

Financials: Banks

NIM comparison across the previous cycle

Repo cycle and NIM			
NIM (%)	Beginning	Peak	Current
	1Q23	4Q23	3Q25
AXSB	3.60	4.22	3.93
HDFCB	4.00	4.10	3.43
ICICIBC	4.01	4.90	4.25
IDFCFB	5.89	6.41	6.04
KMB	4.92	5.75	4.93
FB	3.22	3.36	3.11
BoB	3.02	3.53	2.94
CBK	2.78	3.07	2.71
PNB	2.79	3.24	2.93
SBIN	3.02	3.60	3.01
UNBK	3.00	2.98	2.91
INBK	3.10	3.59	3.57
Repo Rate	4.90	6.50	6.50

NIM (%)	Current vs Beginning of the cycle
AXSB	0.33
HDFCB	-0.57
ICICIBC	0.24
IDFCFB	0.15
KMB	0.01
FB	-0.11
BoB	-0.08
CBK	-0.07
PNB	0.14
SBIN	-0.01
UNBK	-0.09
INBK	0.47
Repo Rate	1.60

Rate cycle turns: NIM, Earnings growth to bottom-out in FY26E

Estimate credit growth to sustain at 12.5% for FY26E

- The RBI has kick-started the reversal in the repo rate cycle with a **25bp cut** in its monetary policy meeting today (7th Feb'25), citing a **controlled inflation outlook** and the need to **support economic growth**. The reduction in the repo rate will **directly affect lending yields** for the banking system, **thereby adversely impacting margins and the overall earnings trajectory**.
- The banking sector has **witnessed a significant NIM compression**, with some lenders **already below the pre-rate-hike levels reported in 4QFY22**. **Margins are thus expected to complete a full cycle for many lenders with PSBs relatively better positioned** due to a higher mix of MCLR-linked loans.
- **Private Banks**, with higher exposure to repo-linked loans, **will face immediate margin pressure** from rate cuts. Meanwhile, lenders with a **greater share of fixed-rate loans**, such as AUBANK, IIB and EQUITAS, will be **more resilient**. PSBs, benefiting from MCLR-linked repricing, are likely to exhibit relative stability.
- With growing **stress in unsecured** segments like personal loans and credit cards, lenders are shifting their focus to secured lending. The **slowdown in high-yielding unsecured credit growth limits the ability to support margins** through this route.
- The **deferment in implementation of LCR guidelines** provides **relief to banks**, especially private lenders, enabling **better liquidity management in a tough environment**. This regulatory flexibility reduces compliance strain and supports operational performance of banks.
- **Outlook:** Banking sector margins will remain under pressure with earnings growth expected to bottom out in FY26. Private Banks are projected to deliver PAT growth of 10.8% and 17.2% YoY in FY26 and FY27, while PSBs will grow at 5.6% and 11.1%. **Our top picks are: ICICI, HDFCB, SBI, and AUBANK.**

NIM to undergo one full circle; a few lenders already at pre-rate-hike levels

The banking system has witnessed significant NIM compression over the past one and a half years, led by the repricing of funding costs, while loan yields moved in a narrow range. Among private sector banks, lenders such as ICICIBC, AXSB, and KMB have reported an 18, 8, and 29bp dip in margins, respectively, over the past one year. Interestingly, we note that margins for a few lenders have already dipped below the pre-rate-hike levels (that started in 1QFY23). While the consensus expectation is of a shallow rate cycle, we believe that NIMs for most banks will move one full circle and revert towards the pre-rate hike cycle by the end of FY26. PSBs are relatively better placed with a higher mix of MCLR loans and thus will likely report more resilient performance on the margin front.

Higher repo-linked loans for private banks to exert pressure on margins

- Banks with a higher share of loans linked to the repo rate are more sensitive to potential rate cuts, as these loans will be repriced immediately, impacting margins. We note that EBLR-linked loans for private banks stand higher with Kotak at 60%, Axis Bank at 57%, ICICI Bank at 52%, Federal Bank at 51%, and HDFC Bank at 45%.
- In contrast, lenders with a greater proportion of fixed-rate loans stand to benefit as their loan yields would remain stable. Amongst banks, AUBANK has a high share of fixed-rate loans at 62% and Equitas at 80%.
- PSBs have a higher share of MCLR-linked loans, with Indian Bank holding the highest share at 57%, followed by Canara Bank at 48%, SBI at 36%, and PNB at 32%, which will allow them to show greater NIM resilience as underlying loans are repriced with a 6M/12M lag.

Slowdown in high-yielding unsecured loans limits ability to support margins

With the ongoing stress and a cautionary stance for most of the unsecured lending segments (Personal Loans, Credit Cards, MFI, etc.), we believe that most lenders will exercise restraint to accelerate growth in these segments. Already over the last one year, the growth in credit cards and personal loans has moderated to 15% and 13% from the peaks of 28% and 38%, respectively, in FY23. We note that unsecured loan growth has moderated sharply for most of the key banks (refer to Exhibit 7 for details). Further, with elevated slippages in MFI and credit cards, we believe that there is limited room to accelerate growth in high-yielding unsecured segments to support margins. We thus expect banks to prioritize secured lending to maintain stability along with business growth.

Funding costs nearly peaked; expect a calibrated easing over FY26/27

With the majority of liability repricing now complete for most banks, the reversal in the rate cycle will enable banks to moderate deposit rates and benefit from a gradual reduction in funding costs. However, the stretched CD ratio, and, resultantly, the elevated competition for deposits will make it harder for banks to effect a meaningful cut in TD rates in the near term, though the premium on bulk deposits may come off faster. This would thus begin to help ease pressure on funding costs.

Liability competition stays elevated; Estimate loan growth at 12.5% for FY26E

Credit growth has moderated to 11.4% as of 24th Jan'25 while the deposit growth stands at 10.3%. While credit growth has moderated from the avg. 16% YoY levels witnessed during FY23/FY24, the systemic CD ratio still stands elevated at 81%. Select banks are thus maneuvering their growth to alleviate the stretched balance sheet and restore the deposit mix to its long-term average levels. We believe that the ongoing necessity to source deposits is due to most banks having effectively utilized their balance sheet liquidity. Several public sector banks are also approaching their optimized levels of the CD ratio. Consequently, we anticipate that credit growth will remain modest at ~12.5% YoY during FY26E as well.

Valuation and View

- As the banking sector navigates through a turn in the rate cycle, the outlook on margins and recovery in overall growth will be watched closely. While the 25bp rate cut in Feb'25 will only have a partial impact on yields during 4QFY25, the full impact on margins will be visible when banks report their 1QFY26 results.
- While the overall rate cycle will likely be a shallow one, we also remain watchful of further rate action by the RBI in its Apr'25 policy.
- Further repo reductions in FY26 are expected to exert downward pressure on loan yields and margins while the cost of funds reprices with a lag.
- The postponement of the LCR guideline provides a crucial relief to the banking system, particularly select private banks, allowing them to manage liquidity more effectively during a challenging environment. This regulatory flexibility alleviates the pressure from regulatory compliance and fosters a more stable operating environment.
- We expect banking system margins to compress further over the next few quarters and project earnings growth to bottom out in FY26E. We thus estimate Private Banks to deliver a PAT growth of 10.8% and 17.2% YoY in FY26 and FY27, respectively, while PSBs are expected to grow at 5.6% and 11.1% YoY over a similar period.
- Our banking coverage universe earnings are thus likely to grow at 13.5%, 8.4%, and 14.4% YoY over FY25, FY26, and 27E respectively. **Top picks: ICICI, HDFCB, SBI, and AUBANK.**

Exhibit 1: AXSB, FB, KMB, ICICIBC, and HDFCB have higher EBLR/Repo-linked loans; PSBs have a higher linkage to MCLR (%)

Loans Mix (%) - 3QFY25	MCLR	EBLR	Repo Linked	Others (Fixed, base rate, foreign currency-floating)
AUBANK*	28		10	62
AXSB	11	4		31
CBK*	48	41		11
FB	10		51	39
HDFCB	25		45	30
ICICIBC	16	1	52	31
INBK	57		37	5
KMB*	13	60		27
PNB	32	16	41	11
RBL***	7	35	58	
SBIN	36	28		37
BOB*	47	33		20
Equitas		20		80

*as on 2QFY25; *** as on FY24

Source: MOFSL, Company

Exhibit 2: Yields movement in line with repo rate for most of the banks

YoA (%)	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25
AXSB	8.22	7.91	8.45	9.02	9.58	9.43	10.33	10.44	10.56	10.32	10.32	10.23	10.13
HDFCB	8.50	8.29	8.62	9.08	9.72	9.60	10.10	11.40	11.49	11.39	11.51	9.84	9.66
ICICIBC	8.19	8.31	8.12	8.63	9.13	9.75	9.86	9.81	9.79	9.88	9.80	9.73	9.65
IDFCFB	12.93	13.63	13.83	15.19	15.26	15.37	15.59	15.89	16.30	15.95	15.93	15.43	15.50
IIB	11.36	11.29	11.39	11.51	11.75	12.02	12.24	12.30	12.45	12.66	12.57	12.31	12.21
KMB	8.50	8.44	9.09	9.68	10.14	10.53	10.91	10.81	10.99	10.89	10.89	10.84	10.70
FB	8.04	7.92	7.94	8.29	8.78	9.13	9.21	9.35	9.37	9.48	9.43	9.35	9.39
BoB	6.92	6.81	6.58	7.22	7.78	8.47	8.40	8.43	8.51	8.75	8.55	8.48	8.35
CBK	7.23	7.22	7.03	7.24	7.45	7.70	8.43	8.56	8.60	8.71	8.66	8.77	8.79
PNB	7.11	6.64	6.49	6.91	7.23	7.90	8.05	8.15	8.45	8.44	8.33	8.31	8.38
SBIN	7.57	7.58	7.43	7.66	7.87	8.10	8.78	8.86	8.88	8.91	8.83	8.87	8.89
UNBK	7.20	6.98	7.14	7.65	7.84	8.03	8.43	8.81	8.75	8.87	8.72	8.70	8.78
INBK	7.19	7.00	7.16	7.48	8.19	8.17	8.53	8.75	8.78	8.81	8.69	8.77	8.92
AUBANK	13.89	13.75	14.51	15.06	14.81	14.43	14.40	14.28	13.88	13.64	16.22	16.50	16.55
RBK	11.26	12.22	12.35	12.21	12.78	13.54	13.87	14.03	14.00	14.12	14.17	13.54	13.30
BANDHAN	12.60	13.30	12.90	12.00	12.00	12.70	13.30	13.30	13.40	13.80	13.90	13.70	13.30
DCBB	10.67	11.00	10.65	10.81	10.99	11.67	11.55	11.56	11.44	11.71	11.50	11.39	11.44
REPO RATE	4.00	4.00	4.90	5.90	6.25	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50

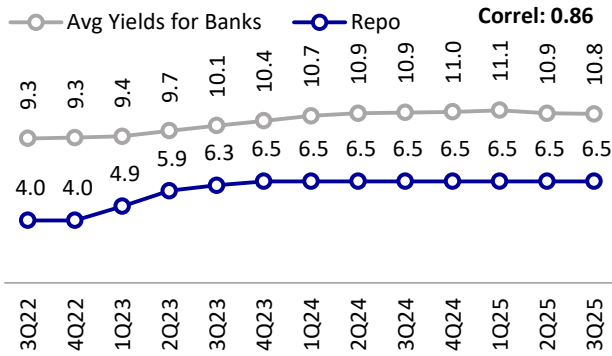
Source: MOFSL, Company

Exhibit 3: Select banks have already seen a NIM compression to the level before the rate hike, even before the actual rate cut impact

NIM (%)	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	Decline vs Rate start cycle
AXSB	3.53	3.49	3.60	3.96	4.26	4.22	4.10	4.11	4.01	4.06	4.05	3.99	3.93	0.33
HDFCB	4.10	4.00	4.00	4.10	4.10	4.10	4.10	3.40	3.40	3.44	3.47	3.46	3.43	-0.57
ICICIBC	3.96	4.00	4.01	4.31	4.65	4.90	4.78	4.53	4.43	4.40	4.36	4.27	4.25	0.24
IDFCFB	6.18	6.27	5.89	5.98	6.36	6.41	6.33	6.32	6.42	6.35	6.22	6.18	6.04	0.15
IIB	4.10	4.20	4.21	4.24	4.27	4.28	4.29	4.29	4.29	4.26	4.25	4.08	3.93	-0.28
KMB	4.62	4.78	4.92	5.15	5.47	5.75	5.57	5.22	5.22	5.28	5.02	4.91	4.93	0.01
FB	3.27	3.16	3.22	3.35	3.55	3.36	3.20	3.22	3.19	3.21	3.16	3.12	3.11	-0.11
BoB	3.13	3.08	3.02	3.33	3.37	3.53	3.27	3.07	3.10	3.27	3.18	3.10	2.94	-0.08
CBK	2.83	2.93	2.78	2.86	3.05	3.07	3.05	3.00	3.03	3.07	2.90	2.86	2.71	-0.07
PNB	2.93	2.76	2.79	3.00	3.16	3.24	3.08	3.11	3.15	3.10	3.07	2.92	2.93	0.14
SBIN	3.15	3.12	3.02	3.32	3.50	3.60	3.33	3.29	3.22	3.30	3.22	3.14	3.01	-0.01
UNBK	3.00	2.75	3.00	3.15	3.21	2.98	3.13	3.18	3.08	3.09	3.05	2.90	2.91	-0.09
INBK	3.03	2.87	3.10	3.20	3.74	3.59	3.61	3.52	3.49	3.52	3.53	3.49	3.57	0.47
AUBANK	6.30	6.30	5.90	6.20	6.20	6.10	5.72	5.50	5.50	5.10	6.00	6.05	5.90	-
RBK	4.34	5.04	5.04	5.02	5.27	5.62	5.53	5.54	5.52	5.45	5.67	5.35	4.90	-0.14
BANDHAN	7.80	8.70	8.00	7.00	6.50	7.30	7.30	7.20	7.20	7.60	7.60	7.40	6.90	-1.10
DCBB	3.61	3.93	3.61	3.88	4.02	4.18	3.83	3.69	3.48	3.62	3.39	3.27	3.30	-0.31
REPO RATE	4.00	4.00	4.90	5.90	6.25	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	1.60

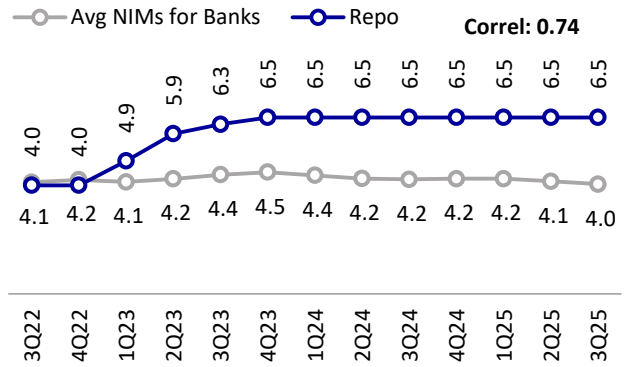
Source: MOFSL, Company

Exhibit 4: Average yields for banks and repo have a strong correlation of 86%



Source: MOFSL, Company

Exhibit 5: NIMs and repo rates have a healthy correlation of 74%



Source: MOFSL, Company

Exhibit 6: Cost of funds mounting across banks

COF (%)	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25
AXSB	3.77	3.83	3.89	4.09	4.34	4.75	5.03	5.17	5.35	5.43	5.44	5.45	5.46
HDFCB	3.71	3.63	3.10	3.30	3.50	3.70	4.00	4.80	4.90	4.90	4.90	4.90	4.90
ICICIBC	3.66	3.68	3.67	3.78	3.95	4.29	4.60	4.78	4.96	5.05	5.05	5.09	5.09
IDFCFB	5.51	5.14	5.62	6.11	6.35	6.28	6.59	6.74	6.92	6.62	6.94	6.75	6.95
IIB	4.26	4.08	4.14	4.41	4.72	4.92	5.31	5.40	5.46	5.59	5.62	5.61	5.70
KMB	3.17	3.17	3.26	3.58	3.83	4.11	4.62	5.10	5.24	5.00	5.10	5.15	5.06
FB	4.15	3.97	4.07	4.48	4.71	5.21	5.42	5.63	5.80	5.97	5.90	5.93	6.01
BoB	3.56	3.50	3.77	3.93	4.39	4.67	5.04	5.30	5.34	5.22	5.31	5.25	5.39
CBK	3.60	3.60	3.64	3.75	3.86	4.03	4.76	4.86	4.93	5.00	5.25	5.26	5.28
PNB	3.42	3.43	3.39	3.40	3.66	3.90	4.19	4.32	4.42	4.52	4.54	4.57	4.63
SBIN	3.76	3.69	3.84	4.01	4.26	4.48	4.82	5.01	5.31	5.03	5.40	5.31	5.40
UNBK	4.04	4.04	4.21	4.41	4.64	4.90	5.30	5.40	5.55	5.62	5.63	5.75	5.76
INBK	3.86	3.80	3.83	4.05	4.26	4.44	4.75	4.97	5.09	5.13	5.12	5.22	5.27
AUBANK	5.90	5.70	5.70	5.80	5.97	6.29	6.58	6.70	6.90	7.00	7.03	7.04	7.04
RBK	4.82	4.81	4.87	5.19	5.55	5.85	6.15	6.33	6.45	6.51	6.63	6.57	6.60
BANDHAN	5.20	5.10	5.30	5.50	5.80	5.80	6.40	6.50	6.60	6.60	7.00	7.00	7.10
DCBB	6.07	6.04	6.00	5.97	6.05	6.41	6.70	6.85	7.02	7.14	7.19	7.17	7.20
REPO RATE	4.00	4.00	4.90	5.90	6.25	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50

*HDFCB's CoF before 1QFY23 is on calc basis

**KMB's CoF before 1QFY25 is on calc basis

Source: MOFSL, Company

Unsecured loan growth has moderated sharply, amid the concerns of rising stress in the system

Exhibit 7: Unsecured loan growth has slowed significantly across banks

	Unsecured Growth YoY			Unsecured Mix (%)
	Sep'23	Mar'24	Dec'24	Dec'24
AXSB	39.2%	30.9%	13.5%	11.7%
HDFCB	13.9%	10.5%	10.1%	12.2%
ICICIBC	37.0%	33.4%	11.6%	13.5%
IDFCFB	33.9%	40.6%	6.5%	22.5%
IIB	27.5%	26.9%	1.7%	16.2%
KMB	50.5%	38.8%	4.6%	10.5%
FB	130.7%	90.7%	23.6%	4.9%
BoB	67.3%	51.6%	24.0%	3.0%
SBIN	17.8%	14.6%	2.8%	8.6%
RBK	32.4%	25.3%	4.6%	30.5%
BANDHAN	1.1%	10.8%	-1.4%	45.5%

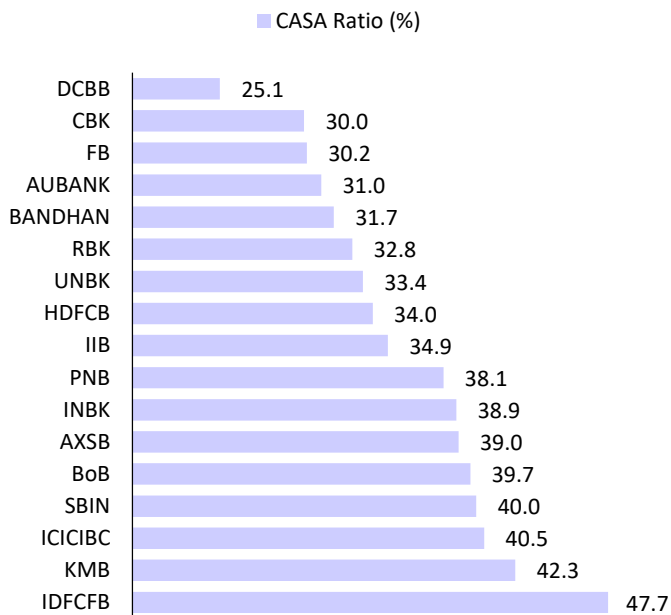
Source: RBI, MOFSL

Exhibit 8: One-year MCLR rate rose 20-30bp YoY for Private Banks and 20-35bp for PSBs

	2023				2024					2025	YoY Change
	Jan	Apr	Jul	Oct	Jan	Apr	Jul	Oct	Dec	Jan	(in %)
Kotak	8.95	9.10	9.25	9.35	9.45	9.45	9.50	9.55	9.55	9.55	0.10
IIB	9.95	10.20	10.25	10.30	10.35	10.40	10.45	10.55	10.55	10.55	0.20
RBL	9.95	10.20	10.10	10.20	10.30	10.37	10.30	10.50	10.45	10.45	0.15
Federal	9.20	9.30	9.45	9.50	9.70	10.55	9.70	9.80	9.90	9.90	0.20
BOB	8.50	8.60	8.65	8.70	8.80	9.70	8.90	8.95	9.00	9.00	0.20
CBK	8.35	8.65	8.65	8.70	8.80	8.85	8.95	9.05	9.10	9.10	0.30
INBK	8.30	8.60	8.65	8.70	8.80	8.90	8.95	9.00	9.05	9.05	0.25
PNB	8.30	8.50	8.60	8.65	8.70	8.85	8.85	8.95	9.00	9.00	0.30
UNBK	8.40	8.65	8.65	8.70	8.80	8.80	8.90	9.00	9.00	9.00	0.20
SBI	8.40	8.50	8.55	8.55	8.65	8.90	8.85	8.95	9.00	9.00	0.35

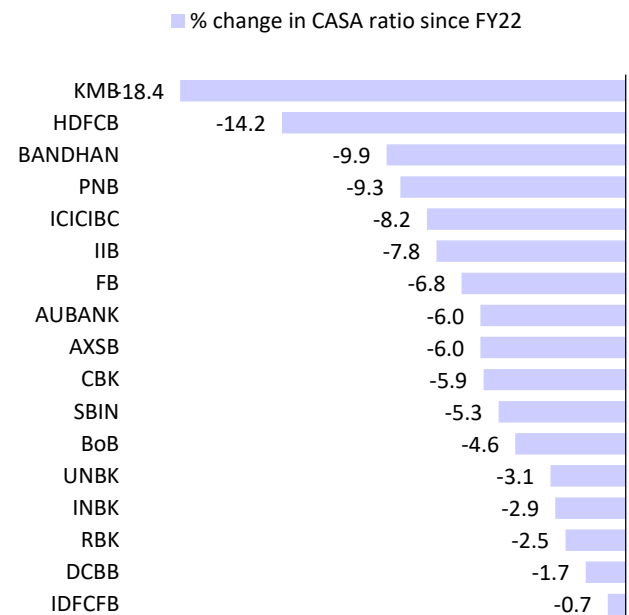
Source: RBI, MOFSL

Exhibit 9: CASA ratio continues to moderate for most banks



Source: MOFSL, Company

Exhibit 10: Decline in CASA ratio for banks since FY22



Note: Decline in HDFCB is attributed partly to the merger; , Source: MOFSL, Company

Exhibit 11: Peak term deposit rates across different buckets for major banks

(%)	7-14 days	0-3 months	3-9 months	9-15 months	15-36 months
Large Private Banks					
HDFCB	3.00	4.50	5.75	6.60	7.35
AXSB	3.00	4.50	5.75	6.70	7.25
ICICIBC	3.00	4.50	5.75	6.70	7.25
KMB	2.75	3.50	7.00	7.40	7.40
IIB	3.50	4.75	6.10	7.75	7.99
Mid-size Private Banks					
RBK	3.50	4.50	6.05	7.50	8.00
IDFCFB	3.00	4.50	5.75	7.25	7.90
BANDHAN	3.00	4.50	4.50	8.05	7.25
Federal	3.00	5.50	6.25	6.50	7.50
Small Finance Banks					
AUBANK	3.75	5.50	7.25	7.85	8.10
EQUITASB	3.50	4.50	6.75	8.10	8.15
JANASFB	3.00	5.00	7.50	8.25	8.25
UJJIVAN	3.75	4.25	7.50	8.25	8.00

Source: MOFSL, Company

Exhibit 12: Credit growth moderated sharply to 11.4% YoY

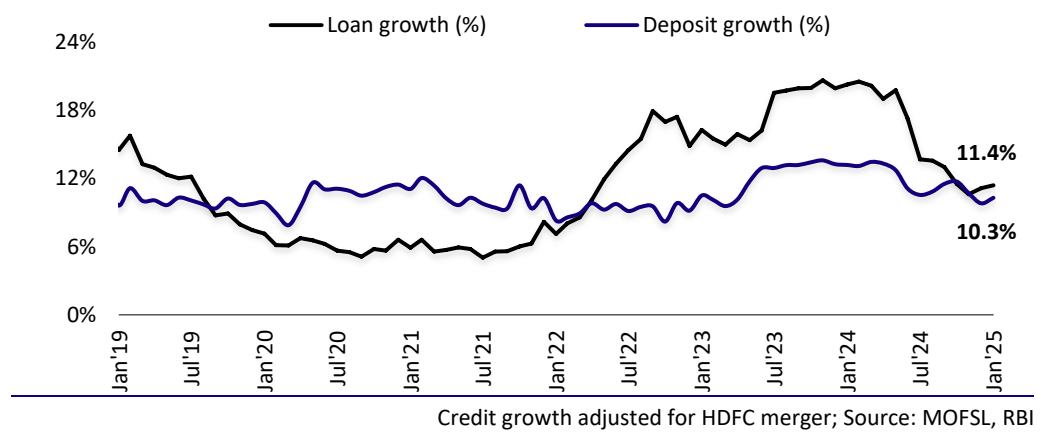
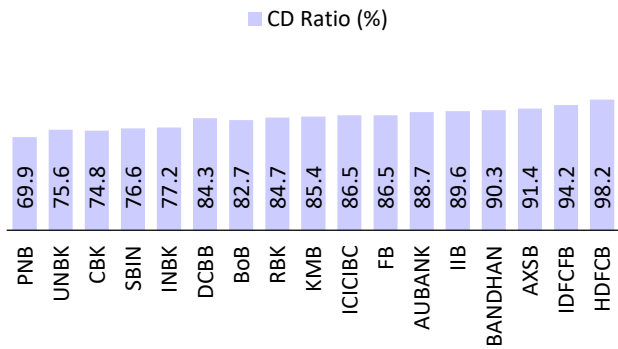
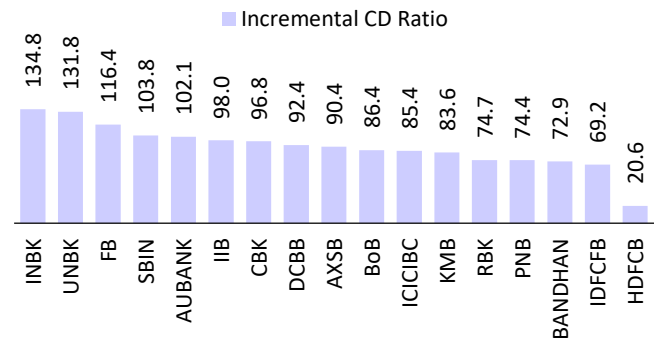


Exhibit 13: CD ratio remained high for Private Banks; PSBs have a lower CD ratio (as of 3QFY25)



Higher CD ratio for HDFCB amid merger; Source: MOFSL, Company

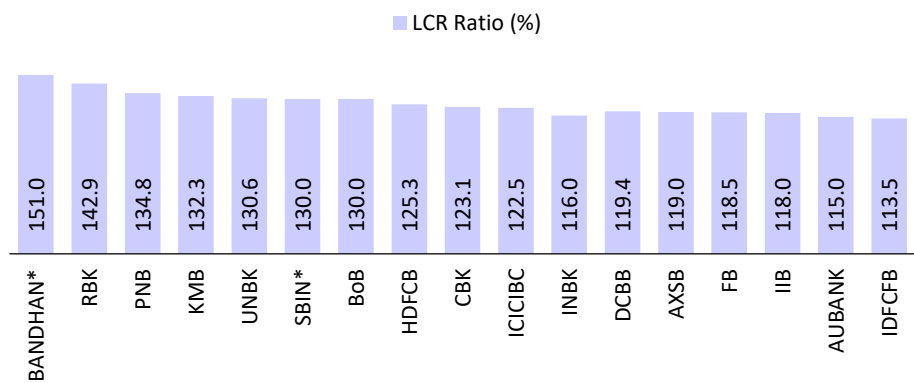
Exhibit 14: The incremental CD ratio though has been higher for most PSBs



Source: MOFSL, Company

Exhibit 15: LCR Ratio of various banks as of 3QFY25

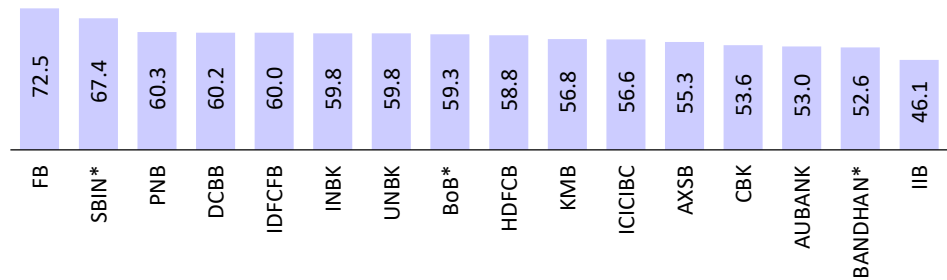
LCR ratio stands healthy for PSBs, while comparatively lower for private banks



*data indicates as on 2QFY25, Source: MOFSL, Company

Retail deposit mix stood healthy for PSBs

Exhibit 16: Retail deposits across banks as per LCR



*data indicates as on 2QFY25, Source: MOFSL, Company

Valuation and View

- As the banking sector navigates through a turn in the rate cycle, the outlook on margins and recovery in overall growth will be watched closely. While the 25bp rate cut in Feb'25 will only have a partial impact on yields during 4QFY25, the full impact on margins will be visible when banks report their 1QFY26 results.
- While the overall rate cycle will likely be a shallow one, we also remain watchful of further rate action by the RBI in its Apr'25 policy.
- Further repo reductions in FY26 are expected to exert downward pressure on loan yields and margins while the cost of funds reprices with a lag.
- The postponement of the LCR guideline provides a crucial relief to the banking system, particularly select private banks, allowing them to manage liquidity more effectively during a challenging environment. This regulatory flexibility alleviates the pressure from regulatory compliance and fosters a more stable operating environment.
- We expect banking system margins to compress further over the next few quarters and project earnings growth to bottom out in FY26E. We thus estimate Private Banks to deliver a PAT growth of 10.8% and 17.2% YoY in FY26 and FY27, respectively, while PSBs are expected to grow at 5.6% and 11.1% YoY over a similar period.
- Our banking coverage universe earnings are thus likely to grow at 13.5%, 8.4%, and 14.4% YoY over FY25, FY26, and 27E respectively. **Top picks: ICICI, HDFCB, SBI, and AUBANK.**

Exhibit 17: BFSI – Valuation summary

Val summary	Rating	CMP (INR)	Mkt. Cap (INRb)	TP (INR)	Upside (%)	Mcap (USDb)	EPS (INR)		RoA (%)		RoE (%)		P/E (x)		P/BV (x)	
							FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Private Banks																
ICICIBCB*	Buy	1,273	8,986	1,550	22	102.6	71.7	82.0	2.2	2.2	17.0	16.8	14.0	12.2	2.2	1.9
HDFCB*	Buy	1,745	13,344	2,050	17	152.4	95.4	109.4	1.8	1.8	13.9	14.3	15.2	13.3	2.0	1.8
AXSB*	Neutral	1,021	3,159	1,175	15	36.1	89.8	104.2	1.6	1.7	14.6	14.7	10.0	8.7	1.4	1.2
BANDHAN	Neutral	152	245	170	12	2.8	21.9	25.7	1.7	1.7	14.0	14.8	7.0	5.9	0.9	0.8
KMB*	Buy	1,916	3,808	2,100	10	43.5	80.3	95.7	2.2	2.3	13.5	14.0	15.4	13.0	2.0	1.7
IIB	Buy	1,065	830	1,200	13	9.5	110.4	136.5	1.4	1.6	12.0	13.3	9.7	7.8	1.1	1.0
FB	Buy	184	451	225	22	5.2	19.0	23.7	1.2	1.3	13.3	14.6	9.7	7.8	1.2	1.1
DCBB	Buy	123	39	160	30	0.4	24.1	30.6	0.9	1.0	13.4	14.9	5.1	4.0	0.6	0.5
IDFCFB	Neutral	64	467	70	10	5.3	4.4	6.7	0.8	1.0	8.1	11.2	14.5	9.5	1.1	1.0
EQUITASB	Buy	71	81	80	12	0.9	6.4	9.8	1.2	1.6	11.4	15.6	11.2	7.3	1.2	1.1
AUBANK	Buy	587	436	730	24	5.0	37.4	48.5	1.7	1.7	15.7	17.3	15.7	12.1	2.3	1.9
RBK	Neutral	168	102	170	1	1.2	20.5	32.1	0.8	1.1	7.9	11.6	8.2	5.2	0.6	0.6
PSU Banks																
SBIN*	Buy	752	6,714	925	23	76.7	84.1	94.1	1.0	1.1	17.2	16.8	6.0	5.3	0.9	0.8
PNB	Buy	100	1,146	125	25	13.1	16.6	18.7	1.0	1.0	14.9	14.9	6.0	5.3	0.8	0.7
BOB	Neutral	220	1,137	250	14	13.0	37.7	42.2	1.1	1.1	15.0	15.0	5.8	5.2	0.8	0.7
CBK	Buy	95	861	115	21	9.8	18.8	20.7	1.0	1.0	17.7	17.5	5.0	4.6	0.8	0.7
UNBK	Buy	119	911	135	13	10.4	22.8	24.4	1.1	1.1	15.5	14.7	5.2	4.9	0.7	0.7
INBK	Buy	548	738	670	22	8.4	84.0	92.3	1.3	1.2	17.3	16.6	6.5	5.9	1.0	0.9
Payments & Fintech																
One 97 Comm.	Neutral	798	507	950	19	6	-3	13	-1.0	3.7	-1.7	6.6	-236.1	61.1	4.0	4.0
SBI Cards	Neutral	811	771	800	-1	9	30	40	4.1	4.6	18.9	20.8	26.9	20.4	4.7	3.9
Life Insurance																
HDFC Life Insur.	Buy	632	1,359	800	27	15.5	9.7	11.1	NA	NA	16.5	17.1	64.9	56.7	2.1	1.8
ICICI Pru Life	Buy	600	864	780	30	9.9	10.2	13.4	NA	NA	19.5	20.0	59.1	44.6	1.4	1.2
SBI Life Insurance	Buy	1,465	1,467	1,900	30	16.7	24.4	27.4	NA	NA	19.6	18.8	60.1	53.4	1.7	1.5
Max Financial	Neutral	1,108	382	1,180	7	4.4	16.9	22.8	NA	NA	19.4	19.3	65.5	48.6	1.7	1.4
Life Insurance Corp.	Buy	829	5,242	1,200	45	59.9	71.4	77.1	NA	NA	11.1	10.9	11.6	10.7	0.6	0.5
General Insurance																
Star Health	Buy	436	255	560	29	2.9	18.4	25.4	NA	NA	13.6	16.2	23.7	17.1	3.0	2.6
ICICI Lombard	Buy	1,827	904	2,300	26	10.3	60.8	69.9	NA	NA	20.1	19.9	30.0	26.1	5.6	4.8
Broking and Exchanges																
Angel One	Buy	2,440	220	3,200	31	3	161	215	NA	NA	22.2	25.4	15.2	11.4	3.1	2.7
BSE	Buy	5,568	754	6,900	24	9	138	168	NA	NA	44.2	46.3	40.4	33.2	39.7	32.7
MCX	Neutral	6,027	307	6,100	1	4	144	178	NA	NA	46.7	52.3	41.9	33.9	18.7	16.9
Wealth Management																
Anand Rathi Wealth	Neutral	3,770	157	4,200	11	2	95	115	NA	NA	46.3	40.5	39.6	32.9	15.7	11.6
Nuvama Wealth	Buy	5,903	208	6,800	15	2	306	341	NA	NA	31.0	30.8	19.3	17.3	5.6	5.0
360 ONE WAM	Buy	1,010	392	1,350	34	4	33	39	NA	NA	19.4	21.7	30.7	25.9	5.7	5.5
Prudent Corp.	Neutral	2,482	103	2,200	-11	1	60	76	NA	NA	32.5	30.9	41.1	32.6	58.2	44.2
Intermediaries																
Cams Services	Buy	3,663	179	4,600	26	2	111	132	NA	NA	46.0	46.6	33.1	27.8	14.1	12.0
KFin Technologies	Neutral	1,170	200	1,300	11	2	26	32	NA	NA	33.0	34.5	45.6	36.1	13.8	11.4
CDSL	Neutral	1,328	278	1,500	13	3	34	42	NA	NA	38.0	40.8	38.8	31.3	13.8	11.9
AMCs																
Aditya Birla AMC	Buy	703	202	850	21	2	37	42	NA	NA	28.5	28.8	19.0	16.7	5.1	4.6
HDFC AMC	Buy	3,934	839	5,200	32	10	139	159	NA	NA	36.9	38.2	28.2	24.8	9.9	9.0
Nippon Life AMC	Buy	605	381	850	40	4	26	30	NA	NA	39.4	45.5	23.7	20.1	9.2	9.0
UTI AMC	Buy	1,055	134	1,300	23	2	79	89	NA	NA	18.6	19.9	13.4	11.8	2.4	2.3
Housing Finance																
LIC Housing Fin	Buy	576	317	690	20	4	95.1	107.7	1.6	1.7	13.9	14.1	6.1	5.4	0.8	0.7
PNB Housing	Buy	906	235	1,160	28	3	88.9	107.6	2.5	2.6	12.9	13.9	10.2	8.4	1.2	1.1
AAVAS Financiers	Neutral	1,724	135	1,800	4	2	88.9	108.8	3.3	3.4	14.9	15.7	19.4	15.9	2.7	2.3
Home First Fin.	Buy	1,015	90	1,280	26	1	52.5	64.0	3.4	3.4	17.4	18.0	19.3	15.8	3.1	2.6
Can Fin Homes	Neutral	667	89	775	16	1	68.8	78.9	2.2	2.2	16.6	16.4	9.7	8.4	1.5	1.3
Repco Home Fin	Neutral	397	25	480	21	0	69.9	77.9	2.8	2.8	12.4	12.3	5.7	5.1	0.7	0.6

Val summary	Rating FY27E	CMP (INR)	Mkt. Cap (INRb)	TP (INR)	Upside (%)	Mcap (USDb)	EPS (INR)		RoA (%)		RoE (%)		P/E (x)		P/BV (x)	
							FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Vehicle Finance																
Chola. Inv & Fin.	Buy	1,382	1,161	1,475	7	13	66.8	88.0	2.6	2.8	20.9	21.7	20.7	15.7	3.8	3.1
M & M Financial	Buy	297	367	335	13	4	24.5	30.8	2.1	2.3	13.9	15.8	12.1	9.6	1.6	1.4
Shriram Finance	Buy	566	1,064	700	24	12	52.6	63.6	3.2	3.3	15.8	16.4	10.8	8.9	1.6	1.4
IndoStar Capital	Buy	270	37	325	20	0	9.3	18.6	1.1	1.7	3.9	7.2	29.0	14.5	1.1	1.0
Gold Finance																
Muthoot Finance	Neutral	2,232	896	2,060	-8	10	152.4	171.0	5.3	5.2	19.9	19.1	14.6	13.1	2.7	2.3
Manappuram Finance	Neutral	206	174	205	0	2	28.8	35.9	4.3	4.6	16.9	18.1	7.2	5.7	1.1	1.0
Diversified																
Bajaj Finance	Neutral	8,508	5,266	8,300	-2	60	343.7	435.6	4.0	4.1	19.8	21.0	24.8	19.5	4.5	3.8
Poonawalla Fincorp	Buy	319	247	360	13	3	14.1	21.2	2.8	3.2	12.7	16.7	22.7	15.0	2.7	2.3
Aditya Birla Cap	Buy	169	441	240	42	5	15.2	19.4	0.0	0.0	12.5	14.1	11.1	8.7	1.3	1.2
L&T Finance	Buy	151	376	180	19	4	13.0	17.9	2.5	2.8	12.1	14.9	11.6	8.4	1.3	1.2
Piramal Enterp.	Neutral	1,042	234	1,025	-2	3	49.5	66.0	1.1	1.3	4.1	5.2	21.1	15.8	0.8	0.8
MAS Financial	Buy	258	47	330	28	1	21.7	26.4	3.0	3.1	14.7	15.6	11.9	9.8	1.6	1.4
IIFL Finance	Buy	360	152	510	42	2	46.7	58.4	3.2	3.3	15.1	16.3	7.7	6.2	1.1	0.9
Microfinance																
CreditAccess	Buy	1,077	172	1,070	-1	2	90.2	129.5	4.4	5.3	18.6	21.8	11.9	8.3	2.0	1.6
Fusion Finance	Neutral	192	19	165	-14	0	30.7	51.7	2.8	4.0	13.2	18.8	6.3	3.7	0.8	0.6
Spandana Sphoorty	Buy	346	25	395	14	0	11.9	47.0	0.9	2.9	3.1	11.3	29.2	7.4	0.9	0.8
Power Financiers																
PFC	Buy	406	1,338	560	38	15	56.6	62.0	3.1	2.9	19.2	18.4	7.2	6.5	1.3	1.1
REC	Buy	435	1,145	630	45	13	69.8	79.4	2.7	2.6	21.0	20.5	6.2	5.5	1.2	1.0
MSME																
Five-Star Business	Buy	762	223	930	22	3	42.1	49.0	7.7	7.1	17.9	17.5	18.1	15.6	3.0	2.5

*Adjusted for subsidiaries

**BV represents EV, RoE represents ROEV and P/ABV represents P/EV

***For Paytm, ABV represents Sales per share

Source: MOFSL, Company

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