

# Financial Services

India has a diversified financial sector undergoing rapid expansion both in terms of strong growth of existing financial services firms and new entities entering the market. The organisations facilitate capital flow, offer funding to businesses and individuals, manage risks, and facilitate financial transactions. The health and performance of the financial sector are inextricably tied to broader economic situations, regulatory frameworks and technology breakthroughs.

Understanding the top actors in this sector is critical for analysing the financial sector's dynamics and trends. The Government of India has introduced several reforms to liberalise, regulate and enhance this industry. In fact, the government and Reserve Bank of India (RBI) have taken various measures to facilitate easy access to finance for micro, small and medium enterprises (MSMEs).

India's financial services sector benefits from diverse digital channels, expanding accessibility. For instance, digital gold investment options have gained popularity, enabling convenient diversification through online platforms and mobile apps. The Union Budget 2022-23 reveals plans for India's central bank digital currency (CBDC), the digital rupee, showcasing a commitment to modernise financial systems and enhance transactions, inclusion and secure digital payments nationwide.

## Financials

Based on their annual statements, let's discuss the financials of the finance sector. The total net sales for FY23 decreased by 24.70 per cent to ₹4,90,338.26 crore compared to ₹6,51,133.57 crore in FY22. Additionally, the total operating profit for FY23 increased by 18.70 per cent to ₹3,78,737.35 crore compared to ₹3,19,062.53 crore in FY22. The net profit increased from ₹96,618.37 crore in FY22 to ₹1,27,699.76 crore in FY23, representing a substantial increase of 32.69 per cent. The total market capitalisation of the finance sector is more than ₹18 lakh crore as of June 2023. These positive financial results indicate the sector's strong performance and growth during the mentioned period.

Crest Ventures Ltd. and JSW Holdings Ltd. emerged as the top-performing companies in net sales, while GFL Ltd. and Balmer Lawrie Investments Ltd. faced losses in FY23 compared to FY22. In terms of operating profit, Niyogin Fintech Ltd. and Ujjivan Financial Services Ltd. excelled, while Religare Enterprises Ltd. and Crest Ventures Ltd. experienced setbacks. IDFC Ltd. and Crest Ventures Ltd. were the top performers in net profit, whereas Ujjivan Financial Services Ltd. and GFL Ltd.



faced losses when comparing FY23 to FY22.

In January 2023, the mutual fund industry in India managed assets under management (AUM) totalling ₹39.62 lakh crore. The systematic investment plan (SIP) attracted inflows of ₹1.50 lakh crore. Equity mutual funds witnessed a net inflow of ₹22.16 lakh crore by December 2021. In December, net inflows amounted to ₹7,303.39 crore, an improvement from November's 21-month low of ₹2,258.35 crore. The rapid expansion of mobile and internet services in India has created a favourable environment for over 2,100 fintech companies, positioning the country to become one of the largest digital markets.

Additionally, in FY23, 40 initial public offerings (IPOs) raised approximately ₹54,337 crore. The number of companies listed on the National Stock Exchange (NSE) increased from 135 in 1995 to 2,113 by December 2022. Furthermore, according to Goldman Sachs, investors are showing increasing interest in India's stock market, leading to predictions that it will surpass the UK and reach over USD 5 trillion by 2024. This growth trajectory positions India's stock market to become the fifth-largest globally.

## Overview

The finance sector's future lies in embracing digital transformation, particularly in the cloud sector, along with prioritising industry-specific considerations, adopting a data-driven approach, enhancing user experience, incorporating ESG practices and implementing embedded finance solutions. These trends are poised to shape and redefine the finance industry, driving innovation and enabling financial institutions to better meet the evolving needs and expectations of their customers.

The future of artificial intelligence (AI) in India holds significant promise across various sectors and the finance sector is one of them. It enables personalised customer interactions, improves efficiency and ensures round-the-clock availability. By leveraging various AI tools, businesses can understand customer preferences better and tailor their offerings accordingly, leading to increased customer loyalty, higher conversion rates and an enhanced brand reputation.

# Financial Review For FY23

Company Name	Market Cap (₹ Cr.)	Net Sales (₹ Cr.)		Operating Profit (₹ Cr.)		Operating Profit Margin (%)		PAT (₹ Cr.)		Change FY23 vs FY22 (%)		
		FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	Net Sales	Operating Profit	PAT
Bajaj Finance	437,941.50	40,250.53	31,658.98	28,571.46	19,736.03	70.98	62.34	11,506.02	7,028.23	27.14	44.77	63.71
Housing Development Finance Corporation	433,074.19	61,763.93	135,925.76	58,406.67	47,098.39	94.56	34.65	16,534.02	24,042.13	-54.56	24.01	-31.23
Bajaj Finserv	271,367.92	44,443.80	68,406.08	29,689.16	21,463.13	66.80	31.38	12,208.35	8,313.53	-35.03	38.33	46.85
Cholamandalam Investment and Finance Company	58,976.02	12,803.01	10,140.75	9,483.71	7,305.89	74.07	72.04	2,676.67	2,158.89	26.25	29.81	23.98
Bajaj Holdings & Investment	55,892.06	425.35	429.69	385.30	369.09	90.58	85.90	279.20	4,125.61	-1.01	4.39	-93.23
Muthoot Finance	53,358.82	11,749.20	12,184.91	9,210.12	9,747.77	78.39	80.00	3,669.77	4,031.32	-3.58	-5.52	-8.97
Piramal Enterprises	52,195.14	8,216.86	13,993.30	1,652.86	7,170.33	20.12	51.24	9,579.97	1,998.77	-41.28	-76.95	379.29
Power Finance Corporation	29,687.70	77,147.72	76,660.79	73,564.64	68,171.44	95.36	88.93	21,178.58	18,768.21	0.64	7.91	12.84
Max Financial Services	26,018.22	351.25	31,156.42	569.29	635.88	162.08	2.04	451.89	318.40	-98.87	-10.47	41.92
Aditya Birla Capital	26,011.58	10,921.10	22,607.58	10,229.49	5,587.97	93.67	24.72	4,551.50	1,660.07	-51.69	83.06	174.18
REC	24,291.52	39,190.71	39,281.83	37,655.26	34,514.44	96.08	87.86	11,166.98	10,047.50	-0.23	9.10	11.14
Nippon Life India Asset Mgmt.	21,664.96	1,349.82	1,306.64	961.50	1,019.71	71.23	78.04	722.93	743.37	3.30	-5.71	-2.75
Sundaram Finance	21,381.27	4,913.91	5,108.37	4,256.19	3,781.78	86.62	74.03	1,271.75	1,066.62	-3.81	12.54	19.23
Poonawalla Fincorp	20,760.02	1,910.86	2,004.39	1,400.30	1,260.89	73.28	62.91	569.81	373.91	-4.67	11.06	52.39
Aavas Financiers	20,251.95	1,608.76	1,304.45	1,168.19	958.28	72.61	73.46	429.64	355.18	23.33	21.91	20.96
ICICI Securities	20,059.40	3,414.18	3,434.98	2,112.48	2,188.97	61.87	63.73	1,117.63	1,382.60	-0.61	-3.49	-19.16
L&T Finance Holdings	19,928.39	12,771.47	11,929.72	8,039.13	7,098.92	62.95	59.51	-728.89	849.23	7.06	13.24	-185.83
LIC Housing Finance	19,776.10	22,631.98	19,974.36	19,808.52	16,993.53	87.52	85.08	2,891.03	2,286.00	13.31	16.57	26.47
Mahindra & Mahindra Financial Services	19,623.20	12,235.47	11,317.57	8,136.76	6,053.19	66.50	53.48	2,027.88	1,105.32	8.11	34.42	83.47
Aptus Value Hou. Fin. India	16,895.21	1,093.36	814.68	936.84	695.92	85.69	85.42	503.01	370.14	34.21	34.62	35.90
Aditya Birla Sun Life AMC	15,348.96	1,226.61	1,292.96	832.09	935.33	67.84	72.34	596.38	672.77	-5.13	-11.04	-11.35
360 One Wam	14,826.10	1,974.66	1,850.65	1,296.85	1,162.82	65.67	62.83	657.89	577.74	6.70	11.53	13.87
CreditAccess Grameen	13,234.14	3,487.03	2,742.82	2,368.14	1,515.44	67.91	55.25	826.06	357.10	27.13	56.27	131.32
Motilal Oswal Fin. Services	12,965.74	4,109.29	4,296.81	1,896.46	2,142.27	46.15	49.86	932.82	1,310.72	-4.36	-11.47	-28.83
UTI Asset Management Co.	12,623.27	122.47	1,319.08	635.11	706.18	518.58	53.54	439.68	534.59	-90.72	-10.06	-17.75
Cholamandalam Fin. Holdings	11,598.92	14,049.42	14,672.65	9,778.50	7,525.59	69.60	51.29	2,818.31	2,242.23	-4.25	29.94	25.69
IIFL Finance	10,820.50	8,258.85	6,348.07	5,486.94	4,673.86	66.44	73.63	1,607.55	1,188.25	30.10	17.40	35.29
Capri Global Capital	10,802.78	1,398.52	968.99	843.32	614.09	60.30	63.37	204.65	205.04	44.33	37.33	-0.19
IDFC	9,834.07	153.83	88.05	90.64	56.15	58.92	63.77	-300.85	-1.08	74.71	61.42	27,756.48
Manappuram Finance	9,615.05	6,585.82	6,061.02	4,432.59	3,992.87	67.31	65.88	1,500.16	1,328.71	8.66	11.01	12.90
Kama Holdings	7,794.19	15,074.82	12,502.41	3,776.57	3,223.73	25.05	25.78	2,324.45	1,888.86	20.58	17.15	23.06
Multi Commodity Ex. Of India	7,209.87	513.51	366.81	217.35	228.69	42.33	62.35	153.95	143.45	39.99	-4.96	7.32
Indiabulls Housing Finance	7,030.78	8,719.28	8,983.31	7,325.91	7,874.76	84.02	87.66	1,127.68	1,177.74	-2.94	-6.97	-4.25
Tata Investment Corporation	6,858.70	277.16	256.09	245.82	229.06	88.69	89.45	216.09	196.61	8.23	7.31	9.91
Housing & Urban Devp. Corp.	6,546.21	6,993.62	6,954.42	6,807.80	6,886.37	97.34	99.02	1,701.62	1,716.60	0.56	-1.14	-0.87
JM Financial	6,454.49	2,776.30	3,720.26	2,172.99	2,467.55	78.27	66.33	708.76	992.37	-25.37	-11.94	-28.58
PNB Housing Finance	6,352.01	6,527.33	6,195.93	5,310.87	5,202.21	81.36	83.96	1,046.00	836.48	5.35	2.09	25.05
Sindhu Trade Links	5,574.07	1,176.69	1,006.99	208.52	161.82	17.72	16.07	-3.47	-52.77	16.85	28.86	-93.43
Edelweiss Financial Services	5,272.43	6,525.94	6,911.40	2,965.65	3,265.96	45.44	47.25	273.76	115.42	-5.58	-9.20	137.19
JSW Holdings	4,545.10	406.77	186.14	400.87	180.39	98.55	96.91	299.61	134.60	118.52	122.22	122.59
Religare Enterprises	4,149.30	514.82	3,223.62	653.44	-227.27	126.93	-7.05	3,168.62	-1,538.51	-84.03	-387.52	-305.95
Share India Securities	3,991.20	1,088.23	856.50	504.11	313.33	46.32	36.58	330.67	201.80	27.06	60.89	63.86
Dhani Services	3,777.92	573.73	1,434.44	-250.69	-521.86	-43.70	-36.38	-481.31	-860.37	-60.00	-51.96	-44.06
Paisalo Digital	3,484.87	473.19	392.22	342.73	293.22	72.43	74.76	93.62	79.25	20.64	16.88	18.13
MAS Financial Services	2,923.05	987.83	690.17	770.38	558.66	77.99	80.95	205.82	161.15	43.13	37.90	27.72
Indostar Capital Finance	2,876.72	1,174.34	1,163.33	858.45	-321.44	73.10	-27.63	225.15	-736.51	0.95	-367.07	-130.57
IIFL Securities	2,694.38	1,334.77	1,232.33	483.26	567.76	36.21	46.07	249.81	305.69	8.31	-14.88	-18.28
Bengal & Assam Company	2,662.48	109.84	13,575.67	1,672.12	1,353.33	1,522.35	9.97	452.80	313.62	-99.19	23.56	44.38
IFCI	2,334.32	495.83	1,597.70	469.78	-512.83	94.75	-32.10	-287.58	-1,761.20	-68.97	-191.61	-83.67
Spandana Sphoorty Financial	2,296.37	1,362.01	1,462.79	486.57	647.59	35.72	44.27	12.39	69.83	-6.89	-24.86	-82.25