

We go UW on Financials and cut our exposure from 29% to 25%, with no exposure to large-cap and PSU banks. Structurally, rising competition has ended hyper-growth for large private banks, and they are unlikely to gain meaningful market share from here. The recent rally has pushed multiples back above fair value, and we see a time-correction ahead. We do expect a strong cyclical earnings recovery for lenders in FY27, led by a reviving credit cycle and bottoming margins at large private banks. We prefer to play that through SMID banks and NBFCs, with capital markets being our other preferred sector.

Cyclical earnings recovery

We expect FY27 to be a recovery year, with sector EPSg rebounding to ~15% after two years of single-digit earnings growth. Credit growth should stay elevated at 15% after a strong FY26 (FY22-25 CAGR: 15.4%), led by retail revival – vehicle and unsecured loans first, with mortgages later in 2H CY27. Deposit growth is the swing factor: as RBI rupee defense eases and liquidity improves, M3 and deposits should rise, relieving the stressed loan-deposit ratio. RoA repair is the key profitability story – NIMs normalize after the upfront hit from 125bps of rate cuts, lower deposit repricing reduces funding costs, and credit costs normalize further. We see 90-280bps RoE improvement for large private banks, though still stuck at 14-16%.

Structural issues

The cyclical upturn masks a tougher structural reality. Competitive intensity is rising on three fronts – larger banks struggling to gain market share; disintermediation in the wholesale space through bond markets; and disruption of payments, distribution, and unsecured lending hurting long-term profitability. Consequently, the hyper-growth for private banks is largely over, with rich RoAs also under threat. FDI and strategic capital are key positives for SMID banks – recent investments (eg Warburg/ADIA into IDFC First) provide long-term growth capital, ease dilution overhangs, and signal confidence in franchise-building runway.

Valuations

We believe that large-cap bank valuations are still above the fair-value zone, despite the multi-year de-rating. On a DDM basis, all 'quality' names price in BVPSg above RoE, which is unlikely given the high base and the lack of risk appetite. We, therefore, remain cautious on this space, as the market continues to extrapolate past some of the hyper-growth despite the structural downward shift in growth. The re-rating potential lies in franchises with a credible RoA-repair path, with historic valuation ranges largely irrelevant.

Segmental preference

We go Underweight on the sector and recommend a stock selection approach. We prefer SMID private banks, capital-market plays, and NBFCs over large private banks, PSU banks, and Insurance. SMID private banks offer the clearest RoA-recovery story, backed by improving CASA and a turnaround in asset quality, while capital-market intermediaries benefit from the structural shift in household savings toward equities. We are Neutral on NBFCs, where we see growth beta, and cautious on PSU banks, which face a tough FY27 from the collapse in treasury profits.

Key stock ideas

We exit HDFC Bank and have zero exposure to large private banks and PSUs. We switch our NBFC exposure from SHFL to MMFS, as we see stronger rerating potential (both playing on the auto theme). In AMCs, we switch from ICICIAMC to ABSLAMC as a more high-beta exposure, in line with our positive view on the markets. Our Financials exposure falls from 30% to 25% and we add Godrej Consumer to fill the gap.

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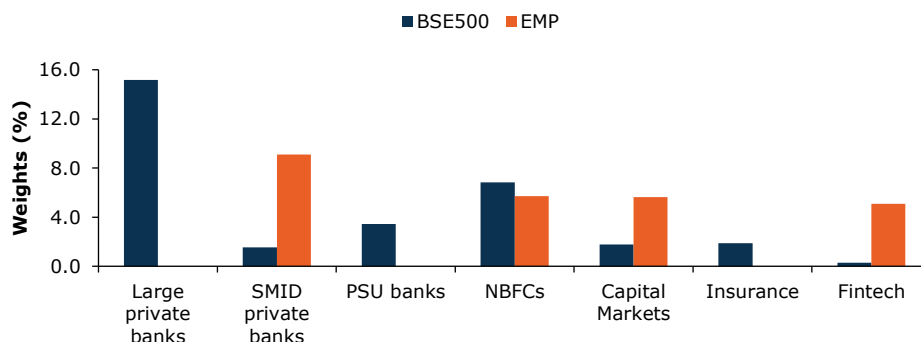
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Investment thesis

Exhibit 1: Weights of BSE500 vs Emkay Model Portfolio

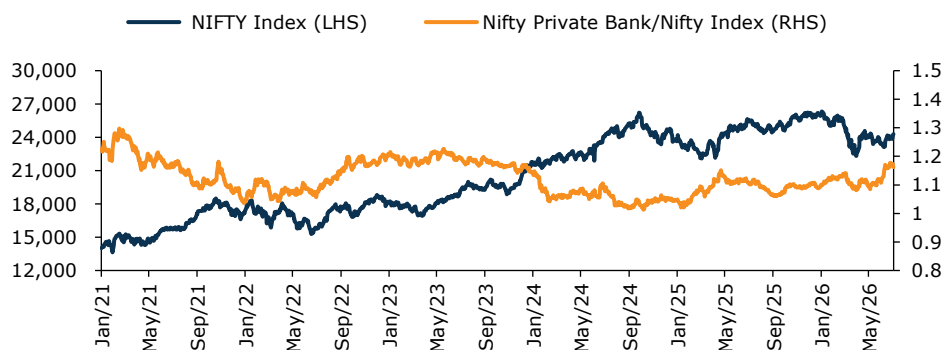


Source: Company, Capitaline, Bloomberg, Emkay Research

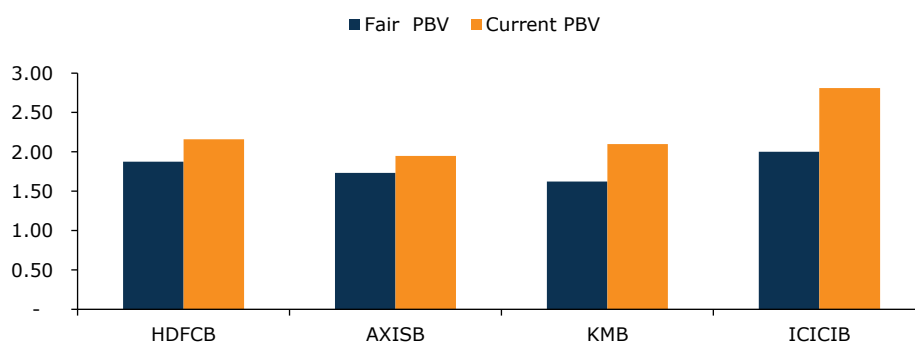
Large private banks – UW

- Large private banks face multiple challenges to growth. The high base, loss of competitive edge to PSUs and fintechs, and low-risk mindset limits growth opportunities to the mid-teens. Their market-share gains are, therefore, more moderate. Profitability is also under pressure, as margins are under threat with no offsets from opex or credit costs in future.
- That said, we expect FY27 to be a strong year for this cluster. The high dependence on mortgages/EBLR drove a brutal 340–420bps NIM hit in FY26, and we expect a partial recovery in FY27 as deposits reprice downward. Credit costs should be stable and the FY27E EPSg for this cohort is on track to be the best in 3-4 years.
- The FY27E EPS pop is, however, largely priced in, with the NSEPBANK having rallied 18.2% from the 30-Mar lows and valuations coming out of the attractive zone. We see this segment as a market performer, at best, but likely to underperform a bull market from this point forward.
- Longer term, we expect a steady derating of this cluster, as growth continues to be sub-par and BVPSg plugs below implied levels at current valuations. We believe the fair value multiples of this cohort lie between 1.7x and 2x, and the stocks will de-rate over time to these levels. Till then, they will provide tactical trading opportunities but underperform over the long term.
- ICICI remains the strongest bank in the sector, but leaves little upside at 2.4x PBV. HDFC and Axis are relatively underpriced and have to deliver consistent growth to offer meaningful stock upside – we will watch that trend from here on. Kotak is starting to deliver growth, but is too conservative given its capital drag, and the management change now creates an overhang. The turnaround in IIB is largely priced in at 1.3x PBV, and the risk-reward does not look attractive – the exit multiple needs to be 1.6x for a 25% return and that looks unlikely.
- We cut our exposure to this segment to zero. The recent rally has taken valuations above fair value, and we see large banks underperforming a rising market. We recognize this as a high-risk position as large banks are 20%/9% of the Nifty/BSE500, respectively, but this is a structural call. We believe that the next bull-market leaders will come from consumer discretionary and industrials.

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Exhibit 2: Nifty private banks – recent outperformance after multi-year drag

Source: Bloomberg, Emkay Research

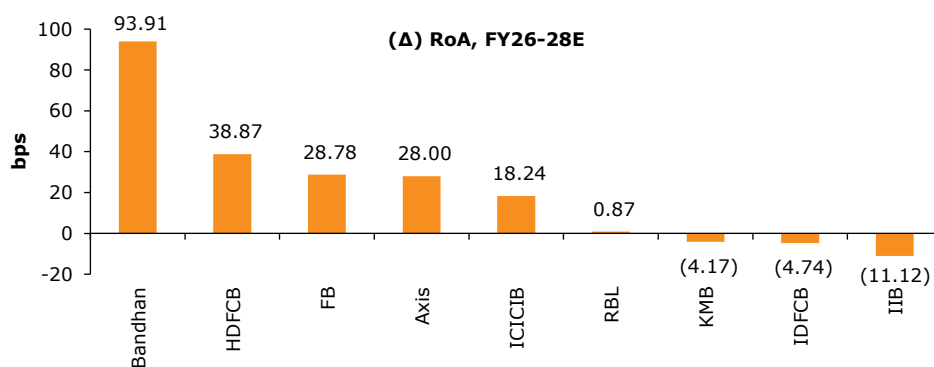
Exhibit 3: Large private banks trading above fair value

Source: Company, Capitaline, Bloomberg, Emkay Research

SMID private banks – OW

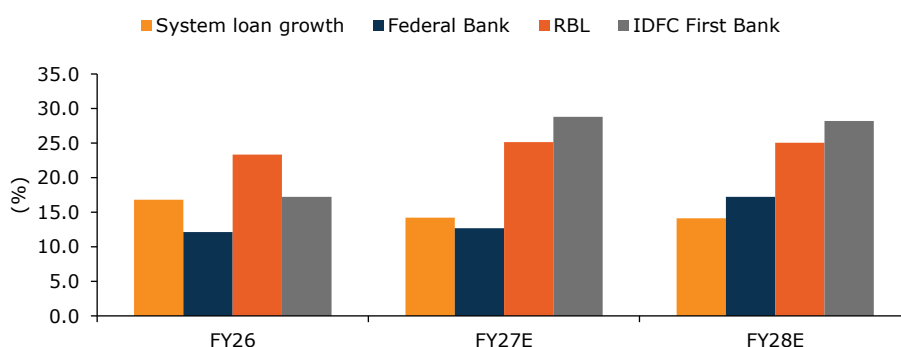
- SMID banks are in breakout mode. They are expected to outperform the sector on growth and RoA improvement and are set to deliver the strongest earnings growth in this universe. On the other hand, valuations still lag those of large-caps by a wide margin (some of them deserved because of weaker risk profiles). We see alpha opportunities in this segment.
- FDI investment in IDFC/Federal/RBL/Yes is a big positive. It gives the banks a solid base of capital, with anchor investors addressing future capital anxiety, too. In RBL and Yes, we expect positive management changes with focus on tech, systems, HR, and compliance. This opens the door for them to accelerate market-share gains and deliver sustained high growth, especially as the operating environment is expected to be strong over FY27-28.
- These stocks, therefore, represent growth beta. We believe that they will outperform the sector by a considerable margin in this strong growth upcycle over the next 2-3 years, with ~20% growth on a sustained basis. We also expect their deposit profiles to improve as they deepen their franchises, helped also by an easy liquidity regime.
- We are OW in this sector, with IDFC and RBL as our key picks.

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Exhibit 4: Private banks' (Δ) RoA over FY26-28E

Source: Company, Capitaline, Emkay Research

Exhibit 5: Loan growth for banks making capital issuances

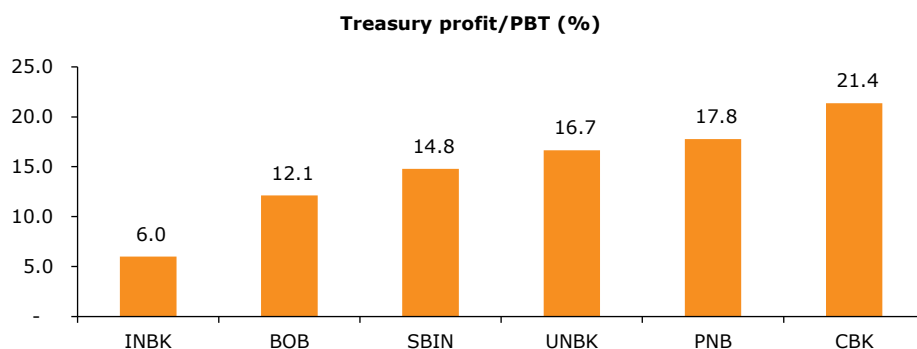


Source: RBI, Company, Emkay Research

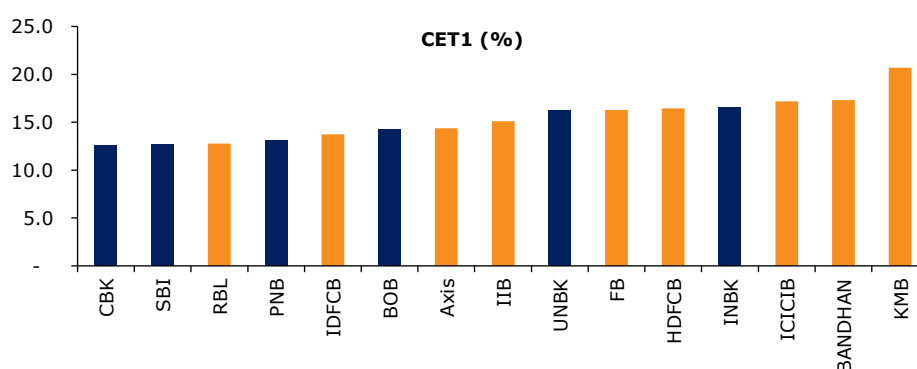
PSU banks – UW

- Fundamentally, PSU banks remain mispriced vs large private banks. RoE and growth are converging, but the PSU pack remains largely at <50% of private bank PBV. However, we think that the PSU bank outperformance over private banks will now stutter.
- We expect FY27 to be a challenging year for PSU banks. The high dependence on treasury profits in FY26 (6-21% of PBT) will drag EPSg to low single-digits for FY27. As a result, most of the banks are expected to see a drop in RoE. The drop in treasury profits could also force managements to rethink their aggressive pricing policies on retail loans, which would impact market-share gains.
- RoEs have peaked in the medium term. There are very few RoA levers left – in fact, there is a risk of upward normalization of credit costs as the benefits of past NPL recoveries start to taper.
- PSUs have operated at CET1 ratios of 12-16% vs private banks' at 13-20%, giving them a like-to-like RoE advantage. The ECL norms are likely to hurt capital by 3-5%, which would necessitate capital raises. This would narrow the advantage. The consequent RoE dilution is yet to be baked into consensus numbers.
- We have zero weight in the segment. SBI remains our favorite, given the strength of its franchise and aggressive execution in the post-Covid phase. However, the stock is fully valued at 1.6x PBV and the implied exit multiple of 1.7x PBV for a 20% return is too optimistic, in our view.

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Exhibit 6: PSU banks – high dependence on treasury profits in FY26 to drag EPSg/RoE in FY27

Source: Company, Emkay Research

Exhibit 7: PSU banks operating with thinner capital base – not sustainable

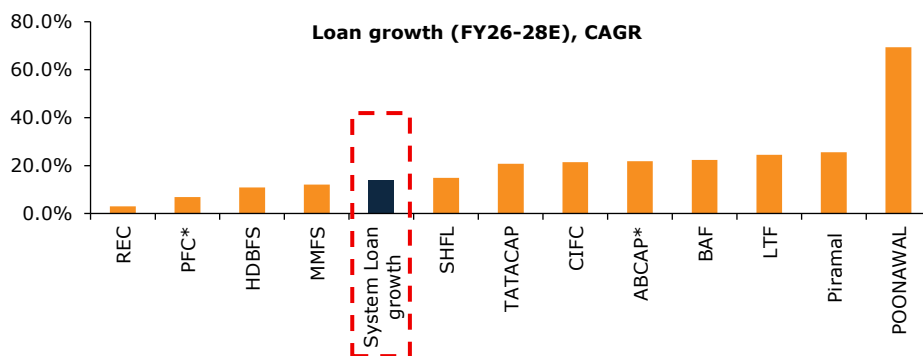
Source: Company, Capitaline, Emkay Research

NBFCs – N

- We expect NBFCs to outperform large banks on growth. They are, essentially, asset origination engines, and some of them have now developed better ground reach. A benign rate environment also gives them an additional funding lever to growth. Our coverage universe of NBFCs is expected to post 21%/20% growth vs banks' 15%/16% for FY27/FY28, respectively.
- Margins should stabilize in FY27 as NBFCs see some upfront benefits in a falling rate environment. NBFCs with large mortgage exposures see more stable margins as they face some asset repricing upfront, too.
- The recent rally (stocks up 15-60% in the last 1Y) has taken the sector out of valuation comfort zone. However, unlike large banks, this is supported by high growth and sustained profitability.
- We prefer the turnaround stories in this sector as the scope for multiple expansion is the highest. Key stocks in this bucket are ABCAP, LTFIN, POONAWALA, and MMFS – we pick MMFS as valuations are still moderate and the transformation story is likely to play out over the next 12-18 months.

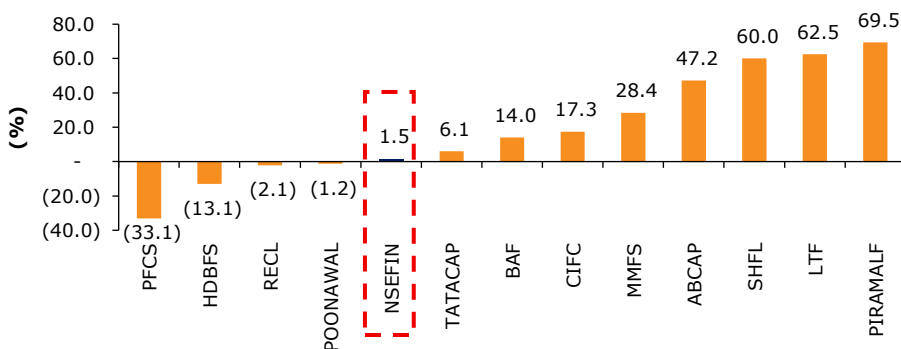
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Exhibit 8: NBFC vs system loan growth (FY26-28E)



Source: RBI, Company, Capitaline, Emkay Research

Exhibit 9: NBFCs vs NSE Financial Services – 1Y return

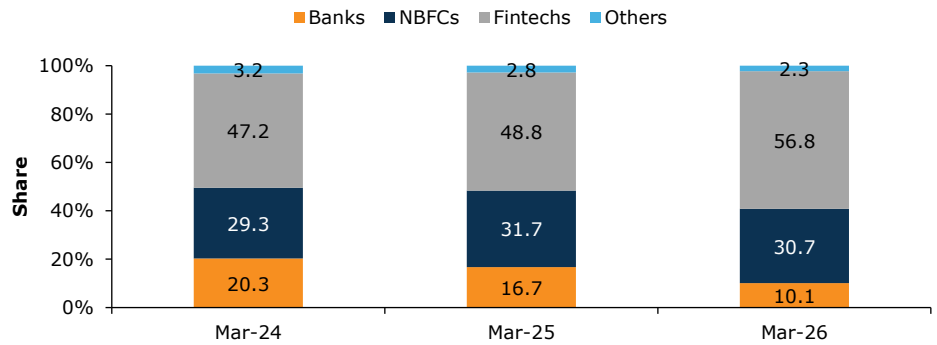


Source: Company, Capitaline, Bloomberg, Emkay Research

Fintechs – OW

- Fintechs have developed strong customer ownership through the payments space. They have captured a large share of payments, at the expense of banks. This has given them a strong customer franchise, which they are now monetizing through loan distribution. Even in the capital markets space, they have displaced bank-led players through superior technology and low-cost customer acquisition.
- One worry is that digital loan distribution is getting commoditized. The competitive intensity of the space is increasing and, as more players build large datasets, exclusive access to customers and credit-scoring models are becoming more accessible to a larger pool of fintechs. We expect this to put pressure on long-term take rates – while volume growth will remain robust, revenue growth may lag.
- We prefer stocks at FY27E EV/Sales of 4-6x depending on growth and profitability outlook. We are not too obsessed with near-term profitability, as long as the TAM is underpenetrated and unit economics are sustainable over the long term.
- We like Pine Labs for its unique model with multiple monetization levers, strong moat in its specific segments, and strong execution.

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Exhibit 10: Share of small-ticket* retail loans

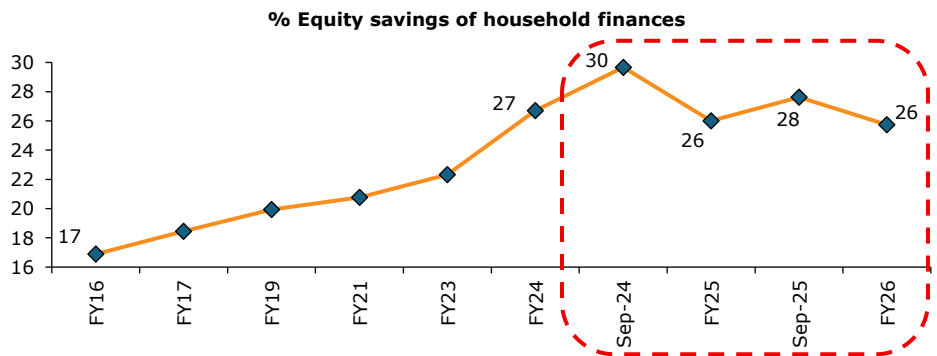
Source: RBI, Emkay Research; Note: *small ticket – less than Rs50k

Fintechs grew small-ticket PL credit by 41.6%, lifting their market share to 56.8% by Mar-26

Capital markets – OW

- Capital markets is a structural long-term theme. We estimate that the share of equities in household financial savings has expanded from 17% to 26% over FY16-26, driven by low interest rates and better access to equities. We believe this ratio will move to 45% by FY35, driven by increased allocation and M2M gains. We, therefore, see a sustained growth story for capital market intermediaries.
- The sector has faced aggressive regulatory tightening in FY26 – a clampdown on retail derivatives trading, lower expense caps for MFs, and tightening of funding to private investors. We think this is now largely done and see aggressive growth resuming from FY27. Our constructive view on Indian equities is an additional tailwind.
- We prefer wealth managers and AMCs as the best ways to play this. We are selective about brokers as competitive pressures remain intense. We avoid RTAs/exchanges/market infra players, as we prefer to play this theme through customer-facing businesses, which can withstand the inevitable yield pressures better.

The share of equities in HH savings surged from 17% in Mar-16 to 30% in Sep-24; overall HH ownership of equities has compounded at 1% per annum during FY16-26; the trend has faltered between Sep-24 and Mar-26, due to M2M effect

Exhibit 11: Rising share of equity savings in Indian households

Source: Company filings, RBI, PFRDA, EPFO, IRDA, CMIE, WGC, DGCI&S, Capitaline, Emkay Estimates

Life Insurance – UW

- The derating in the sector, with P/EV declining from 0.99-1.39x FY23 to 0.98-1.24x today, has reduced the unreasonable valuation froth. The sector is a compounding story, with mid-teens growth and does not warrant 3-4x P/EV ratios, which implies hyper-growth and, like banks, future capital raises at a premium.
- The sector is hamstrung by regulatory overhang and the prospect of aggressive regulation of upfront distribution charges. Overall expense ratios could also be regulated, but the impact of that would be minimal. We think this is the last leg of aggressive regulation, and we can expect more predictability once this is done in the next 2-3M.

- Our contrarian view is that capping of upfront distribution fees could be a blessing in disguise. It allows an alignment of interest through the chain—insurers, distributors, and customers—and could drive an expansion of TAM in 2-3 years. However, there would be significant upfront pain as the system adjusts to the new reality.
- The top 3-4 bank-owned insurers are strong franchises, and have built great execution capabilities. They have also navigated the changing regulatory landscape with flexibility, and delivered growth despite these challenges. We see them as strong compounding stories, but look for better entry opportunities.

General insurance – UW

- The sector penetration is reasonably high, and growth is likely to be at 1.3-1.5x nominal GDP. Private sector should grow faster, but PSUs will stay relevant and not just give up market share. The business is reasonably cyclical, with close correlation to auto and private-capex growth.
- Valuations remain challenged, with stocks trading at ~25x 1YF multiples with RoEs at 16-17% and EPSg at 16-18%. We believe the sector could de-rate further as growth is unlikely to surprise on the upside and combined ratios remain challenged at >100% across categories.
- We maintain zero exposure to the sector.

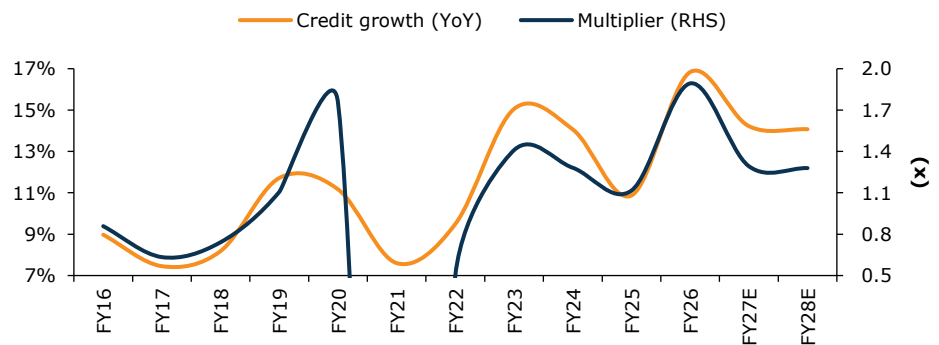
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System growth

- Credit offtake accelerated sharply in FY26, mainly in 2H. It overshoot our forecasts significantly (14% vs 11%), with the oil price shock driving growth for the wholesale segment. Retail growth remained largely in line.
- We see growth moderating and forecast 14.2%/14.1% for FY27/FY28, respectively, with the froth in industry and SME lending moderating as working capital cycles moderate and commodity prices cool off.
- However, we see credit/GDP rising to 60% by FY28. The ratio stagnated during FY21-25, but is now set to break out to higher levels as both demand and supply improve.
- The implied credit multiplier is at a moderate 1.3x, far below the elevated 1.9x for FY26 and closer to the long-term median.
- We see a change in the growth mix for FY27/FY28 – retail should re-emerge as the key driver as the commodity-related froth cools off.
- Demand for retail credit remains strong. The stimulus of CY25 should drive an extended consumption cycle, which translates to strong retail demand.
- Wholesale was inflated by the commodity spike of FY26, and should cool down. However, we do not see a return to the mid-single-digit era post-AQR.
- MSME growth of 30% was inflated by commodity shock and government schemes, and should now normalize downward. It, however, remains a high-growth area.

We expect steady credit growth, largely supported by deposit and money supply growth rather than an elevated multiplier effect

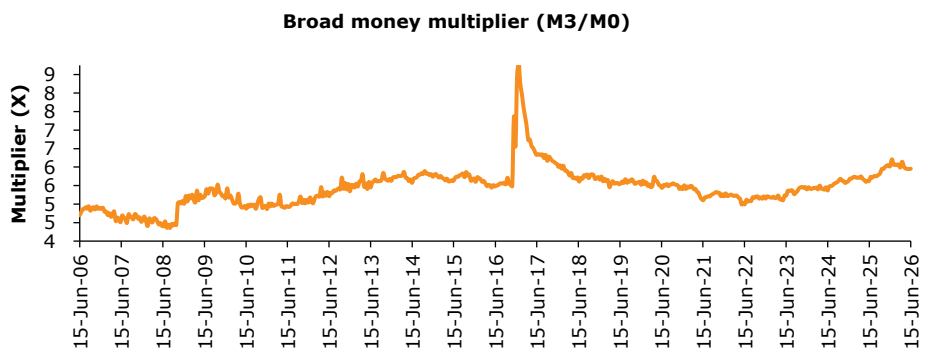
Exhibit 12: Credit multiplier to normalize to historical levels



Source: RBI, Emkay Estimates; Note: Data includes HDFC merger impact

Improved broad money multiplier should facilitate efficient monetary transmission

Exhibit 13: Gradual improvement in broad money multiplier

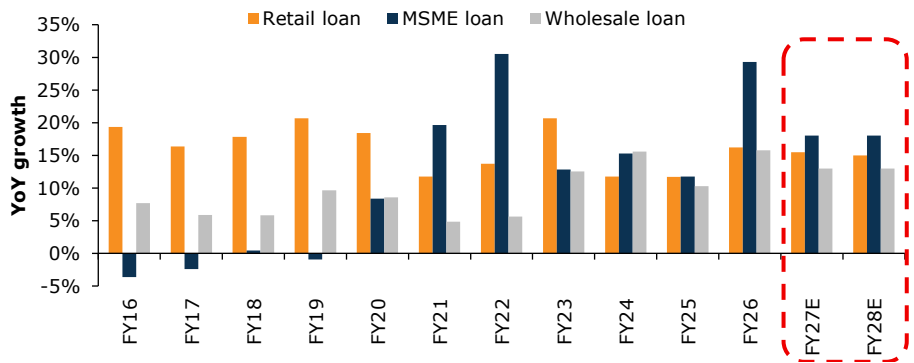


Source: RBI, Emkay Research

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MSME and wholesale credit should moderate from FY26 highs as commodity-related froth unwinds; retail to remain strong

Exhibit 14: Retail to re-emerge as the key driver of credit growth

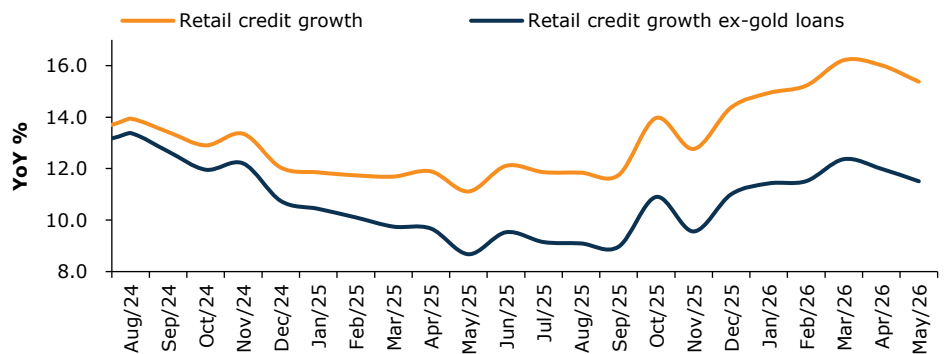


Source: RBI, Emkay Estimates; Note: Data includes HDFC merger impact

- We expect retail growth to continue to show strong momentum, led by a strong consumption cycle and lenders’ growth appetite returning. We forecast 15.5%/15% for FY27/FY28, respectively (vs 16.2% in FY26).
- The retail lending cycle turned in Oct-25, after aggressive easing and deregulation by the RBI from Jan-26. RBI cut rates by 125bps and relaxed many guidelines, including higher risk weights and LDR restrictions.
- Retail growth collapsed after the RBI’s aggressive non-monetary measures in CY24.
- Banks tightened lending norms, especially in the smaller ticket-size category. This was driven by RBI nudges and some asset-quality pressures in lower-size categories.

Retail credit is expected to remain resilient, supported by policy easing, stronger consumption, and improving lender appetite

Exhibit 15: Gold loans now a meaningful contributor to retail credit



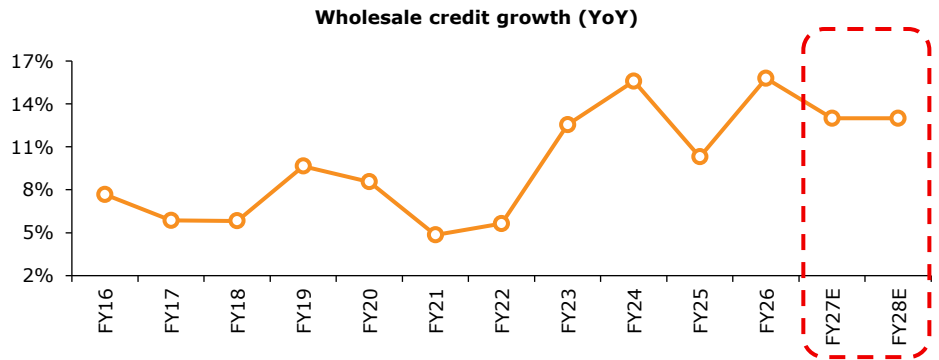
Source: RBI, Emkay Research

- Wholesale credit growth has been steadily rising but unable to break out of the 8-12% range, and lagged GDP growth and corporate toplines.
- The gap between retail and wholesale is now narrowing, and the share of wholesale has been steady since FY24.
- There was a one-time pop in FY26 because of the energy crisis, which led to price inflation for RM/FG and boosted working capital. We expect it to moderate back to 13%/13% for FY27/FY28, respectively.
- Structurally, banks face multiple challenges in this segment. First, corporate borrowing appetite has shrunk over the years due to balance-sheet deleveraging.
- Second, corporate capex has been anemic since the banking NPA crisis and the subsequent AQR. Capex/GDP has slightly risen by 67bps to 3.1% of GDP (FY22-26) but is still less than half of the FY11 peak.

- Third, banks have been losing market share to the bond market, partly due to regulations like Large Exposure Framework.
- Fourth, banks remain risk-averse in this segment, gravitating to the AAA/AA borrower categories. This is justified, given the experience of the last NPL cycle, but it does impact long-term growth. The transition to the ECL framework further exacerbates the problem – the P&L risk of a large exposure going bad is now debilitating due to the upfront hit.
- Recent actions by the RBI should help banks recover some share in the corporate lending space, but profitability will remain challenged.

FY26 commodity-driven boost is expected to fade, with wholesale credit normalizing as working capital demand eases

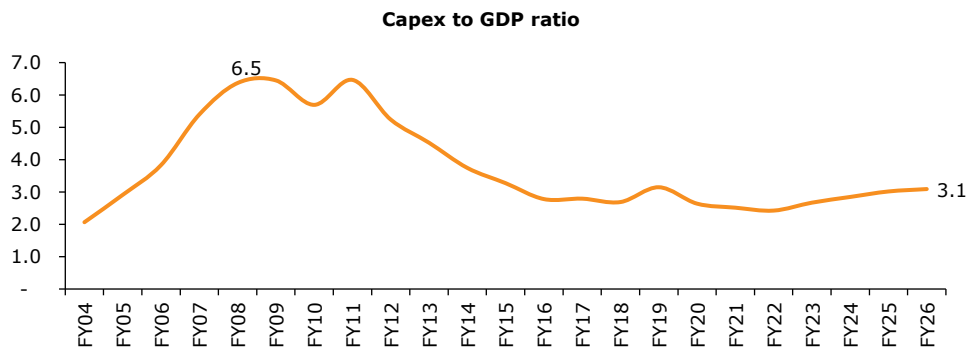
Exhibit 16: Wholesale credit growth remains constrained in a range



Source: RBI, Emkay Estimates; Note: Data adjusted for HDFC merger impact

Corporate capex has improved modestly, but remains well below the previous cycle, limiting structural demand for wholesale credit

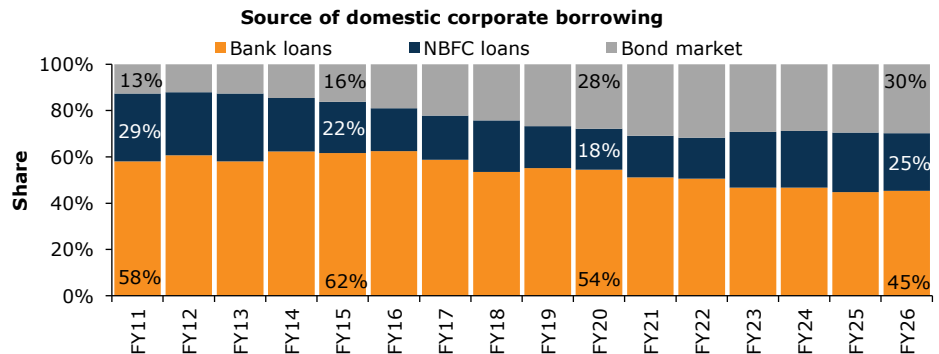
Exhibit 17: Investment cycle turnaround still elusive



Source: MOSPI, Capitaline, Emkay Research

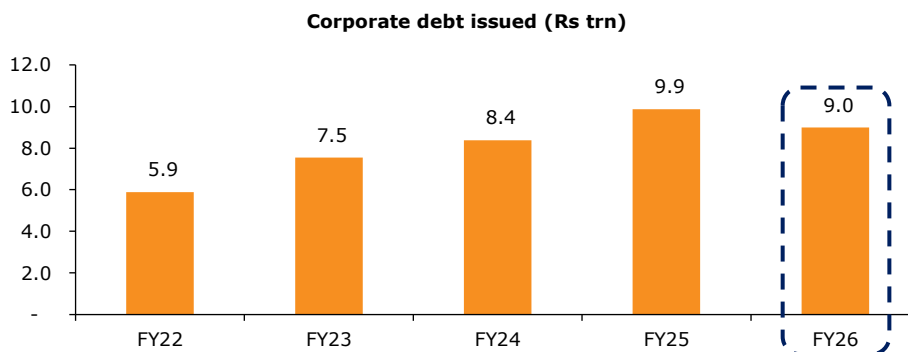
Disintermediation continues as corporates increasingly tap the bond market over bank funding

Exhibit 18: Corporate funding shifting to bonds and NBFCs



Source: RBI, SEBI, Emkay Research

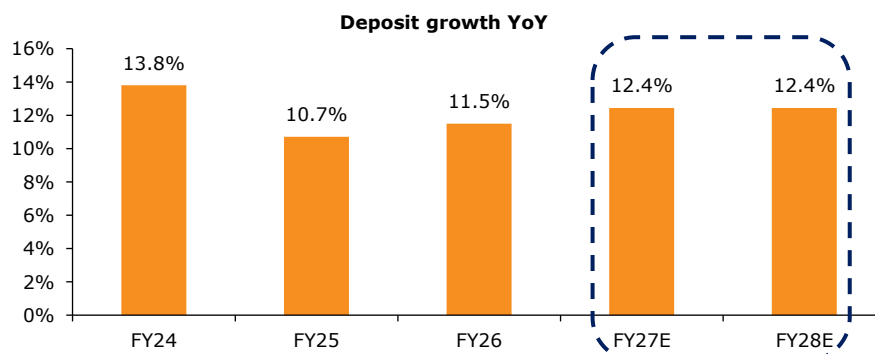
Exhibit 19: Corporate debt issuance declined as tariffs + ME conflict hardened bond yields



Source: SEBI, Emkay Research

- We are not worried about deposit growth and the ability of banks to fund the ~14% loan growth.
- Deposit growth recovered in FY26, and we expect the momentum to continue, and we forecast 12.4%/12.4% for FY27/FY28, respectively.
- The primary driver is domestic liquidity. As domestic liquidity recovers, we see it translating to higher M3 growth, and we expect M3/GDP to rise further from here.
- Higher credit growth should also translate to higher deposit growth, but the money multiplier has not shown any signs of picking up.
- The composition of household savings is a challenge for the banking sector. The shift from banks to capital markets does not affect aggregate deposit growth, but is showing up in the declining share of low-cost deposits.
- Banks will have to adapt to a relatively higher cost of deposits over the long term.

Exhibit 20: Deposit growth recovers in FY26; further improvement ahead

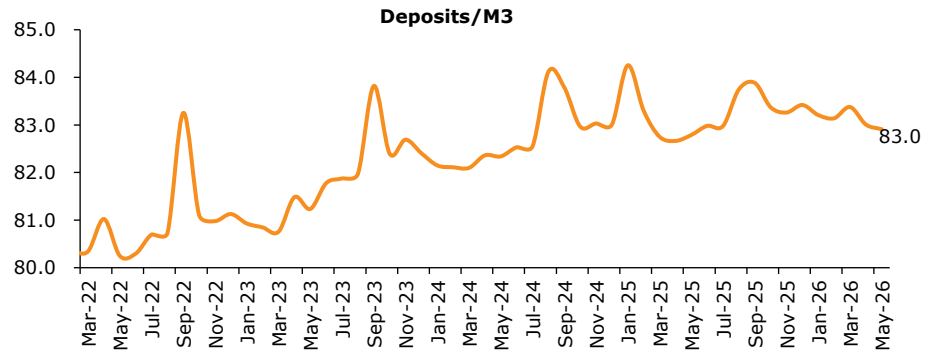


Source: RBI, Emkay Estimates; Note: Data includes HDFC merger impact

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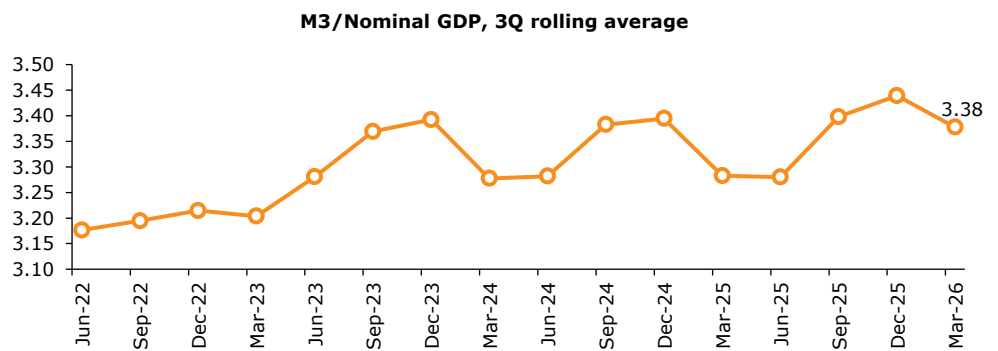
Improving liquidity and M3 growth should support healthy deposit mobilization, sufficient to fund steady credit growth

Exhibit 21: Improving domestic liquidity should support deposit growth



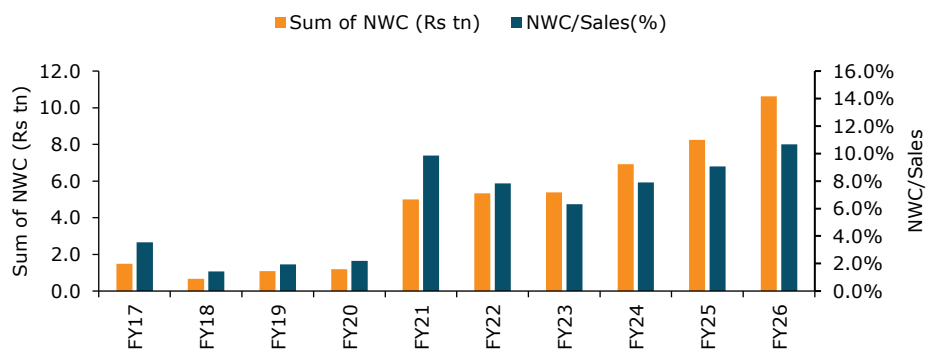
Source: RBI, Emkay Research; Note: Data includes HDFC merger impact

Exhibit 22: Financial deepening resumes as M3-to-GDP trends higher



Source: RBI, MOSPI, Emkay Research

Exhibit 23: Net working capital of Top-1,000 companies



Source: Bloomberg, Emkay Research

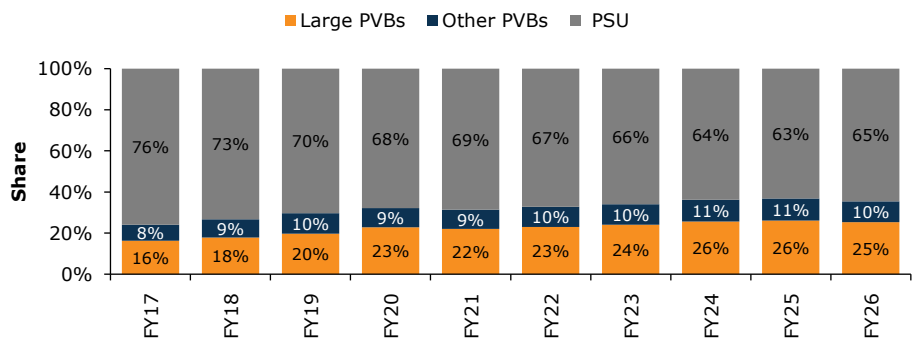
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Market share dynamics

- While private banks are still gaining share at PSU banks' expense, the rate of change has slowed significantly. Private banks have gained 97bps share over FY18-FY26, vs 105bps during FY11-18.
- The deceleration is more pronounced in loans, as PSU banks rediscovered their lending appetite after the AQR cleanup and forayed aggressively into retail. PSUs delivered 11% loan CAGR over FY20-26, vs 4.7% during FY14-20.
- The Yes Bank episode in Mar-20 triggered the comeback of PSU banks. The risk perception of smaller private banks increased dramatically, and the market share increase of that category stalled, despite the low base.
- The advent of third-party payment apps on the UPI rails and improved tech-led services from PSUs also helped arrest that trend.
- In the long term, we expect private banks to still gain market share, but at a slower pace. PSU banks have strengthened their franchise, but still have little appeal in the higher-income segments. As India's per capita income rises, customers will transition to private banks as they move up the income curve.

PSU banks' stronger lending, improved technology, and renewed customer confidence have slowed the migration toward private banks

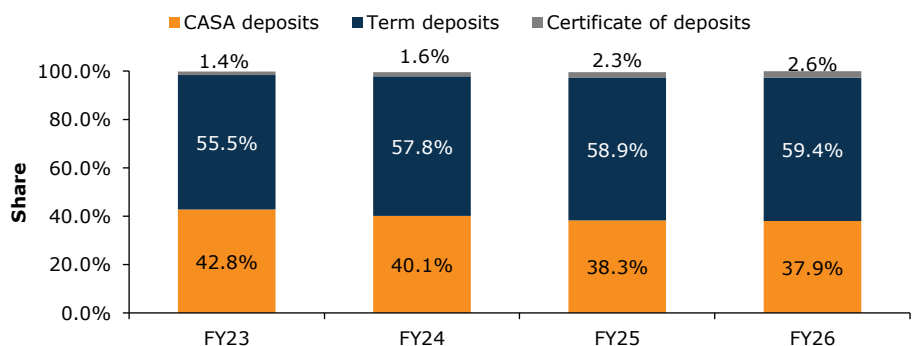
Exhibit 24: Deposit market share – Large PVBs, other PVBs, and PSUs



Source: RBI, Emkay Research

Preference for equities and MFs is reducing CASA growth, forcing banks to rely more on costlier TDs and CDs. There could be a cyclical bounce due to low interest rates, but we think the FY23 levels are now unattainable

Exhibit 25: Funding mix of banks shifting toward higher-cost TDs and CDs



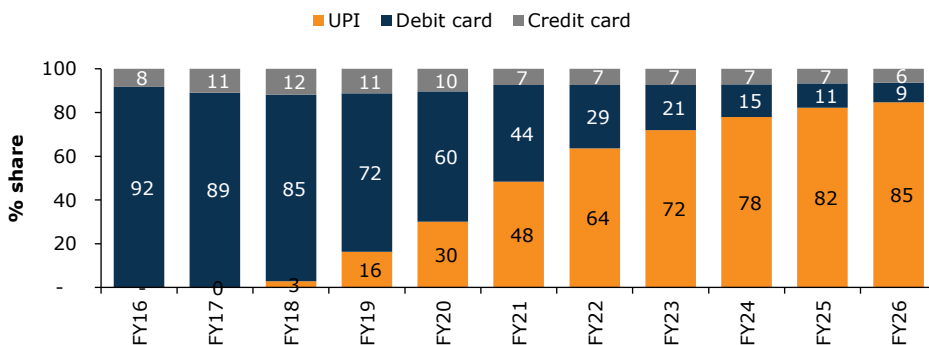
Source: RBI, Emkay Research

- The UPI shock to the card ecosystem is not abating. Despite the high base, UPI gained a further 300bps market share in FY26, hurting debit cards mainly but also denting credit cards.
- Banks were slow in cashing in on the trend. Fintech apps exploited their first-mover advantage and dominated market share.

This report is intended for Team White Marquee Solutions. (team.emkay@whitemarquesolutions.com)

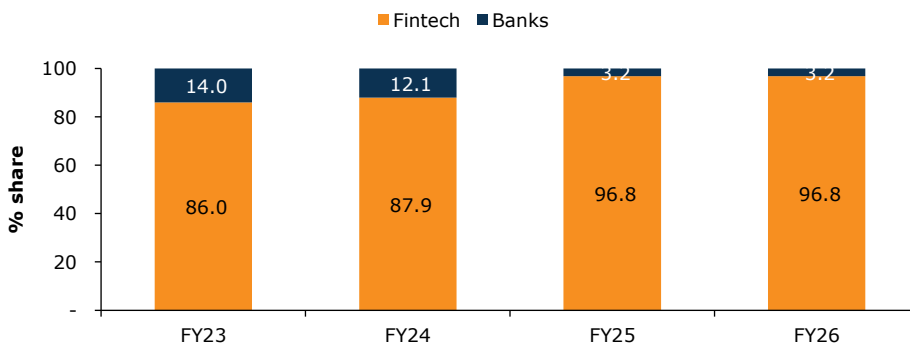
- This trend reduced access to customers, as the primary point of contact is now with the UPI app rather than bank systems. There is a consequent loss of data, along with constraints on cross-selling opportunities.
- The dominance of UPI also narrowed the gap in the customer experience between private and PSU banks. Private banks have fought back with improved app functionality over the last 2-3 years, but it has not translated to market-share gains.

Exhibit 26: Digital payments shift decisively toward UPI



Source: RBI, NPCI, Emkay Research

Exhibit 27: UPI share across fintech and banks



Source: NPCI, Emkay Research

Customer engagement shifts to UPI platforms; banks face reduced direct customer access, limiting data ownership and cross-selling opportunities

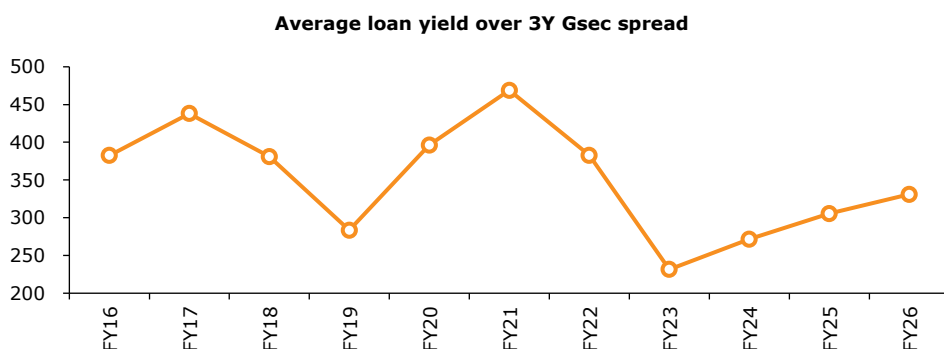
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Pressure on profitability

- The structural pressure on loan spreads is a worrying trend for banks. It has been on a structural downtrend since FY22, and there seems to be no signs of a recovery.
- First, wholesale lending has gravitated to low-risk segments. This has hurt margins in this business, even though there has been a steady increase in spreads over G-secs since FY23. Risk-taking is coming back, but is still below long-term levels, as reflected in the spreads (Exhibit 28).
- Retail credit spreads were affected by falling share of unsecured, which peaked in FY24. Moreover, competitive pressures are pushing down spreads within categories – even relatively high-risk segments like credit cards are seeing pressure.

Exhibit 28: Gradual recovery in loan spreads

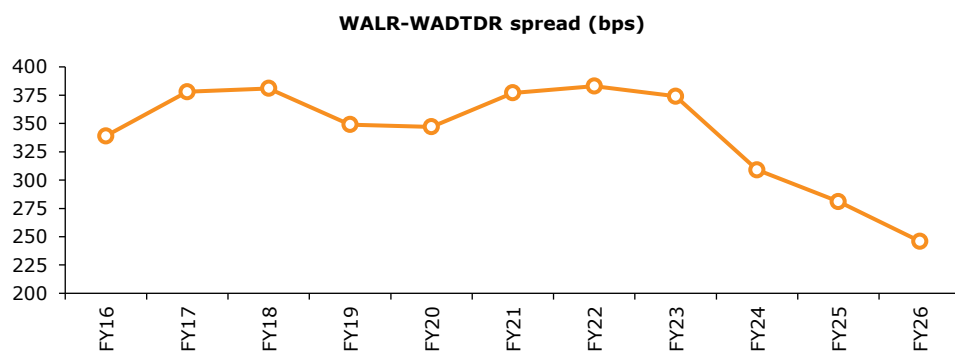
Spreads have recovered from FY23 lows, as risk appetite improves, although margin pressures remain



Source: RBI, Bloomberg, Emkay Research

- We believe falling spreads are here to stay. There are multiple risks to existing margins – falling loan spreads, deposit mix turning adverse, and a gradual derisking of the books.
- Bank NIMs have largely held up through this spell, with improved loan mix being the primary driver. We think that the trend has run its course, and banks are now largely in steady-state on loan mix.
- Going forward, we see a potential long-term risk to NIMs. Banks have run out of road in mitigants to the long-term spread contraction, and could potentially face a steady erosion of margins over a 3-year period.
- The good news is that the near-term outlook is positive. The upfront hit because of high EBLR exposures played out in FY26, and banks are set for a cyclical rebound. However, we note that FY27 NIMs are still set to be below FY24/FY25 levels, even after the deposit-pricing positives have played out.
- This will translate to weaker RoA in 2-3 years, as the levers on operating leverage and credit costs have largely played out. This long-term pressure on profitability is not visible in the next 1-2 years but is a 3-5-year overhang.

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Exhibit 29: Structural pressure on spreads poses headwind to NIMs

Source: RBI, Emkay Research

- SMID banks are best-positioned to capture the cyclical upturn in bank earnings. We filtered the banks on incremental improvement in growth and profitability.
- The biggest deltas are coming from SMID banks – IIB/IDFC/Federal.
- Valuations are also supportive for these banks, which are trading below 1.5x PBV.
- Among NBFCs, we see MMFS/Piramal/Poonawala showing the strongest momentum.

Exhibit 30: Private banks' RoE rising, with SMIDs outperforming; PSUs' ratios headed south

Banks	(Δ) NIM	(Δ) RoA	(Δ) RoE	Loan growth*
Axis	15	28	278	17.5%
HDFCB	29	18	147	15.2%
ICICIB	3	(11)	(115)	15.0%
IIB	30	93	827	14.7%
KMB	(4)	7	89	19.0%
FB	34	28	300	14.9%
RBL	29	66	945	25.1%
IDFCB	12	70	779	28.5%
Bandhan	5	94	861	16.6%
BOB	(14)	(10)	(92)	15.3%
CBK	1	(12)	(266)	15.1%
INBK	(1)	(11)	(207)	13.4%
PNB	(8)	1	(16)	13.2%
SBI	3	(4)	(109)	16.1%
UNBK	11	(23)	(330)	12.9%

Source: Company, Capitaline, Emkay Research; Note: *2-year CAGR (FY26–28E); (Δ) – Delta figures for 2-year data (FY26–28E)

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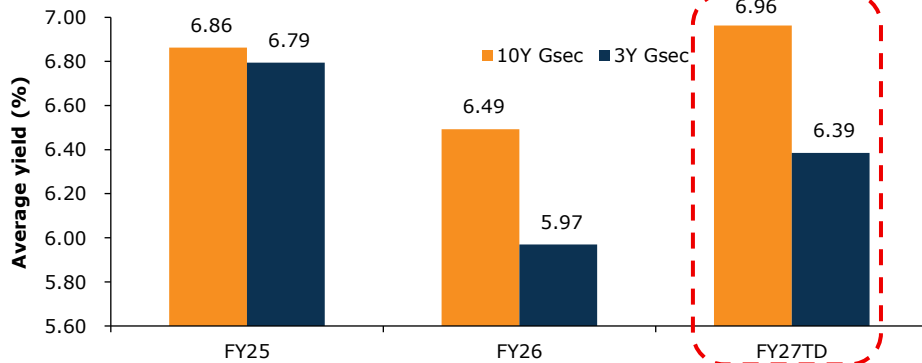
Exhibit 31: Steady structural improvement

NBFC	(Δ) NIM	(Δ) ROA	(Δ) ROE	Loan growth*
ABCAP*	-	10	70	21.8%
CIFC	146	20	10	21.4%
HDBFS	10	20	40	10.9%
LTF	108	40	410	24.5%
MMFS	35	30	180	12.1%
Piramal	120	90	520	25.5%
POONAWAL	30	80	550	69.4%
SHFL	170	120	(170)	14.8%
TATACAP	40	60	350	20.7%
PFC*	-	(50)	(420)	6.8%
REC	-	(30)	(330)	3.0%

Source: Company, Capitaline, Emkay Research; Note: *2-year CAGR (FY26–28E); (Δ) – Delta figures are for 2-year data (FY26–28E)

- Recovery expected: Growth re-accelerates to 12% (FY27E) and 13% (FY28E), settling into a sustainable mid-teens pace.
- Earnings engine stays powerful: Still compounding 18% (FY25) after a 36% peak.

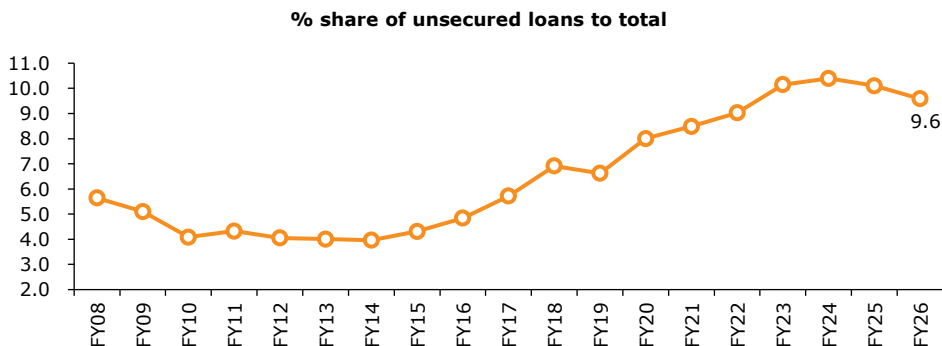
Exhibit 32: Elevated G-Sec yields in FY27TD



Source: Bloomberg, Emkay Research; Note: FY27TD data as on 30-Jun-26

Yields have spiked in FY27 due to loan growth pickup and elevated government borrowing; negative for treasury profits but marginally positive for banks

Exhibit 33: Unsecured lending on rise as banks improve on default risk assessment

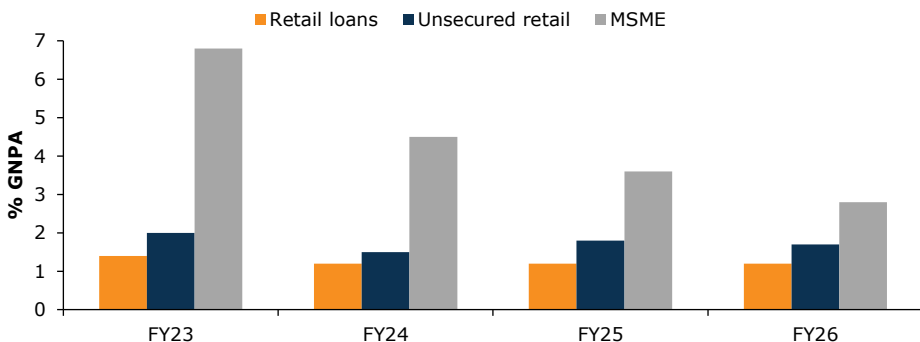


Source: RBI, Emkay Research

Unsecured loans are the last bastion of profitability, but the share is declining; spreads for prime segment of unsecured loans also falling; remains a risk for future RoAs

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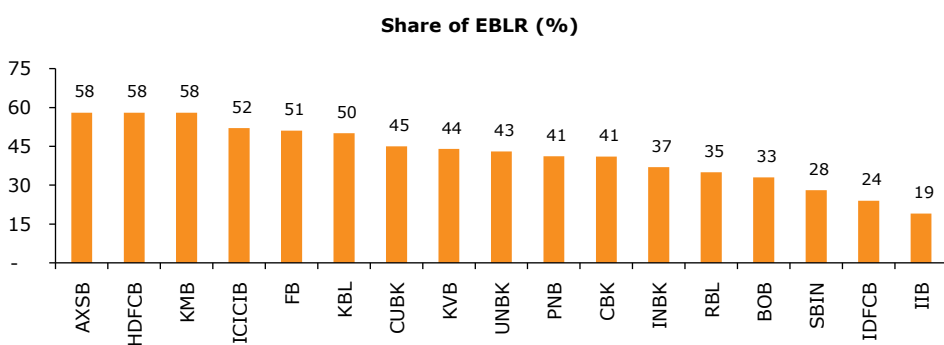
Exhibit 34: Improving asset quality across key segments



Source: RBI, Emkay Research

Banks with higher EBLR are likely to see a sharper bounce in FY27 NIMs, as the upfront hit fades and deposit repricing kicks in

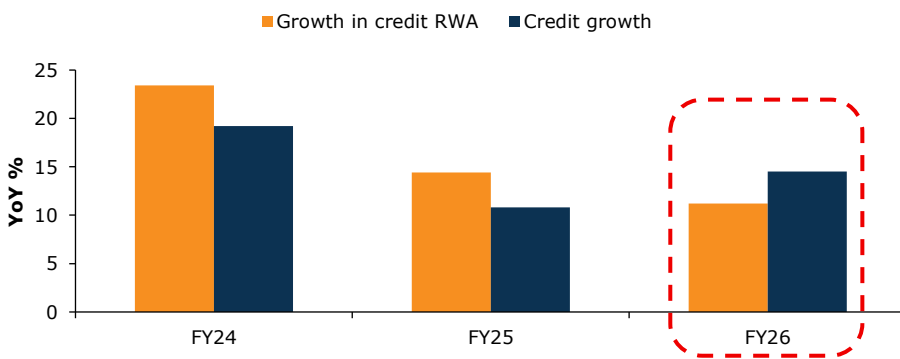
Exhibit 35: Share of EBLR among banks



Source: Company, Emkay Research

Banks are losing risk appetite, especially in the corporate lending space; falling RW density could put pressure on future RoA; FY26 numbers somewhat impacted by cuts in retail risk weights in Feb-25

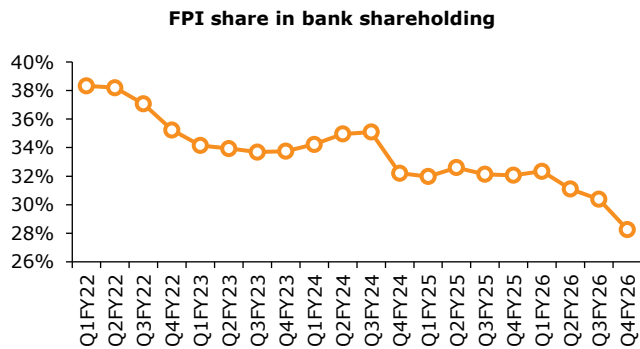
Exhibit 36: Credit RWA growth trails credit growth



Source: RBI, Emkay Research

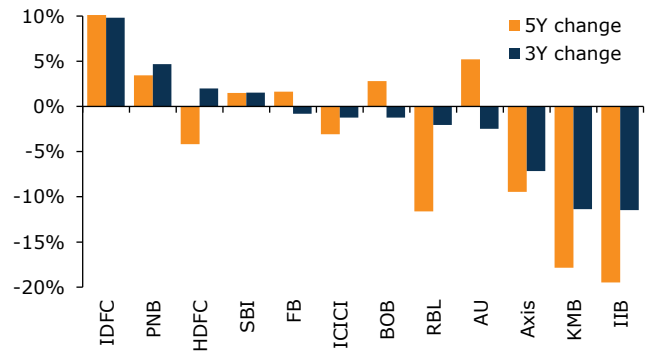
Valuations

Exhibit 37: FPI's bank shareholding



Source: Capitaline, Emkay Research; Note: Data has been adjusted for HDFC merger

Exhibit 38: Change in bank-wise FPI shareholding

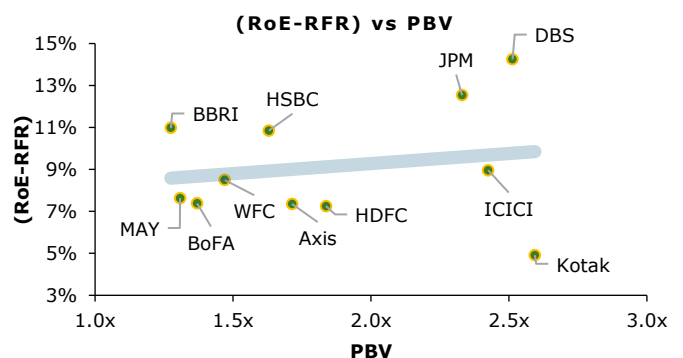


Source: Capitaline, Emkay Research; Note: Data has been adjusted for HDFC merger

- FPI shareholding in Indian banks has declined by 1,000bps since Jun-22, and now stands at 28%.
- Selling has been largely concentrated in three stocks – Axis, Kotak, and IIB. IDFC has been the only stock that has seen improvement, helped by the Warburg Pincus-ADIA investment.
- For most of the banks, selling has been concentrated in the past 3Y, though there has been significant offloading over FY21-23 also.
- The key factor is growth slowdown, as FPIs investing in India are largely growth investors. We also note that banks with high starting valuations have faced the brunt of the selling.
- There is also a contribution from the 'ease of selling' factor. Banks tend to be the largest and most liquid investments of FPIs, and they often express their negativity around India by selling banks (though they are not the most expensive stocks).

- Indian banks remain on the wrong side of the RoE/PBV matrix, compared to global peers.
- Most Indian banks are in the southeast quadrant, signifying that their valuations are not supported by RoEs.
- Admittedly, this has always been the case for Indian banks. However, this 'mispricing' was supported by BVPSg > RoE, which is not the case any more.
- This is despite significant underperformance – Nifty Bank has underperformed WORLDF index by 43 percentage points since Jan-23.

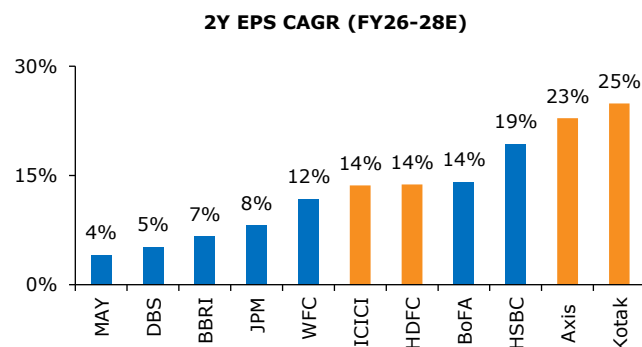
Exhibit 39: RoE vs PBV



Source: Bloomberg, Emkay Research

- Indian banks' EPS growth is higher than that of global peers. The distribution is also right-skewed, indicating that several banks are delivering EPS growth well above the average.
- Compared with FY11–20, EPS growth expectations over FY21–28 have moderated for most banks. ICICI Bank stands out as an exception, reflecting a strong earnings turnaround.

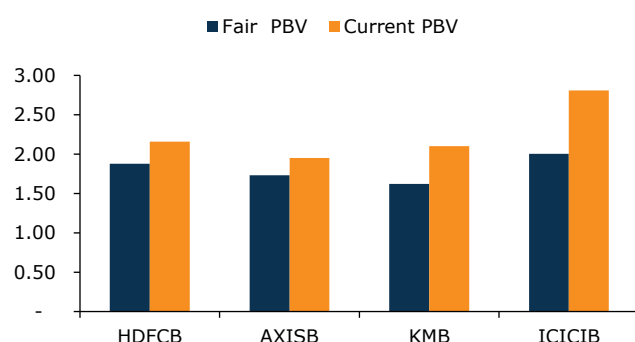
Exhibit 40: EPSg of Indian banks vs global peers



Source: Bloomberg, Emkay Research

- Our DDM model suggests that banks are still overpriced. The fair value of the banks is broadly at 1.6-2x PBV, while they are largely ruling at 2-2.6x.
- to support current valuations, banks will have to deliver loan growth > RoE. However, as we discussed in earlier sections, there are multiple constraints (deposit growth, risk appetite) for them to deliver this.
- We see the long-term derating of banks continuing. There may be some short-term rallies, but this sector is unlikely to deliver lasting outperformance.

Exhibit 41: DDM fair PBV vs Current PBV of large private banks



Source: Bloomberg, Emkay Research

- Bank valuations have justifiably corrected since 2020. The key driver has been the deceleration in BVPSg.
- There is a clear correlation between BVPSg momentum and valuations. ICICI/Axis/FB are 'turnaround' cases and rising RoEs and stable growth have driven an improvement in BVPSg. On the other hand, HDFC/Kotak/IIB/AU have seen a sharp deceleration.
- Valuations have gone in the same direction – banks with slowing growth are getting derated and accelerating growth has been rewarded with higher growth.
- The broad trend is unlikely to change. Only a few banks are growing loan books fast enough to consume capital and accelerate BVPSg – as a result, valuations are somewhat capped.

Exhibit 42: BVPSg corrected since 2020

Banks	FY11-20	FY21-28E
HDFC Bank	22%	13%
ICICI Bank	9%	15%
Axis Bank	14%	14%
Kotak Mahindra Bank	19%	10%
Federal Bank	11%	13%
AU Small Finance	36%	20%
IndusInd Bank	22%	5%

Source: Company, Capitaline, Emkay Research

Exhibit 43: Banks – Loan growth, NIM, and credit cost across FY24-28E

(%)	Loan growth					NIM					Credit cost				
Banks	FY24	FY25	FY26	FY27E	FY28E	FY24	FY25	FY26	FY27E	FY28E	FY24	FY25	FY26	FY27E	FY28E
HDFCB	55.2	5.4	12.1	14.5	16.0	3.38	3.46	3.30	3.42	3.60	0.58	0.50	0.45	0.54	0.53
ICICIB	16.2	13.3	15.8	14.7	15.4	4.53	4.26	4.10	4.08	4.12	0.08	0.31	0.33	0.40	0.52
Axis	14.2	7.8	18.5	17.0	18.0	3.77	3.70	3.39	3.46	3.53	0.39	0.74	1.83	0.73	0.68
KMB	17.6	13.5	16.2	18.1	20.0	4.92	4.51	4.21	4.17	4.17	0.42	0.70	0.79	0.56	0.79
IIB	18.4	0.5	(8.4)	12.9	16.5	4.52	3.81	3.59	3.74	3.89	0.96	2.04	2.35	1.52	1.15
FB	20.4	20.0	12.1	12.7	17.2	3.14	3.06	3.06	3.06	3.16	0.10	0.33	0.71	0.52	0.54
CUB	6.7	5.7	14.4	26.5	18.1	3.26	3.28	3.38	3.49	3.51	0.53	0.53	0.51	0.49	0.57
KBL	19.3	7.0	6.9	15.3	16.2	3.45	3.14	2.79	2.86	2.85	0.88	0.23	0.43	0.50	0.53
RBL	19.6	10.3	23.3	25.2	25.0	5.16	4.89	4.16	4.24	4.45	2.09	3.45	2.25	1.64	1.42
IDFCB	(0.8)	17.5	17.2	28.8	28.2	6.50	6.34	6.01	6.07	6.14	1.48	2.45	1.88	1.70	1.49
KVB	15.5	16.7	14.0	16.9	16.0	4.06	3.93	3.99	3.92	3.89	0.64	0.58	0.68	0.77	0.79
Yes	12.3	12.1	8.1	11.1	14.1	2.56	2.58	2.58	2.74	2.92	1.07	1.13	0.77	0.56	0.64
BANDHAN	15.6	9.0	13.7	15.0	18.3	6.67	6.65	5.67	5.52	5.72	3.07	2.76	2.64	1.66	1.51
SBI	17.0	15.8	12.4	17.2	15.1	2.98	2.82	2.62	2.56	2.65	0.23	0.37	0.37	0.43	0.52
BOB	21.1	13.3	13.5	16.5	14.2	3.07	2.82	2.61	2.46	2.47	0.57	0.49	0.43	0.38	0.45
CBK	18.1	12.2	12.6	16.3	13.9	2.70	2.43	2.16	2.16	2.17	1.01	0.98	0.50	0.62	0.66
PNB	14.1	12.5	15.3	13.7	12.8	2.83	2.68	2.33	2.22	2.25	1.32	0.16	0.18	0.15	0.26
INBK	14.6	10.9	14.7	13.5	13.2	3.21	3.11	2.97	2.94	2.96	1.14	0.75	0.54	0.70	0.70
UNBK	14.3	9.5	10.5	12.5	13.3	2.90	2.70	2.52	2.47	2.52	0.83	0.78	0.37	0.43	0.61

Source: Company, Capitaline, Emkay Research

Exhibit 44: Banks – RoA, RoE, and EPSg across FY25-28E

(%)	RoA				RoE				EPSg			
Banks	FY25	FY26	FY27E	FY28E	FY25	FY26	FY27E	FY28E	FY25	FY26	FY27E	FY28E
HDFCB	1.79	1.80	1.88	1.99	14.3	14.0	14.5	15.5	9.9	10.2	15.6	19.5
ICICIB	2.37	2.37	2.23	2.16	18.9	18.0	16.1	15.2	20.8	5.1	7.7	11.4
Axis	1.71	1.40	1.57	1.68	15.9	12.7	14.5	15.5	7.3	7.3	13.8	18.9
KMB	2.38	2.53	2.54	1.90	15.3	15.4	11.1	11.6	12.0	(14.9)	19.2	15.2
IIB	0.49	0.16	0.76	1.10	4.2	1.4	6.4	9.6	(70.5)	(66.4)	387.4	61.1
FB	1.31	1.23	1.12	1.26	14.9	13.1	11.5	12.8	8.0	1.3	27.9	17.2
CUB	1.48	1.51	1.52	1.56	12.8	12.6	13.2	14.4	10.6	17.8	22.1	17.9
KBL	1.07	1.05	1.03	1.01	11.1	10.4	10.3	10.5	11.8	10.0	9.6	9.8
RBL	0.47	0.50	0.86	1.16	4.4	5.1	9.9	14.6	(42.7)	20.8	106.5	65.1
IDFCB	0.48	0.44	0.79	1.14	4.3	3.8	7.2	11.6	(50.2)	(8.7)	115.1	75.6
KVB	1.73	1.96	1.85	1.73	17.7	19.3	17.9	16.9	20.9	29.2	8.2	9.0
Yes	0.58	0.78	0.96	1.06	5.4	7.0	8.9	10.0	84.0	38.4	35.9	23.7
BANDHAN	1.49	0.61	1.33	1.55	11.9	4.9	11.2	13.5	23.1	(55.4)	147.2	34.3
SBI	1.10	1.06	0.98	1.01	18.6	16.2	14.5	15.1	16.1	9.1	(0.2)	17.4
BOB	1.16	1.06	0.97	0.95	15.7	13.8	12.8	12.9	10.1	2.2	3.6	11.4
CBK	1.07	1.08	0.99	0.96	19.9	19.1	17.3	16.5	37.3	37.3	37.3	37.3
PNB	0.98	0.89	0.92	0.90	15.3	13.3	13.6	13.2	97.4	-0.5	14.3	14.3
INBK	1.31	1.31	1.19	1.19	19.1	18.2	16.3	16.1	30.3	11.3	2.8	13.2
UNBK	1.24	1.22	0.96	0.90	18.1	16.2	12.4	11.8	24.9	3.9	(13.9)	4.9

Source: Company, Capitaline, Emkay Research

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Exhibit 45: Banks – CET, PER, and PBV across FY26-28E

(x)	CET	PER			PBV		
Banks	FY26	FY26	FY27E	FY28E	FY26	FY27E	FY28E
HDFCB	16.4	16.4	14.2	11.9	2.18	1.96	1.75
ICICIB	17.2	19.6	18.2	16.3	2.94	2.60	2.30
Axis	14.4	17.1	13.1	10.6	2.03	1.78	1.53
KMB	20.7	27.8	23.4	20.3	2.88	2.57	2.30
IIB	15.1	81.0	16.6	10.3	1.31	1.24	1.14
FB	16.3	19.8	15.4	13.2	2.10	1.87	1.65
CUB	20.8	11.7	9.6	8.1	1.47	1.29	1.13
KBL	16.9	7.9	7.2	6.5	0.81	0.74	0.67
RBL	12.8	27.5	13.3	8.1	1.37	1.26	1.10
IDFCB	13.7	41.8	19.4	11.1	1.45	1.36	1.22
KVB	18.2	11.4	10.5	9.7	2.02	1.76	1.52
Yes	13.5	21.8	16.1	13.0	1.49	1.37	1.25
BANDHAN	17.3	26.9	10.9	8.1	1.29	1.16	1.03
SBI	12.7	11.8	11.9	10.1	1.83	1.63	1.44
BOB	14.3	7.0	6.8	6.1	0.92	0.83	0.75
CBK	12.6	5.9	5.7	5.3	1.06	0.93	0.81
PNB	13.1	7.3	6.3	5.9	0.91	0.82	0.74
INBK	16.6	9.0	8.8	7.8	1.54	1.34	1.18
UNBK	16.3	7.0	8.2	7.8	1.22	1.06	0.97

Source: Company, Capitaline, Emkay Research

Exhibit 46: NBFCs – Loan growth, NIM, and credit cost across FY24-28E

(%)	Loan growth					NIM					Credit cost				
NBFC	FY24	FY25	FY26	FY27E	FY28E	FY24	FY25	FY26	FY27E	FY28E	FY24	FY25	FY26	FY27E	FY28E
ABCAP	30.4	20.4	24.5	23.4	20.2	6.8	6.3	6.1	6.1	6.1	1.5	1.3	1.1	1.2	1.2
BAF	33.6	26.0	22.4	22.0	23.0	10.2	9.7	9.5	9.4	9.3	1.6	2.1	2.0	1.6	1.5
CIFC	36.7	26.9	21.4	21.0	20.6	7.9	8.2	8.3	8.3	8.3	1.0	1.5	1.7	1.5	1.5
HDBFS	28.8	18.5	10.9	15.1	17.9	7.9	7.6	8.0	8.0	8.1	1.3	2.1	2.5	2.4	2.4
LTF	5.8	14.3	24.5	19.8	20.8	10.4	10.8	10.2	10.1	10.1	2.6	2.7	2.5	2.3	2.2
MMFS	24.0	16.6	12.1	14.9	15.4	6.8	6.5	7.1	7.3	7.3	2.0	1.5	1.9	1.6	1.6
Piramal	7.6	17.2	25.5	23.8	23.5	3.8	4.2	4.7	6.2	6.4	6.9	1.4	1.1	1.7	1.7
POONAWAL	54.9	42.5	69.4	45.0	40.0	9.5	7.8	7.0	7.1	7.3	7.6	5.1	2.5	2.2	2.1
SHFL	21.1	17.0	14.8	17.0	17.9	9.3	9.0	8.9	10.3	10.6	2.2	2.2	1.9	1.9	1.9
TATACAP	34.1	40.5	20.7	22.7	23.5	4.8	5.1	5.1	5.4	5.5	0.4	1.3	1.2	1.1	1.1
PFC	14.0	12.8	6.8	10.0	10.5	3.5	3.6	3.6	3.5	3.6	(0.0)	0.1	(0.3)	0.2	0.2
REC	17.1	11.3	3.0	9.4	11.0	3.6	3.6	3.6	3.6	3.6	(0.3)	0.2	0.0	0.2	0.2

Source: Company, Capitaline, Emkay Research

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Exhibit 47: NBFCs – RoA, RoE, and EPSg across FY25-28E

(%)	RoA				RoE				EPSg			
NBFC	FY25	FY26	FY27E	FY28E	FY25	FY26	FY27E	FY28E	FY25	FY26	FY27E	FY28E
ABCAP	2.1	1.9	2.0	2.0	12.5	11.5	11.8	12.2	(1.1)	4.8	17.9	18.9
BAF	4.0	3.8	4.0	4.1	19.3	18.3	19.8	20.9	13.4	14.1	26.7	24.6
CIFC	2.4	2.3	2.4	2.5	19.7	19.3	19.4	19.4	24.3	21.0	23.5	19.5
HDBFS	2.2	2.2	2.3	2.4	14.7	13.9	13.5	14.3	(11.8)	14.2	14.9	22.4
LTF	2.4	2.3	2.6	2.7	10.9	11.1	13.5	15.2	15.0	11.4	33.0	25.8
MMFS	1.9	2.0	2.3	2.3	12.4	12.5	13.8	14.3	33.2	5.4	30.1	15.9
Piramal	0.6	1.5	2.1	2.4	1.8	5.4	8.6	10.6	-	210.3	68.2	34.6
POONAWAL	(0.3)	1.1	1.6	1.9	(1.2)	5.9	9.6	11.4	-	-	97.6	60.6
SHFL	3.5	3.3	4.2	4.5	17.8	16.4	13.2	14.7	14.9	20.8	17.3	24.7
TATACAP	1.7	1.8	2.2	2.4	13.3	12.7	14.5	16.2	14.5	24.7	38.6	30.3
PFC	3.3	3.4	2.9	2.9	20.3	20.6	16.9	16.4	14.8	15.6	(6.5)	9.4
REC	2.7	2.6	2.4	2.3	21.5	20.1	17.7	16.8	12.1	3.6	(2.7)	6.1

Source: Company, Capitaline, Emkay Research

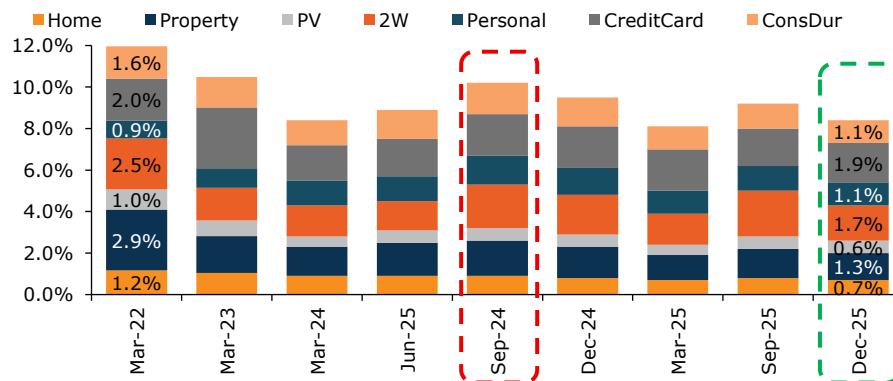
Exhibit 48: NBFCs – CET, PER, and PBV across FY26-28E

(x)	CET	PER			PBV		
NBFC	FY26	FY26	FY27E	FY28E	FY26	FY27E	FY28E
ABCAP	16.8	32.9	27.9	23.5	3.58	3.05	2.70
BAF	21.6	32.9	25.9	20.8	5.48	4.67	3.94
CIFC	19.2	29.2	23.7	19.8	5.02	4.16	3.50
HDBFS	20.7	24.0	20.9	17.1	2.95	2.64	2.28
LTF	18.9	26.1	19.6	15.6	2.78	2.51	2.24
MMFS	18.9	15.8	12.1	10.5	1.77	1.59	1.42
Piramal	19.8	32.4	19.3	14.3	1.73	1.60	1.44
POONAWAL	16.8	65.9	33.4	20.8	3.47	2.81	1.94
SHFL	20.4	19.6	16.7	13.4	2.98	2.10	1.86
TATACAP	19.0	30.1	21.7	16.7	3.36	2.91	2.48
PFC	23.4	7.0	7.5	6.8	1.37	1.21	1.08
REC	23.1	5.9	6.0	5.7	1.14	1.01	0.91

Source: Company, Capitaline, Emkay Research

Exhibit 49: Delinquencies have come down

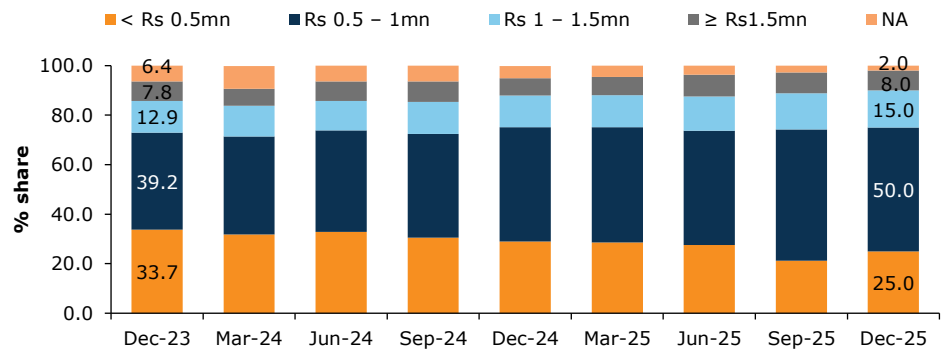
The FY25 credit 'crisis' was significantly overplayed; delinquencies peaked in Sep-24 at 10.2%, up by 180bps over two quarters; since then, numbers have cooled off by 8%, which is near the Mar-24 ratios and a post-Covid low



Source: TransUnion, Emkay Research

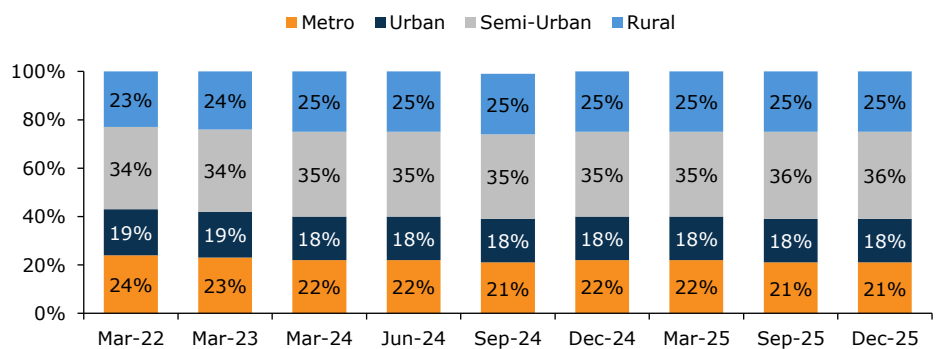
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Exhibit 50: Retail loan originations by income



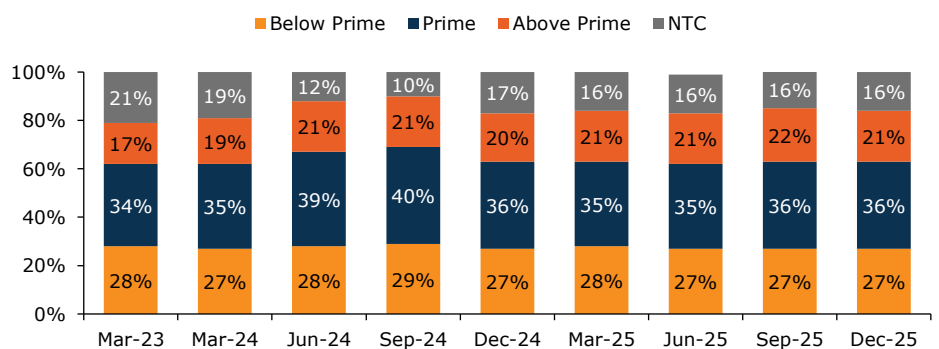
Source: RBI, Emkay Research; Note: Data for largest 10 banks; NA indicates income levels unknown

Exhibit 51: Geographical allocation consistent over time



Source: TransUnion, Emkay Research

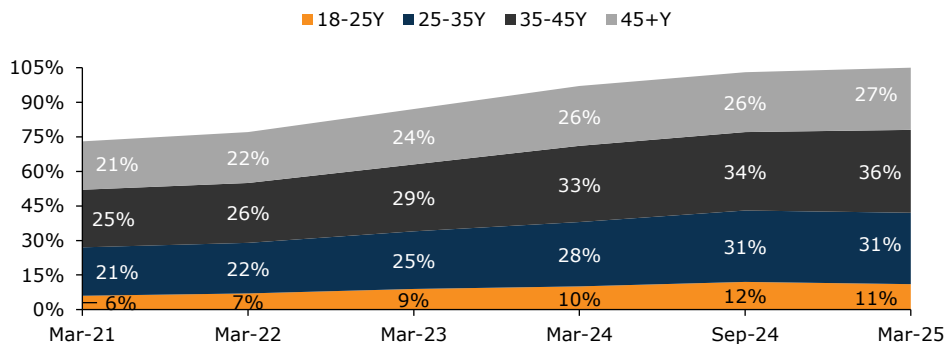
Exhibit 52: Contraction in sub-prime segment



Source: TransUnion, Emkay Research

The geographical distribution also does not point to enhanced risk in the system, with the share of rural consistent at 25% over the last 3Y

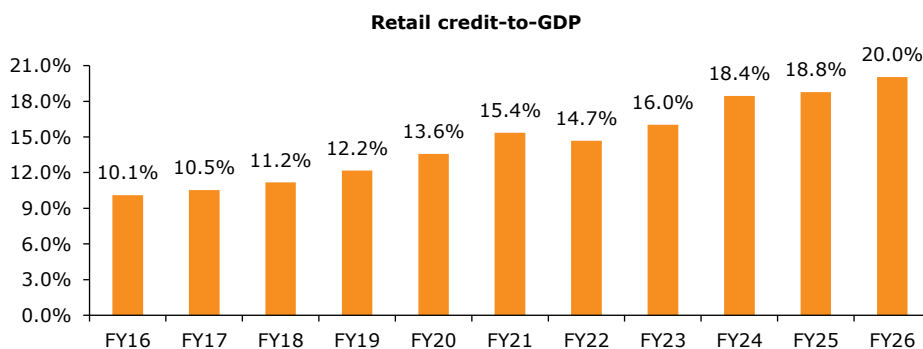
Exhibit 53: Credit penetration by age



Source: TransUnion, Emkay Research

Exhibit 54: Retail credit-to-GDP rising at comfortable levels

Retail credit-to-GDP grew 2x in 10Y, though the absolute level is still not alarming; for a high-growth country like India, with high-income migration, we do not see a sustainability problem



Source: RBI, MOSPI, Emkay Research

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Emkay Model Portfolio

Exhibit 55: Emkay Model Portfolio

Stock/Sector	New weights	BSE 200 weights	Stance	Over-/Under-weight
Discretionary	42%	12%	OW	30%
Eternal	10%			
Maruti Suzuki India	4%			
Dixon Technologies	6%			
SPR Technologies	6%			
Arvind	5%			
Bharat Forge	5%			
Page Industries	6%			
Staples	4%	6%	UW	-2%
Godrej Consumer Product	4%			
Industrials	15%	12%	OW	3%
Larsen & Toubro	7%			
Tata Motors	4%			
Delhivery	4%			
Technology	6%	6%	Neutral	0%
Infosys	3%			
Hexaware Technologies	3%			
Healthcare	3%	6%	UW	-3%
Metropolis Healthcare	3%			
Financials	25%	33%	UW	-7%
Mahindra Financial Services	6%			
Aditya Birla Sun Life AMC	6%			
IDFC First	5%			
RBL	4%			
Pine Labs	5%			
Real Estate	4%	1%	OW	3%
Lodha Developers	4%			
Materials	0%	8%	UW	
Energy	0%	8%	UW	
Telecom	0%	4%	UW	
Utilities	0%	4%	UW	
Total Weights	100%	100%		

Source: Bloomberg, Emkay Research

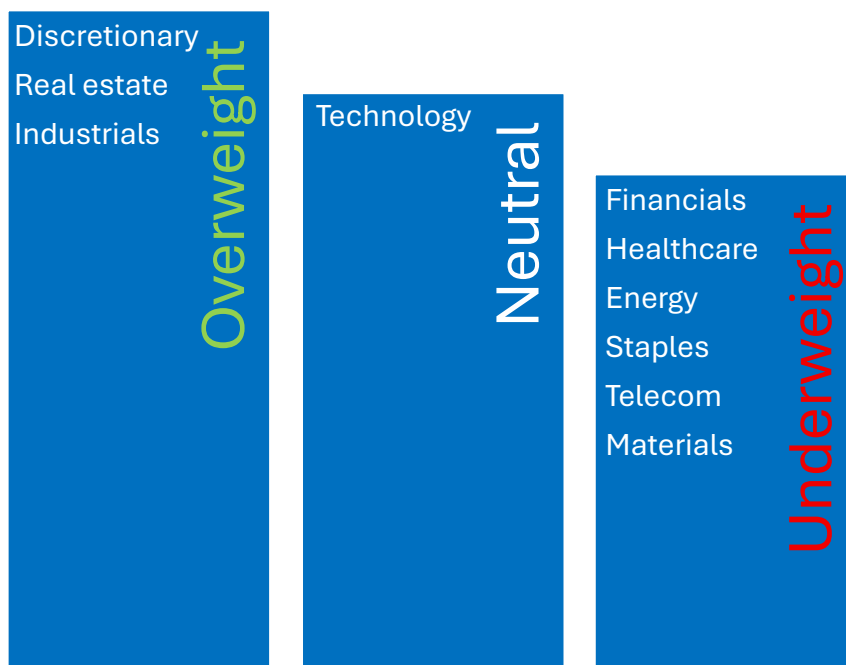
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Exhibit 56: EMP – Financial metrics

Stock	Weights	Reco	TP (Rs)	Price (Rs)	M Cap (Rs bn)	EPS growth (% YoY)			RoE (%)			PER (x)*/PBV (x)**		
						FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E
Eternal	10%	BUY	370	282	2,722	-31.3	272.3	117.5	1.2	4.2	8.4	707.2	190.0	87.3
Maruti Suzuki India	4%	BUY	16,200	14,366	4,517	1.0	17.6	12.0	14.5	15.3	15.4	31.3	26.6	23.7
Dixon Technologies	6%	BUY	12,500	12,456	761	38.9	15.5	54.1	23.2	20.0	24.9	85.0	73.6	47.8
SPR Technologies	6%	BUY	4,850	4,210	185	14.9	23.2	17.9	22.0	22.2	21.4	30.4	25.9	21.9
Arvind	5%	BUY	700	569	149	21.8	38.4	23.8	11.0	13.9	15.3	36.0	25.0	20.2
Larsen & Toubro	7%	ADD	4,450	4,027	5,540	19.2	20.2	20.8	16.8	17.9	18.8	34.4	26.6	22.0
Tata Motors	4%	BUY	600	432	1,591	25.7	0.3	15.7	64.6	41.8	33.3	14.8	22.4	19.4
Infosys	3%	BUY	1,350	1,047	4,249	16.6	3.2	6.9	32.1	31.9	30.9	14.4	13.5	12.7
Hexaware Technologies	3%	BUY	575	547	334	21.4	0.2	19.1	25.4	21.6	22.5	25.1	23.2	19.5
Metropolis Healthcare	3%	BUY	625	556	115	37.3	16.7	27.4	14.0	14.5	16.2	60.6	49.6	39.7
Godrej Consumer Products	4%	BUY	1,250	1,077	1,102	9.3	12.0	16.1	17.0	18.6	21.7	59.2	47.0	40.5
Bharat Forge	5%	BUY	2,100	2,137	1,022	12.4	28.0	38.9	13.1	15.6	19.1	94.6	64.7	46.6
Delhivery	4%	BUY	525	507	380	6.3	195.6	38.7	1.9	5.2	6.7	248.8	72.0	51.9
Page Industries	6%	ADD	44,700	42,800	477	9.6	8.6	15.0	54.9	55.8	59.7	62.5	55.0	47.9
Lodha Developers	4%	BUY	1,250	1,057	1,056	23.9	27.5	11.3	15.8	17.2	16.2	30.8	24.2	21.7
Aditya Birla Sun Life AMC	6%	ADD	1,150	1,179	341	4.7	18.4	9.1	25.1	27.2	27.2	39.7	34.1	29.4
Pine labs	5%	BUY	225	156	180	-307.9	83.5	69.4	3.6	5.1	8.0	3.04	2.89	2.67
Mahindra Finance	6%	ADD	340	334	464	5.4	30.1	15.9	12.5	13.8	14.3	1.87	1.68	1.50
IDFC First Bank	5%	ADD	75	80	693	-8.7	115.1	75.6	3.8	7.2	11.6	1.47	1.37	1.23
RBL Bank	4%	BUY	375	361	559	20.8	106.5	65.1	5.1	9.9	14.6	1.34	1.23	1.08
Wtd average	100%					12.2	15.2	20.2	17.4	17.6	19.1	37.8	30.4	26.6

Source: Company, Bloomberg, Emkay Research; Note: *Median PER has been considered; **PBV for Financials has been considered

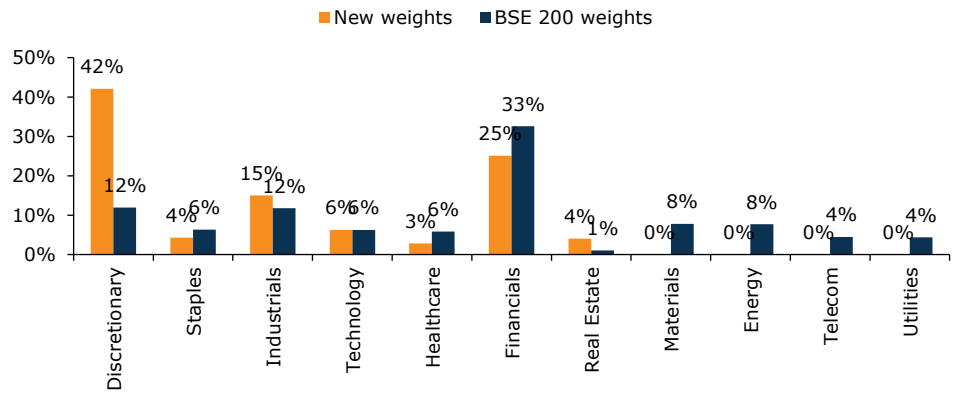
Exhibit 57: Key sector calls



Source: Emkay Research

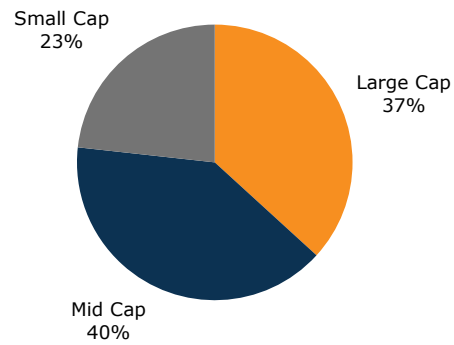
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Exhibit 58: Sector positioning



Source: Emkay Research

Exhibit 59: Market cap categorization



Source: Emkay Research

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