1.57% **4**	0.95% **8**	11.49% **5**	13.81% **5**	3.14% **12**	0.41 **5**	19.91% **4**	17.65% **4**	168.72% **8**
41.60% **13**	0.85% **5**	1.44% **2**	99.55% **1**	8.74% **6**	4.98% **4**	6.67% **5**	0.47 **2**	0.022 **3**	-0.04% **8**	0.23 **1**	-19.21% **10**	1.79% **1**	11.42% **6**	14.44% **4**	3.82% **6**	18.33 **13**	29.37% **1**	27.97% **1**	200.06% **4**
50.34% **12**	1.97% **13**	3.99% **8**	99.49% **2**	8.67% **5**	4.71% **3**	5.38% **3**	0.47 **3**	0.020 **1**	0.03% **6**	0.14 **4**	-23.34% **11**	1.48% **4**	10.28% **8**	12.81% **7**	3.25% **10**	0.68 **8**	23.73% **3**	22.69% **3**	266.65% **2**
66.43% **8**	1.11% **7**	3.23% **5**	94.53% **6**	6.57% **3**	4.33% **2**	5.19% **2**	0.64 **9**	0.027 **7**	-0.04% **9**	0.05 **10**	-13.22% **6**	0.93% **9**	7.26% **11**	11.12% **8**	3.53% **8**	0.67 **7**	16.59% **9**	14.53% **9**	121.79% **11**
69.16% **7**	1.63% **12**	5.43% **12**	91.13% **8**	8.23% **4**	23.60% **13**	17.51% **13**	0.72 **12**	0.021 **2**	-0.56% **13**	0.07 **8**	-36.17% **12**	0.42% **12**	10.83% **7**	3.89% **13**	2.13% **13**	2.00 **10**	17.16% **7**	14.74% **8**	120.70% **12**
89.22% **1**	0.93% **6**	8.29% **13**	97.87% **4**	10.67% **9**	10.34% **8**	10.28% **8**	0.72 **11**	0.031 **9**	-0.03% **7**	0.04 **11**	11.30% **1**	0.52% **11**	4.99% **13**	5.95% **11**	3.80% **7**	0.01 **3**	15.22% **12**	14.26% **11**	176.73% **6**
69.57% **6**	1.25% **9**	4.05% **9**	96.09% **5**	22.25% **13**	14.97% **11**	14.36% **11**	0.89 **13**	0.035 **10**	0.04% **5**	0.03 **12**	-52.62% **13**	0.37% **13**	9.73% **9**	5.81% **12**	3.16% **11**	1.21 **9**	12.71% **13**	11.36% **13**	184.69% **5**

TAMILNAD MERCANTILE BANK | Has the highest share of secured advances in the small banks category

GROUP-IV

LARGE FOREIGN BANKS

With a balance sheet size of more than or equal to ₹25,000 crore

				GROWTH (%)												SIZE (₹ CRORE)			
RANK FY24	CHG	RANK FY23	Bank	Growth in total deposits	Growth in CASA Deposits	Growth in loans and advances	Growth in fee income	Growth in operating profit	Absolute increase in market share of deposits	Absolute increase in market share of CASA	3-year CAGR of total deposits	3-year CAGR of CASA Deposits	3-year CAGR of loans and advances	3-year CAGR of fee income	3-year CAGR of operating profit	Deposits	Operating profit	Balance sheet size	Increase in gross NPAs (%)
1	↔	1	J.P. Morgan Chase Bank N.A.	29.56% **4**	25.50% **5**	-22.38% **12**	18.91% **5**	29.00% **6**	0.05% **2**	0.08% **2**	27.09% **3**	31.48% **1**	-1.96% **12**	10.23% **8**	8.25% **8**	72,034 **5**	4,623 **3**	1,26,876 **5**	0.00% **1**
2	↑1	3	Bank of America	13.67% **8**	17.90% **7**	32.45% **3**	9.44% **8**	61.87% **2**	0.00% **8**	0.04% **3**	18.14% **6**	16.66% **6**	14.69% **5**	4.53% **10**	16.87% **3**	59,856 **6**	3,475 **5**	1,06,784 **6**	0.00% **1**
3	↑1	4	HSBC	7.12% **11**	8.36% **9**	5.45% **7**	4.82% **10**	47.93% **4**	-0.05% **12**	0.02% **4**	6.78% **8**	11.32% **8**	15.07% **4**	17.22% **5**	12.79% **6**	2,01,219 **1**	9,570 **1**	2,96,773 **1**	0.22% **9**
4	↑1	8	Mizuho Bank	17.92% **6**	43.84% **2**	37.63% **2**	20.47% **3**	53.35% **3**	0.01% **6**	0.02% **6**	22.18% **5**	22.83% **3**	28.96% **1**	6.98% **9**	16.85% **4**	21,818 **9**	771 **10**	36,446 **11**	0.00% **1**
5	↑3	2	Sumitomo Mitsui Banking Corporation (SMBC)	44.31% **2**	58.85% **1**	43.73% **1**	13.86% **7**	14.19% **10**	0.03% **4**	0.01% **8**	22.26% **4**	31.18% **2**	23.99% **2**	30.03% **2**	14.34% **5**	28,605 **7**	972 **8**	46,245 **9**	0.00% **1**
6	↓2	10	Deutsche Bank	9.88% **9**	23.71% **6**	5.32% **8**	64.62% **1**	45.94% **5**	-0.01% **9**	0.08% **1**	5.15% **10**	5.37% **11**	4.73% **10**	19.67% **4**	9.94% **7**	76,993 **4**	4,023 **4**	1,45,235 **3**	1.33% **11**
7	↔	7	Barclays Bank Plc.	70.77% **1**	-17.32% **11**	-4.66% **11**	-3.97% **11**	14.24% **9**	0.04% **3**	-0.01% **11**	-1.97% **12**	-6.18% **12**	3.90% **11**	21.34% **3**	20.03% **2**	21,620 **10**	1,434 **6**	53,910 **8**	0.00% **1**
8		N/A	DBS Bank India*	29.43% **5**	9.31% **8**	10.69% **6**	49.00% **2**	85.09% **1**	0.05% **1**	0.01% **10**	27.35% **2**	9.53% **9**	9.05% **7**	30.40% **1**	72.29% **1**	79,438 **3**	712 **11**	1,29,893 **4**	1.18% **10**
9	↔	9	BNP Paribas	2.53% **12**	26.88% **4**	11.43% **5**	19.41% **4**	21.63% **8**	-0.01% **10**	0.01% **7**	2.51% **11**	12.02% **7**	7.31% **8**	14.52% **6**	-3.34% **12**	19,388 **11**	1,072 **7**	59,139 **7**	0.00% **1**
10		N/A	Australia and New Zealand Banking Group	31.36% **3**	-51.35% **12**	22.34% **4**	7.91% **9**	24.84% **7**	0.01% **5**	-0.02% **12**	55.26% **1**	21.11% **4**	21.72% **3**	-7.70% **12**	4.94% **10**	7,964 **12**	250 **12**	27,939 **12**	0.00% **1**
11	↓4	6	The Bank of Tokyo- Mitsubishi UFJ (MUFG)	17.70% **7**	33.33% **3**	4.02% **9**	-13.81% **12**	2.25% **11**	0.01% **7**	0.02% **5**	5.20% **9**	17.75% **5**	10.40% **6**	-1.06% **11**	6.00% **9**	22,222 **8**	873 **9**	41,278 **10**	0.13% **8**
12	↓7	5	Standard Chartered Bank	8.68% **10**	7.80% **10**	1.39% **10**	15.42% **6**	-7.57% **12**	-0.03% **11**	0.01% **9**	8.64% **7**	8.43% **10**	6.63% **9**	13.66% **7**	0.14% **11**	1,44,086 **2**	5,730 **2**	2,37,130 **2**	1.70% **12**

NOTE Numbers in bold indicate ranks of respective parameters; Value in each parameter are rounded-off up to two decimals; Australia and New Zealand Banking Group Ltd entered the category due to increase in balance sheet size as on March 31, 2024. DBS Bank India entered the category due to completion of three years post-merger and accordingly, two-year CAGR ratios have been considered; #Two parameters—Divergence in gross NPAs and Divergence in provisions for NPAs—have been excluded from the table because of 'nil' divergences reported across all the banks in the group

QUALITY OF ASSETS							PRODUCTIVITY & EFFICIENCY					QUALITY OF EARNINGS					CAPITAL ADEQUACY & LIQUIDITY COVERAGE		
NPA coverage (%)	Net NPA/ Net advances (%)	GNPA/ Gross advances (%)	Secured advances/ Total advances (Net)	Deposits of 20 largest depositors (% of total)	Advances to 20 largest borrowers (% of total)	Exposure to 20 largest borrowers (% of total)	Cost / Income ratio	Cost /Avg asset ratio	Absolute increase in return on assets	Profit per employee	Increase in operating profit/Total income (%)	Return on average assets	Fee Income/ Total income (%)	ROCE (%)	NIM (%)	Penalties (₹ crore)	CAR (%)	Tier I (%)	LCR Ratio (%)
100.00%	0.00%	0.00%	13.78%	57.00%	42.00%	41.00%	0.18	0.008	0.43%	5.81	-9.11%	2.06%	5.04%	13.18%	3.90%	0.00	21.51%	18.92%	195.50%
1	1	1	8	10	10	10	1	2	2	1	8	1	8	2	5	1	3	5	3
100.00%	0.00%	0.00%	14.22%	50.30%	47.17%	47.87%	0.23	0.011	0.37%	3.84	1.99%	1.98%	5.10%	10.21%	4.48%	0.00	18.46%	16.76%	174.50%
1	1	1	7	7	11	11	2	3	3	2	5	2	7	3	3	9	6	6	5
89.02%	0.05%	0.42%	60.84%	19.08%	15.24%	14.75%	0.37	0.019	0.65%	1.39	7.22%	1.84%	4.57%	14.11%	4.17%	2.10	15.88%	13.95%	131.13%
10	9	9	1	1	2	2	6	8	1	7	3	3	9	1	4	12	11	11	11
100.00%	0.00%	0.03%	30.10%	46.45%	28.21%	39.14%	0.42	0.017	0.19%	1.34	4.80%	1.36%	3.58%	5.37%	3.01%	0.00	23.37%	22.44%	173.47%
1	1	7	5	6	5	9	8	7	7	8	4	7	11	7	9	1	1	1	6
100.00%	0.00%	0.00%	13.50%	55.52%	28.43%	28.43%	0.33	0.012	-0.27%	1.41	-26.24%	1.26%	6.19%	4.94%	3.07%	0.00	20.33%	19.51%	151.51%
1	1	1	9	9	6	5	4	6	10	6	9	8	5	9	8	1	5	4	8
74.99%	0.32%	1.25%	58.64%	32.20%	32.53%	32.30%	0.44	0.023	0.25%	1.13	16.84%	1.43%	7.18%	8.48%	4.57%	0.00	16.26%	14.53%	231.75%
12	11	10	2	4	8	7	9	9	4	10	2	6	4	5	1	10	8	8	2
100.00%	0.00%	0.17%	11.93%	72.00%	37.00%	36.00%	0.29	0.011	0.20%	2.54	-7.61%	1.47%	17.35%	6.70%	3.89%	0.00	15.93%	14.55%	187.77%
1	1	8	10	11	9	8	3	5	6	3	7	5	1	6	6	1	10	7	4
93.02%	0.24%	3.33%	46.58%	24.08%	16.25%	15.59%	0.83	0.030	0.09%	0.05	31.89%	0.31%	10.81%	3.30%	2.53%	0.00	15.75%	13.30%	137.07%
9	10	12	4	3	3	3	12	11	8	12	1	12	2	12	11	1	12	12	10
100.00%	0.00%	0.00%	7.51%	44.11%	31.74%	32.15%	0.38	0.011	0.23%	1.69	1.60%	0.98%	5.19%	5.09%	2.93%	0.00	17.00%	14.02%	163.25%
1	1	1	12	5	7	6	7	4	5	5	6	10	6	8	10	1	7	10	7
100.00%	0.00%	0.00%	8.06%	92.81%	61.65%	61.65%	0.37	0.006	-0.18%	1.83	-33.86%	0.65%	3.27%	4.88%	2.52%	0.00	20.43%	19.64%	368.25%
1	1	1	11	12	12	12	5	1	9	4	11	11	12	10	12	1	4	3	1
100.00%	0.00%	0.00%	26.92%	53.76%	26.06%	26.06%	0.51	0.023	-0.40%	1.30	-26.34%	1.03%	4.38%	3.95%	3.53%	0.00	22.87%	21.89%	137.31%
1	1	1	6	8	4	4	10	10	11	9	10	9	10	11	7	1	2	2	9
88.71%	0.35%	2.99%	54.29%	19.44%	13.00%	12.71%	0.60	0.036	-0.45%	0.58	-38.79%	1.60%	8.72%	9.78%	4.56%	0.30	16.19%	14.40%	128.75%
11	12	11	3	2	1	1	11	12	12	11	12	4	3	4	2	11	9	9	12

HSBC LTD | Has the biggest balance sheet size amongst foreign banks

GROUP-V

SMALL FINANCE BANKS

				GROWTH (%)												SIZE (₹ CRORE)				
RANK FY24	CHG	RANK FY23	Bank	Growth in total deposits	Growth in CASA deposits	Growth in loans and advances	Growth in fee income	Growth in operating profit	Absolute increase in market share of deposits	Absolute increase in market share of CASA	3-year CAGR of total deposits	3-year CAGR of CASA deposits	3-year CAGR of loans and advances	3-year CAGR of fee income	3-year CAGR of operating profit	Deposits	Operating profit	Balance sheet size	Increase in gross NPA (%)	NPA coverage (%)
1	↔	1	Ujjivan Small Finance Bank	23.20% **7**	24.54% **5**	26.27% **4**	29.95% **5**	29.09% **3**	0.01% **5**	0.02% **1**	33.80% **2**	45.99% **3**	22.87% **6**	45.69% **4**	33.78% **4**	31,462 **3**	1,917 **2**	40,422 **3**	1.99% **1**	\ **2**
2	↔	2	Au Small Finance Bank	25.69% **6**	9.25% **6**	25.23% **5**	57.07% **2**	20.73% **4**	0.05% **1**	0.01% **4**	34.32% **1**	52.11% **1**	28.34% **2**	44.01% **5**	4.64% **8**	87,182 **1**	2,438 **1**	1,09,426 **1**	2.58% **3**	64.28% **5**
3	↑2	5	Jana Small Finance Bank	38.19% **3**	34.72% **3**	30.13% **3**	6.33% **8**	19.29% **5**	0.02% **3**	0.01% **3**	22.14% **7**	28.91% **6**	25.79% **5**	43.96% **6**	38.32% **3**	22,571 **4**	1,193 **4**	32,710 **4**	5.44% **7**	73.70% **3**
4	↑5	9	Suryoday Small Finance Bank	50.53% **1**	77.10% **1**	34.30% **1**	63.09% **1**	34.51% **1**	0.01% **7**	0.01% **5**	33.68% **3**	46.03% **2**	26.58% **3**	45.81% **3**	42.08% **1**	7,777 **7**	454 **7**	12,378 **7**	2.79% **4**	71.17% **4**
5	↑1	6	ESAF Small Finance Bank	35.47% **4**	43.49% **2**	31.38% **2**	10.21% **6**	30.10% **2**	0.02% **4**	0.02% **2**	30.21% **5**	37.08% **5**	30.84% **1**	56.28% **1**	40.88% **2**	19,868 **5**	1,163 **5**	26,087 **5**	5.56% **8**	53.67% **7**
6	↓3	3	Utkarsh Small Finance Bank	27.44% **5**	25.09% **4**	25.22% **6**	33.82% **4**	18.96% **6**	0.01% **6**	0.01% **6**	32.52% **4**	39.24% **4**	25.82% **4**	45.88% **2**	33.51% **5**	17,473 **6**	997 **6**	23,903 **6**	3.19% **5**	98.92% **1**
7	↓3	4	Equitas Small Finance Bank	42.53% **2**	7.92% **7**	20.02% **7**	7.07% **7**	17.12% **7**	0.04% **2**	0.00% **7**	30.14% **6**	27.20% **7**	22.49% **7**	22.96% **7**	15.82% **7**	36,129 **2**	1,377 **3**	45,304 **2**	4.01% **6**	56.06% **6**
8	↔	8	Capital Small Finance Bank	13.98% **8**	4.22% **8**	11.90% **8**	34.79% **3**	4.17% **8**	0.00% **8**	0.00% **8**	12.72% **8**	11.02% **8**	17.69% **8**	21.38% **8**	29.40% **6**	7,478 **8**	155 **8**	9,295 **8**	2.23% **2**	50.01% **8**

NOTE Numbers in bold indicate ranks of respective parameters; Value in each parameter are rounded-off up to two decimals; North East Small Finance Bank Ltd excluded due to non-availability of financial statements. Fincare Small Finance Bank Ltd excluded as the bank has merged with AU Small Finance Bank w.e.f. April 1, 2024. #Two parameters—Divergence in gross NPAs and Divergence in provisions for NPAs—have been excluded from the table because of 'nil' divergences reported across all the banks in the group, except for Capital Small Finance Bank, which has reported 7.10% divergence in gross NPAs (ranked 8)

QUALITY OF ASSETS						PRODUCTIVITY & EFFICIENCY					QUALITY OF EARNINGS					CAPITAL ADEQUACY & LIQUIDITY COVERAGE		
Net NPA/Net advances (%)	GNPA/Gross advances (%)	Secured advances/ Total advances (Net)	Deposits of 20 largest depositors (% of total)	Advances to 20 largest borrowers (% of total)	Exposure to 20 largest borrowers (% of total)	Cost/ Income ratio	Cost/Avg asset ratio	Absolute increase in return on assets	Profit per employee	Increase in operating profit/Total income (%)	Return on average assets (%)	Fee income/ Total income (%)	ROCE (%)	NIM (%)	Penalties (₹ crore)	CAR (%)	Tier I (%)	LCR ratio (%)
0.28%	2.23%	23.38%	16.59%	4.79%	4.79%	0.54	0.062	-0.13%	0.06	-5.05%	3.48%	11.82%	26.09%	9.59%	0.00	24.69%	22.58%	174.46%
2	3	8	5	5	4	1	5	7	3	3	1	4	1	2	3	3	3	4
0.60%	1.67%	88.95%	10.84%	1.65%	3.63%	0.65	0.045	-0.18%	0.05	-9.31%	1.54%	13.78%	13.04%	5.33%	0.00	20.06%	18.80%	126.01%
4	1	2	3	1	3	8	2	8	4	6	7	2	6	7	1	8	8	8
0.56%	2.11%	55.21%	20.70%	5.22%	5.22%	0.57	0.055	1.05%	0.03	-5.78%	2.29%	14.14%	24.92%	7.48%	0.01	20.31%	18.97%	498.37%
3	2	4	7	6	6	3	3	1	6	4	3	1	2	6	5	7	7	1
0.86%	2.94%	41.13%	21.34%	7.30%	7.08%	0.62	0.065	0.96%	0.03	-4.69%	1.94%	11.98%	12.74%	9.06%	0.00	28.41%	26.54%	159.48%
5	7	5	8	8	8	5	7	2	7	2	5	3	7	4	1	1	1	7
2.26%	4.76%	26.56%	7.27%	3.00%	3.16%	0.59	0.071	0.14%	0.07	-4.06%	1.84%	9.38%	20.23%	10.64%	0.60	23.27%	19.70%	161.81%
8	8	7	2	3	1	4	8	3	2	1	6	7	3	1	8	4	6	6
0.03%	2.51%	38.28%	18.39%	4.12%	5.14%	0.56	0.060	-0.03%	0.03	-6.79%	2.31%	11.19%	20.01%	9.13%	0.01	22.57%	20.95%	244.84%
1	4	6	6	4	5	2	4	6	7	5	2	5	4	3	6	5	4	3
1.17%	2.61%	82.37%	15.61%	2.03%	3.46%	0.64	0.062	0.12%	0.04	-9.97%	1.99%	11.04%	14.36%	7.99%	0.00	21.70%	20.71%	167.82%
6	5	3	4	2	2	7	6	4	5	7	4	6	5	5	4	6	5	5
1.40%	2.76%	99.89%	7.11%	5.84%	5.84%	0.63	0.030	0.03%	0.08	-12.37%	1.29%	7.34%	12.34%	4.14%	0.03	27.39%	22.80%	248.47%
7	6	1	1	7	7	6	1	5	1	8	8	8	8	8	7	2	2	2

AU SMALL FINANCE BANK | Has seen the highest growth in deposits among small finance banks

GROUP-VI

NON-BANKING FINANCIAL COMPANIES

RANK FY24	CHG	RANK FY23	Bank	GROWTH (%) Growth in loans	Growth in borrowings	Growth in operating profit	3-year CAGR of loans	3-year CAGR of borrowings	3-year CAGR of operating profit	SIZE (₹ CRORE) Operating profit	Balance sheet size	Increase in Stage 3 assets*	Provision coverage ratio	Net stage 3 loans/Net total loans
1	↔	1	Bajaj Finance	35.87% **2**	36.30% **2**	27.60% **4**	29.10% **4**	30.19% **2**	24.95% **3**	21,625 **1**	2,96,614 **1**	0.20% **9**	56.46% **5**	0.47% **2**
2	↑2	4	Muthoot Finance	19.82% **7**	18.19% **7**	19.45% **7**	12.51% **7**	8.56% **7**	10.39% **6**	5,647 **4**	85,028 **7**	0.12% **7**	88.43% **1**	2.85% **10**
3	↑6	9	LIC Housing Finance	4.76% **9**	3.15% **8**	39.96% **2**	7.15% **8**	6.70% **8**	18.16% **5**	7,698 **2**	2,91,205 **2**	-0.94% **2**	51.42% **6**	1.64% **7**
4	↓2	2	Bajaj Housing Finance	27.67% **5**	28.62% **5**	21.86% **6**	33.38% **1**	29.81% **3**	37.20% **1**	2,222 **8**	81,827 **8**	0.11% **6**	63.74% **3**	0.10% **1**
5	↔	5	Aditya Birla Finance	31.78% **3**	30.41% **4**	44.96% **1**	29.72% **3**	30.83% **1**	36.32% **2**	4,339 **6**	1,11,212 **5**	0.12% **8**	49.92% **7**	1.28% **5**
6	↓3	3	Cholamandalam Investment and Finance Company	37.88% **1**	38.13% **1**	32.69% **3**	29.93% **2**	28.26% **4**	20.67% **4**	5,904 **3**	1,56,451 **3**	0.33% **10**	46.45% **8**	2.34% **9**
7	↔	7	HDB Financial Services	30.64% **4**	35.48% **3**	10.47% **9**	13.96% **6**	13.86% **6**	6.99% **7**	4,372 **5**	92,557 **6**	-0.25% **4**	66.85% **2**	0.65% **3**
7	↑3	11	PNB Housing Finance	10.87% **8**	2.60% **9**	4.11% **10**	1.90% **9**	-2.52% **9**	1.51% **8**	2,143 **9**	72,371 **9**	-2.06% **1**	37.39% **10**	0.96% **4**
9	↓1	8	Mahindra & Mahindra Financial Services	24.84% **6**	23.06% **6**	13.01% **8**	18.28% **5**	16.33% **5**	0.17% **9**	4,178 **7**	1,15,159 **4**	-0.24% **5**	63.16% **4**	1.30% **6**
10	↔	10	Sammaan Capital (formerly known as IndiaBulls Housing Finance)	-5.82% **10**	-8.23% **10**	25.83% **5**	-6.25% **10**	-11.60% **10**	-0.16% **10**	1,876 **10**	65,797 **10**	-0.35% **3**	40.26% **9**	2.07% **8**

NOTE Additions to stage 3 assets during the year as percentage of average net loans; Numbers in bold indicate ranks of respective parameters; Value in each parameter are rounded-off up to two decimals; #Ranked lowest for not providing fraud disclosure as required by RBI in their financial statements; L&T Finance Limited and Tata Capital Financial Services Limited excluded in the current year on account of merger

QUALITY OF ASSETS				PRODUCTIVITY & EFFICIENCY				QUALITY OF EARNINGS					CAPITAL ADEQUACY & LIQUIDITY COVERAGE			LIABILITY MANAGEMENT	
Gross stage 2 loans/Gross total loans	Gross stage 3 loans/ Gross loans	Impairment on financial instruments on Loans/Gross loans	Secured loans to total loans (gross)	Cost/Income ratio	Cost/Average asset ratio	Absolute increase in return on assets	Percentage increase in (Operating profit/ Total income)	Return on average assets (%)	ROCE (%)	NIM (%)	Fraud	Penalties	CAR (%)	Tier I (%)	LCR Ratio	Diversified funding mix	Debt-equity ratio
1.50%	1.05%	1.48%	48.46%	0.33	0.042	-0.49%	-1.42%	4.93%	12.93%	11.54%	34.32	0.09	22.52%	21.51%	299.98%	9.00	2.23
3	**2**	**9**	**10**	**7**	**8**	**9**	**6**	**2**	**7**	**1**	**8**	**9**	**4**	**4**	**4**	**1**	**1**
2.00%	3.19%	0.20%	96.37%	0.29	0.030	-0.02%	-0.35%	5.14%	17.86%	11.00%	5.64	-	30.37%	29.61%	326.75%	6.00	2.42
5	**6**	**2**	**5**	**5**	**7**	**6**	**3**	**1**	**3**	**2**	**5**	**1**	**1**	**1**	**3**	**6**	**3**
4.17%	3.31%	0.57%	99.77%	0.12	0.004	0.60%	4.01%	1.67%	16.29%	2.42%	4.41	0.50	20.78%	19.19%	191.73%	7.00	7.73
9	**7**	**4**	**2**	**1**	**1**	**1**	**2**	**8**	**5**	**9**	**4**	**10**	**6**	**6**	**5**	**5**	**10**
0.36%	0.27%	0.05%	99.71%	0.23	0.009	0.17%	-3.02%	2.36%	15.23%	3.47%	0.63	0.05	21.28%	20.67%	131.93%	5.00	5.64
1	**1**	**1**	**3**	**3**	**2**	**4**	**9**	**5**	**6**	**8**	**1**	**8**	**5**	**5**	**8**	**9**	**7**
1.98%	2.51%	1.38%	72.43%	0.29	0.019	0.15%	-2.21%	2.27%	16.65%	5.81%	13.34	-	16.24%	14.13%	123.50%	8.00	6.05
4	**5**	**8**	**9**	**6**	**4**	**5**	**7**	**6**	**4**	**6**	**7**	**1**	**10**	**9**	**9**	**2**	**8**
2.19%	3.54%	0.72%	90.96%	0.39	0.029	-0.16%	-3.56%	2.54%	20.22%	6.59%	5.94	-	18.60%	15.10%	145.14%	6.00	6.88
6	**10**	**5**	**7**	**9**	**6**	**8**	**10**	**4**	**1**	**5**	**6**	**1**	**9**	**8**	**7**	**6**	**9**
1.44%	1.90%	1.18%	75.30%	0.51	0.059	-0.14%	-1.06%	3.03%	19.55%	8.21%	1.88	-	19.25%	14.12%	162.90%	5.00	5.41
2	**4**	**6**	**8**	**10**	**9**	**7**	**4**	**3**	**2**	**3**	**2**	**1**	**7**	**10**	**6**	**9**	**6**
2.97%	1.50%	0.26%	100.00%	0.21	0.265	0.53%	-1.19%	2.20%	11.80%	3.73%	2.00	-	29.26%	27.90%	104.51%	8.00	2.50
7	**3**	**3**	**1**	**2**	**10**	**2**	**5**	**7**	**8**	**7**	**3**	**1**	**2**	**2**	**10**	**2**	**4**
5.03%	3.40%	1.78%	95.10%	0.38	0.026	-0.53%	-2.63%	1.66%	9.98%	6.85%	142.63	-	18.86%	16.39%	435.00%	8.00	4.68
10	**9**	**10**	**6**	**8**	**5**	**10**	**8**	**9**	**9**	**4**	**9**	**1**	**8**	**7**	**1**	**2**	**5**
3.80%	3.37%	1.27%	99.71%	0.28	0.011	0.30%	4.69%	1.48%	5.81%	2.21%	150.00*	0.00	22.73%	21.80%	369.50%	6.00	2.41
8	**8**	**7**	**4**	**4**	**3**	**3**	**1**	**10**	**10**	**10**	**10**	**7**	**3**	**3**	**2**	**6**	**2**

CHOLAMANDALAM INVESTMENT AND FINANCE CO | Has the highest Return on Capital Employed amongst the large NBFCs

Q&A

'INDIA IS AT AN EXTREMELY SWEET SPOT'

The jury members of the *BT*-KPMG Survey of India's Best Banks and NBFCs discuss developments in the banking sector and more

BY **SIDDHARTH ZARABI** • PHOTO BY **MILIND SHELTE**

STAR BENCH (*FROM LEFT*)
Dinesh Kumar Khara, former Chairman, SBI; Kalpana Morparia, Former Chairman, J.P. Morgan, South & Southeast Asia; Jayant Sinha, Former Chair, Standing Committee on Finance and Former Minister of State for Finance; Subhash Chandra Garg, Former Economic Affairs Secretary and Finance Secretary; Gunit Chadha, Founder & MD, APAC Financial Services, and Former CEO, Deutsche Bank, Asia-Pacific; and, Siddharth Zarabi, Editor, *BT*

THE JURY MEMBERS for the *BT*-KPMG Survey of India's Best Banks and NBFCs recently held a wide-ranging discussion, moderated by Siddharth Zarabi, Editor of *Business Today*, on the country's financial sector. The jury was headed by Jayant Sinha, Former Chair of the Standing Committee on Finance and Former Minister of State for Finance, Government of India, and its other members were Dinesh Kumar Khara, former Chairman of the State Bank of India; Kalpana Morparia, Former Chairman of J.P. Morgan, South & Southeast Asia; Gunit Chadha, Founder & MD of APAC Financial Services and Former CEO of Deutsche Bank, Asia-Pacific; and Subhash Chandra Garg, Former Economic Affairs Secretary and Finance Secretary, shared their views on various aspects of the banking sector. Edited excerpts:

As we head into 2025, where does India's banking system stand?

Sinha: The Indian financial system is doing extraordinarily well right now. The hard work of the last 10 years to restore strength and resilience to the Indian financial system is paying off. Whether we look at our public sector banks, our private banks, or NBFCs, all are doing very, very well in terms of growth, profitability, non-performing assets (NPAs), and also in terms of the services that they are delivering to customers. And the innovation that we are seeing is quite remarkable. We are also pushing the envelope in terms of what is possible for customers as well.

One of the remarkable features in the most recent quarter for the top four banks is a return on equity of 16-20%. Indian banks are running a very healthy book. How did that happen?

Khara: What has happened is that whatever pitfalls were there in the system were evaluated very clearly, and remedial actions were taken. It has now become part of the policies and practices of the banking system as a whole to identify risk in good time and ensure that there is sufficient mitigation. I would also like to mention that banks have been very well capitalised over the past couple of years. And it is not merely underwriting that has improved, but also very effective control and follow-up. That has helped in terms of ensuring that the quality of assets remains the best, because all said and done, for banks, the majority of earnings come from interest. That is one of the reasons why ROEs are quite high, and so are ROAs.

With that level of ROEs, is everything hunky-dory, or are you concerned about some of the shadows at the fringes?

Morparia: I have been in banking now for 49 years, and this is truly the golden period. And I would give a lot of the credit to the use of technology. So, whilst recognising concerns in terms of credit growth, particularly in the unsecured segment, I think part of that is actually driven by switching from the unorganised sector into the organised banking or NBFC sector. And

JAYANT SINHA
Former Minister of State for Finance

SUBHASH CHANDRA GARG
Former Economic Affairs Secretary and Finance Secretary

part of that, of course, is that people are far more comfortable with leverage now. But with the way technology is evolving now, it's far easier for people to track bad credit. So, I don't really see a big NPL problem kind of coming up. Of course, we will all be swayed by what's happening in the global economy.

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From an international perspective, is there a shaky pyramid that has built up due to very aggressive lending?

Chadha: I think India is standing at an extremely sweet spot. And it's not just versus other emerging markets, but relative to the developed world, whether you're talking about the US, Europe, or even China. I think India has a very good balance between growth, quality, and profitability. I remember, a decade ago, building inclusive banking was an obligation for banks. Today, that is an opportunity for banks and NBFCs. And I think it does great credit to the policymakers and regulators as to how they have built this ecosystem.

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On technology and ease of access, is there a flip side to it? And is the system, including the institutions and the regulator, behind the curve?

Garg: I think this is a very important issue. I remember from 2017 to 2019, the banking sector was in a very poor state. NPAs were very large, banks were out of capital, PSBs especially, and things were very difficult. With a lot of capitalisation, also the economy turning around in the sectors where most of the NPAs were there—steel, power, and others—a lot of change has taken place, which has helped the banking system to turn things around. That change, which has occurred over the last five to seven years, has helped transform not only the banking of the unbanked but also profitability. But I must highlight one important change. There is a very big change in the portfolio of banks. Earlier, about 40-45% of bank loans were for industry. Today, it is less than 25%. And most of the NPAs were also in the industrial side, not on the personal side. So, the

DINESH KUMAR KHARA
Former Chairman, State Bank of India

KALPANA MORPARIA
Former Chairman, J.P. Morgan, South & Southeast Asia

portfolio is relatively less risky. What we should do in these good times is watch out for risks building in what we consider a literally risk-free portfolio.

Which is what the RBI seems to be doing...

Garg: Exactly. The regulators are taking note, and I think we would be doing much better if you want to guard our banking system on a sustainable, strong growth path for longer to see these spaces: the personal space, the MSME space, and the services space.

In a growing economy like India, people have ambitions; they have aspirations, but so do fraudsters. Are more checks and balances needed to curb fraud?

Sinha: It is a continuous process, and we in fact had a series of hearings when I was chairing the finance committee on cybersecurity and online fraud. We identified a number of gaps, many of which have been closed. That being said, a lot of people who are not tech-savvy are continuously being hounded and shown attractive offers, and they could lose money. There is also hacking. So, it is a continuous process. The bad guys are out there. The government is taking action, but it is also very important for customers to be aware of online fraud.

Over the past 10 years, we have seen near-complete proliferation of Aadhaar, PAN, and other databases. We have heard about leaks as well. Is more specific action needed?

Khara: I would only like to add further that when it comes to this kind of risk, technology has brought in a whole lot of convenience, but with that there is this whole problem of cybersecurity also. I think it requires continuous investment in technology. As far as the ecosystem is concerned, security is not limited to the bank level; it is at a network level also.

In the recent past, we have seen RBI come down heavily on certain NBFCs. But from your perspective, are

GUNIT CHADHA
Founder & MD, APAC Financial Services

there significant risks that we are facing, and are the RBI's actions warranted?
Morparia: I think the RBI is rightly focussing on ensuring that no regulatory arbitrage takes place because NBFCs do not have the same level of regulatory compliance requirements as a bank does. And, therefore, the regulator is rightly concerned that you do not use this regulatory arbitrage to cause a systemic problem. India has weathered various storms, and I think the RBI has done a phenomenal job, particularly during Covid. So, at a macro level, it is not a concern, but you could see bubbles coming up, particularly with the advent of any regulatory arbitrage.

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Is a structural shift underway in our banking system, given the fact that the credit-deposit ratio is rising?
Chadha: A rising credit-deposit ratio is indicative of good credit demand, which you can look at as a positive, though that may be an issue with specific banks. But on NBFCs, 30-40% of the customers they lend to are new to credit. They are mostly in semi-rural areas. So, that customer, who had very little exposure to formal credit, is now actually getting a digital footprint, and repaying loans. That customer is getting much more educated, and that will be yet another guardrail against fraud. I think there are many positives in how banks, NBFCs, and others are really building up Bharat.
Garg: I think there is great demand for credit. That's very good. It's the democratisation of the credit. What worries me a little is that industrial credit, which is the real driver of growth, is not taking off. Another aspect I'm a little worried about is whether credit for housing or personal loans is getting into the stock markets. If there is evidence of that, that will be problematic.

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Is the shift we see of savers wanting higher returns the biggest challenge for our banks?
Sinha: I don't agree with that. I think we are seeing a financialisation of assets. People are not necessarily moving out of banks. They are, in fact, reducing their exposure to real estate, gold, and other hard assets and coming into the financial system. I think the priorities for us are threefold: First, we have got to continue to formalise people's credit behaviour and financial life, which is happening. Second, we need to make sure that industrial investment and corporate investment increase, and for that we have to reduce the cost of capital. And, third, for certain areas such as climate finance, health, and education, we need to provide the financing solutions for those as well. If we can focus on these priorities, it will help us get to 8-9% GDP growth that we aspire to. BT

@szarabi

Scan here for the full video of the discussion

CHOOSING THE CHAMPIONS

The insights and methodology behind the *BT*-KPMG India's Best Banks and NBFCs Survey 2023-24 • BY **TEAM BT** AND **KPMG**

AFTER A SIX-MONTH-LONG process of crunching numbers of banks and non-banking financial companies (NBFCs), the moment finally arrived to crown the champions of the 29th *BT*-KPMG India's Best Banks and NBFCs Survey 2023-24 this November.

A high-powered jury, led by Jayant Sinha, Former Chair of the Standing Committee on Finance and Former Minister of State for Finance, deliberated on the data. Other members included Subhash Chandra Garg, Former Economic Affairs Secretary; Dinesh Kumar Khara, Former Chairman of State Bank of India; Kalpana Morparia, Former Chair (South & Southeast Asia), J.P. Morgan; Gunit Chadha, Founder of APAC Financial Services; Alice G. Vaidyan, Former CMD of GIC; and A.P. Hota, former MD & CEO of NPCI.

When it came to picking winners, the jury prioritised 'impact' while evaluating several categories, particularly in innovation and fintech engagement.

Dinesh Kumar Khara recused himself from deliberations on the Lifetime Achievement Award, where he was a nominee, and the Best Bank in Innovation Award,

(From left) **Subhash Chandra Garg**, Former Economic Affairs Secretary; **Alice G. Vaidyan**, fo
Jayant Sinha (*Jury Chair, seated*), former Chair of the Standing Committee on Finance and
Chadha, Founder of APAC Financial Services; and, **A.P. Hota**, former MD & CEO of NPCI

where SBI's innovation was listed among the top three. A.P. Hota, a board member of Federal Bank, also stepped aside from the Lifetime Achievement Award since former MD & CEO Shyam Srinivasan was a nominee. Sinha excused himself from the Best Fintech in Lending Award since his wife, Punita Kumar Sinha, serves as an independent director on the board of MobiKwik.

The jury selected nine winners across 10 categories. The Best Bank in Fintech Initiative award was dropped for the lack of strong entries. In addition, six winners were picked purely on the basis of a quantitative analysis, independent of the jury.

QUANTITATIVE AWARDS

For rankings based on financial performance, data was taken from published annual reports of banks for FY21 to FY24. The survey covered 52 scheduled commercial banks (SCBs) that had published annual reports in the public domain or provided them prior to October 31, 2024. Foreign banks with a balance sheet size of less than ₹25,000 crore as on March 31, 2024, were not considered. Also not covered were SCBs whose financial statements were not available or which had not completed four years of operations in India as on March 31, 2024, or were involved in mergers in the last three years, or were under liquidation.

PHOTOS BY **MILIND SHELTE**

ormer CMD of GIC; **Kalpana Morparia**, former Chair (South & Southeast Asia), J.P. Morgan; former Minister of State for Finance; **Dinesh Kumar Khara**, former Chairman of SBI; **Gunit**

The ranking process

The banks were divided between 'Indian Banks' (consisting of public and private sector banks), 'Foreign Banks' (branches of foreign banks in India), and Indian Small Finance Banks. Banks were further classified based on balance sheet size as on March 31, 2024.

Group I Indian banks with a balance sheet size of more than or equal to ₹5 lakh crore

Group II Banks with a balance sheet of more than ₹2 lakh crore and less than ₹5 lakh crore

Group III Banks with a balance sheet of less than or equal to ₹2 lakh crore;

Group IV Foreign banks with a balance sheet size of more than or equal to ₹25,000 crore

Group V Small finance banks

Ranking parameters

The banks were judged on three parameters—growth, size and strength—divided into 38 sub-parameters:

Growth: There were 12 sub-parameters, which included year-on-year (YoY) growth in total deposits, alongside three-year* compound annual growth rate (CAGR) of total deposits; YoY growth in current account savings account

(CASA) deposits, alongside three-year* CAGR of CASA deposits; YoY growth in loans and advances, alongside three-year* CAGR in loans and advances; YoY growth in fee income (commission, exchange, and broking income plus miscellaneous income), alongside three-year* CAGR in fee income; YoY growth in operating profit, alongside three-year CAGR in operating profit; and absolute increase in market share of deposits and of CASA balances.

*Two years for DBS Bank India

Size: There were three sub-parameters: size of deposits, size of operating profits, and size of balance sheet as on March 31, 2024.

Strength: There were four overarching sub-parameters: ***Quality of assets:*** Increase in gross net performing assets (GNPAs): Additions to GNPAs during the year as a percentage of average net loans and advances (i.e., the average of the closing balance of FY23 and FY24); NPA coverage: provisioning as on March 31, 2024, for NPAs as a percentage of gross NPA closing balance; net NPAs as a ratio of net advances: GNPAs closing balance net of provisioning as of March 31, 2024, expressed as a percentage of net advances; GNPAs as a ratio of gross advances: GNPAs closing balance as on March 31, 2024, expressed as a percentage of gross advances; secured net advances (net of provisions) to total net advances (net of provisions): secured net advances to total net advances as at March 31, 2024; divergence in gross NPAs: difference between GNPAs as per Reserve Bank of India (RBI) rules as a percentage of addition to NPAs; divergence in provisioning for NPAs: difference in provision for NPAs as per RBI rules as a percentage of reported profit before provisions and contingencies; deposits of 20 largest depositors as a percentage of total deposits, advances to 20 largest borrowers as a percentage of total advances, exposure to 20 largest borrowers/customers as a percentage of total exposure.

For rankings based on divergence in GNPAs and provisioning for NPAs, banks with divergences of less than 5% each and banks with no divergences were assigned the highest rank. For determining rankings based on provision coverage ratio (PCR), banks having zero NPAs and those having a PCR of 100% were assigned the highest rank.

Productivity and efficiency: Cost-to-income ratio: operating

KPMG IN INDIA TEAM (*third from left*) Omkar Sawant, Financial Services (FS) Markets Lead; **Muralidharan Venkataraman,** Partner, FS Business Consulting; **Sanjay Doshi**, Head of Transaction Services and Advisory Head of Financial Services; **Manoj Kumar Vijai**, Office Managing Partner, Mumbai & Head, Risk Advisory; and, **Sandeep Chatterjee,** Associate Partner, Human Capital Advisory Services; **Sameer Mota**, (*extreme right*) Chartered Accountant; and Team expenditure as a percentage of operating income; cost-to-average asset ratio: operating expenditure as a percentage of average total assets (i.e., average of closing balance of FY23 and FY24); absolute increase in return on assets (ROA): basis points increase YoY in ROA; percentage increase in ratio of operating profit to total income YoY; profit per employee.

Quality of earnings: ROA: ratio of net profit to average total assets (i.e., average of closing balance of FY23 and FY24); fee income as a percentage of total income; return on capital employed (ROCE): reported net profit divided by average net worth; NIM: total interest income minus total interest expenses as a percentage of average interest-earning assets; penalties imposed by RBI during the year.

Capital adequacy and liquidity coverage: Capital-to-risk-weighted-assets ratio for FY24; Tier-I capital: total of equity capital and disclosed reserves; liquidity coverage ratio: ratio of high-quality liquid assets (HQLA) to total net cash outflows over the following 30 calendar days.

Final scoring and rating

A score was assigned for each bank on each of the sub-parameters, based on its rank on those parameters. That was multiplied by the parameter's weight to arrive at the final score. The results were aggregated to arrive at the final rankings based on the total score.

Banks not considered

In total, 38 banks were not considered due to mergers, liquidation, non-availability of annual reports in the public domain for FY24, and foreign banks with balance sheet size of less than ₹25,000 crore.

QUANTITATIVE AWARDS

(*Upper Layer NBFCs*)

For rankings based on pure financial performance, data was taken from published annual reports of NBFCs for FY21 to FY24. The survey covered 10 NBFCs out of 15 classified in the upper layer (NBFC-UL) by the RBI. One classified as a core investment company and four involved in mergers in the last three years were not considered.

The ranking process

NBFCs were judged on three parameters—growth, size, and strength—divided into 29 sub-parameters:

Growth: There were six sub-parameters in this category, which included growth over FY23 in loans, alongside three-year CAGR in loans; growth over FY23 in borrowings, alongside three-year CAGR in borrowings; and growth over FY23 in operating profit, alongside three-year CAGR in operating profit.

Size: There were two sub-parameters: size of operating profits and size of balance sheet as on March 31, 2024.

Strength: There were five overarching sub-parameters:

Quality of assets: Increase in gross Stage-3 loans ratio: additions to gross Stage-3 loans during the year as percentage of average gross loans (i.e. average of closing balance of FY23 and FY24); PCR: provisioning as on March 31, 2024, for Stage-3 loans as percentage of gross Stage-3 loans as on March 31, 2024; net Stage-3 loans as ratio of net loans: gross Stage-3 loans closing balance net of provisioning expressed as percentage of net loans as at March 31, 2024; gross stage 3 loan ratio: gross Stage-3 loan balance as a percentage of gross loan balance as on March 31, 2024; impairment on loans to gross loans ratio: impairment on loans debited to the statement of profit and loss including loans written off as bad debts (net of recoveries) in FY24 as a percentage of gross loan balance as on March 31, 2024; gross Stage-2 loan ratio: gross Stage-2 loan balance as a percentage of gross loan balance as on March 31, 2024; secured loans to total loans: secured gross loans to total gross loans as on March 31, 2024.

Productivity and efficiency: Cost-to-income ratio: operating expenditure as a percentage of operating income; cost-to-average asset ratio: operating expenditure as a percentage of average total assets;

absolute increase in ROA: basis points increase YoY in ROA; and percentage increase YoY in ratio of operating profit to total income.

Quality of earnings: ROA: ratio of net profit to average total assets; ROCE: reported net profit divided by average net worth; NIM: total interest income minus total interest expenses as a percentage of average interest-earning assets; penalties imposed by RBI and other regulatory authorities during the year; amount involved in frauds reported during the year as required to be disclosed by the Master Direction–Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 issued by RBI**.

**NBFCs that did not provide fraud disclosure as required have been ranked the lowest.

Liability management: Diversified funding mix; debt-equity ratio: total of debt securities, deposits, borrowings, and subordinated liabilities as a percentage of total equity share capital and other equity as on March 31, 2024.

Capital adequacy and liquidity coverage: Capital adequacy ratio: capital-to-risk-weighted-assets ratio for FY24; Tier I capital: total of equity capital and disclosed reserves; liquidity coverage ratio: ratio of HQLA to total net cash outflows over the following 30 calendar days.

Final scoring and rating

A score was assigned for each of the 29 sub-parameters, based on rank. The score were multiplied by the parameter's weight. The results were aggregated to arrive at the final rankings.

QUALITATIVE AWARDS

Three qualitative awards recognised the initiatives undertaken by banks in innovation, fintech collaboration, talent and workforce.

Best Bank in Innovation award: Banks had to describe innovation initiatives across five critical focus areas: customer experience, product innovation, business model, service delivery, and digital adoption. Every initiative was evaluated and ranked based on four parameters: area of impact, uniqueness of solution, adoption of solution, and impact created by the initiative.

Best Bank in Fintech Collaboration Award: Banks were asked to describe collaborations with fintech companies.

Best Bank in Talent & Workforce award: Banks were evaluated on interventions across four critical focus areas under technology as an enabler to drive employee experience; innovation in talent acquisition; innovation in talent management; initiatives around diversity, equity, inclusion, and governance.

QUALITATIVE AWARDS

(*Upper Layer NBFCs*)

There were two awards:

Best Upper Layer NBFC Innovation award: Promising initiatives were evaluated across five focus areas—customer experience, product innovation, business model, service delivery, and digital adoption.

Best Upper Layer NBFC—Talent and Workforce award: NBFCs were evaluated on interventions across four focus areas under technology as an enabler to drive employee experience in the employee lifecycle; innovation in talent acquisition; innovation in talent management; initiatives around diversity, equity, inclusion, and governance.

The jury selected nine winners across 10 categories. Plus, six winners were picked purely on the basis of a quantitative analysis

QUALITATIVE AWARDS

(***Payments, lending and value added services segments***)

Fintech companies were evaluated under three qualitative award categories: Best in Payments, Best in Value Added Services, and Best in Fintech Lending. The key parameters considered were company health (for example, years of operation, revenue generated per employee), business maturity (equity raised, profitability metrics), business volumes, differentiation (basis business models, product features, IP and technology, key focus and solutions), and adoption levels across customer segments and geographies. BT

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"I'm bringing Kotak under **one narrative, one strategy, one umbrella**"

Kotak Mahindra Bank MD & CEO Ashok Vaswani on the road ahead for the bank

PHOTOS BY **MANDAR DEODHAR**

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Ashok Vaswani is a global banker who spent most of his career overseas at institutions like Citi Group and Barclays, among others. Around a year ago, he took charge of Kotak Mahindra Bank as MD & CEO. In an exclusive interview with *Business Today's* *Siddharth Zarabi*, the man at the helm of India's fourth-largest private bank talks about the country's banking sector, the challenges, and the road ahead for Kotak Mahindra Bank, among other things. Edited excerpts:

Q: How has the past year been?
A: I got back to India after 35 years, and I always joke that it took all those years of training for this job, but here I am. And this one year has been quite incredible. The India I left and the India I've come back [to are] obviously very, very, very different... But Kotak is an incredible story. It's a great brand. Kotak manufactures every single financial services product there is. And getting those products and services to our customers is a unique opportunity. And I think Kotak has done exceptionally well in the past, and I think it's poised to do great things [in the times] to come.

Q: You took over at a time when India's banking space had gone through many changes. How would you describe it today?
A: I think Indian banking has come a long, long way. The Reserve Bank of India has done quite a remarkable job of opening up the banking industry, opening up financial services... When I left India in 1987, it was at an extremely nascent stage... [then] being able to get a car loan in like four to five days was considered a very, very big thing. But things have changed dramatically, and I think the RBI has guided this process along remarkably well and I am sure there will be further changes... The good news is that India has opened up on its own terms and will continue to do so.

Q: From an industry perspective, how would you describe the unsecured credit stress?
A: When Covid-19 hit, nobody knew how it would play out and when there is such a high degree of uncertainty, people pull back, and every other bank pulled back. And then the governments injected tremendous amounts of liquidity into the system and banks realised that this is not going to be such a problem from a lending perspective and waded back in aggressively. They went to the kind of customers who technically are the safest—the salaried kind—and aggressively gave them lending lines. There was bunch of salaried customers who got over-leveraged and there is a certain

amount of that in the system that will play out. I think RBI caught it pretty early. I remember my first analyst call [where] I called it out saying, 'I am a little worried about this', and RBI called it out a little after that, more broadly. The regulator moved very quickly, and unsecured retail growth has slowed quite dramatically over the last two-three quarters.

Q: What will happen in the coming quarters?
A: Unsecured retail credit plays through the system. It usually builds up for two or three quarters and then tapers out over the next two or three quarters. My sense is that we are at the peak. At least at Kotak I think we are at the peak and then it will taper off and we will come back to some level of normalcy two quarters down the road.

Q: Kotak is a full-service bank. Are you comfortable with its performance?
A: I would say that this year has been kind of rocky. I do not think it is news that we got an embargo from the RBI [on onboarding new customers through online and mobile banking channels and issuing fresh credit cards]. And that has taken up a lot of my personal and the management's bandwidth.

Q: That is a subject that you know from your previous outings as well...
A: Yes, sometimes I wish I didn't. It has taken up a lot of our time. But what I feel good about is [that] we've taken this time to not only fix the technology issues and make sure that we get into much better shape, but have also taken the time to rethink and bring the whole

of Kotak under one narrative, one strategy, one kind of umbrella, so that when we go out aggressively and land things—and I think you'll see a lot of those landings happening in the next calendar year—you'll start seeing those come through. All the preparatory work that has been done in the past six to nine months will start showing up in the marketplace then.

Q: What is the state of your tech stack?
A: Tremendous amounts of work had to be done [and] has been done. But remember that technology is the new arms race. It is moving so fast that there is no question of taking a breather. But on basic things like resilience and cybersecurity, I think we've done a tremendous amount of work.

> **"My sense is that we are at the peak (of unsecured retail credit), and then it will taper off and we will come back to some level of normalcy two quarters down the road"**

Q: When 811 was launched, it set off expectations. I don't think it delivered on that. Is there a new 811 that you have in mind?
A: I don't know why you don't think it delivered. I think 811 has been a fantastic business for us... 811 was acquiring, before the technology embargo, about 600,000 accounts every single month. And just the sheer scale of acquisition... to do it at scale is amazing. Now, I think the fundamental thing that I wanted to drive when I got here, is this notion of how do you put the customer at the centre of everything that you do. So, let us take 811... as you know it was being marketed as a product that is like a savings product, [with the] ability to make payments very, very efficiently, not have a minimum balance on the savings account, open in a digital account in less than 3 minutes and all of that.

Q: And many of those things were brilliant...
A: The team delivered on all of them. So, to my mind, 811 was a tremendous success. But if you really think about 811 as an offering for core India, which also has a need for insurance, protection, investment, borrowing... that completely changes the game. And now we have launched a new 811 app... and it stitches these journeys together. For the target customer—the core Indian customer—this is one place where you can get everything done smoothly, seamlessly and nicely. And from an economics point of view, it is great because you acquire a customer, and you can do much more with the customer rather than just one product. So, I am extremely excited about 811 and I cannot wait for us to get released from the embargo because then we will get back to those levels of acquisition with three or four product engines attached to the plane.

Q: Which of your products would you want to scale up rapidly?
A: The key focus for me is the customer. If I've learnt one thing in my 35 years, it is to get it right by the customer, [and] everything else will follow. Who is the customer that we are trying to go after and what is the proposition that I'm going to offer? So, where are we going to play, where are the areas of disproportionate attention? We have a fantastic top-rated private bank, [so] how do we get into affluent, NRI and core? We have got offerings against each one of those, it is about polishing those offerings, bringing all the products together to complement and make that offering strong, and then go after the customer.

Q: What do you think of India's fintech industry?
The fintech sector is thriving in India. It is very encouraging to see how well they have done... some of them have grown and become serious companies of size and repute. The advantage fintech brings is a narrow focus and contemporary technology. The problem they have is how do you scale and how do you learn how to deal with the regulatory environment? We know what scale is. We know how to deal with the regulatory environment. We are obviously more broad-based. How do you bring that contemporary technology and kind of drive it? So, I think there is room for both. And there's no reason why we can't play that game. And there's no reason why we can't bring that technology to us, to our customers. I think it's exhilarating.

Q: Uday Kotak said at one of our events that from a nation of savers, India is moving towards becoming a nation of investors. I want to link that to the deposit mobilisation challenge in the banking space. What is your view on this?

A: Uday was absolutely right. Just look at the money flowing into mutual funds through SIPs (systematic investment plans) every month... these are stunning numbers... ₹21,000 crore... ₹23,000 crore... ₹24,000 crore—those are of course gross numbers. There are break-offs as well at a very high rate. But still, a lot of money is flowing into that. The Indian consumer is financially savvier than the American or UK consumer.

Q: Why is that so?
A: It's the mindset. The average American consumer or the average UK consumer is not that financially savvy. For Indians, it's in our blood, it's in our DNA. We are taught very early how important money is and how you should be savvy about money. That's just the way we have all been brought up... And you can get away with a lot of other stuff in the UK or the US, which you would never be able to get away with in India. The Indian consumer would hold you to that. The Indian consumer is saying, 'Look, I want a better return on my money. And mutual funds in the stock market are giving me that.'

"We want to be the go-to financial services organisation for aspirational Indians, fuelling their aspirations, partnering them, [and] giving them the courage to go ahead with their aspirations"

Having said that, deposits are usually a function of economic activity. And as long as there are heightened levels of economic activity, deposit levels continue... even in a market like the US, where 61% of the people would have some kind of mutual fund compared to 6% here. If you take say checking accounts, which is what we call current accounts, as a percentage of GDP it has continued to be high. There will be a quarter when there will be some tightness, there will be some quarters when there will be less tightness, but generally speaking, deposits grow in line with GDP. That I think will continue.

"The advantage fintech brings is a narrow focus and contemporary technology. The problem they have is how do you scale and how do you learn how to deal with the regulatory environment?"

Q: What is your view on the demand to incentivise fixed deposits? Do you buy into that suggestion?
A: What I buy into is a level playing field.

Q: Could you explain?
A: If you give a tax advantage to either mutual funds, debt mutual funds or equity mutual funds and not to time deposits, then you are not creating an even playing field. If there is a tax disadvantage, that is not a good place to be.

Q: What could our policymakers learn from global experience in this regard?
A: I think both in the UK and in the US, to the best of my knowledge, there is no tax differentiation between debt mutual funds and fixed deposits; both are treated on par. Of course, for capital gains, you get a better rate, which is true in India as well. I think in that context, there is a level playing field there, while that may not be the case here.

Q: Our banking system has gone through various cycles and while the health of the overall system has improved, do you see any emerging stress?
That is something that you have to be constantly vigilant about. Generally speaking, if you look at global events, every seven or eight years, there is something that affects [the system]. The good news is India for the most part has kept itself insulated from these global events. But then we have had our own share of crises.

So, you cannot put these things on autopilot and say everything is fine. They has to be constantly monitored, looked at, tweaked and see how things evolve over a period. You cannot get complacent about this.

Q: Is eternal vigilance the price we pay for a stable financial system?
Every industry gets the regulation that it deserves. I go back to the US; wherever there are some kind of extreme regulations [expected], the kind of mindset I try and put into my team is what is the regulator really trying to do; essentially, the regulator is saying get it right by the customer and shame on us if we need somebody externally to tell us that. We should be getting it right by the customer, and [if] we get it right by the customer, everything else falls into place. And so there will be times when things get heavy handed, some crisis will come, [and] we will react in a certain way. This is a constantly changing environment that you have to deal with.

Q: What will brand Kotak stand for in the future?
I believe that the big defining thing about India today is the aspiration people have... an ordinary person today has got aspirations that are far greater than they were 20-30 years ago. India is a land for aspirational Indians, and we want to be the go-to financial services organisation for aspirational Indians, fuelling their aspirations, partnering them with their aspirations, giving them the courage to go ahead with their aspirations. BT

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Scan here for the full video of the interview

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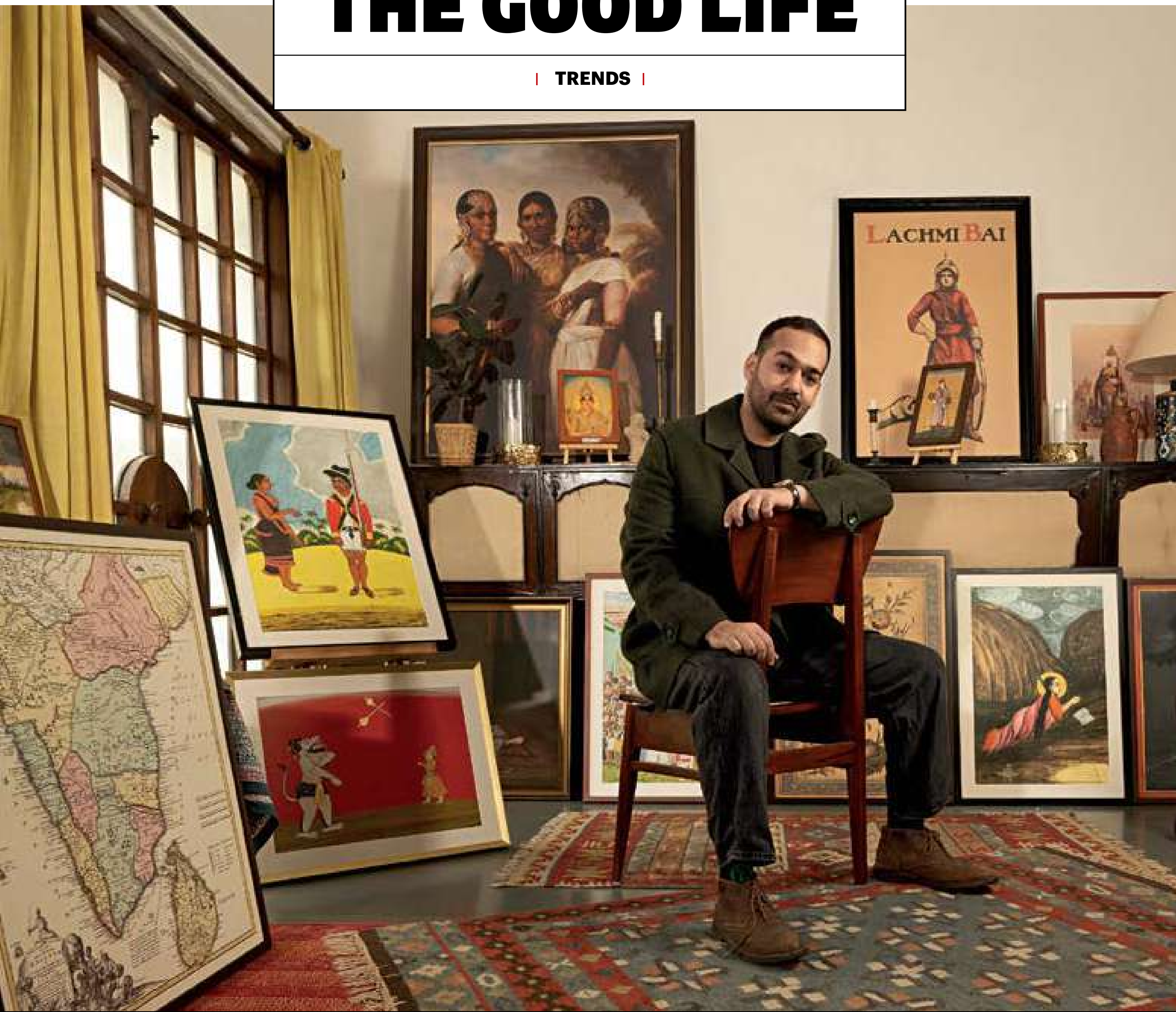

Decolonising the Walls

ART START-UP MAAZI MERCHANT IS ON A MISSION TO BRING INDIA'S FORGOTTEN ART BACK HOME

BY **ARNAV DAS SHARMA**

PHOTO BY **HARDIK CHHABRA**

In a studio filled with the hum of printers and the scent of archival paper, Parakram Kakkar (*pictured*) examines *Three Princesses from Mysore*, a portrait by Thomas Hickey, which marks a colonial turning point. After Tipu Sultan's defeat, the East India Company introduced the smallpox vaccine to secure its rule. Queen Lakshmi Ammani, widowed by the disease, ensured vaccination for princesses. By 1807, over a million Indians had been inoculated, with the portrait symbolising British use of art to shape India's image.

Such paintings, housed in museums abroad like London's National Portrait Gallery, remain largely inaccessible to Indians. Kakkar's Maazi Merchant, launched in early 2023, aims to change that. The company's stated aim is housed in the name itself: 'Maazi' is an Urdu word that means the past, or history. And it wants to make this 'past' accessible. How? By making high-quality prints of these Indian artworks—Mughal miniatures, East India Company paintings like *Three Princesses*, and engravings, among many others—and sell them here in India. And they are the first ones to do so.

For Kakkar, reclaiming India's art isn't just about reproducing images—it's about dismantling colonial gatekeeping. Many of the works Maazi Merchant revives were commissioned by European patrons: East India Company officers documenting the land they ruled, botanists chronicling native plants, or British travellers capturing courtly life. "These pieces were painted by Indian artists, but their stories were filtered through foreign patrons," Kakkar explains. "Today, by returning them to Indian homes, we are reclaiming not just the works but also the narrative."

But in making these artworks accessible to Indians here, haven't existing copyright laws been a hindrance? "Courts have repeatedly held that such works belong to the public," says Kakkar, a lawyer by training. And yet, major custodians of heritage art, including the British Museum and National Portrait Gallery, continue to assert restrictions over digitised works, often placing innovation at odds with gatekeeping.

At Maazi Merchant, Kakkar is determined to challenge this status quo. "Preserving art isn't about locking it behind licensing agreements," he says. "These works belong to the public domain and should remain there, free for everyone to access and celebrate."

NEGOTIATING THE RETURN OF INDIA'S HERITAGE

In order to build Maazi, Kakkar and his team had to go deep into dialogues with western institutions that hold vast collections of South Asian art. "For instance," he shares, "the Bodleian Library at Oxford University houses thousands of works that rightfully belong in Indian museums."

The company reached out to the Bodleian to secure access to these archives. The library obliged, sharing a significant portion of its collection. Yet there was a catch: the images were licensed under a Creative Commons BY-NC 4.0 framework, which permits their use only with attribution and prohibits commercial activity.

"We respectfully disagree with this restriction," Kakkar says firmly. "It contradicts existing intellectual property laws and the very ethos of preservation. These artworks are in the public domain, and they should not be confined by licensing terms that stifle their reach."

Most importantly, as Kakkar points out, the issue is also about pricing. "The prices are quite high. For instance, just to photograph a print from say the British Museum will cost you at least £85. Then comes licensing, which is even more oppressive. Such high pricing is forbidding for most Indians."

Which is why, at Maazi Merchant, the pricing of these priceless works of art is low. For example, an archival print of *Three Princesses* would be about ₹1,899, with various upgrades available, going up to ₹7,499, with a white cedar cherry hardwood box frame and museum grade canvas and a larger size of 19 by 24.

And Kakkar's prodigious output has begun to find resonance far and wide. Abhinit Khanna, Art Advisor & Project Specialist at the Reliance Industries Ltd, was one of Maazi Merchant's earliest supporters. "When I first saw the prints, I was mesmerised," Khanna says. "The history, quality of giclee prints, the richness of the colour—it was as though I was looking at the original works of art from the 18th & 19th century."

Khanna, who has been at the forefront of curating art, producing exhibitions, introduced Kakkar's work to his creative team at Reliance, paving the way for a landmark collaboration. "We were looking for something meaningful, something uniquely Indian for the Jamnagar pre-wedding

***MALLIKA AND THE BIRD-MAN*; C. 1710**
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MAAZI MERCHANT IS FOCUSSING ON RECLAIMING HISTORY, DISMANTLING COLONIAL GATEKEEPING, AND RESTORING HERITAGE BACK ON INDIAN WALLS

LADY OF THE COURT AT FAIZABAD; C. 1775

₹3,999-
₹21,999 + TAXES

A MUSLIM LADY RECLINING; C. 1789

₹2,499-₹11,599
+ TAXES

THREE PRINCESSES FROM MYSORE, C. 1805

₹1,899-₹7,499 + TAXES

celebrations of Anant Ambani and Radhika Merchant," Khanna explains. "Maazi Merchant gave us exactly that—a connection to our artistic roots."

At the star-studded event, curated by Khanna, Maazi Merchant's works were displayed across grand spaces, grouped into themed categories: still life compositions, studies of flora and fauna, and striking depictions of royal courts. "The response was incredible," Khanna recalls. "Guests were fascinated by the history behind each print—it was as though the art brought India's rich history back to life."

And not only from clients—which range from Reliance to the luxury hotel Gobindgarh by Godwin, Jaisalmer, to even celebrity designers like Nafisa Rachel William, but even art curators too are excited about what this potentially means for the Indian art world at large. Phalguni Kapoor Guliani, an independent art curator, points out that as a curator, it is part of one's job to deal with a thousand artworks. "One of the most difficult choices in my profession is choosing what art to live with. Maazi Merchant's pieces, curated expertly from across the galleries worldwide, and dealing exclusively with historical South Asian art, are literally pieces of history you own, adorning your walls," she says.

RECLAMATION

At Maazi Merchant, reviving these works involves a blend of technology, artistry, and diplomacy. Each piece undergoes meticulous restoration and reproduction. Simultaneously, Kakkar's team negotiates access with archives across North America and Europe, chipping away at barriers to heritage art. Once a print is finished, they are housed safely in a warehouse in Delhi, thorough which they are shipped to clients and customers across the world. "We are relying now through the e-commerce route, and we have our own website through which a bulk of orders come. Some top clients reach out directly to us to secure a curation," Kakkar says.

As Kakkar continues to push against institutional gatekeeping, Maazi Merchant aims to reclaim more than just art—it wants to reclaim pride, agency, and ownership over history. Each print, framed and displayed, is a quiet declaration: This is ours, and we're taking it back. BT

@arnav_d

AI FOOT FO

THE WHO'S WHO OF THE AI WORLD GATHERED AT THE TAJ MAHAL PALACE IN MU THE TRANSFORMATIVE IMPACT OF AI ON INNOVATION, INDUSTRIES, AND EVERYD

IN TODAY'S TECH-DRIVEN world, the *India Today-Business Today* AI Conference 2024 offered a fascinating glimpse into the future of the tech world, navigating through the evolving world of artificial intelligence (AI). Experts from diverse fields spoke about the effects and benefits of AI, the power of data, and importance of regulation.

With sessions covering AI's real-world applications, emerging trends, and the ethical implications shaping its future, this event put forward an in-depth look at the cutting-edge developments in AI and the road map for India becoming a powerhouse in the sector.

The conference also provided a glimpse into the future of entertainment, with a special focus on virtual influencers powered by artificial intelligence. Stakeholders from India Inc. spoke about the role that AI can play in taking better decisions and in bringing technology closer to everyone. Read on for more insights. **BT**

PHOTOS BY **MILIND SHELTE**

DEMOCRATISING AI

Sandhya Devanathan, Vice President & Head—India, Meta

A session titled "AI for India: Solving Today, Shaping Tomorrow," delved deep into Meta's AI initiatives, its mission to democratise AI. "We are about human connection and the technology that enables it. Meta AI is central to that mission by enabling and democratising access to AI for billions of people," she said

Devanathan highlighted the open-source nature of Meta's Llama models, which have been adopted by various developers and enterprises in India. "We believe open-sourcing AI technology builds trust, scale, and robustness. It enables a whole community of developers to collaborate and improve these systems," she noted

RWARD

MBAI TO DELIBERATE
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Addressing concerns about data privacy and security, Devanathan emphasised Meta's commitment to building responsible AI systems. "We take privacy seriously. Every product undergoes extensive privacy reviews before launch. For example, our Meta Ray-Ban glasses have safeguards like a visible light indicator to ensure privacy is maintained," she said

AI CONFERENCE
INDIA TODAY
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MAKING INDIA FUTURE-READY

(*From left*) **Siddharth Zarabi**, Editor, *Business Today*
Priyank Kharge, Minister—IT & Biotechnology, Karnataka

Kharge emphasised the need for collaborative efforts between state governments and the Union government to develop progressive regulation in technology that protects consumers without stifling industry growth. Kharge also stressed on the need for creating a robust regulatory framework in industries like online gaming and cryptocurrency

On taxation of the gaming industry, Kharge spoke of the importance of collaboration. He pointed out that online games are contributing significantly to government revenue but are burdened with retrospective tax levies

At the conference, Kharge also questioned the tax policy of the Union government. In a conversation with Siddharth Zarabi, he said it is now harder to track the servers of online games, making it more difficult to regulate them, and potentially exposing players to risks. Kharge pointed out that the Union government should work in collaboration with state governments to tackle cybercrime

On the same topic, he underscored the importance of awareness programmes. "Awareness campaigns must reach the grassroots level, as frauds typically affect the most vulnerable," he said

THE POWER OF DATA

(*From left*) **Rahul Kanwal**, News Director, India Today and Aaj Tak, and Executive Director, *Business Today*

Das Narayandas, Edsel Bryant Ford Professor of Business Administration, Harvard Business School

"Data is power, data is oil," said Narayandas, speaking on how data, AI and its holistic use is central to the optimum utilisation of the technology

"Unless and until you have a data strategy there is no point having an AI strategy. Firms have to realise data cannot be in pockets, data should be shared. Data has to be universally available in the world for AI to work," he said

In conversation with Rahul Kanwal, he said he feels that a lot of firms are building castles on the shifting sands when they say that they are using AI to transform their businesses

AI AND INDIA

(*From left*) **Siddharth Zarabi**, Editor, *Business Today*

Amitabh Nag, CEO, BHASHINI, MeitY

The CEO of the homegrown AI platform said, with 6 million daily users, BHASHINI is one of the largest systems globally. Nag spoke about the contribution of the app in breaking language barriers across India, while also underlining some of the challenges, including automatic speech recognition, text-to-text translation, text-to-speech conversion among others

Nag emphasised the crucial role that AI plays in addressing these challenges, noting that the app has developed over 300 AI models, which are open-sourced and are available as a service through its platform

SHAPING THE FUTURE

(*From left*) **Aayush Ailawadi,** Tech Editor, BTTV; **C.P. Gurnani,** Co-founder & Executive Vice Chairman, AIonOS; **Aditya Ghosh**, Co-founder, Akasa Air; Founder, Homage

Speaking on how AI is shaping humanity's future, Gurnani underlined the necessity of blending AI with human capabilites. "For us to be efficient at our jobs, it has to be human plus AI, AI plus human," he said. He also spoke about necessary investments in AI infrastructure, advocating for the development of local large language models to reduce dependency on global systems

Aditya Ghosh emphasised the accessibility of AI, calling this era a 'magical time' akin to the transformation of the Industrial Revolution. He underscored the function of AI, saying it should enhance decision-making and enable faster operations across industries. He also spoke about bridging an existing gap between India and Bharat, and AI's contribution in bridging the gap

The speakers also highlighted the importance of reskilling and mentorship in the age AI. Gurnani urged leaders to foster an environment where AI complements human creativity, encouraging prompt engineering as a key skill. "It's about asking the right questions to get better results," he said. Ghosh said, "AI isn't replacing roles but augmenting them"

HARNESSING IMAGINATION: AI AND THE ARTIST

(*From left*) **Aayush Ailawadi,** Tech Editor, BTTV; **Abhishek Razdan,** Co-founder & CEO, Avtr Meta Labs; **Fabin Rasheed**, artist & digital art consultant; **Prateek Arora,** AI artist; **Dipankar Mukherjee,** Director & CEO, Studio Blo

The panel discussed how AI is transforming the creative landscape. "We believe AI replaces the camera, not the people behind it," Mukherjee said. Razdan introduced Naina, India's first AI-powered virtual influencer, to show AI's potential to revolutionise the entertainment industry, while also highlighting the global implications of AI-powered content creation

Fabin Rasheed, an artist known for experimenting with 'Indo-futurism', described AI as a tool that amplifies individual creativity. AI has made his craft more inclusive and accessible, and has transformed the creative process. "AI unlocks the ability to visualise seemingly impossible concepts without needing massive teams or years of work," he added

Arora, who was of the opinion that AI decentralises the creative process, said, "Once, you needed to move to media hubs to tell your stories. Now, with AI, you can create Marvel-level visuals from your home." The artist also said that AI has the capacity to break down traditional barriers, especially financial and geographical ones, and helps in creating new art forms

INCLUSIVE FUTURE

(*From left*) **Siddharth Zarabi**, Editor, *Business Today*

Sandip Patel, MD, IBM India and South Asia

- "Technology as a *sutradhar* (facilitator)"— that was the theme of the conversation, in which Patel said AI is bringing technology closer to people adding AI has the power to democratise technology for the masses

- Patel said that according to him, AI is more of an augmented intelligence, which can help people. "...It (AI) is clearly something that actually enables you to make better decisions, to be a lot more informed, and that can happen in any part of the society, whether it is urban or rural areas. In fact, it's in the rural areas that you can do a lot more with it," Patel said

- Speaking about the youth of the country and their employability, Patel said, "If you look at the demographic dividend, in about two or three years, we will have the largest volume of employable youth in the country. If that demographic is skilled appropriately, we can truly become the skill capital of the world for not only AI, but for any kind of technology"

TEEING OFF WITH TITANS

BUSINESS TODAY **GOLF RESUMES ITS STORIED JOURNEY WITH THE 2024-25 SEASON OPENER IN DELHI-NCR. THERE ARE SIX MORE CITIES TO COME**

BY **TEAM *BT*** • PHOTOS BY **HARDIK CHHABRA**

Cricket legend Kapil Dev displays his golfing skills on the green at *BT* Golf 2024-25

ON A BRIGHT and sunny Saturday morning this winter, away from the hustle and bustle of Delhi, more than a hundred golfers converged on the verdant Jaypee Greens Golf Course to compete on the green. The weather on December 7, 2024, was nothing short of ideal—crisp yet warm enough for the players to enjoy their game without any hindrance, creating the perfect setting for an unforgettable day of golf at the season opener of the exclusive and invite-only Royal Ranthambore *Business Today* Golf tournament.

The event kicked off with participants arriving at 11 am for registration. The tournament began at 12:30 pm. As the day progressed, the competition intensified with the whirr of the little white ball; participants displayed their golfing skills with the club and the putter, delivering some spirited performances and fostering camaraderie.

Finally, after hours of play, Punam Chawla (36 points) emerged as the winner of the Royal Ranthambore *BT* Golf 2024-25 in the ladies' category, while Amit Vij (36 points) won the award in the men's 0-14 handicap category; in the men's 15-24 handicap category, Anubhav Jain notched up 38 points to edge out runner-up Saurabh Kalia.

Adding to the excitement were some marquee names gracing the event. Legendary cricketer Kapil Dev, who is also the President of PGTI, showcased his skills on the course,

(From left) Pro golfer and Olympian Diksha Dagar with former cricketers Suresh Raina and Murali Kartik

▲ Mahesh Sharma, MP (BJP), Gautam Buddha Nagar, Uttar Pradesh

◀ Australian High Commissioner Philip Green in action

▲ Winners and participants of the Delhi-NCR leg of the invite-only Royal Ranthambore *BT* Golf tournament at the Jaypee Greens Greater Noida Golf Course, on December 7, 2024

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1. ***(From left)*** Mahesh Sharma, Suresh Raina and Captain Sanjay Chauhan, runner-up in the men's 0-14 handicap category
2. Amar Sinha, COO, Radico Khaitan, with Ravi Shankar Singh, *BT* Golf award winner for the Radico Longest Drive (Hole 10)
3. Navneet Batra, Co-head-Retail Sales, Bandhan AMC, with Girraj Meena, winner of the Bandhan Longest Drive (Hole 3)
4. Kartik Mohindra, CMO, Pernod Ricard India, in action
5. Rahul Kanwal, News Director of India Today and Aaj Tak, and Executive Director of *Business Today*, takes a swing
6. Suresh Nandanwar, GST Commissioner, Delhi, in action

while former cricketer Murali Kartik also participated.

The prize distribution ceremony was graced by celebrated cricketer Suresh Raina as the Chief Guest, while Mahesh Sharma, Member of Parliament and an ardent golfer himself, attended as the Guest of Honour.

There were a number of notable attendees, including MG Motors Chief Growth Officer Gaurav Gupta, Radico Khaitan COO Amar Sinha, Bandhan AMC Co-head-Retail Sales Navneet Batra, Cox & Kings President Ramalingam Subramanium, Silverglades Chairman Pradeep Jain

(***From left***) Ramalingam Subramanium, President, Cox & Kings; Rahul Kanwal; Dinesh Bhatia, Group CEO, India Today Group; Mahesh Sharma; Anubhav Jain, winner of the *BT* Golf award in the men's 15-24 handicap category; Suresh Raina; Amar Sinha; Alok Nair, Chief Operating Officer, *Business Today*; and Siddharth Zarabi, Editor, *Business Today*

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(7) Abha Jain, Director, Silverglades Golf Development Company, takes a swing

(8) Mahesh Sharma with Amit Vij, winner of the *BT* Golf award in the men's 0-14 handicap category

(9) Pawan Sharma, winner of *BT* Golf award for Bandhan Closest to Pin (Hole 8)

(10) Navneet Batra with Rajeev Sharma, winner of the *BT* Golf award for Bandhan Straight Drive (Hole 13)

(11) Amar Sinha with Gunjan Bijlani, winner of the *BT* Golf award for Radico Straight Drive (Hole 7)

(12) Sakshi Batra, Senior Associate Editor & Anchor, BTTV

and Chief Executive Anubhav Jain, Wave Group Managing Director Rajiv Gupta, and Lightspeed India Managing Director and Chief Executive Officer Siddharth Sangwan.

Among the other players who teed off on Saturday were William Grant & Sons India CEO Sachin Mehta, Grant Thornton Bharat Chief Executive Vishesh C. Chandiok, Colliers India MD Ravi Shankar Singh, Ambrish Shahi of the World Bank, and diplomats, including Australian High Commissioner Philip Green and his colleague Julian Storm, Masni Eriza (Indonesia), Gen. Kevin Moonsamy (South Africa), besides Manveer Singhvi, IFS, from the Ministry of External Affairs. BT

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"Inaction is worse than mistakes"

What was the problem you were grappling with?
During the early growth phase of PropTiger.com, we faced a challenging period where every decision felt critical. I found myself hesitating—analysing and reanalysing every decision that I had to make. This hesitation started slowing things down.

Whom did you approach for advice?
I reached out to a friend—someone who had built and scaled a business successfully. His perspective would be highly relevant and practical because I was sure that he had been through similar high-pressure situations.

What was the advice you received?
The advice was clear: "Don't delay. The risk of inaction is far greater than the risk of making a wrong decision."

How effective was it in resolving the problem?
We no longer delayed decisions from the fear of imperfection. The result was remarkable: we started executing faster and the team's confidence grew. The cost of hesitation outweighs the cost of mistakes. BT

—TEAM *BT*

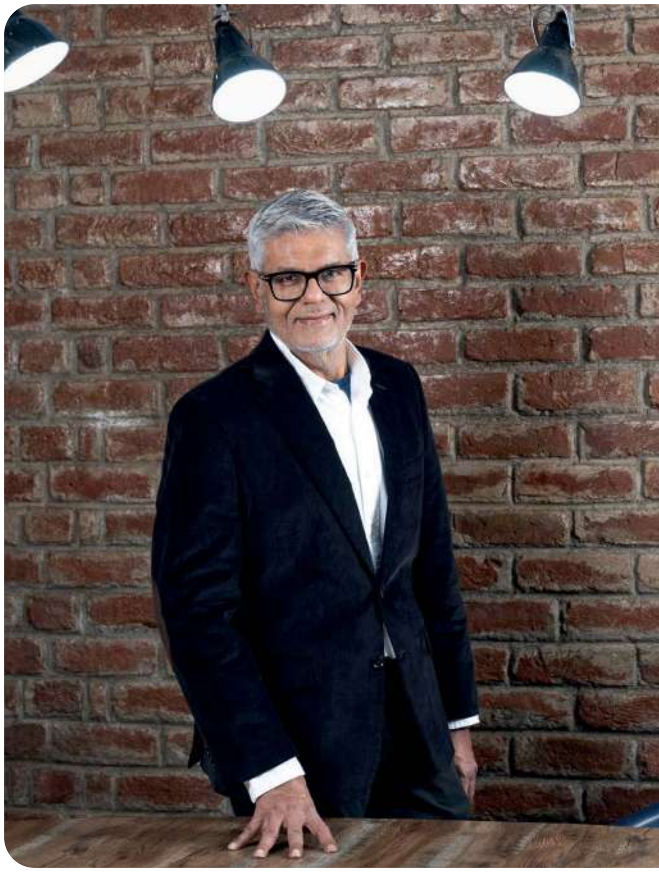

PHOTO BY **HARDIK CHHABRA**

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