

## Time for a Balancing Act

### Gap widens between credit and deposit growth

The credit-deposit growth gap sustains albeit lower YoY with credit at 16% YoY and deposit at 12% YoY. Liquidity remains tight, which would put pressure on deposit rates and margin. The reliance on CP, CD and NCD has risen on the credit-deposit gap and RBI norms (lending to NBFC). Total lending growth (loan+NCD+CP) has risen by 14% YoY.

### Liquidity remains tight

The 10Y GSEC has come off 7bp MTD and 12bp YTD. Shorter duration yield (five-year corporate bonds) have fallen slightly while tenor spread remains steady. Banks' average lending rate was steady, as per RBI data, but term deposit rates have risen, indicating further NIM pressure in Q3.

### Strong growth in retail payment continues

Payments grew 15% YoY with retail growth at 22% YoY. UPI sustained at >40% YoY growth and credit card transactions at INR1.7tn. The number of credit cards grew 1.4% MoM and 19% YoY. Spend looks lower for November post the festival season; however, on a rolling three-month basis, spend growth is steady at 2.6% MoM albeit soft.

### Soft traction in life & general insurance

Life insurers' APE growth down 14% YoY in November, with dip of 27% YoY in LIC & 2% decline in private. Individual APE was down 4% YoY, with LIC shrinking 8.7% & private at 1.3%. GI saw softer growth at 10.6% YoY, with diversified insurers at 8% YoY growth (private at 9.3% and PSU flat YoY). Standalone health insurers saw 22% YoY growth.

### AMC SIP flows at historical high

AUM traction remains healthy as indices performed well, with interest augmentation for index and thematic funds. SIP accounts surged to 74.4mn in November vs 73mn in October, up 23.1% YoY, which is at a historical high.

### Price roundup: PSU banks and non-lending outperforms

In the past month, the Bank Nifty outperformed the Nifty by 2%, although it underperformed by 8% in the past year. PSU banks and non-lending financiers have outperformed.

### Outlook for CY24: time for a balancing act

Banks against the juxtaposition of CY23 that has seen crescendo of strong financial performances with sectoral tailwinds may see onset of CY24 likely throwing up few challenges. However, we expect banks to conduct a smart balancing act, led by resilient profitability and strong fundamentals. The absence of significant asset quality challenges and better growth would ensure PSU banks sustain rerating based on earnings stability. NBFC are set to sustain healthy 22% YoY growth, due to cyclical tailwinds and strong capital base. Business traction will likely hold in H2FY24, although slightly slower than in H1FY24, despite regulatory clampdown on unsecured retail. In our view, funding cost spike is imminent across the board, primarily due to repricing of high cost borrowings and regulatory norms. Credit cost is expected to rise in H2FY24, in line with regulatory restraints, but we expect no meaningful negative.

### A month gone by...

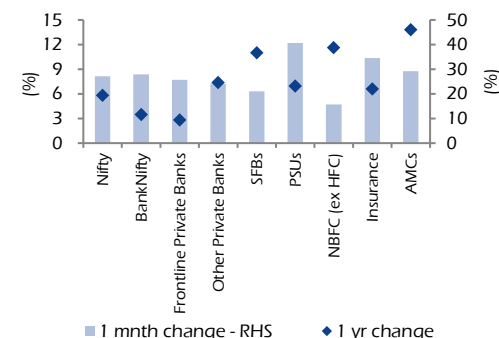
- **Sector roundup:** growth, liquidity, rates & payments
- **Non-lending financiers:** flows, growth and market share
- **What is hot:** key interviews & meetings & sector trends
- **Outlook & valuation:** price performance, historical band

### PSU Index outperforms private this month

(%)	29-Dec-23	1 mth	3 mth	6 mth	1 yr
Sensex	72,240	8.0	9.7	13.0	18.2
Bankex	54,378	8.1	8.4	8.5	10.6
Nifty	21,731	8.1	10.7	14.5	19.5
Bank Nifty	48,292	8.4	8.3	8.9	11.7
Nifty PSU Bank	5,713	12.1	8.7	41.9	34.3
Nifty Private Bank	24,876	7.3	7.7	9.8	13.2

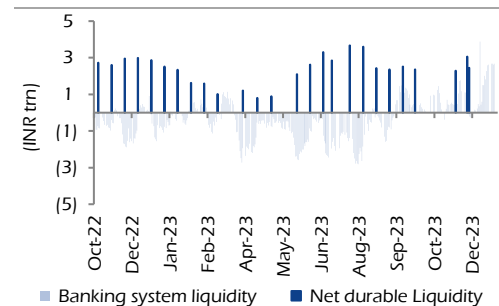
Source: Bloomberg, Elara Securities Research

### Non lending outperforms in past month



Source: Bloomberg, Elara Securities Research

### Liquidity remains tight



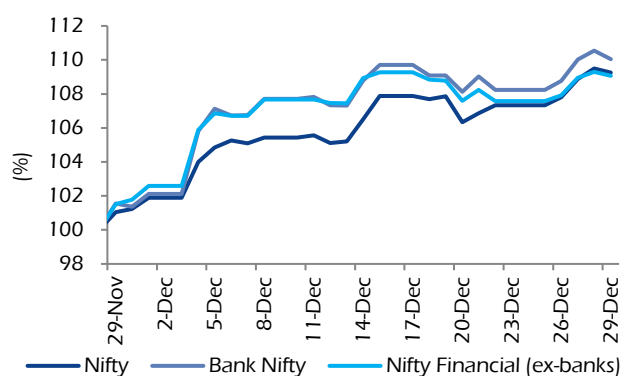
Source: RBI, Elara Securities Research

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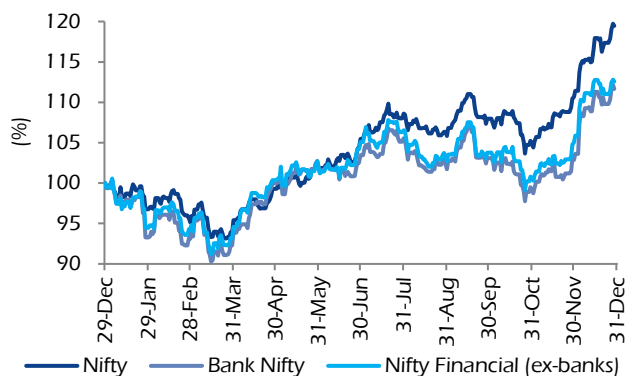
**Key charts**

**Exhibit 1: Banks outperform NIFTY by 100bp in 1m...**



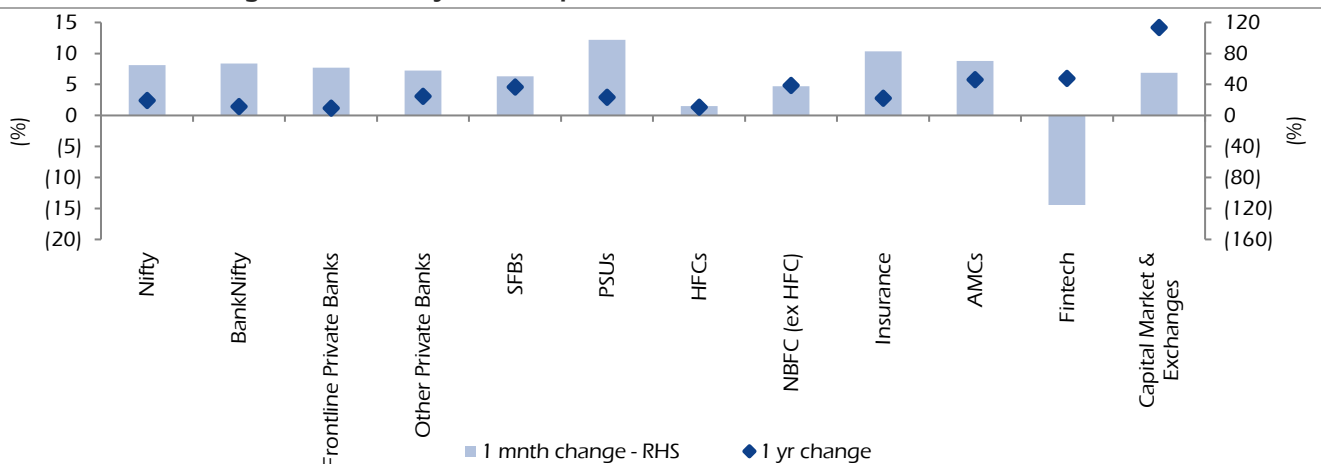
Source: Bloomberg, Elara Securities Research

**Exhibit 2: ... but underperform by ~8% over 12m**



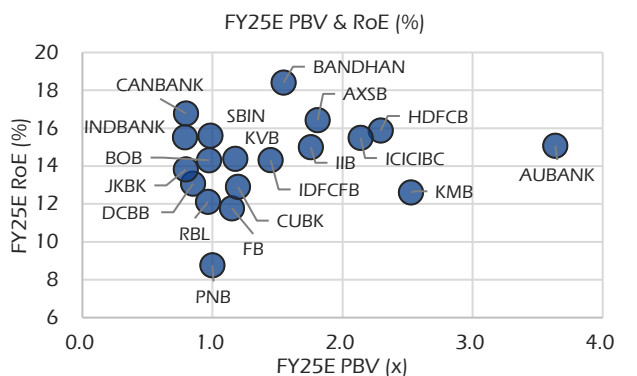
Source: Bloomberg, Elara Securities Research

**Exhibit 3: Non-lending financiers Nifty over the past month**



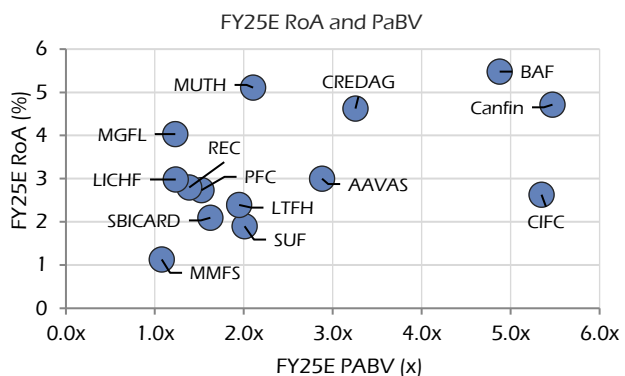
Source: Bloomberg, Elara Securities Research

**Exhibit 4: Valuations conundrum as sector re-rating curtailed by valuations of sector leaders**



Source: Bloomberg, Elara Securities Estimate

**Exhibit 5 NBFC valuations caught up well; prefer high RoA plays**



Source: Company, Elara Securities Estimates

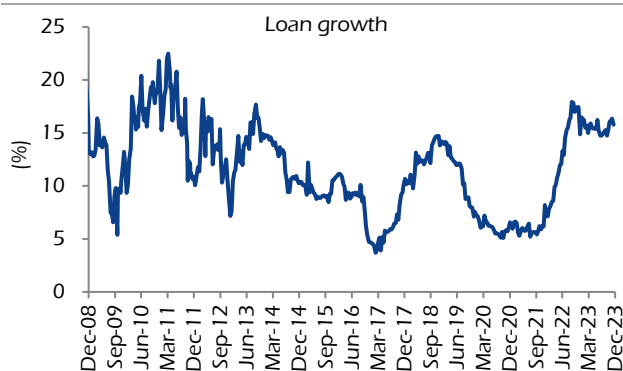
## Credit & deposits: gap remains wide

- RBI data released on 15 December 2023 reports credit growth of 15.8% YoY; on an absolute basis credit growth was muted during the fortnight with a FoF decline of 0.1% (absolute dip of INR 0.2tn). YTD growth has been higher than our expectations, driven by higher working capital demand.
- Meanwhile, deposits saw a similar trajectory with FoF decline of 0.5% (drawdown of INR 0.9tn), thereby registering growth of 13.3% YoY. This was primarily supported by time deposits while demand deposits lagged.
- The credit-deposit gap (albeit reduced YoY) has remained wide. We expect the run for deposits to continue, which, in turn, would keep the rates

elevated in near to medium term, resulting in NIM pressure.

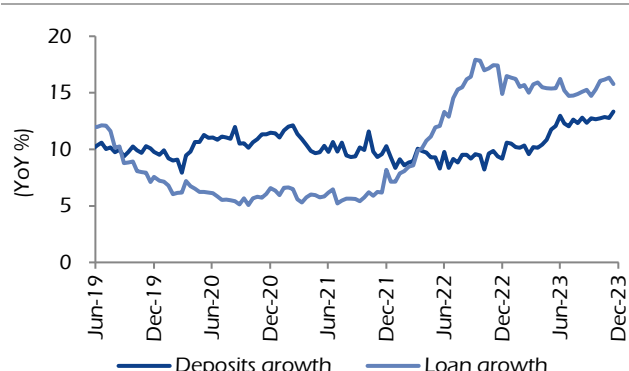
- The CD ratio inched up close to where it was at pre-COVID levels (i.e., December 2019) in the range of 76-77%. The incremental CD ratio continues to be in sub-100% range. There are news reports of potential concerns raised by RBI on higher CD ratio.
- Trends in sector credit for November: Growth slowed slightly but was driven by the retail & services segments with retail growth of 18.6% YoY, services at ~22% YoY while the industry is still at sub-10% levels at 6% YoY growth. We will continue to monitor the impact on growth after the recent RBI norms on retail (unsecured loans), banks' lending to NBFC, and likely lower working capital demand.

Exhibit 6: Loan growth better than expected...



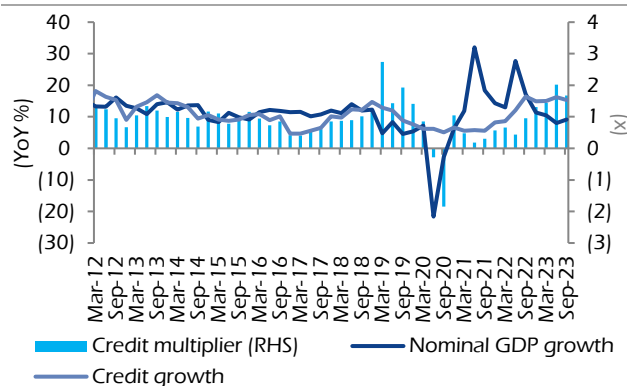
Source: RBI, Elara Securities Research

Exhibit 7: ...deposit growth remains a challenge



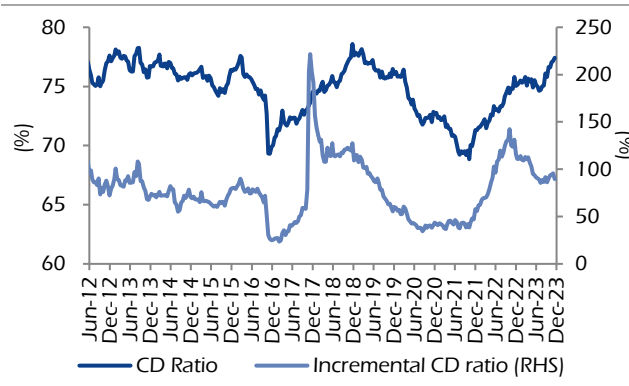
Source: RBI, Elara Securities Research

Exhibit 8: Credit multiplier expands to more than 1.6x



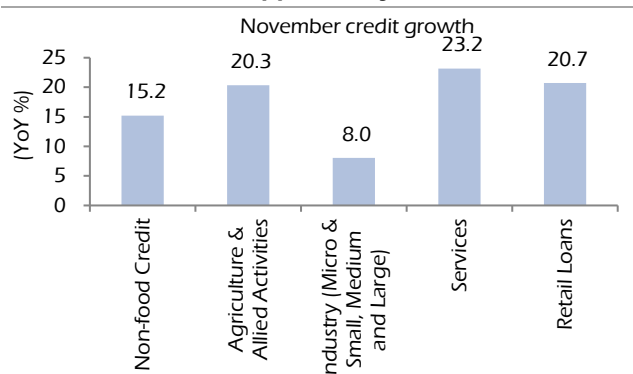
Source: RBI, Elara Securities Research

Exhibit 9: Outstanding CD ratio closer to peak



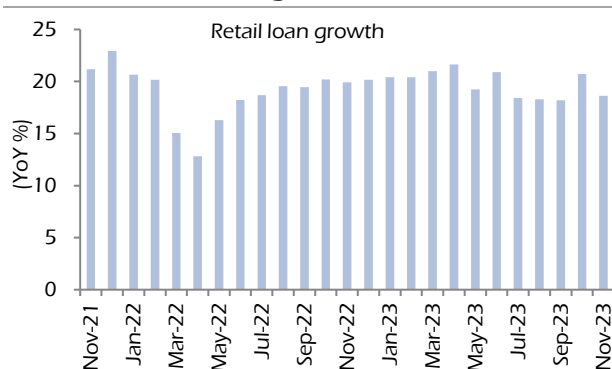
Source: RBI, Elara Securities Research

**Exhibit 10: Growth supported by retail & services ...**



Source: RBI, Elara Securities Research

**Exhibit 11: Retail loan growth slows to sub-20%**



Source: RBI, Elara Securities Research

**Exhibit 12: Sector-wise credit growth driven by NBFC & retail loans; traction post RBI norms warrants a watch**

Sector-wise credit growth	Nov (Incl. merger)	Nov (Incl. merger)	Nov (Excl. merger)	Nov (Excl. merger)	Oct (Incl. merger)	Oct (Incl. merger)	Oct (Excl. merger)	Oct (Excl. merger)
	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM
<b>Growth (%)</b>								
<b>Non-Food Credit</b>	20.8	1.1	16.3	1.2	19.8	1.8	15.2	1.9
<b>Agriculture &amp; Allied Activities</b>	18.2	0.9	18.2	0.9	20.3	4.9	20.3	4.9
<b>Industry (Micro &amp; Small, Medium and Large)</b>	6.6	0.8	6.1	0.8	8.6	2.9	8.0	2.9
Micro & Small Industry	17.2	0.9	-	-	23.8	8.5	-	-
Medium industry	12.0	1.1	-	-	27.0	7.3	-	-
Large industry	3.6	0.7	-	-	3.6	1.1	-	-
<b>Services</b>	25.4	1.3	21.9	1.4	26.8	4.5	23.2	4.6
Transport Operators	24.4	1.7	-	-	33.8	12.2	-	-
Computer Software	9.3	3.7	-	-	14.1	9.1	-	-
Tourism, Hotels & Restaurants	12.9	0.7	-	-	19.9	4.1	-	-
Shipping	(10.8)	1.5	-	-	(23.7)	16.8	-	-
Aviation	65.4	0.8	-	-	67.5	1.2	-	-
Professional Services	21.1	1.2	-	-	23.7	4.6	-	-
Trade	19.0	(1.6)	-	-	24.0	6.8	-	-
Wholesale Trade (other than food procurement)	21.0	(1.5)	-	-	24.8	10.7	-	-
Retail Trade	17.1	(1.6)	-	-	23.2	3.1	-	-
Commercial Real Estate	37.5	1.1	16.2	1.6	39.0	3.4	16.9	4.4
<b>Non-Banking Financial Companies (NBFC)</b>	21.5	1.2	-	-	17.6	4.0	-	-
HFC	(2.4)	(5.5)	-	-	5.5	4.8	-	-
PFI	7.0	0.1	-	-	13.1	(1.3)	-	-
Other Services	36.2	4.5	30.6	4.8	42.2	1.6	35.9	1.8
<b>Retail Loans</b>	30.1	1.1	18.6	1.3	32.6	3.6	20.7	4.0
Consumer Durables	10.8	6.3	-	-	(36.1)	6.0	-	-
Housing (Including Priority Sector Housing)	37.0	1.1	15.0	1.5	40.5	3.6	17.4	4.4
Advances against FD (Including FCNR (B), NRNR Deposits etc.)	17.2	(0.9)	-	-	15.9	0.4	-	-
Advances to Individuals against share, bonds, etc.	4.0	(0.5)	-	-	15.7	13.7	-	-
Credit Card O/s	34.2	1.7	-	-	34.3	10.8	-	-
Education	22.8	1.0	-	-	22.5	0.9	-	-
Vehicle Loans	20.8	2.1	-	-	19.9	2.0	-	-
Loans against gold jewelry	18.5	0.3	-	-	19.6	2.4	-	-
Other Personal Loans	24.3	0.8	21.7	0.8	29.9	3.6	27.2	3.7

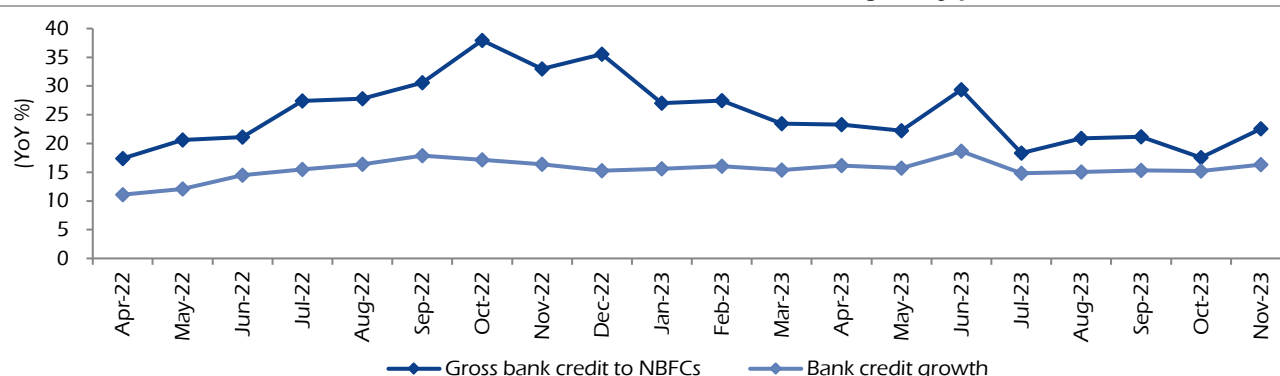
Source: RBI, Elara Securities Research

**Exhibit 13: Auto, CV, commercial equipment, personal, two-wheeler & consumer loans showing good growth; home and equipment loans show a negative trend**

(INR bn)	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	% of overall sanctions (Q2FY24)	YOY Growth (%)	QoQ Growth (%)	Growth In the past 2 years (%)
Auto Loan	6.5	7.1	4.4	5.0	5.9	5.5	7.0	7.2	6.1	0.2	3.4	(15.3)	(6.0)
Auto Loan (Personal)	166.9	163.9	163.2	166.6	203.3	230.5	231.0	213.3	234.5	6.1	15.3	9.9	40.5
Commercial Equipment Loan	28.4	31.4	34.6	31.1	34.2	44.9	49.4	40.4	42.9	1.1	25.5	6.2	e50.9
Commercial Vehicle Loan	207.7	208.9	248.2	219.7	247.0	272.3	324.3	269.0	287.5	7.5	16.4	6.8	38.4
Consumer Loan	164.5	212.5	197.3	243.6	206.5	228.2	221.7	296.2	260.7	6.8	26.2	(12.0)	58.5
Demand Loan	8.4	14.1	13.5	14.1	19.6	25.3	33.7	31.6	21.2	0.6	8.2	(32.8)	152.8
Education Loan	43.8	18.7	18.2	24.3	71.2	35.0	32.7	47.0	124.2	3.2	74.4	164.3	183.7
Equipment financing (construction office medical)	13.7	13.7	14.5	14.8	14.0	16.9	20.2	17.0	8.2	0.2	(41.3)	(51.9)	(40.2)
GECL Loan	1.4	0.9	1.4	0.7	0.6	0.4	0.4	0.3	0.1	0.0	(91.8)	(84.7)	(96.5)
Gold Loan	379.7	362.7	410.7	386.2	430.7	392.8	543.2	585.8	412.8	10.7	(4.2)	(29.5)	8.7
Health Care Finance	0.3	2.3	0.9	0.3	0.4	0.4	0.6	0.6	0.3	0.0	(29.3)	(44.9)	24.7
Hire purchase	1.0	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0	49.0	11.5	(90.2)
Housing Loan	405.5	415.7	489.8	428.9	467.6	481.0	511.2	453.7	458.7	11.9	(1.9)	1.1	13.1
Inland bills discounted	5.8	4.7	14.8	10.4	14.1	17.4	15.0	16.7	11.4	0.3	(18.9)	(31.6)	97.4
LAS	711.1	341.8	113.4	98.0	37.0	29.3	-	28.8	8.5	0.2	(77.0)	(70.4)	(98.8)
Lease finance	8.9	7.5	9.8	8.0	7.9	9.7	8.6	6.8	4.9	0.1	(38.0)	(28.1)	(45.2)
Long term loan(period above 3 years)	320.9	284.9	414.4	242.8	306.7	287.3	352.1	200.0	128.1	3.3	(58.2)	(36.0)	(60.1)
Medium term loan (period above 1 year and up to 3 years)	154.0	137.1	206.8	139.9	161.2	146.1	224.2	112.7	75.4	2.0	(53.2)	(33.1)	(51.1)
Others	69.7	64.0	78.0	63.4	76.5	108.1	140.9	70.4	71.2	1.9	(6.9)	1.2	2.2
Overdraft	99.7	24.2	25.4	18.6	21.8	24.4	27.9	25.1	18.1	0.5	(16.9)	(27.9)	(81.8)
Personal Loan	268.7	362.9	413.1	455.7	489.5	518.8	588.0	591.5	647.8	16.8	32.3	9.5	141.1
Property Loan	217.3	247.2	304.6	276.9	320.4	338.2	431.7	342.1	371.7	9.7	16.0	8.6	71.0
Secured Business Loan	36.4	52.8	67.9	52.4	60.4	57.3	71.9	55.1	72.0	1.9	19.1	30.6	97.7
Seller Financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	194.9	849.1	185.2
Short term loan (less than 1 year)	84.5	56.5	45.5	42.7	43.6	50.1	52.0	36.6	16.6	0.4	(62.0)	(54.7)	(80.4)
Two Wheeler Loan	85.6	122.3	95.5	109.1	111.9	168.7	132.5	138.2	136.0	3.5	21.6	(1.6)	58.9
Unsecured Business Loan	181.6	206.6	256.5	249.3	295.8	323.8	369.5	314.9	328.1	8.5	10.9	4.2	80.7
Used Car Loan	19.0	22.9	25.8	33.2	32.7	37.2	40.1	42.5	48.3	1.3	48.0	13.7	153.9
Used Tractor Loan	52.6	64.8	52.2	60.4	55.9	78.5	59.2	61.9	52.7	1.4	(5.7)	(14.8)	0.2
<b>Grand Total</b>	<b>3,744</b>	<b>3,452</b>	<b>3,720</b>	<b>3,396</b>	<b>3,737</b>	<b>3,928</b>	<b>4,489</b>	<b>4,006</b>	<b>3,848</b>	<b>100</b>	<b>3.0</b>	<b>(3.9)</b>	<b>2.8</b>

Source: CRIF, Elara Securities Research

**Exhibit 14: Sustained flow of bank credit to NBFC – need to watch for trajectory post RBI action**

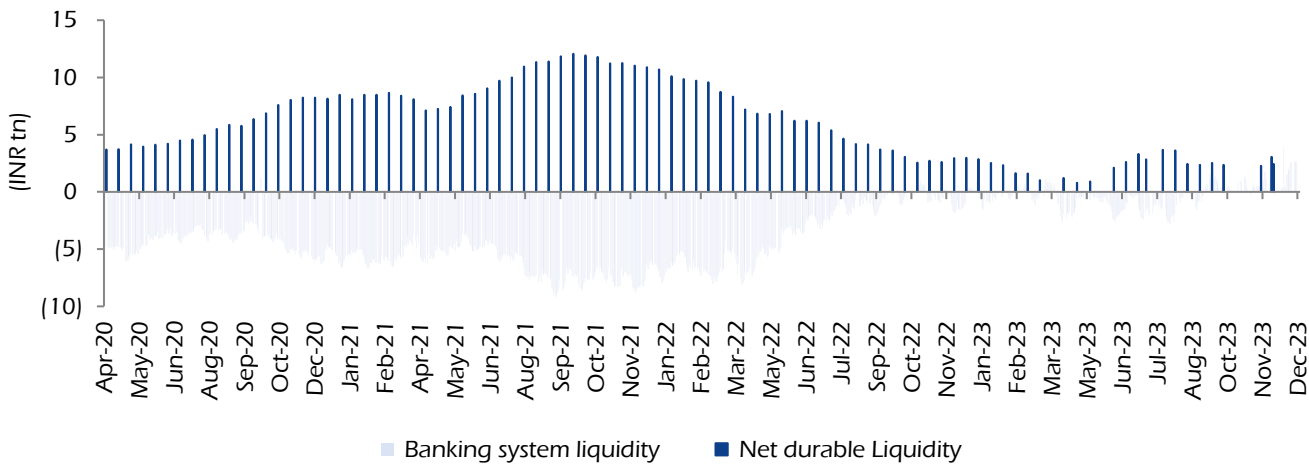


Source: RBI, Elara Securities Research

**Liquidity & rates – liquidity tightens**

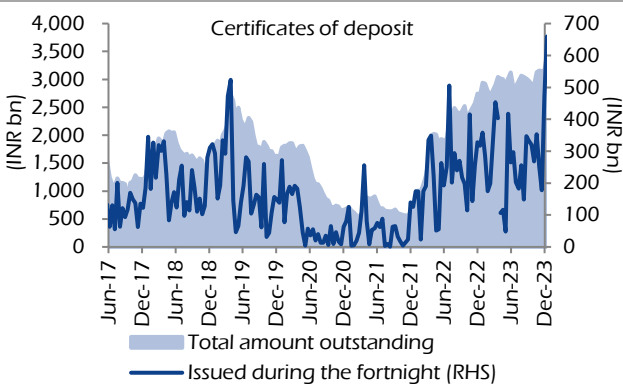
- The banking system faces a widening liquidity deficit, reaching levels last seen in CY16. Outflows toward advance tax payments and goods & services taxes have tightened liquidity further.
- The widening credit-deposit gap (credit growth at 16% levels and deposits at 12-13%) has created pressure on banks to mobilize funds from the money markets seen in the high issuance of CP and CD
- Consequently, yield on CD and CP is expected to increase further, due to quarter-end and tight liquidity conditions in the banking system.
- The reliance on CP & CD and NCD has gone up, given the widening credit-deposit gap and recent RBI norms (lending to NBFC). Total lending growth (loans + NCD + CP) have risen 14% YoY; overall system credit growth is lower than banking credit growth.
- The 10Y GSEC has come off by 7bp MTD and 12bp YTD. Shorter duration yield (five years for corporate bonds) has declined while tenor spread remains steady.

**Exhibit 15: Liquidity in the system remains tight**



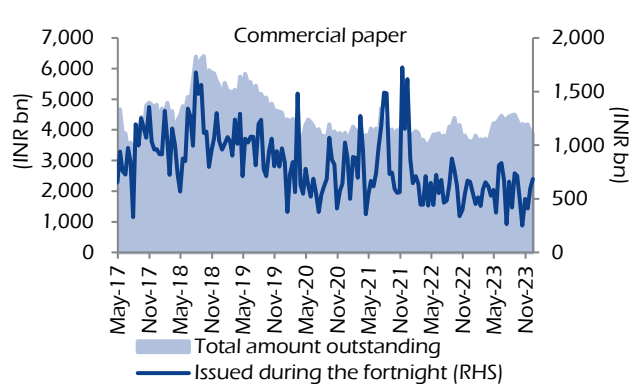
Source: RBI, Elara Securities Research

**Exhibit 16: CD issuances pick up in the last fortnight of November...**



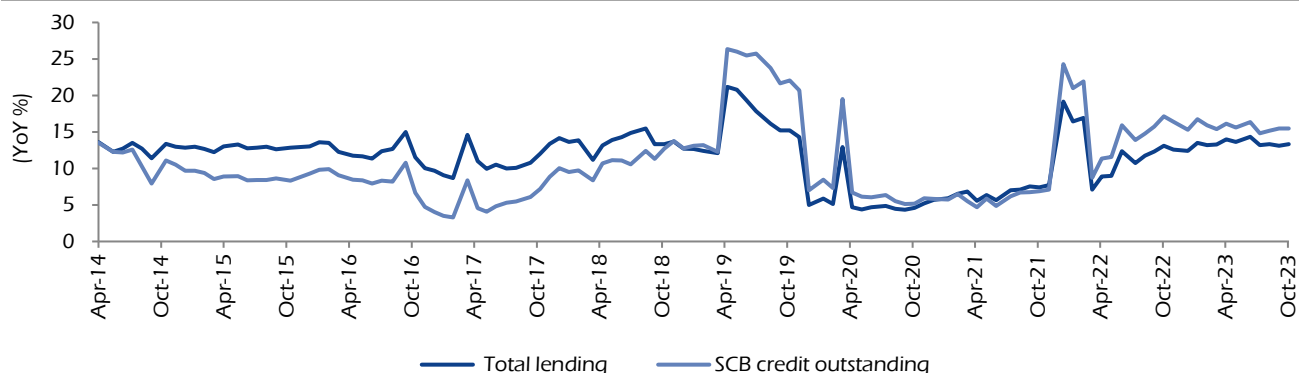
Source: RBI, Elara Securities Research

**Exhibit 17: ...so does CP issuances**



Source: RBI, Elara Securities Research

Exhibit 18: Overall growth lags bank credit growth with higher growth in CP and NCD



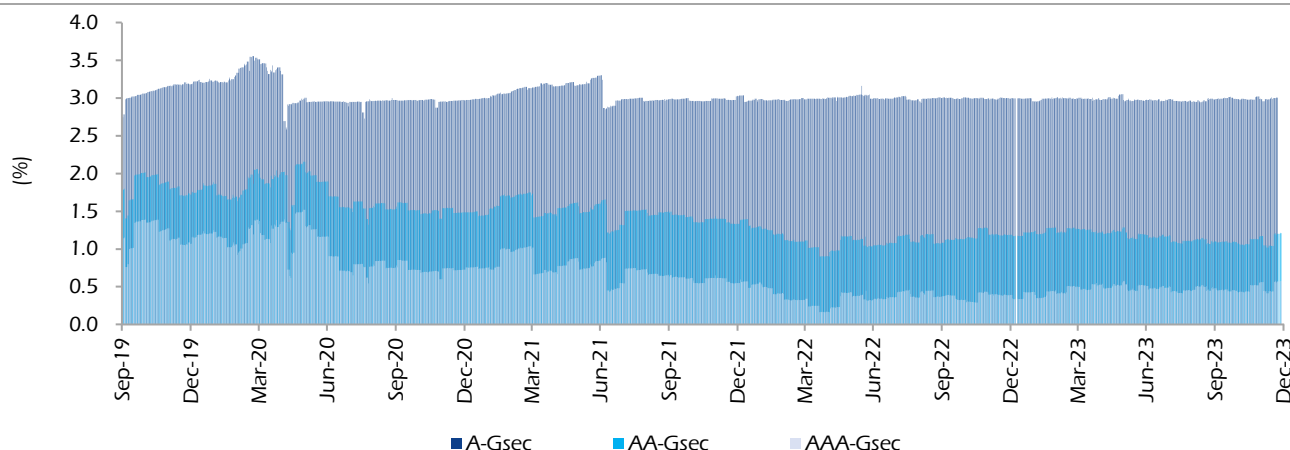
Source: RBI, Elara Securities Research

Exhibit 19: 10Y GSEC comes off 7bp MTD and 12bp YTD while CD rates harden

(%)	29-Dec-23	29-Nov-23	MoM (bp)	31-Mar-23	YTD (bp)	30-Sep-23	QTD (bp)	29-Dec-22	YoY (bp)
<b>G-Sec - 10 Yr</b>									
-Tbill (3 mnth)	7.00	6.92	8.0	6.88	6.0	6.80	14.0	6.33	61.0
-5 yr	7.17	7.24	(10.8)	7.17	(0.2)	7.23	(6.2)	7.24	(7.1)
-10 yr	7.21	7.25	(7.7)	7.31	(10.0)	7.22	(0.4)	7.31	(10.3)
<b>CD</b>									
- 3 mnth	7.43	7.36	2.0	7.20	23.0	7.05	38.0	6.85	58.0
- 6 mnth	7.70	7.60	8.0	7.28	42.5	7.22	48.0	7.28	42.5
<b>Corp Bond (AAA)</b>									
-1 yr	7.92	7.80	10.7	7.73	18.6	7.58	33.9	7.70	22.3
-5 yr	7.83	7.81	(2.6)	7.85	(1.9)	7.71	11.4	7.70	13.1
-10 yr	7.79	7.81	(5.3)	7.81	(2.1)	7.70	9.0	7.70	8.4
<b>Corp Bond (AA)</b>									
-5 yr	8.22	8.20	(2.0)	8.20	2.1	8.13	9.1	8.14	8.9
-10 yr	8.42	8.42	(3.0)	8.58	(15.5)	8.32	10.5	8.50	(8.1)
<b>Corp Bond (A)</b>									
-5 yr	10.14	10.29	(15.5)	10.21	(6.2)	10.32	(17.6)	10.16	(1.6)
-10 yr	10.22	10.27	(8.3)	10.30	(8.3)	10.21	1.0	10.32	(9.8)
<b>NBFC (AAA)</b>									
-5 yr	7.94	7.91	(1.0)	8.00	(6.0)	7.86	8.0	7.87	7.0
-10 yr	7.92	7.89	0.0	7.89	3.0	7.85	7.0	7.77	15.0
<b>NBFC (AA)</b>									
-5 yr	8.64	8.60	0.0	8.71	(7.0)	8.54	10.0	8.67	(3.0)
-10 yr	8.57	8.56	(2.0)	8.77	(20.0)	8.59	(2.0)	8.66	(9.0)

Source: RBI, Elara Securities Research

Exhibit 20: Spread rises of lower-rated bonds (GSEC – A Rated)



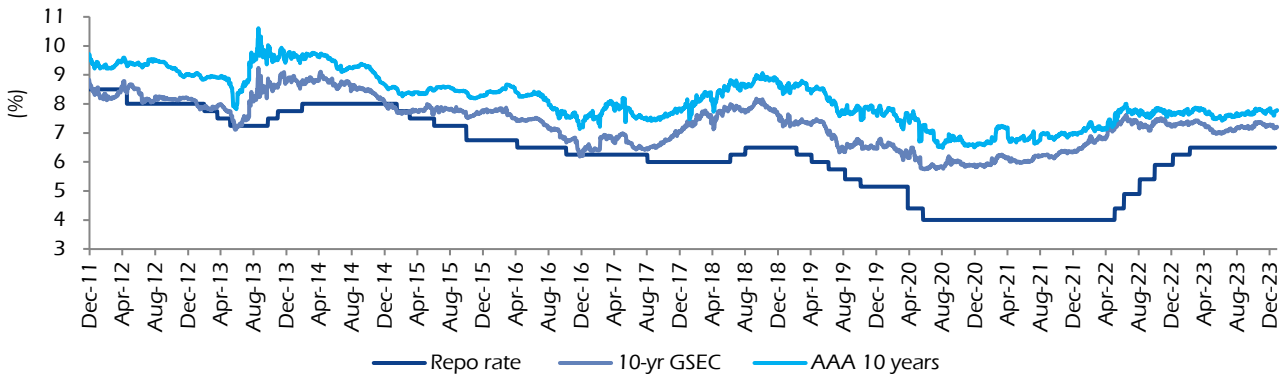
Source: RBI, Elara Securities Research



**Lending & deposits and spreads analysis – NIM pressure to sustain**

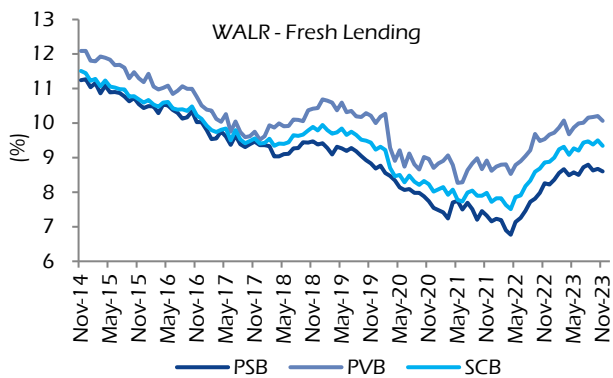
- The weighted average lending rate (WALR) on fresh loans remains steady; as a consequence, WALR on outstanding loans has come off slightly for private banks.
- While most banks have yet to move on MCLR rates, a few have raised them. For eg, some PSU banks like BOB and BOI by ~5bp each. However, surprisingly, Bandhan Bank has reduced the MCLR rate, which portends NIM pressure. While there are several moving variables for MCLR, we believe banks to some extent are choosing to maintain a fine balance between growth and margins, thereby lowering the MCLR hike.
- Even on the weighted average domestic term deposit rates (WADTDR) on fresh deposits, the rate has been sticky for PSU banks and rather rising for private banks. This with repricing of term deposits means that on outstanding deposits WADTDR has risen by 6bp for November.
- In a nutshell, lower and steady lending yield, higher term deposit rates plus lower CASA accretion indicate NIM pressure for a couple of quarters.

**Exhibit 21: Rate movement – tenor spread remains steady**



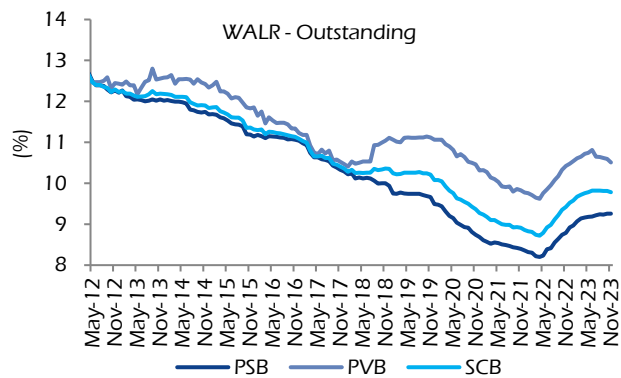
Source: RBI, Elara Securities Research

**Exhibit 22: WALR on fresh loans under pressure ...**



Source: RBI, Elara Securities Research

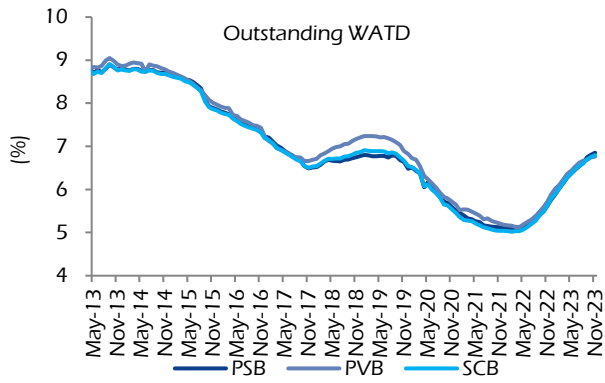
**Exhibit 23: ... resulting in pressure on O/S yield**



Source: RBI, Elara Securities Research

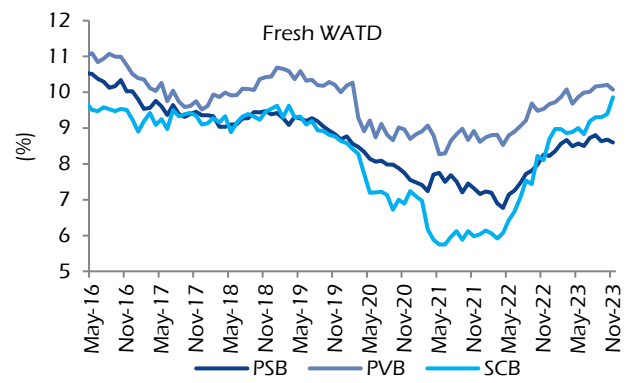
**Vogue, Oscillations & Choices**

**Exhibit 24: Monthly term deposits rises...**



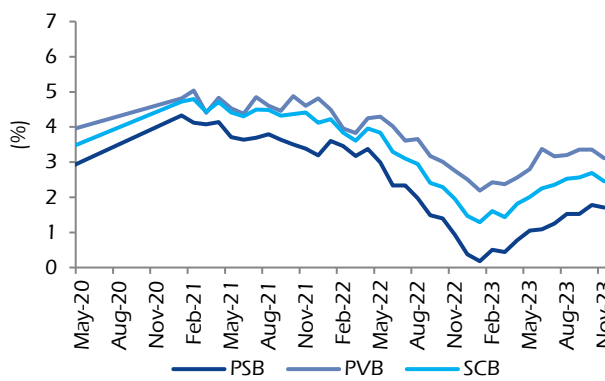
Source: RBI, Elara Securities Research

**Exhibit 25: ...so does monthly fresh TD rates**



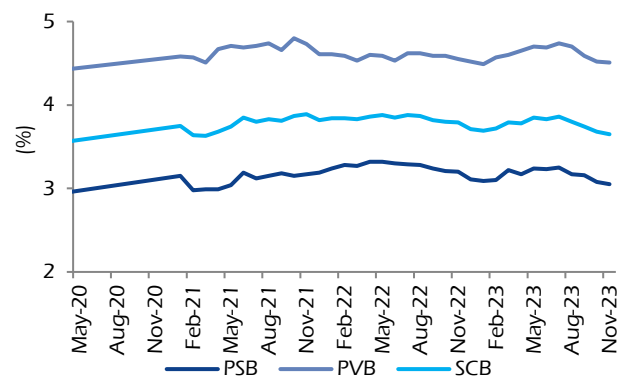
Source: RBI, Elara Securities Research

**Exhibit 26: Spread (fresh loans – TD) stagnates for private banks but rises for PSU...**



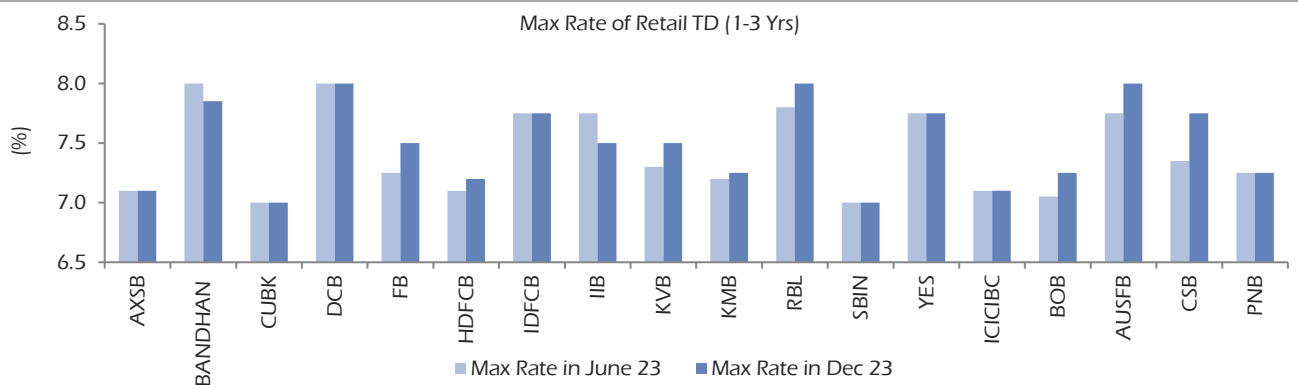
Source: RBI, Elara Securities Research

**Exhibit 27: ...given sticky cost spread on outstanding book comes off**



Source: RBI, Elara Securities Research

**Exhibit 28: Most banks raise TD rates as liquidity tightens**



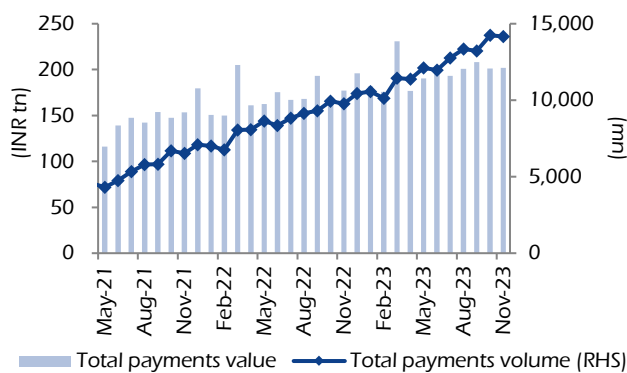
Source: Company, Elara Securities Research

**Payments: retail growth sustains**

- Overall payments continue to post growth with 14%-plus value growth, bolstered by 20%-plus growth in retail payments. On a YTD basis, overall payments growth was 14.7% YoY with retail at 20% levels. Digital payment growth has been strong at 15% YoY in November; on a YTD basis, it was 15% levels.
- UPI continues to show strong traction crossing INR 17tn mark, up ~45% growth while UPI (QR) also grew 34% YoY at 309mn currently. Credit card transactions continue to show momentum at INR 1.6tn, up 40% YoY growth. Looking at other retail payments instruments, PPI (cards and wallets) has softened.
- Looking at UPI market share: PhonePe has a 48% market share (46% in volume), GooglePay has a 34% market share (36% in volume) and PayTM has a 11% market share (13% in volume terms).

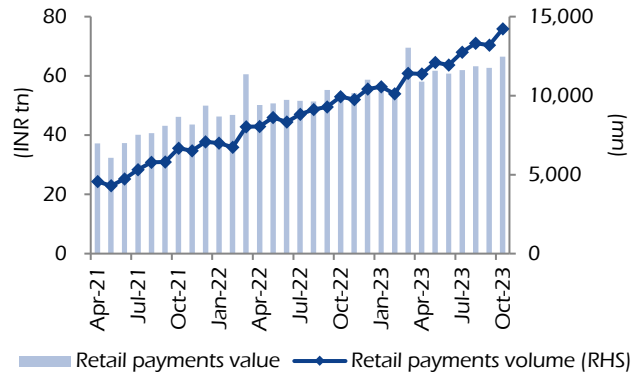
- The bounce rate, both in terms of volume and value, remains steady and is similar to pre-COVID levels.
- Credit card data for November shows steady trends in card additions except for Kotak Mahindra Bank. Overall, the number of credit cards grew by 1.4% MoM and 19% YoY. Spend looks lower for November (after higher festival demand); however, on a rolling three-month basis, spend growth is steady but still slow with 2.6% MoM.
- While it should gain momentum in the forthcoming periods, we remain cognizant of the impact of RBI's intent of clamping down on unsecured credit and signs of risk built-up, which, in turn, would anchor cards' business progression and our stance.

**Exhibit 29: Overall payment grew 15% in value ...**



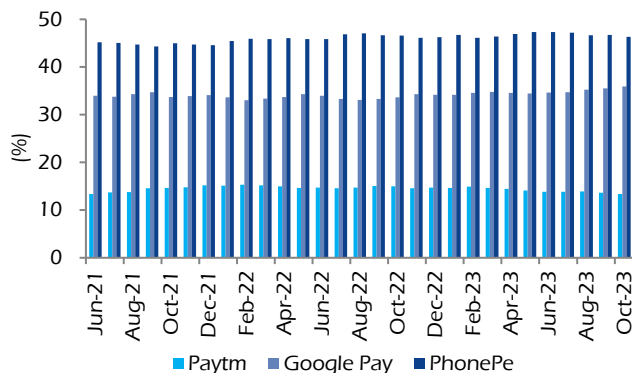
Source: RBI, Elara Securities Research

**Exhibit 30: ...with retail payments at 20%-plus**



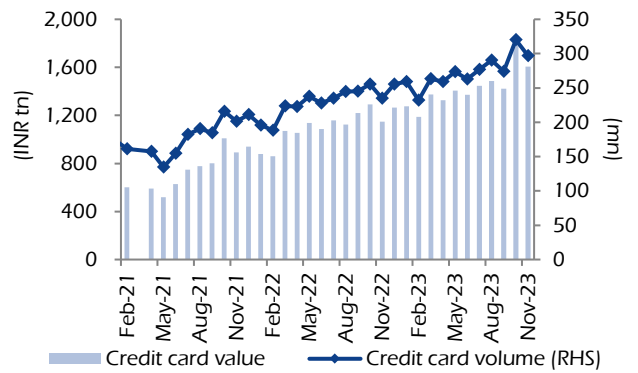
Source: RBI, Elara Securities Research

**Exhibit 31: UPI continues to show 40%-plus growth...**



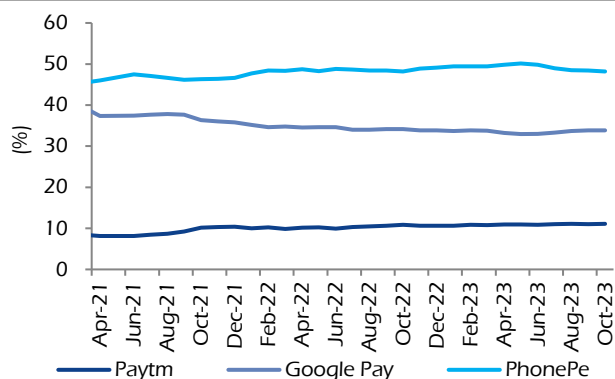
Source: RBI, Elara Securities Research

**Exhibit 32: Credit card transactions saw high growth**



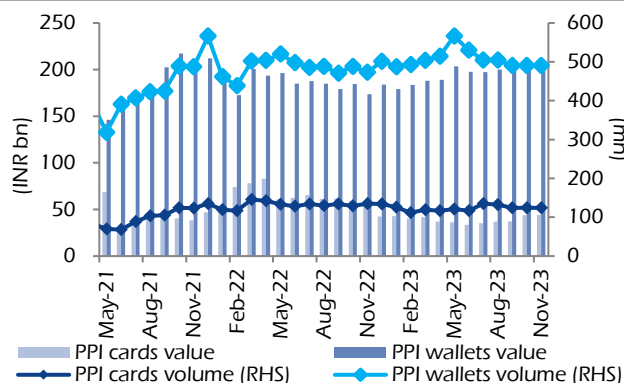
Source: RBI, Elara Securities Research

**Exhibit 33: PhonePe holds a 48% market share vs GooglePay's 34%**



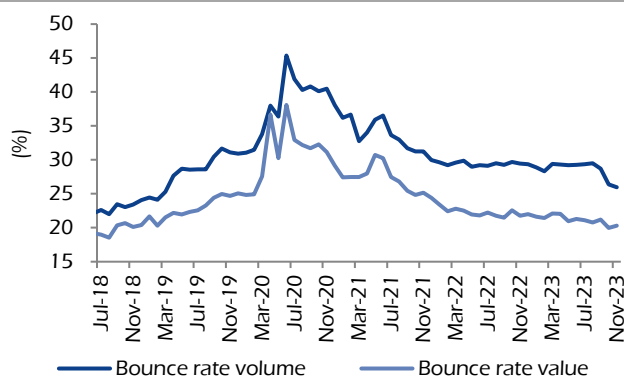
Source: NPCI, Elara Securities Research

**Exhibit 34: Other instruments, such as PPI, see subdued growth**



Source: RBI, Elara Securities Research

**Exhibit 35: Bounce rate continues to be steady, reaching pre-COVID levels**



Source: NPCI, Elara Securities Research

**Exhibit 36: Steady credit card additions; spend declines on high base post the festival season**

	# Credit Cards (outstanding)					Spends (INR bn)					Spends per card (INR)				
	Nov-22	Oct-23	Nov-23	MoM (%)	YoY (%)	Nov-22	Oct-23	Nov-23	MoM (%)	YoY (%)	Nov-22	Oct-23	Nov-23	MoM (%)	YoY (%)
AXIS Bank	11.8	13.5	13.6	1.1	15.6	144	221	189	(14.3)	31.2	12,241	16,401	13,893	(15.3)	13.5
HDFC Bank	16.8	19.2	19.5	1.7	16.3	328	453	422	(6.9)	28.7	19,522	23,606	21,610	(8.5)	10.7
ICICI Bank	13.4	16.0	16.2	1.2	20.7	184	342	278	(18.7)	51.4	13,668	21,358	17,154	(19.7)	25.5
RBL Bank	4.2	4.9	4.9	1.4	16.9	50	71	68	(4.1)	35.8	11,837	14,549	13,759	(5.4)	16.2
SBI	15.6	18.1	18.3	1.0	17.3	210	355	315	(11.3)	49.5	13,526	19,626	17,237	(12.2)	27.4
Kotak Mahindra Bank	4.6	5.7	5.7	(0.1)	23.2	38	72	64	(11.3)	68.9	8,193	12,637	11,226	(11.2)	37.0
IndusInd Bank	2.0	2.6	2.7	2.2	31.8	65	79	81	2.0	24.3	32,276	30,508	30,441	(0.2)	(5.7)
YES Bank	1.4	1.7	1.8	3.9	28.6	13	21	21	(1.7)	58.2	9,528	12,388	11,718	(5.4)	23.0
Others	10.9	13.1	13.4	1.9	23.4	120	177	174	(1.6)	44.9	11,053	13,436	12,976	(3.4)	17.4
<b>Total</b>	<b>80.6</b>	<b>94.7</b>	<b>96.0</b>	<b>1.4</b>	<b>19.1</b>	<b>1,152</b>	<b>1,790</b>	<b>1,610</b>	<b>(10.0)</b>	<b>39.8</b>	<b>14,287</b>	<b>18,898</b>	<b>16,774</b>	<b>(11.2)</b>	<b>17.4</b>

Source: RBI, Elara Securities Research

**Exhibit 37: HDFC Bank gains market share this month, but from a one-year horizon, it loses the most in terms of card outstanding & spend market share**

Banks	Market share – credit card outstanding					Market share - spend					Market share - transactions				
	Nov-22	Oct-23	Nov-23	QoQ (bp)	YoY (bp)	Nov-22	Oct-23	Nov-23	QoQ (bp)	YoY (bp)	Nov-22	Oct-23	Nov-23	QoQ (bp)	YoY (bp)
AXIS Bank	14.6	14.2	14.2	(3.3)	(42.6)	12.5	12.3	11.7	(59.1)	(77.1)	13.2	16.8	16.2	(50.6)	309.0
Citi Bank	3.1	0.2	0.2	0.5	(289.3)	3.4	0.2	0.2	0.8	(325.5)	5.5	0.1	0.1	(1.4)	(535.2)
HDFC Bank	20.8	20.3	20.3	6.5	(49.6)	28.4	25.3	26.2	87.6	(226.6)	23.9	25.2	25.7	55.5	182.2
ICICI Bank	16.7	16.9	16.9	(1.9)	21.8	15.9	19.1	17.3	(183.7)	132.2	19.7	18.7	18.9	24.1	(83.2)
RBL Bank	5.2	5.2	5.2	(0.0)	(9.8)	4.3	4.0	4.2	25.9	(12.4)	4.0	3.7	3.4	(23.4)	(56.0)
SBI	19.3	19.1	19.0	(6.5)	(28.7)	18.3	19.8	19.5	(27.6)	126.4	18.2	17.0	16.9	(11.1)	(129.5)
Kotak Mahindra Bank	5.7	6.0	5.9	(8.9)	19.9	3.3	4.0	4.0	(5.6)	67.9	3.4	3.8	4.1	29.6	65.1
IndusInd Bank	2.5	2.7	2.8	2.2	26.6	5.7	4.4	5.0	59.1	(63.0)	2.2	2.3	2.1	(16.8)	(1.1)
YES Bank	1.7	1.8	1.8	4.4	13.5	1.1	1.2	1.3	10.8	14.8	1.1	1.3	1.4	14.5	26.6
Others	13.5	13.9	14.0	7.5	48.9	10.4	9.9	10.8	92.6	37.7	9.6	11.2	11.0	(20.2)	145.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>-</b>	<b>-</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>-</b>	<b>-</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>-</b>	<b>-</b>

Source: RBI, Elara Securities Research

**Exhibit 38: On a three-month rolling basis, steady spend growth but still sub-3%**

	# Credit Cards (outstanding)					Spends (INR bn)					Spends per card (INR)				
	Nov-22	Oct-23	Nov-23	QoQ (%)	YoY (%)	Nov-22	Oct-23	Nov-23	QoQ (%)	YoY (%)	Nov-22	Oct-23	Nov-23	QoQ (%)	YoY (%)
AXIS Bank	11.8	13.5	13.6	1.1	15.6	159	189	192	1.4	20.9	13,490	14,074	14,110	0.3	4.6
HDFC Bank	16.8	19.2	19.5	1.7	16.3	343	412	421	2.2	22.5	20,462	21,464	21,566	0.5	5.4
ICICI Bank	13.4	16.0	16.2	1.2	20.7	212	287	291	1.4	37.1	15,809	17,940	17,960	0.1	13.6
RBL Bank	4.2	4.9	4.9	1.4	16.9	51	65	67	2.3	31.3	12,051	13,418	13,537	0.9	12.3
SBI	15.6	18.1	18.3	1.0	17.3	226	293	306	4.5	35.7	14,519	16,224	16,790	3.5	15.6
Kotak Mahindra Bank	4.6	5.7	5.7	(0.1)	23.2	40	62	63	3.1	59.8	8,639	10,855	11,202	3.2	29.7
IndusInd Bank	2.0	2.6	2.7	2.2	31.8	62	76	79	4.6	29.0	30,525	29,192	29,887	2.4	(2.1)
YES Bank	1.4	1.7	1.8	3.9	28.6	13	19	20	2.7	52.6	9,619	11,547	11,409	(1.2)	18.6
Others	10.9	13.1	13.4	1.9	23.4	119	165	169	2.4	41.6	10,982	12,534	12,600	0.5	14.7
<b>Total</b>	<b>80.6</b>	<b>94.7</b>	<b>96.0</b>	<b>1.4</b>	<b>19.1</b>	<b>1,225</b>	<b>1,569</b>	<b>1,609</b>	<b>2.6</b>	<b>31.3</b>	<b>15,198</b>	<b>16,565</b>	<b>16,761</b>	<b>1.2</b>	<b>10.3</b>

Source: RBI, Elara Securities Research

## Management interactions & industry trends

### Management interactions

#### State Bank of India

- The bank expects an overall impact of sub-60bp on capital, of which 30-35bp are attributed to unsecured loans and the rest due to lending to NBFC. Management says this action by the RBI calls for a price hike and steps will be undertaken in due course. That said, the bank remains confident of internal accruals and defies any needs to raise core CET-1 in the near to medium term. The bank intends to raise AT-1 capital; it recently raised INR 33bn (fine pricing) and plans to raise more (however, given the current demand, pricing may go up a little).
- Management says competition for deposits remains high but thinks cost of deposits has broadly peaked (balance deposit repricing is likely to take place in Q3FY24) and the bank has not increased term deposit rates since February 2023. It has cushion to increase MCLR by 20bp; however, it may not use that buffer to support growth. In a nutshell, SBIN expects 3-5bp of NIM impact hereon.
- The bank is confident system growth will be higher than what the market anticipates – it expects 14-15% system growth. Management continues to target mid-teen growth, given the pipeline that is already in place. In the corporate segment, the bank expects steady growth, highlighting that it already has a proposal pipeline of INR 3.4tn and INR 1.4tn is pending for disbursements, thereby highlighting total lending opportunity of INR 4.8tn. In SME, the bank aims to sustain strong growth momentum and scale the SME book to INR 4tn-plus. In unsecured credit, it says it has already moderated growth from 25%-plus to mid-higher teens. Management does not see any quality concerns on this portfolio, as 95%-plus are given to salaried employees.
- Management remains confident on asset quality outcome in the near to medium term. While the bank officially set a target of 50bp of credit cost, it indicated the numbers might be far lower. The overall stress pool is lower and it highlighted the SME restructured book has come off to 4.4% and the bank further expects this to decline to 3.0-3.5%. On the ECL impact, management says the impact will be limited and will be staggered.

#### Cholamandalam Investment & Finance

- The new business loan NPA is below industry norms and early vintage delinquency has shot up but is not concern for concern and is under control.
- The partnership business constitutes ~1.5% of total assets. It has 10 partners and two of them reported a surge in delinquency. To offset this effect, CIFC will be slowing business with them.
- Unsecured loans: Consumer and small enterprise loans are ~6% of total assets, and ~4% of total assets is under the non-consumer segment. Around 2% of total book is set to be under the purview of the New RBI norms.
- The company has raised equity recently so that the incremental risk weightage of 25% on this book is not going to have an impact. The CAR will drop ~15-20bp.
- Total outstanding borrowing is INR 1,100bn. Around 50% is bank borrowing; out of 50%, 25-30% is PSL borrowing and that will not be affected. The overall borrowing impact will be 15-20bp on higher cost toward non-PSL.
- The company will try to pass on costs to the consumer, and for some part, it will try to negotiate with banks.
- Overall credit cost is set to be in the range of 1.0% - 1.2%. The new business segment will carry higher credit cost than the traditional one.
- NPA is to fall under 4.0% in the next two quarters; it is currently at 4.07% and Stage 3 number is set to moderate.
- The company will see moderation in growth in H2FY24 due to high base.
- In FY24, loan growth is set to be at 25-30%.
- In the next 2-3 years, the auto business will be 50%, mortgage at 30-35% and new business at ~15%. The unsecured loans are set to be around ~8-10%

### Fusion Microfinance

- Growth expectations: Management expects growth in the range of mid-20% YoY for FY24 and across cycles as the recalibration exercise for MSME product ramp-up, led by tech initiatives, operating system overhaul driven by tech investments. Moreover, it expects to manage growth vs risks vs operational efficiency while achieving targets. Also, management does not expect to trigger growth over ticket size expansion but maintain prudent stance. It expects 12-15% ticket size growth pa and sustain 10-12% borrower addition each year
- Collection efficiency continues to get better
- Positive trends continue to emerge in Uttar Pradesh and Bihar despite aggression in MFI loans in recent periods; The Top 5 States branch concentration remains largely unchanged at 70% as the firm continues to bank upon healthy trends in the UP and Bihar markets its expertise lies
- In the flood-affected States, productivity remains stagnant for the past two quarters. The 100-odd branches surpassed AMU of INR 150mn that has led to split branches, which, in turn, has led to productivity (AUM/branch) remaining steady QoQ in Q2FY24
- RBI has brought risk-weight back to pre-COVID levels
- The risk weightage regulation is a good step undertaken by the RBI because there are cases where less than INR 50,000 value loans were disbursed through digital mediums by companies that were sometimes outside the regulatory landscape
- Management expects no cap to be implied on the MFI space for the following reasons: the regulator has moved from a rules-based regulation to a principles-based regulation, and its vision is to let the market forces play out. In India, the micro finance rates are the lowest. Takeaways from industry checks

### Industry trends

#### Home loans market largely stabilizes

- PSU are granting loans under this segment within the range of 8-9% with a ticket size of INR 20-30mn. Processing fees have been reduced to a great extent
- The home loan market has stabilized as interest rates have not changed and are expected to remain at these levels until the General Elections. The rate competition has diminished as the rate differential in banks is low

### Personal loans continue growth trajectory

- Demand continues to be robust, and there is no impact of RBI regulations currently. There has been cannibalization of the market of banks by fintechs due to instant disbursals. NBFC are not preferred by customers with a good CIBIL score as the rate of interest is nearly 2x of banks
- Usually, the ticket size is INR 200,000-300,000, and in some cases, it may be higher for banks. However, NBFC deal with ticket sizes of less than INR 1.0mn. The reason for personal loans is usually for the purpose of home renovation, marriage, medical treatment, and education. Banks do not lend for the purposes of investment in the stock market

### CV financing: used robust; MHCV strong; SCV lurk

- The overall commercial vehicle (CV) financing demand is expected to remain weak until H2FY25, due to lull periods during April-June 2024 on account of stalled payments or contracts in light of elections and June-August 2024 being the Monsoon season
- The pre-owned vehicular financing growth trajectory continues to hold strength with the cycle lasting for another 1.0-1.5 years
- MHCV sales financing growth remains robust with sustained enquiries led by spend on infra, construction, capital goods and port movements
- SCV continue to show sluggish trends as plying of these vehicles are at the vagaries of the market. New vehicular purchases stand restricted either on attainment of fixed contract or an assured load
- Geography-wise, West Bengal remains problematic due to policy paralysis. Gujarat, Uttar Pradesh, Rajasthan, Tamil Nadu, and Odisha continue to witness healthy CV financing trends

### Two-wheeler financing: healthy rural demand

- Rural demand for two-wheelers has been growing higher each year; urban demand remains healthy. Festival demand stood healthy across dealerships driven by schemes
- While the average ROI for two-wheeler financing stood at 10% across most lenders, festival schemes saw ROI dropping to 8%
- Around 70% of sales are financed, and the rest take place through cash

### Auto & car financing: rural financing on the rise

- The rural market share in auto financing has picked up to as high as 20% vs 12-13% only two years ago, pointing at improving rural sentiments each year; however, the income divide is higher at Raipur with higher auto finance demand emerging only from the salaried segment
- Sales per month has climbed ~50% vs the pandemic period. December happens to be a seasonally weak sales month with better demand emerging for new models only by February
- Around 65% of car sales stands financed. Car sales demand is more urban-centric, emerging from the corporate employed segment
- Bank lending rates have been in the range of 11-12% vs NBFC at 13-14%, with the latter being more flexible in terms of documentation

### Croma & Vijay Sales checks: demand sustains

- After COVID-19, credit card use has surged ~15-20%. Consumer durables is done via credit cards due to attractive cashback offers and high processing fees applied by financiers
- The festival season followed by the *Black Friday Sale* saw good demand. However, YoY comparison on festival sales traction have thrown mixed signals. A few stores we interacted with reported ~20-30% YoY growth and a few contracted by ~5% YoY. Sales is expected to remain healthy closer to mid-December. It has reverted to pre-COVID levels, and the outlook remains steady
- Most financing is happening in the consumer electronics segment and the average LTV rate is ~70%; whereas customers with good repayment records may get an LTV of up to 100%, where average loan tenure stood in the range of 16-18 months. The no of loans per customer stood in the range of 2 to 3, as per our Channel Check Report dated 19 December 2023: [Diversified firms to outperform](#)



## News & Interviews

### Sector news

- [RBI directive on AIF \(article\)](#)
  - RBI rule bans Bank or NBFC from investing in any AIF which, in turn, has invested in a company that has borrowed from the investing bank or NBFC. In cases where such investments already exist, lenders have to either liquidate the investment in 30 days (from the date of issuance of the circular) or make 100% provisioning on such investment
- [Indian Banks Report Card \(article\)](#)
  - Indian banks continued to show improvement in their asset quality, with the gross non-performing asset (GNPA) ratio reaching a new decadal low as of September-end at 3.2%
  - The RBI further stated that both the banking system and non-banking financial companies (NBFCs) remained resilient, supported by high capital ratios, improved asset quality, and strong earnings growth
- [RBI Financial Stability Report shows Indian Banks have improved health, capital preparedness \(article\)](#)
  - According to the FSR report, the capital-to-risk-weighted assets ratio (CRAR) and the common equity tier 1 (CET1) ratio of scheduled commercial banks (SCBs) stood at 16.8 per cent and 13.7 per cent, respectively, in September 2023, indicating comfortable capital levels.
  - As per the FSR report, macro stress tests for credit risk showed that SCBs have sufficient capital buffers and even under adverse stress scenarios their capital ratios will remain above the regulatory minimum.
- [RBIs increased focus on reviewing NBFCs](#)
  - As per the recent RBI report, the Department of Supervision will concentrate on reviewing NBFC license standards and launching supervisory actions against non-compliant NBFCs in the fiscal year 2023–2024 and numerous regulatory reforms that affected NBFCs' business models were implemented in 2023. Which continue to impact the industry even after 2024.
- [Higher stressed assessed under NBFC sector](#)
  - In its Financial Stability Report, the Reserve Bank of India (RBI) indicated that while macro stress tests demonstrate that banks will meet minimum

capital requirements under severe stress scenarios, the non-banking financial company (NBFC) sector faces greater stress than in March 2023. The RBI urged caution in light of the changing outlook and dangers.

- [RBI's reviews economic and financial scenario](#)
  - According to the RBI Central Board, the Indian economy shows sign of reliance and continued momentum despite the challenges by the global economy and inflation is falling from the previous year's peak, but core inflation remains sticky, hampering last-mile deflation. Furthermore, major central banks have refrained from providing forward guidance due to future uncertainty.
- [Mutual fund AUM headed towards INR 100trn](#)
  - In November 2023, net inflows into the mutual fund industry totaled INR 256bn, up from INR 114bn in January this year. Net inflows increased by 93% year on year, compared to INR 133bn in November 2022," it said. As of November 30, 2023, the net AUM (assets under management) was around INR 49tn, up from INR 40tn on January 31, 2023.

### Company news and interviews

A few snippets from what took place in BFSI companies in the month gone by:

#### Banks

- [CSB Bank - Shyam Mani, Group Head SME \(interview\)](#)
  - Private sector lender CSB Bank is targeting a 32 percent growth in the small and medium enterprises (SME) segment business for financial year (FY) 2023-24, said Shyam Mani, Group Head, SME
  - Partnerships with local trade bodies and fintechs have worked well for the bank. "These partnerships have worked well for us and we are now looking at expanding our existing business in Delhi, Pune, and some other parts of Maharashtra," Mani added.
- [AU Small Finance Bank – Sanjay Agarwal, MD & CEO \(interview\)](#)
  - AU Small Finance Bank expects to close the year with INR 1tn of deposits should the announced merger with Fincare Small Finance Bank go through.

- The Jaipur-based lender expects to achieve deposits of INR 2tn by March 2027.
- [State Bank of India – Dinesh Khara, Chairman \(interview\)](#)
  - RBI's latest risk-weighted assets surge applies to only consumer loans in general, including house loans, education loans, vehicle loans, and loans secured against gold and gold jewelry. The SBI chief said that contrary to general perceptions, there is unlikely to be any slowdown in loan growth.
- [Federal Bank – Shyam Srinivasan, MD & CEO \(interview\)](#)
  - Partnership with fintech companies will give us reach to customers. We would collaborate with these firms rather than compete. It is an integral part of the bank's strategy.
  - Three per cent of our portfolio is unsecured through credit cards, personal loans and loans to MFIs. Our strategy is also to diversify across products, categories and geographies," he said.
- [Ujjivan Small Finance Bank – Ittira Davis, MD & CEO \(interview\)](#)
  - At present the secured portfolio is at 30 per cent. "Over the next three years, we aim to have an unsecured portfolio at 60 per cent. We will step up focus on lending to affordable housing, secured Micro, Small and Medium Enterprises, vehicle and gold loans," Davis.
  - Ujjivan SFB is looking at securing universal bank licence from Reserve Bank of India (RBI) over next three years.
- [Yes Bank – Prashant Kumar, MD \(interview\)](#)
  - Higher risk weights on unsecured consumer credit and bank loans to non-banking financial companies (NBFC) will lower Yes Bank's capital to risk weighted assets ratio (CRAR) by 30-35 bps, managing director and CEO Prashant Kumar.
- [Kotak Mahindra Bank – Paritosh Kashyap, Wholesale Head \(interview\)](#)
  - As of now, we are not seeing any deterioration in the credit quality of our unsecured portfolio," said Kashyap, while adding that unsecured lending has gone up over the last two to three years.
  - Banks have increased their unsecured lending portfolio, as also fintechs. One of the reasons for this is digitisation, which has made availing of loans more convenient," he added

## Fintech

- [Paytm – Vijay Shekhar Sharma, CEO \(interview\)](#)
  - Billionaire founder-CEO Vijay Shekhar Sharma is overhauling its suite of money management products to better tap growing wealth among younger users, who are warmer to the idea of investing online
  - At the same time, it is orchestrating a campaign to boost its salesforce more than 60% to try and sign up more merchants across smaller Indian cities and town.

## NBFC and HFC

- [Suresh Srinivasan Iyer – Can fin Homes](#)
  - Clarifies regarding no new fraud incidence happened. The highlighted incident happened about a quarter ago at the Ambala branch which has already been reported to exchanges and regulators.
  - **Improvements:** Centralization of the disbursement process, scrutinization of disbursement and documentation by the head office and going forward, all the expenses and deposit repayment entries will be centralized.
- [IREDA – Pradeep Das, CMD \(Interview\)](#)
  - 1.25x growth in energy will contribute 1% GDP growth and renewable energy to be a vital contributor.
- [India shelter home finance corporation- Rupinder Singh, MD & CEO \(Interview\):](#)
  - When the net worth reaches INR 20bn, the company might get a rating upgrade from a rating agency.
  - The LTV stands at 52-53% and will largely capture Tier 2 & Tier 3 markets.

## Insurance

- [Health and Motor Insurance: CAREEdge Report \(article\)](#)
  - The Indian non-life insurance market is expected to grow at a rate of approximately 13-15% in the medium term, primarily driven by the health and motor insurance supported by increasing disposable income levels and a rise across other segments.
  - According to a latest report, the health and motor insurance segments continue to remain on track to breach the INR 1tn and the INR 800bn mark respectively

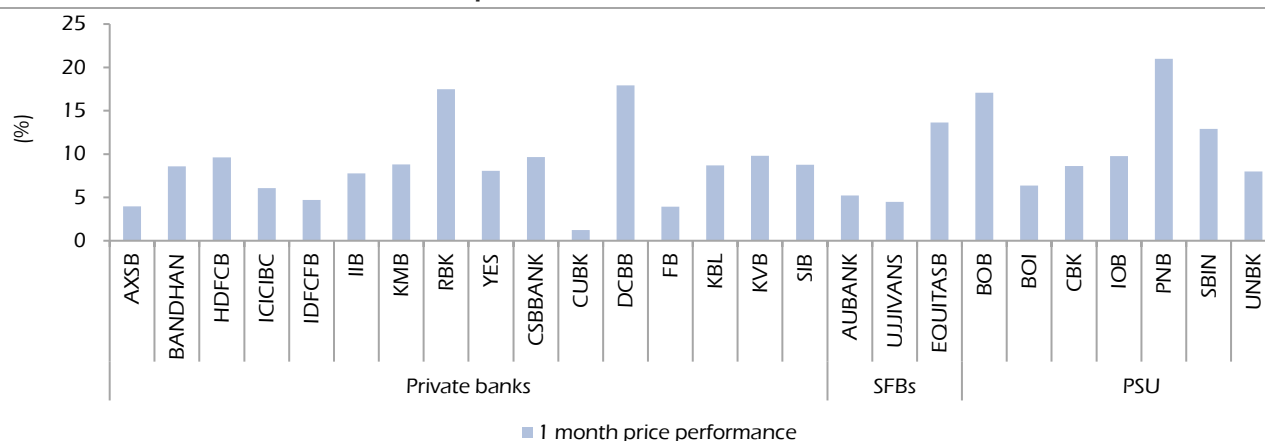
**Valuation**

**Exhibit 39: PSU Index outperforms private this month**

	29-Dec-23	1 wk	1 mth	3 mth	6 mth	YTD	1 yr	3 yrs
Sensex	72,240	1.6	8.0	9.7	13.0	18.2	18.2	53.8
Bankex	54,378	1.5	8.1	8.4	8.5	10.6	10.6	55.7
Nifty	21,731	1.8	8.1	10.7	14.5	19.5	19.5	58.1
BankNifty	48,292	1.7	8.4	8.3	8.9	11.7	11.7	58.8
Nifty PSU Bank	5,713	2.3	12.1	8.7	41.9	34.3	34.3	235.3
Nifty Pvt Bank	24,876	1.6	7.3	7.7	9.8	13.2	13.2	48.3

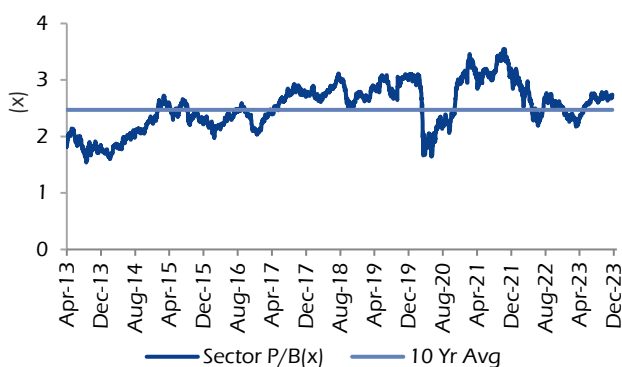
Source: Bloomberg, Elara Securities Research

**Exhibit 40: Overall banks do well in the past month**



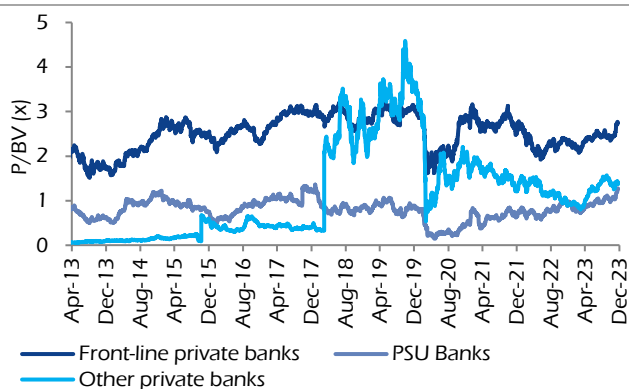
Source: Bloomberg, Elara Securities Research

**Exhibit 41: Valuation inching above 10-year average**



Source: Bloomberg, Elara Securities Research

**Exhibit 42: Public sector bank start to re-rate**



Source: Bloomberg, Elara Securities Research

Exhibit 43: HDFCB and KMB narrow gap to ~7% from their five-year average

(x)	Current P/BV	5 yr Avg	Avg – 1SD	Avg – 2SD	5 yr low	5 yr high	% away from 5 yr avg	(x)	Current P/BV	5 yr Avg	Avg – 1SD	Avg – 2SD	5 yr low	5 yr high	% away from 5 yr avg
<b>Frontline Private Banks</b>								<b>Old Private Banks</b>							
AXSB	2.4	1.8	1.4	1.0	0.9	2.7	31.8	FB	1.5	1.0	0.8	0.5	0.8	1.5	49.0
HDFCB	2.9	2.9	2.4	1.9	2.0	3.7	(1.2)	CSBBANK	2.3	1.3	0.6	(0.1)	0.9	2.7	86.7
ICICIBC	2.8	1.8	1.3	0.8	0.6	3.0	57.8	CUBK	1.4	1.8	1.2	0.7	1.0	3.1	(21.9)
KMB	3.1	3.2	2.7	2.1	1.8	4.5	(2.1)	KVB	1.5	0.6	0.4	0.1	0.2	1.5	133.8
IIB	2.2	1.7	1.1	0.4	0.5	3.6	27.2	SIB	0.9	0.4	0.4	0.4	0.2	0.9	118.0
<b>Private Banks</b>								<b>PSU Banks</b>							
BANDHAN	1.9	3.0	1.7	0.4	1.4	6.4	(36.9)	BOB	1.2	0.6	0.4	0.2	0.2	1.2	100.2
DCBB	0.9	1.0	0.5	0.0	0.5	2.2	(5.2)	BOI	0.8	0.5	0.5	0.5	0.2	0.8	77.3
IDFCFB	2.5	1.5	1.1	0.7	0.6	2.7	66.0	CBK	1.2	0.5	0.5	0.5	0.2	1.2	112.2
RBK	1.2	1.1	1.1	1.1	0.3	3.3	7.9	PNB	1.7	0.9	0.6	0.3	0.5	1.7	97.9
<b>Small Finance Banks</b>								<b>SBIN</b>							
AUBANK	4.8	4.1	3.7	3.3	2.0	6.7	15.9	UNBK	1.2	0.5	0.5	0.5	0.2	1.3	134.5
EQUITASB	2.5	1.0	0.6	0.2	-	2.6	161.4								
UJJIVANS	2.6	1.3	0.7	0.2	-	3.3	98.8								

Source: Bloomberg, Elara Securities Research

Exhibit 44: Valuation declines across our banking coverage universe

Coverage	BB ticker	Rating	Market Cap (INR bn)	CMP (INR)	TP (INR)	Upside/downside (%)	P/E (x)			P/B (x)			ROE (%)			ROA (%)		
							FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
<b>Private Banks</b>																		
HDFC Bank	HDFCB	Accumulate	12,838	1,691	1,820	8	19.0	18.0	15.6	3.0	2.6	2.3	17.0	17.8	15.9	2.1	2.2	1.9
ICICI Bank	ICICIBC	Buy	6,925	987	1,192	21	17.5	15.8	14.8	2.8	2.5	2.1	17.5	16.6	15.5	2.2	2.2	2.1
Axis Bank	AXSB	Buy	3,465	1,123	1,246	11	33.4	13.9	12.2	2.6	2.2	1.9	8.0	16.9	16.4	0.8	1.7	1.8
Kotak Mahindra Bank	KMB	Accumulate	3,704	1,864	1,924	3	24.7	23.0	21.2	3.2	2.8	2.5	14.0	13.2	12.6	2.5	2.3	2.2
IndusInd Bank	IIB	Buy	1,282	1,649	1,738	5	17.3	14.7	12.9	2.4	2.1	1.8	14.5	15.0	15.0	1.8	1.9	1.9
Yes Bank	YES	Not rated	669	23	NR	NA	38.5	25.5	16.5	1.6	1.5	1.4	4.0	5.8	8.5	0.5	0.7	1.0
Federal Bank	FB	Buy	377	155	175	13	10.9	11.3	10.5	1.5	1.3	1.2	14.9	13.3	11.8	1.3	1.3	1.2
City Union Bank	CUBK	Accumulate	114	154	145	(6)	12.2	11.0	9.9	1.5	1.4	1.2	13.4	13.1	12.9	1.5	1.5	1.5
Karur Vysya Bank	KVB	Buy	133	167	165	(1)	12.1	9.6	8.7	1.6	1.3	1.2	13.7	15.1	14.4	1.3	1.5	1.5
South Indian Bank	SIB	Not Rated	56	27	NR	NA	5.9	5.7	NA	0.8	0.7	NA	14.0	13.4	NA	0.9	0.9	NA
RBL Bank	RBK	Not Rated	172	286	NR	NA	14.0	10.7	8.4	1.2	1.1	1.0	8.8	10.5	12.1	1.0	1.1	1.2
DCB Bank	DCBB	Buy	48	155	147	(5)	10.3	8.6	7.2	1.1	1.0	0.9	11.4	12.2	13.1	1.0	1.0	1.0
IDFC first Bank	IDFCFB	Not Rated	615	87	NR	NA	18.9	14.4	11.1	1.9	1.7	1.5	11.2	12.6	14.3	1.2	1.3	1.4
Karnataka Bank	KBL	Not Rated	82	237	NR	NA	6.0	5.6	NA	0.8	0.7	NA	14.1	13.6	NA	1.2	1.1	NA
CSB	CSBBANK	Not Rated	71	409	NR	NA	13.4	11.4	9.3	1.9	1.6	1.4	15.4	15.5	16.1	1.7	1.6	1.5
Bandhan	BANDHAN	Accumulate	420	261	256	(2)	19.1	11.1	9.3	2.1	1.9	1.6	11.9	17.9	18.4	1.6	2.4	2.5
Jammu and Kashmir Bank	JKBK	Not Rated	142	129	NR	NA	8.7	6.8	6.1	1.1	0.9	0.8	13.3	14.4	13.8	1.0	1.2	1.2
<b>Public Banks</b>																		
State Bank of India	SBIN	Buy	5,736	643	717	12	7.8	7.3	6.7	1.3	1.1	1.0	17.9	16.4	15.6	1.0	1.0	1.0
Punjab National Bank	PNB	Sell	1,072	97	60	(38)	42.8	15.8	12.0	1.2	1.1	1.0	2.8	7.1	8.8	0.2	0.5	0.6
Bank of Baroda	BOB	Buy	1,229	238	247	4	8.7	8.3	7.4	1.3	1.1	1.0	15.3	14.3	14.3	1.1	1.0	1.0
Canara Bank	CBK	Not Rated	844	465	NR	NA	6.1	5.6	5.0	1.1	0.9	0.8	18.4	17.2	16.8	1.0	1.0	1.0
Bank of India	BOI	Not Rated	540	119	NR	NA	7.2	6.0	6.0	0.8	0.7	0.7	11.3	11.8	10.9	0.8	0.9	NA
Union Bank	UNBK	Not Rated	920	124	NR	NA	6.7	5.8	5.7	1.0	0.9	0.8	16.1	15.8	15.5	1.0	1.0	1.0
Indian bank	inbk	Not Rated	582	432	NR	NA	7.1	6.4	5.5	1.1	0.9	0.8	15.9	15.3	15.5	1.0	1.0	1.1
<b>Small Finance Banks</b>																		
Au small Finance Bank	AUBANK	Reduce	533	797	645	(19)	35.0	31.6	25.1	4.8	4.3	3.8	15.4	13.6	15.1	1.8	1.6	1.7
Ujjivan SFB	UJJIVANS	Not Rated	115	59	NR	NA	9.0	8.1	7.2	2.2	1.8	1.5	27.7	24.2	22.6	3.4	3.0	2.7
Equitas SFB	EQUITASB	Not Rated	126	112	NR	NA	15.4	12.0	9.3	2.1	1.9	1.6	14.7	16.4	18.2	2.0	2.0	2.1
Suryoday SFB	Suryoday	Not Rated	17	162	NR	NA	7.8	5.9	NA	0.9	0.8	NA	12.9	14.8	NA	2.1	2.3	NA
Utkarsh SFB	UTKARSHB	Not Rated	63	58	NR	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

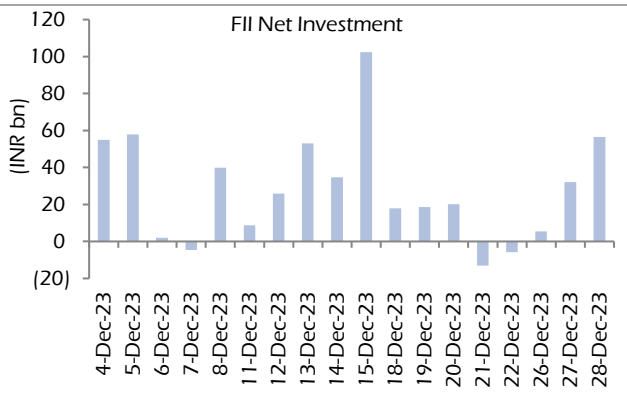
Note: pricing as on 4 January 2024; TP and Rating as per last published note; Source: Bloomberg, Elara Securities Estimate

**Exhibit 45: Rich valuation across the board: prefer high capital high ROA business**

Company	Ticker	Rating	Mkt Cap (INR bn)	CMP (INR)	TP (INR)	ROA (%)				ROE (%)				P/BV (x)			
						FY22	FY23	FY24E	FY25E	FY22	FY23	FY24E	FY25E	FY22	FY23	FY24E	FY25E
Cholamandalam Investment and Finance	CIFC IN	Accumulate	1,002	1,220	1,231	2.2	2.7	2.7	2.6	20.3	20.8	20.8	20.7	10.3	8.0	6.6	5.3
Manappuram Finance	MGFL IN	Accumulate	142	169	200	5.6	4.1	4.0	4.0	16.9	16.4	16.4	17.4	1.8	1.6	1.3	1.2
Muthoot Finance	MUTH IN	Buy	584	1,455	1,520	6.5	5.9	4.9	5.1	24.4	21.6	16.5	16.7	3.5	2.9	2.5	2.1
AAVAS Financiers	AAVAS IN	Reduce	124	1,575	1,460	3.0	2.9	2.9	3.0	13.7	14.2	15.1	16.7	4.5	3.9	3.4	2.9
CreditAccess Grameen	CRETAG IN	Buy	246	1,575	1,638	2.0	3.9	5.1	4.6	8.8	17.8	23.6	20.3	6.1	5.0	3.9	3.3
Bajaj Finance	BAF IN	Accumulate	4,484	7,432	9,000	2.9	4.0	5.2	4.7	17.4	23.5	23.5	22.0	10.5	8.3	5.9	5.5
SBI Cards and Payment Services	SBICARD IN	Reduce	730	774	829	5.2	5.6	5.0	5.5	23.0	25.7	23.0	25.7	9.6	7.6	6.3	4.9
L&T Finance Holdings	LTFH IN	Accumulate	414	167	149	0.6	1.4	2.0	2.1	3.4	7.5	10.0	11.7	2.2	2.1	1.8	1.6
Mahindra Finance	MMFS IN	Accumulate	337	273	332	1.3	2.3	2.0	2.4	6.5	12.1	12.3	16.2	2.5	2.2	2.1	1.9
LIC Housing Finance	LICHF IN	Accumulate	308	559	472	1.2	0.9	1.1	1.1	10.1	11.2	11.2	13.7	1.9	1.4	1.2	1.1
Power Finance Corporation	POWF IN	Buy	1,030	390	343	2.7	2.9	2.9	2.7	17.9	18.2	18.0	15.7	1.7	1.9	1.9	1.5
Rural Electrification Corporation	RECL IN	Buy	1,105	420	420	2.7	2.8	2.9	2.8	21.3	20.3	20.6	18.5	1.8	2.0	1.7	1.4
CAN FIN Homes	CANF IN	Accumulate	102	766	856	1.9	2.0	1.9	1.9	16.6	18.5	17.2	17.6	3.4	2.8	2.4	2.0
Shriram Finance	SHFL IN	Buy	685	2,031	2,152	2.6	1.8	3.5	3.0	15.0	9.7	17.3	15.0	2.6	1.8	1.6	1.2

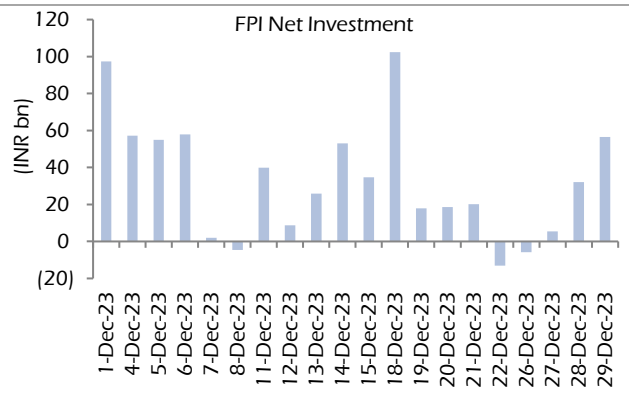
Note: pricing as on 2 January 2024; TP and Rating as per last published note; Source: Company, Elara Securities Estimate

**Exhibit 46: For the month, net FII flows remain positive**



Source: Company, Elara Securities Research

**Exhibit 47: FPI flows also continue**



Source: Company, Elara Securities Research

## Non-lending financials: life and general insurers – soft traction

In November, individual annualized insurance premium growth softened and registered a 4% YoY dip, with private life insurers posting a 1.3% YoY drop and LIC a decline of 8.7% YoY. This along with contraction in the group, down 40%-plus YoY, has fed into a 14% fall in overall APE. On a YTD basis, private firms reported 11% YoY growth but LIC still saw a 15% YoY dip. Most private companies saw softer growth. For general insurers, premium growth was once again soft with 10.6% YoY, led by >22% YoY growth for standalone health insurers, and 9% growth for private general insurers even as PSU insurers were flat YoY.

### Life insurance: soft growth for PSU; private still better

- In November, life insurance new premium (annualized) saw a decline of 2.3% YoY while LIC lagged with a 27% YoY fall. This was primarily due to a slowdown in the group segment.
- Private insurers continue to lead in terms of YTD growth and YTD growth of 11.5% YoY is higher than LIC's decline of 15.0% YoY,

- Growth was soft across larger private peers – HDFC Life saw a dip of 7% YoY, SBI Life was down 4% YoY and IPrud Life was flat YoY. Bajaj Life, up 21% YoY, and Max Life saw 10% YoY growth.

### General insurance: health insurers continue to grow

- In November, general insurance premium growth was at 10.6% YoY, led by 22.6% YoY growth for health insurers' (SAHI) and private general insurers growth was at 9% levels.
- Specialized health insurers continue to deliver strong growth with premium rising 22.6% YoY, forming ~12% of sector premium currently.
- On a YTD basis, private general insurers continue to see better growth of 19% YoY with SAHI reporting 25%-plus YoY growth. Public insurers' continue to see soft growth at ~9% on a YTD basis.

### Exhibit 48: Life insurers – growth softer, largely broad-based in nature

(INR bn)	Individual		Group		Total		YTD - Individual		YTD - Group		YTD - Total	
	Nov-23	YoY (%)	Nov-23	YoY (%)	Nov-23	YoY (%)	FY24TD	YoY (%)	FY24TD	YoY (%)	FY24TD	YoY (%)
<b>APE data</b>												
Aditya Birla Sun Life	2.3	(19.0)	0.2	(47.2)	2.5	(22.4)	16.2	7.8	2.8	(1.3)	19.0	6.4
Aegon Life	0.0	(3,909.2)	0.0	1,278.2	0.0	6,007.3	0.1	893.0	0.0	1,959.3	0.1	1,212.2
Aviva Life	0.1	(27.8)	0.0	(3.2)	0.1	(25.9)	1.2	26.4	0.1	50.6	1.3	28.0
Bajaj Allianz Life	4.7	26.5	0.2	(33.8)	4.9	21.3	33.5	24.7	2.9	(18.0)	36.4	19.8
Bharti Axa Life	0.4	(17.9)	0.0	(55.1)	0.4	(19.3)	3.6	(11.9)	0.1	(20.0)	3.7	(12.1)
Canara HSBC OBC Life	1.3	12.9	0.0	80.5	1.4	14.2	8.5	4.4	0.9	43.8	9.4	7.2
Pramerica Life	0.1	29.2	0.1	72.9	0.2	40.1	1.0	11.7	0.6	114.6	1.6	34.1
Edelweiss Tokio Life	0.3	14.1	0.0	(15.4)	0.3	13.9	2.4	7.9	0.0	(25.0)	2.4	7.6
Future Generali Life	0.2	(1.4)	0.0	64.9	0.2	3.2	1.7	4.3	0.1	(62.9)	1.8	(4.2)
HDFC Life	8.7	(3.7)	1.0	(29.6)	9.7	(7.3)	60.7	15.4	9.3	14.2	70.0	15.2
ICICI Prudential Life	4.5	(2.7)	0.7	17.3	5.2	(0.3)	35.6	2.7	5.4	12.3	41.1	3.8
Ageas Federal Life	0.4	17.6	0.0	17.5	0.5	17.6	3.4	30.3	0.2	24.4	3.6	30.0
IndiaFirst Life	1.5	(0.7)	0.1	(21.7)	1.5	(1.8)	9.7	(2.6)	0.9	25.8	10.6	(0.8)
Kotak Mahindra Life	1.8	5.7	0.3	(6.8)	2.1	3.8	12.1	5.9	2.5	10.5	14.6	6.7
Max Life	4.9	8.3	0.1	101.2	5.0	9.5	34.9	20.2	1.1	119.2	35.9	21.9
PNB Met Life	1.6	(8.9)	0.1	(7.5)	1.7	(8.9)	12.5	9.5	0.6	(1.5)	13.1	8.9
Reliance Nippon Life	0.7	(12.1)	0.0	136.5	0.7	(10.4)	6.2	10.0	0.4	(24.9)	6.6	7.0
SBI Life	14.1	(2.7)	0.5	(29.3)	14.5	(3.9)	97.6	13.3	7.7	30.5	105.3	14.4
Shriram Life	0.6	25.7	0.1	43.0	0.7	27.0	4.4	29.7	0.6	124.5	5.0	36.9
Star Union Dai-ichi Life	1.4	(3.1)	0.0	(36.3)	1.4	(4.6)	8.4	6.1	1.0	(11.4)	9.4	3.8
Tata AIA Life	4.9	(13.7)	0.1	56.9	5.0	(13.3)	38.6	12.1	0.4	39.9	39.0	12.4
CreditAccess Life	-	-	0.0	-	0.0	-	-	-	0.0	-	0.0	-
Acko Life Insurance	-	-	0.0	-	0.0	-	-	-	0.0	-	0.0	-
Go Digit Life	-	-	0.0	-	0.0	-	-	-	0.2	-	0.2	-
<b>Private players Total</b>	<b>55</b>	<b>(1.3)</b>	<b>4</b>	<b>(15.7)</b>	<b>58</b>	<b>(2.3)</b>	<b>392</b>	<b>11.3</b>	<b>38</b>	<b>13.3</b>	<b>430</b>	<b>11.5</b>
<b>LIC</b>	<b>25.3</b>	<b>(8.7)</b>	<b>13.0</b>	<b>(47.5)</b>	<b>38.3</b>	<b>(27.0)</b>	<b>199.9</b>	<b>(0.3)</b>	<b>109.3</b>	<b>(33.4)</b>	<b>309.2</b>	<b>(15.2)</b>
<b>Industry total</b>	<b>80</b>	<b>(3.8)</b>	<b>17</b>	<b>(42.7)</b>	<b>97</b>	<b>(13.9)</b>	<b>592</b>	<b>7.1</b>	<b>147</b>	<b>(25.6)</b>	<b>739</b>	<b>(1.5)</b>

Source: IRDAI, Elara Securities Research

**Exhibit 49: General insurers – growth softens but SAHI firms continue to see strong growth**

(INR bn)	Total GDPI					Market Share (%)				
	Nov-23	MoM (%)	YOY (%)	FY23TD	YOY (%)	Nov-23	MoM (bps)	YOY (bps)	FY23TD	YOY (bps)
Acko General	1.7	5.7	43.3	12.0	25.5	0.8	13	18	0.6	6
<b>Bajaj Allianz</b>	<b>12.2</b>	<b>(33.7)</b>	<b>(8.9)</b>	<b>141.2</b>	<b>35.7</b>	<b>5.7</b>	<b>(190)</b>	<b>(123)</b>	<b>7.5</b>	<b>117</b>
Cholamandalam MS	5.9	(8.8)	10.3	49.1	27.8	2.8	9	(1)	2.6	27
Go Digit	6.8	(12.0)	35.9	53.7	32.5	3.2	(1)	59	2.8	39
HDFC ERGO	11.9	(34.5)	3.1	117.3	12.2	5.6	(194)	(41)	6.2	(12)
<b>ICICI Lombard</b>	<b>20.9</b>	<b>(3.1)</b>	<b>16.6</b>	<b>167.2</b>	<b>16.2</b>	<b>9.9</b>	<b>89</b>	<b>51</b>	<b>8.8</b>	<b>14</b>
IFFCO Tokio	8.1	(4.5)	(0.1)	67.4	9.3	3.8	29	(40)	3.6	(16)
Reliance General	8.7	(6.3)	16.8	82.5	14.2	4.1	24	22	4.4	(1)
Royal Sundaram	2.8	(12.1)	(0.8)	22.9	6.4	1.3	(0)	(15)	1.2	(9)
SBI General	8.7	(8.7)	37.4	75.1	20.6	4.1	14	80	4.0	20
Tata-AJG	11.5	(10.1)	9.0	100.0	21.8	5.4	10	(8)	5.3	32
Universal Sompo	3.9	(5.3)	10.5	33.4	20.4	1.8	13	(0)	1.8	9
Others	12.3	(15.9)	(0.3)	97.4	15.1	5.8	(28)	(64)	5.2	3
<b>Private Insurers</b>	<b>115.4</b>	<b>(15.1)</b>	<b>9.3</b>	<b>1,019.1</b>	<b>19.4</b>	<b>55.3</b>	<b>(197)</b>	<b>34</b>	<b>53.9</b>	<b>229</b>
National	14.8	52.5	(8.5)	108.0	3.6	7.0	293	(145)	5.7	(59)
<b>New India</b>	<b>23.6</b>	<b>(25.9)</b>	<b>(0.7)</b>	<b>243.8</b>	<b>8.2</b>	<b>11.1</b>	<b>(210)</b>	<b>(126)</b>	<b>12.9</b>	<b>(74)</b>
Oriental	12.3	(7.7)	5.9	118.3	15.3	5.8	26	(25)	6.3	5
United India	14.3	(3.6)	7.1	124.8	8.3	6.8	57	(22)	6.6	(37)
<b>Public Insurers</b>	<b>65.1</b>	<b>(6.8)</b>	<b>0.2</b>	<b>594.8</b>	<b>8.7</b>	<b>31.2</b>	<b>179</b>	<b>(264)</b>	<b>31.4</b>	<b>(165)</b>
<b>General Insurers Sub Total</b>	<b>180.4</b>	<b>(12.0)</b>	<b>8.0</b>	<b>1,613.9</b>	<b>15.9</b>	<b>86.7</b>	<b>(13)</b>	<b>(207)</b>	<b>85.8</b>	<b>115</b>
Aditya Birla	2.6	(3.9)	20.4	20.9	24.9	1.2	10	10	1.1	9
Cigna TTK	1.2	(19.5)	5.6	10.2	22.0	0.6	(5)	(3)	0.5	3
Max Bupa	4.4	5.7	45.9	32.9	40.7	2.1	34	50	1.7	33
Religare	5.3	(1.0)	25.4	42.4	32.8	2.5	27	29	2.2	31
Star Health	11.4	1.1	16.7	89.5	17.9	5.4	69	28	4.7	14
<b>SAHI Sub total</b>	<b>24.8</b>	<b>(0.4)</b>	<b>22.6</b>	<b>195.9</b>	<b>25.3</b>	<b>11.7</b>	<b>135</b>	<b>115</b>	<b>10.4</b>	<b>91</b>
AJC (Crop)	2.4	(58.7)	827.2	64.1	(28.4)	1.1	(129)	100	3.4	(202)
ECGC (Export & Credit)	1.0	5.4	(5.5)	7.7	6.1	0.5	8	(8)	0.4	(3)
<b>Specialized Insurers Sub Total</b>	<b>3.5</b>	<b>(49.5)</b>	<b>154.5</b>	<b>71.8</b>	<b>(25.8)</b>	<b>1.6</b>	<b>(121)</b>	<b>92</b>	<b>3.8</b>	<b>(206)</b>
<b>Grand Total</b>	<b>212.4</b>	<b>(12.1)</b>	<b>10.6</b>	<b>1,891.3</b>	<b>14.4</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>-</b>

Source: GI Council, Elara Securities Research

## AMC: SIP flows at historical high

Given geopolitical risks, gold as a safe haven has kept inflows in check; AUM traction is healthy as indices perform well, SIP accounts at historical highs

### AMC industry data key highlights

- **Inflows:** Gross inflows for November stood at INR 8,998bn vs INR 9,772bn in October, declining 7.9% MoM but increasing 7.0% YoY, Across asset classes, equity, debt and liquid inflows decreased 11.7% MoM, 45.2% MoM and 5.4% MoM, respectively. We attribute this trend to persistent geopolitical risks and gold being perceived as a safe haven and an attractive asset class
- **Outflows:** Gross outflows for November stood at INR 8,742bn vs INR 8,967bn in October, down 2.5% MoM but up 5.6% YoY wherein equity, debt and liquid outflows fell 2.5% MoM, 22.4% MoM and 1.2% MoM, respectively
- **Net flows:** Net inflows stood at INR 256bn vs inflows of INR 805bn in October, down 68.2% YoY with equity net flows at INR 156bn, down 22% MoM, and debt outflows of INR 56bn
- **AUM:** Industry AUM was at INR 49,050bn vs INR 46,717bn in October, up 5.0% MoM and 21.5% YoY with equity AUMs hitting an all-time high. However,

equity inflows remain sluggish MoM dented by the holidays. While large cap funds continue to witness weak inflows with investor preference tilting toward index funds (led by favorable liquidity conditions, easing global rate concerns and strong macroeconomic data), small cap funds, followed by mid-cap and thematic (notably November witnessed the launch of three sector and thematic funds; viz, Aditya Birla Sun Life Transportation and Logistics Fund; Kotak Consumption Fund; quant Momentum Fund garnering cumulatively INR 13.15bn) continued to augment better inflows of November. Arbitrage flows also remain strong, led by better yields and tax incentives

- **AAUM:** AAUM of the industry as on 30 November stood at INR 48,748bn vs INR 47,804bn in October, up 2.0% MoM and 20.4% YoY
- **SIP:** Monthly SIP inflows increased to INR 170.2bn in November from INR 169.3bn in October, up 27.9% YoY standing an all-time high
- **SIP count:** SIP accounts surged to 74.4mn in November vs 73.0mn in October, up 23.1% YoY, but standing at historical highs

**Exhibit 50: Given geopolitical risks, gold as a safe haven has kept inflows in check; healthy AUM traction as indices perform well, and SIP accounts are at historical highs**

(INR bn)	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
<b>Gross Inflows</b>	<b>8,413</b>	<b>9,156</b>	<b>8,676</b>	<b>7,972</b>	<b>10,157</b>	<b>8,253</b>	<b>8,588</b>	<b>9,461</b>	<b>10,003</b>	<b>9,606</b>	<b>8,884</b>	<b>9,772</b>	<b>8,998</b>
<i>Growth MoM (%)</i>	<i>7.7</i>	<i>8.8</i>	<i>(5.2)</i>	<i>(8.1)</i>	<i>27.4</i>	<i>(18.7)</i>	<i>4.1</i>	<i>10.2</i>	<i>5.7</i>	<i>(4.0)</i>	<i>(7.5)</i>	<i>10.0</i>	<i>(7.9)</i>
<i>Growth YoY (%)</i>	<i>4.7</i>	<i>(0.1)</i>	<i>10.1</i>	<i>4.1</i>	<i>3.2</i>	<i>1.0</i>	<i>2.0</i>	<i>2.2</i>	<i>20.4</i>	<i>7.2</i>	<i>(9.2)</i>	<i>25.1</i>	<i>7.0</i>
Equity Inflows	269	279	271	305	348	242	297	368	368	435	409	426	377
<i>Growth MoM (%)</i>	<i>10.9</i>	<i>3.7</i>	<i>(3.1)</i>	<i>12.8</i>	<i>14.1</i>	<i>(30.4)</i>	<i>22.4</i>	<i>24.0</i>	<i>(0.0)</i>	<i>18.2</i>	<i>(5.9)</i>	<i>4.2</i>	<i>(11.7)</i>
<i>Growth YoY (%)</i>	<i>(3.3)</i>	<i>(33.5)</i>	<i>(13.5)</i>	<i>(4.3)</i>	<i>(18.4)</i>	<i>(22.0)</i>	<i>(1.8)</i>	<i>39.9</i>	<i>70.5</i>	<i>63.0</i>	<i>19.0</i>	<i>75.4</i>	<i>39.8</i>
Debt Inflows	366	351	312	297	894	494	432	425	440	419	463	479	262
<i>Growth MoM (%)</i>	<i>28.8</i>	<i>(4.0)</i>	<i>(11.1)</i>	<i>(4.8)</i>	<i>200.9</i>	<i>(44.7)</i>	<i>(12.7)</i>	<i>(1.6)</i>	<i>3.5</i>	<i>(4.6)</i>	<i>10.3</i>	<i>3.5</i>	<i>(45.2)</i>
<i>Growth YoY (%)</i>	<i>(33.0)</i>	<i>(34.9)</i>	<i>(50.2)</i>	<i>(15.7)</i>	<i>86.5</i>	<i>(25.9)</i>	<i>38.2</i>	<i>86.1</i>	<i>29.3</i>	<i>(19.7)</i>	<i>44.2</i>	<i>68.5</i>	<i>(28.2)</i>
Liquid Inflows	7,438	8,063	7,668	6,983	8,245	7,212	7,518	8,349	8,747	8,272	7,461	8,379	7,922
<i>Growth MoM (%)</i>	<i>6.3</i>	<i>8.4</i>	<i>(4.9)</i>	<i>(8.9)</i>	<i>18.1</i>	<i>(12.5)</i>	<i>4.2</i>	<i>11.0</i>	<i>4.8</i>	<i>(5.4)</i>	<i>(9.8)</i>	<i>12.3</i>	<i>(5.4)</i>
<i>Growth YoY (%)</i>	<i>9.0</i>	<i>3.7</i>	<i>17.3</i>	<i>7.3</i>	<i>(2.5)</i>	<i>6.5</i>	<i>1.4</i>	<i>(1.1)</i>	<i>17.5</i>	<i>5.9</i>	<i>(14.5)</i>	<i>19.7</i>	<i>6.5</i>
Other Inflows	339	463	425	386	670	304	341	320	448	479	551	489	436
<i>Growth MoM (%)</i>	<i>17.5</i>	<i>36.5</i>	<i>(8.2)</i>	<i>(9.2)</i>	<i>73.4</i>	<i>(54.6)</i>	<i>12.0</i>	<i>(6.2)</i>	<i>40.0</i>	<i>7.1</i>	<i>15.0</i>	<i>(11.3)</i>	<i>(10.7)</i>
<i>Growth YoY (%)</i>	<i>(11.8)</i>	<i>7.6</i>	<i>5.2</i>	<i>(19.4)</i>	<i>40.5</i>	<i>(28.1)</i>	<i>(11.5)</i>	<i>(0.1)</i>	<i>48.1</i>	<i>33.0</i>	<i>42.5</i>	<i>69.3</i>	<i>28.6</i>
<b>Gross Outflows</b>	<b>8,280</b>	<b>9,111</b>	<b>8,562</b>	<b>7,876</b>	<b>10,349</b>	<b>7,039</b>	<b>8,014</b>	<b>9,482</b>	<b>9,182</b>	<b>9,462</b>	<b>9,546</b>	<b>8,967</b>	<b>8,742</b>



(INR bn)	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
<i>Growth MoM (%)</i>	7.9	10.0	(6.0)	(8.0)	31.4	(32.0)	13.8	18.3	(3.2)	3.0	0.9	(6.1)	(2.5)
<i>Growth YoY (%)</i>	9.4	(1.1)	13.7	7.3	(1.8)	(5.4)	(5.6)	(4.8)	13.8	13.9	(6.4)	16.9	5.6
Equity outflows	243	210	158	156	171	188	261	279	286	231	267	226	220
<i>Growth MoM (%)</i>	59.7	(13.6)	(24.9)	(0.9)	9.0	10.3	39.0	6.9	2.2	(19.0)	15.6	(15.5)	(2.5)
<i>Growth YoY (%)</i>	42.0	21.3	(8.9)	19.0	1.2	20.5	99.0	146.6	121.4	12.9	32.7	48.3	(9.4)
Debt outflows	368	397	387	340	670	270	344	425	326	459	652	410	318
<i>Growth MoM (%)</i>	(9.7)	7.7	(2.5)	(12.1)	97.0	(59.6)	27.3	23.4	(23.2)	40.7	42.1	(37.1)	(22.4)
<i>Growth YoY (%)</i>	(54.2)	(56.7)	(42.2)	(59.6)	(32.4)	(67.0)	(54.9)	(43.1)	(24.8)	11.2	7.6	0.6	(13.5)
Liquid outflows	7,365	8,223	7,690	7,072	9,010	6,379	7,167	8,520	8,249	8,508	8,307	8,021	7,925
<i>Growth MoM (%)</i>	6.7	11.6	(6.5)	(8.0)	27.4	(29.2)	12.4	18.9	(3.2)	3.1	(2.4)	(3.4)	(1.2)
<i>Growth YoY (%)</i>	14.8	4.3	19.4	16.0	(0.9)	1.6	(3.1)	(4.2)	13.0	14.8	(8.8)	16.2	7.6
Other outflows	303	281	327	307	499	201	241	258	321	264	319	310	278
<i>Growth MoM (%)</i>	43.9	(7.2)	16.2	(6.0)	62.4	(59.7)	19.5	7.3	24.3	(17.9)	21.1	(2.9)	(10.3)
<i>Growth YoY (%)</i>	69.0	20.6	33.1	13.1	70.6	6.3	17.6	25.7	54.4	(4.9)	15.2	47.1	(8.3)
<b>Net Flows</b>	<b>133</b>	<b>45</b>	<b>114</b>	<b>96</b>	<b>(193)</b>	<b>1,214</b>	<b>574</b>	<b>(20)</b>	<b>820</b>	<b>144</b>	<b>(662)</b>	<b>805</b>	<b>256</b>
<i>Growth MoM (%)</i>	(5.6)	(66.1)	153.2	(15.8)	(301.2)	NM	(52.7)	(103.5)	NM	(82.5)	(560.1)	NM	(68.2)
<i>Growth YoY (%)</i>	(71.3)	NM	(67.7)	(69.6)	NM	66.7	NM	NM	247.6	(77.9)	NM	473.3	93.1
<b>AUM</b>	<b>40,376</b>	<b>39,887</b>	<b>39,624</b>	<b>39,463</b>	<b>39,420</b>	<b>41,618</b>	<b>43,205</b>	<b>44,392</b>	<b>46,376</b>	<b>46,635</b>	<b>46,578</b>	<b>46,717</b>	<b>49,050</b>
<i>Growth MoM (%)</i>	2.2	(1.2)	(0.7)	(0.4)	(0.1)	5.6	3.8	2.7	4.5	0.6	(0.1)	0.3	5.0
<i>Growth YoY (%)</i>	8.1	5.7	4.2	5.1	4.9	9.4	16.1	24.6	22.9	18.5	21.2	18.3	21.5
Equity AUM	13,488	14,024	14,354	14,060	13,902	13,869	14,005	14,612	15,285	16,089	16,860	17,218	17,667
<i>Growth MoM (%)</i>	(0.7)	4.0	2.4	(2.1)	(1.1)	(0.2)	1.0	4.3	4.6	5.3	4.8	2.1	2.6
<i>Growth YoY (%)</i>	15.4	18.4	22.9	15.2	13.4	16.8	11.9	16.5	25.0	36.0	29.6	26.7	31.0
Debt AUM	6,593	6,497	6,545	6,530	6,484	6,464	6,734	7,031	7,173	7,207	7,364	7,421	7,263
<i>Growth MoM (%)</i>	(4.1)	(1.5)	0.7	(0.2)	(0.7)	(0.3)	4.2	4.4	2.0	0.5	2.2	0.8	(2.1)
<i>Growth YoY (%)</i>	(29.3)	(31.3)	(29.2)	(26.3)	(26.6)	(22.8)	(14.6)	(9.1)	(1.2)	6.7	9.7	8.0	10.2
Liquid AUM	6,009	6,137	6,245	6,122	6,136	6,082	5,366	6,229	6,572	6,488	7,028	6,833	6,027
<i>Growth MoM (%)</i>	(5.5)	2.1	1.8	(2.0)	0.2	(0.9)	(11.8)	16.1	5.5	(1.3)	8.3	(2.8)	(11.8)
<i>Growth YoY (%)</i>	12.3	14.4	7.8	7.4	5.5	(2.5)	(4.7)	1.4	6.3	12.6	18.4	7.5	0.3
Others AUM	14,286	13,229	12,480	12,752	12,897	15,203	17,100	16,520	17,346	16,851	15,326	15,245	18,092
<i>Growth MoM (%)</i>	12.6	(7.4)	(5.7)	2.2	1.1	17.9	12.5	(3.4)	5.0	(2.9)	(9.0)	(0.5)	18.7
<i>Growth YoY (%)</i>	30.2	19.7	10.4	18.1	21.1	31.7	52.8	79.0	43.6	12.4	20.1	20.2	26.6
<b>AAUM</b>	<b>40,494</b>	<b>40,762</b>	<b>40,803</b>	<b>40,688</b>	<b>40,046</b>	<b>41,527</b>	<b>42,948</b>	<b>44,823</b>	<b>46,277</b>	<b>46,936</b>	<b>47,790</b>	<b>47,804</b>	<b>48,748</b>
<i>Growth MoM (%)</i>	2.4	0.7	0.1	(0.3)	(1.6)	3.7	3.4	4.4	3.2	1.4	1.8	0.0	2.0
<i>Growth YoY (%)</i>	5.3	7.5	4.9	5.5	6.2	6.8	14.9	21.2	22.5	18.7	19.8	20.9	20.4
<b>Monthly SIP</b>	<b>133.1</b>	<b>135.7</b>	<b>138.6</b>	<b>136.9</b>	<b>142.8</b>	<b>137.3</b>	<b>147.5</b>	<b>147.3</b>	<b>152.5</b>	<b>158.1</b>	<b>160.4</b>	<b>169.3</b>	<b>170.2</b>
<i>Growth MoM (%)</i>	2.0	2.0	2.1	(1.2)	4.3	(3.8)	7.4	(0.1)	3.5	3.7	1.4	5.5	0.6
<i>Growth YoY (%)</i>	20.9	20.1	20.3	19.7	15.8	15.7	20.0	20.0	25.6	24.6	23.6	29.8	27.9
<b>SIP Count (No's mn)</b>	<b>60.5</b>	<b>61.2</b>	<b>62.2</b>	<b>62.8</b>	<b>63.6</b>	<b>64.2</b>	<b>65.3</b>	<b>66.5</b>	<b>68.1</b>	<b>69.7</b>	<b>71.3</b>	<b>73.0</b>	<b>74.4</b>
<i>Growth MoM (%)</i>	1.9	1.3	1.5	1.1	1.2	1.0	1.6	1.9	2.3	2.4	2.3	2.4	1.9
<i>Growth YoY (%)</i>	26.5	24.8	23.1	21.5	20.5	19.2	19.0	19.9	21.1	21.9	22.1	23.0	23.1

Source: AMFI, Elara Securities Research

## Acronyms and Abbreviations

AIF	Alternative Investment Fund
APE	Annual Premium Equivalent
AT-1	Additional Tier - 1
AUM	Asset Under Management
CAR	Capital Adequacy Ratio
CASA	Current Account Savings Account
CD	Certificate of Deposit
CET-1	Common Equity Tier 1
CP	Commercial Paper
CV	Commercial Vehicle
FII	Foreign Institutional Investor
FOF	Fortnight over Fortnight
FPI	Foreign Portfolio Investor
FSR	Financial Stability Report
GI	General Insurance
G-sec	Government Securities
HFC	Housing Finance Company
LAS	Loan against shares
LTV	Loan-to-Value
MCLR	Marginal Cost of Funds based Lending Rate
NBFC	Non-Banking Financial Company
NCD	Non-Convertible Debenture
NIM	Net Interest Margin
NPA	Non-Performing Asset
PBV	Price-to-Book Value
PPI	Prepaid Instruments
PSU	Public Sector Bank
RoE	Return on Equity
SAHI	Standalone Health Insurance
SFB	Small Finance Banks
SIP	Systematic Investment Plan
SME	Small & Medium Enterprises
Tbill	Treasury Bills

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