

Credit Suisse profit soars 108%

Credit Suisse said on Wednesday it more than doubled its third quarter net profit, largely due to its wealth management activities and despite losses in its investment bank unit. Switzerland's second largest bank said its net profit soared 108 per cent in the third quarter year-on-year to 881 million Swiss francs despite a "challenging environment". Net revenue, meanwhile, swelled nine per cent to 5.3 billion Swiss francs, it said. AFP

Cox and Kings Fin downgraded

Brickwork Ratings has downgraded the ratings of bank loan facilities of Cox and Kings Financial Service Ltd, aggregating ₹400 crore availed from YES Bank, to default grade 'D', the company said in a stock exchange filing. The previous ratings on long-term cash credit and short-term bank guarantee were 'C' and 'A4'. Both ratings were tagged 'issuer not cooperating', according to a statement by the credit rating agency. OUR BUREAU

Why urban co-operative banks are not willing to turn into small finance banks

They may have to give up their universal lender status to become 'narrow banks'

K RAM KUMAR

Urban co-operative banks (UCBs) have not yet warmed up to the Reserve Bank of India's scheme allowing them to voluntarily turn into small finance banks (SFBs) as they will have to give up their 'universal bank' status to be-

UCBs do not want to be shackled by the lending restrictions that SFBs face currently. As universal banks, they can undertake all banking activities done by commercial banks.

come 'narrow banks'.

Curbs on SFBs SFBs are required to extend 75 per cent of loans to sectors eligible for classification as priority sector lending (PSL), comprising loans to agriculture, micro, small and medium enterprises, education, housing, and others. Further, at least 50

per cent of SFBs' loan portfolio should constitute loans and advances of up to ₹25 lakh.

For UCBs, the target for lending to the priority sector is 40 per cent of the total. According to RBI data,

portfolio was at Scan & Share

low₹25 lakh.

46.6 per cent of total advances, against SFBs' 76.7 per cent. Only 26 per cent of the loans of

in FY2018, UCBs' PSL

scheduled UCBs, which are eligible for conversion into SFBs, is in the below ₹25-lakh category. In sharp contrast, 50 per cent of SFBs' loan portfolio has to comprise loans and advances be-

Universal vs narrow banks

The RBI had announced a scheme for the voluntary conversion of eli-



The scheme for transitioning into an SFB will be a step forward to provide a full suite of products, sustain competition and raise capital, said the RBI

gible UCBs into SFBs in September 2018, in line with the recommendations of the high-powered committee headed by the then Deputy Governor R Gandhi. Though it is more than a year since the central bank came up with the scheme, co-operative banks are not enthused by it.

The central bank reasoned then that in keeping with the fast-paced changes in the banking space and to facilitate growth, the scheme for voluntary transition of UCBs into an SFB would be a step forward to provide a full suite of products/services, sustain competition, and

D Krishna, former chief executive, National Federation of UCBs and Credit Societies (NAFCUB), opined that conversion is not a great solution.

"UCBs are universal banks. Why should they trade that status to become narrow banks? UCBs should not fall for it. The (priority sector) lending criteria for SFBs is quiet rigorous. Conversion into an SFB is just an invitation for people having a lot of money to take a short cut towards banking licences," he said.

According to the RBI, UCBs with a minimum net worth of ₹50 crore and those that maintain a capitalto-risk-weighted assets ratio of 9 per cent and above are eligible to apply for voluntary transition to an

'Spirit of cooperation'

Jyotindra Mehta, President, NAFCUB, emphasised that UCBs have been set up in the spirit of cooperation.

"All stakeholders are trustees, with one member having only one vote, irrespective of his/her shareholding. But if UCBs get converted into SFBs, the stakeholders will become owners, with their voting power dictated by their shareholding. We are against privatisation of cooperatives. Conversion of UCBs into SFBs is totally against the principle of cooperation," he said.

IndiaFirst Life eves 'Smart Pay Plan' to drive retail growth

Hvderabad, October 30

IndiaFirst Life Insurance Company is betting big on its 'Smart Pay Plan' product to drive retail business growth. "There has been good response to the Smart Play Plan, which was launched a couple of months ago. By this year-end, we expect the plan to pool in 20 per cent of total new business," said Rushabh Gandhi, Deputy CEO, IndiaFirst Life Insurance.

The plan comes with features that include short premium payment terms with longer period of coverage, and return of 103 per cent before the last premium as survival benefits.

The company collected a total premium of ₹1,462 crore in the half year ended September 30, 2019, against ₹1,325 crore in the same period last year. The total premium was ₹3,200 crore for the year ended March 2019.

"We may close this year with almost similar total premium as we are planning to step up focus on retail new business premium rather than on corporate segment," said Gandhi.

Canara HSBC OBC Life aims to boost digital sales

Private insurer Canara HSBC OBC Life Insurance is upbeat about the amalgamation of its promoter banks as it would help boost sales. The life insurer is also looking to increase digital sales and plans to launch an annuity product and online term product in the coming months.

"From a business perspective, it is good for us because in terms of the number of branches that we will have access to and the number of customers - there's going to be a huge increase. So it's positive for us," said Anuj Mathur, MD and CEO, Canara HSBC

OBC Life Insurance. In an interaction with BusinessLine, Mathur declined to say whether at least one of the promoters will have to exit from the company after amalgamation.

"Equity issue is for the shareholders to decide. I can't comment on that. IRDAI regulations are not very clear right now, and hopefully clarity will emerge soon," he said.

Canara Bank holds a 51 per cent stake in the private sector life insurer, while HSBC holds 26 per cent equity in the joint venture through HSBC Insurance (Asia-Pacific) Holdings Ltd, and Oriental Bank of Commerce has 23 per cent share. Under the government's big-ticket merger plans for public sector banks, OBC and United Bank will merge with Punjah National Bank Syndicate Bank and Canara Bank will form one entity.

Mathur also remains upbeat over the company's plans and said that it is hopeful of doing better than the industry growth rate.

The insurer is looking to increase digital sales and is in the midst of launching new products. It has a total retail unique customer base of about 8.5 lakh.

At present, bancassurance channel contributes about 95 per cent of its business. "It is a very efficient business model

we are running and I feel it has huge potential, and more customers will be onboarded through this. We have a few other partners, apart from the three shareholders, including Dhanlakshmi Bank and a few NBFCs," he said.

The insurer has also set up a digital SBU about six months ago to focus on online sales.

"We will see 100 per cent growth in our digital business though the base is small," said Mathur, adding that early next quarter, around January, the insurer will also launch a new online term plan. It has also partnered with Indian Money-Insurance.com, operated by Suvision Insurance Broker Pvt

Ltd, to sell life insurance plans on its digital platform.

Annuity product

The insurer is also set to launch an annuity product this quarter with options for both deferred and immediate annuity. "It is one segment where we will see significant growth, as longevity of people is growing. We are fo-

cussing on this," said Mathur. "In terms of business, we are doing pretty well. Industry is growing at about 15 to 16 per cent, but our growth has been about 20 per cent during this period and, overall, we are very confident that we will end the year at around 30 per cent growth," he said.

Housing finance sector is now an oligopoly: Investec Capital

OUR BUREAU

Mumbai, October 30 India's housing finance sector has transformed from a perfect competition to an oligopoly in a matter of 15 months with the IL&FS crisis and the Reserve Bank of India linking home loans (HL) to an external benchmark rate (EBR), according to report by Investec Capital Services (India) Private Ltd.

An oligopolistic market structure is one where a limited number of firms dominate the market. Investec Capital, which is registered with SEBI as a merchant banker, observed that the oligopolistic

market is centered on State Bank of India (SBI), HDFC, and LIC Housing Finance (LICHF).

The IL&FS crisis impacted the competitive position of housing finance companies (HFCs) as funding costs soared, the company said in a report, adding that the RBI's decision to link banks' HL to an EBR increases interest rate risk, given that the liabilities are fixed

"Private banks increased HL rates rationally while public sector banks cut rates or kept them stable. On the other hand, HDFC and LICHF saw an improvement in competitive

positioning as they were now able to raise money at competitive rates. "These dynamics resulted in an oligopolistic market centred on SBI, HDFC, and LICHF. We expect these conditions to continue over the medium term," said the report.

Analysts Nidhesh Jain and Utsav Gogirwar observed that the spread between loan interest rate offered by private banks over SBI is the highest in the last 10 years. This, they believe, is an unintended consequence of the RBI's decision to link HL to an EBR, and has increased interest rate risk on banks' balance sheet.

⁺ United Bank of India posts ₹124-crore net profit in Q2 on lower provisioning ⁺

ABHISHEK LAW

State-owned United Bank of India (UBI) reported a net profit of ₹124 crore for the quarter ending September 30, 2019. In the year-ago-quarter, the bank made a net loss of ₹883 crore. According to aging Director and CEO, the per cent increase over the come, too, rose by 16 per cent end of second quarter.

performance improved comes on the back of reduction in non-performing assets, lower provisioning and better net interest income.

"Key finances of the bank year-on-year, thereby leading to a turnaround. Operating profit, at ₹206 crore that we have reported in Q2 FY19," he told reporters during a press meet here on Wednesday.

Improved performance saw the bank report a near 75 per cent jump in net interest income on a y-o-y basis to ₹773 crore for the quarter under re-Ashok Kumar Pradhan, Man- ₹599 crore in Q2 FY20, is a 191 view (₹443 crore). Total in- gible NCLT accounts by the ₹47 crore has been addition- In terms of non-performing 15.51 per cent (from 22.69 per

y-o-y to ₹3,014 crore. Provisions and contingencies declined by over 70 per cent to ₹436 crore whencompared to the ₹1,481 crore in the corresponding quarter last fiscal. The lender said an additional provision of ₹47 crore has been made in respect of eli-

Provision for NPAs declined by over 47 per cent on a yearon-year basis, while the provision coverage ratio (PCR) improved to 74.89 per cent during the quarter under review. PCR stood at 60.10 per cent in the year-ago-period.

The lender said that around ally provided in respect of eliassets (NPAs), the bank cent) and stood at ₹11,544

gible NCLT (list 1 and list 2) accounts as on September 30, 2019. "Actual provision for NCLT(list1and list2)accounts stands at ₹3,322.77 crore, instead of ₹3,276 crore as per IRAC norms," it further added.

Asset quality

brought down its net NPAs to 7.88 per cent as on September 30, from 14.36 per cent by the end of September 2018. In absolute terms, net NPAs declined by 38 per cent to ₹5,381 crore, against ₹8,658 crore in the year-ago-period.

Gross NPAs improved to

crore in value terms (from ₹15,163 crore). During the quarter under review, the bank reported fresh slippages to the tune of ₹1,040 crore, with nearly ₹800 crore coming from corporates. The remaining ₹200 core are retail loan slippages. In the year-ago period, slippages were at



HERITAGE FOODS LIMITED

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EXTRACT OF STANDALONE AND CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX **MONTHS ENDED 30 SEPTEMBER 2019**

(₹ in Lakhs)

Particulars	CONSOLIDATED						STANDALONE					
	Quarter Ended		Six Months Ended		Year Ended	Quarter Ended		Six Months Ended		Year Ended		
				30.09.2019 (Unaudited)						30.09.2019 (Unaudited)		
Total income from operations (net)	82277.94	76008.47	76737.94	151017.33	138231.96	265486.72	80872.52	74964.70	76007.07	148568.14	136827.22	262454.38
Net Profit/ (Loss) for the period (before tax and exceptional items)	685.98	2981.51	3445.62	3667.47	6592.45	12733.77	1035.80	3327.31	3347.56	4363.13	6381.96	12868.82
Net Profit/ (Loss) for the period before tax (after exceptional items)	685.98	2981.51	3445.62	3667.47	6592.45	12733.77	1035.80	3327.31	3347.56	4363.13	6381.96	12868.82
Net Profit/ (Loss) for the period (after tax and exceptional items)	1068.82	1810.03	2098.94	2878.84	4233.58	8259.45	1404.12	2171.34	1996.39	3575.48	3987.80	8344.19
Total Comprehensive income for the period (Comprising Profit/(Loss) for the period (after tax) and other comprehensive income (after tax)		2982.22	(2795.78)	(659.34)	271.68	3723.54	(3306.25)	3343.53	(2898.32)	37.30	25.91	3814.25
Equity Share Capital	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90
Reserves (excluding Revaluation Reserve as shown in the Balance Sheet of Previous year)						77,935.90						78,176.28
Earning per share (of Rs.5/-each) for continuing operations												
Basic : (Rs.)	3.07	4.31	4.36	7.39	8.84	17.55	3.03	4.68	4.30	7.71	8.59	17.98
Diluted : (Rs.)	3.07	4.31	4.36	7.39	8.84	17.55	3.03	4.68	4.30	7.71	8.59	17.98
Earning per share (of Rs.5/-each) for discontinued operations												
Basic : (Rs.)	-	-	-	-	-	-	-	-	-	-	-	-
Diluted : (Rs.)	-	-	-	-	-	-	-	-	-	-	-	-
Earning per share (of Rs.5/-each) (for continuing and discontinued operations)												
Basic : (Rs.)	3.07	4.31	4.36	7.39	8.84	17.55	3.03	4.68	4.30	7.71	8.59	17.98
Diluted : (Rs.)	3.07	4.31	4.36	7.39	8.84	17.55	3.03	4.68	4.30	7.71	8.59	17.98

Date: 30 October, 2019

Place: Hyderabad

- 1. The unaudited financial results for the guarter and six months ended 30 September 2019 were reviewed by the Audit Committee and approved by the Board of Directors of the Company at their meetings held on 30 October 2019.
- 2. The above is an extract of the detailed format of Quarterly Financial Results filed with Stock Exchanges under Regulation 33 of the SEBI (Listing and Other Disclosure Reguirements) Regulations, 2015. The full format of the Quarterly Financial Results is available on the Stock exchange website, www.nseindia.com and www.bseindia.com, and on the Company's website, www.heritagefoods.in

For and on behalf of the Board Sd/-

N. BHUVANESWARI Vice Chairperson and Managing Director

(DIN: 00003741)