

Market snapshot

Equities - India	Close	Chg. %	CYTD.%
Sensex	76,923	0.6	-9.7
Nifty-50	24,006	0.6	-8.1
Nifty-M 100	62,009	0.3	2.5
Equities-Global	Close	Chg. %	CYTD.%
S&P 500	7,483	-0.2	9.3
Nasdaq	26,040	-0.7	12.0
FTSE 100	10,478	-0.2	5.5
DAX	25,040	0.2	2.2
Hang Seng	7,558	0.0	-15.2
Nikkei 225	70,475	0.6	40.0
Commodities	Close	Chg. %	CYTD.%
Brent (US\$/Bbl)	69	-3.8	10.1
Gold (\$/OZ)	4,031	0.6	-6.7
Cu (US\$/MT)	13,249	-0.7	6.4
Almn (US\$/MT)	3,066	-0.1	3.3
Currency	Close	Chg. %	CYTD.%
USD/INR	95.2	0.6	6.0
USD/EUR	1.1	-0.4	-3.1
USD/JPY	162.6	0.0	3.7
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	6.8	0.01	0.2
Flows (USD b)	1-Jul	MTD	CYTD
FII's	-0.12	-3.16	-29.0
DII's	0.33	9.04	50.1
Volumes (INRb)	1-Jul	MTD*	YTD*
Cash	1,292	1414	1372
F&O	77,478	2,68,738	2,71,760

Note: Flows, MTD includes provisional numbers.

*Average



Today's top research theme

Real Estate | Thematic: K-shaped trends: Leaders gain ground, further

- ❖ Top developers have gained market share amid broader sector exhibiting K-shaped trends. Consolidation in supply and absorption, along with regional diversification, drove our coverage universe's market share expansion by 530bp to ~20% post-FY21. A pre-sales CAGR of 13% during FY26-28E is expected to further increase market share for our coverage universe.
- ❖ A higher collections CAGR of 16%, combined with net operating cash flows (NOCF) to collections ratio ranging from 20% to 60%, provides cash flow comfort. A disciplined approach, focus on asset churn, healthy cash flows, and a significant reduction in sector leverage (net debt down by 58% post-FY17) have lowered historically existing risks.
- ❖ Most players are currently trading at a 10-35% discount to their residential NAVs. We believe this deep value offers a compelling opportunity to generate superior returns. Our top picks are LODHA (+29%; BUY) among the larger players and ABREL (+39%; BUY) in the SMID space. We remain constructive on DLF (+19%; BUY), GPL (+16%; BUY), and OBER (+3%; NEUTRAL).



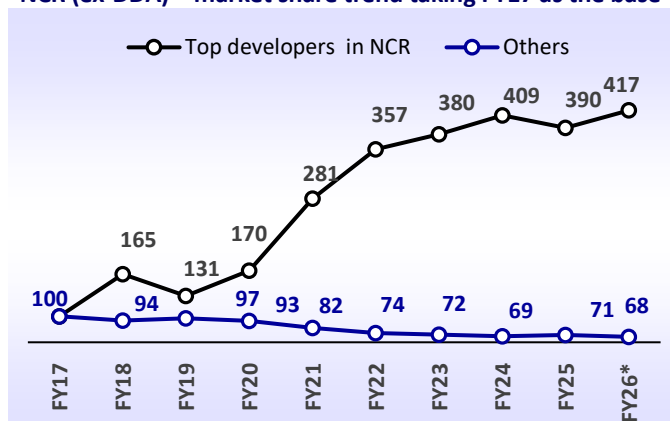
Research covered

Cos/Sector	Key Highlights
Real Estate Thematic	K-shaped trends: Leaders gain ground, further
Financial – Banks 1QFY27 Preview	Growth momentum healthy; margin outlook divergent with negative bias
CreditAccess Grameen	Graduating beyond MFI: Transformation gathering pace
Indian Bank	Steady business growth; CD ratio increases marginally
V-Mart Retail	Pre-quarter update: Another strong revenue print (+23% YoY, SSSG +9%)
Canara Bank	Robust business growth; CD ratio increases by ~130bps QoQ
Automobiles	Jun'26 wholesales remain strong across segments
EcoScope	Fiscal monthly: Center maintains strong capex growth
	Jun'26 GST collections grow 13.9%



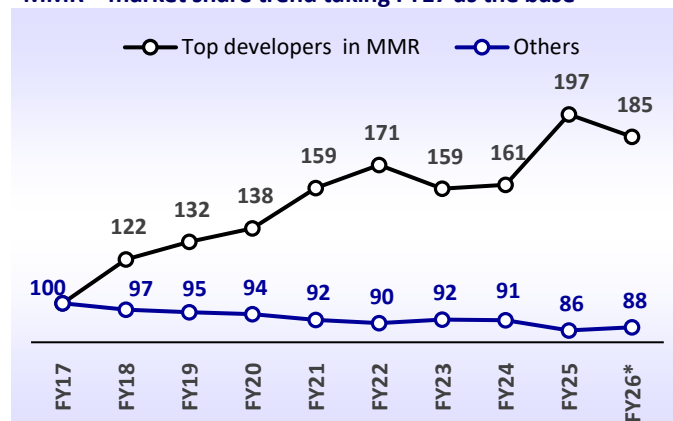
Chart of the Day: Real Estate | Thematic (K-shaped trends: Leaders gain ground, further)

NCR (ex-DDA) – market share trend taking FY17 as the base



Source: Industry, MOFSL; *till Jan-26

MMR – market share trend taking FY17 as the base



Source: Industry, MOFSL; *till Jan-26

Research Team

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.



Kindly click on textbox for the detailed news link

1

Zee board approves Rs 3,144 crore preferential fund raise from promoter

Zee Entertainment Enterprises Ltd.'s (ZEEL's) board of directors has approved a capital infusion of up to ₹3,143.52 crore through a preferential allotment of fully convertible warrants to promoter group entity Sunbright Mauritius Investments Ltd.

2

Hero MotoCorp plans ₹3,200 crore Andhra expansion, eyes Tirupati EV hub

Hero MotoCorp, the world's largest manufacturer of motorcycles and scooters, on Wednesday set aside an investment roadmap of ₹3,200 crore for Andhra Pradesh over the next three-five years as part of its strategy to build a manufacturing ecosystem

3

Godrej Properties bags Noida land parcel with ₹2,000 cr revenue potential

Godrej Properties Ltd. (GPL) has emerged as the highest bidder for a 4.95-acre (20,050 sq m) residential land parcel in Sector 151, Noida, for ₹331.75 crore. The company is eyeing revenue of ₹2,000 crore from the proposed residential project.

4

Zee bags exclusive Bundesliga media rights in India for five-year period

Zee Entertainment Enterprises Ltd. has secured the exclusive broadcast and digital rights for the German Football League's Bundesliga in India for five years. Beginning with the 2026-27 season, Bundesliga matches will be available exclusively on the company's digital platform.

5

Tata Motors widens electric passenger vehicle lead as competition heats up

Tata Motors (TaMo) has widened its lead in India's fast-expanding electric passenger vehicle (ePV) market even as competition intensified with a wave of new launches.

6

Bharti Airtel's NBFC arm Airtel Money begins commercial operations

Bharti Airtel on Tuesday said its subsidiary, Airtel Money, has commenced commercial operations as a Type II non-deposit accepting non-banking financial company (NBFC-ND-ICC).

7

M3M Group to invest ₹10,000 crore in construction, land acquisition in FY27

Gurugram-based developer M3M Group will invest around ₹10,000 crore in FY27 on construction and land acquisition as part of its expansion plan, the group's promoter, Pankaj Bansal, said on Wednesday.

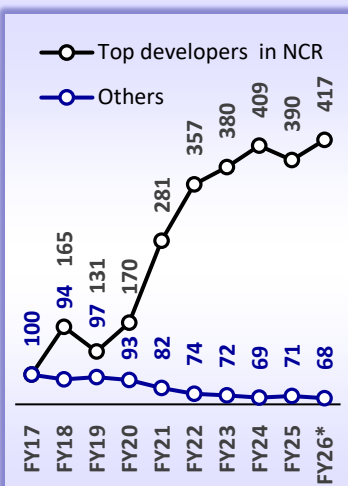
Real Estate



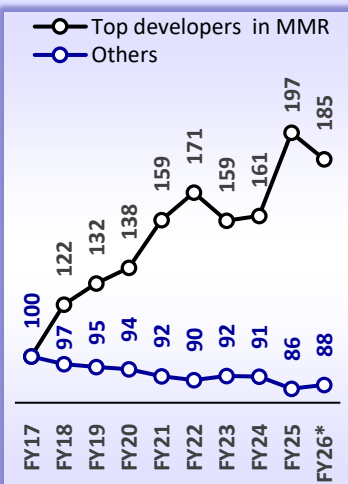
K-shaped trends: Leaders gain ground, further

Top developers have gained market share amid broader sector exhibiting K-shaped trends. Consolidation in supply and absorption, along with regional diversification, drove our coverage universe's market share expansion by 530bp to ~20% post-FY21. A pre-sales CAGR of 13% during FY26-28E is expected to further increase market share for our coverage universe. A higher collections CAGR of 16%, combined with net operating cash flows (NOCF) to collections ratio ranging from 20% to 60%, provides cash flow comfort. A disciplined approach, focus on asset churn, healthy cash flows, and a significant reduction in sector leverage (net debt down by 58% post-FY17) have lowered historically existing risks. Most players are currently trading at a 10-35% discount to their residential NAVs. We believe this deep value offers a compelling opportunity to generate superior returns. Our top picks are LODHA (+29%; BUY) among the larger players and ABREL (+39%; BUY) in the SMID space. We remain constructive on DLF (+19%; BUY), GPL (+16%; BUY), and OBER (+3%; NEUTRAL).

NCR – market share trend taking FY17 as the base



MMR – market share trend taking FY17 as the base



Shakeout in the sector: New launches now led by fewer players

After FY20, the onset of the euphoria phase resulted in increased developer participation in the sector. The number of unique developers launching new projects annually spiked to ~3,500 in FY24 from ~2,420 (FY09-25 average). However, this number has declined to ~2,100 as of Jan'26, which is well below the LT average. We believe this decline is due to the shakeout of smaller developers, who exhausted their legacy land banks. Consequently, new supply has become a function of a few, as the average area launched per developer has gone up from the FY20-24 average of 0.19msf to 0.26msf by 4QFY26.

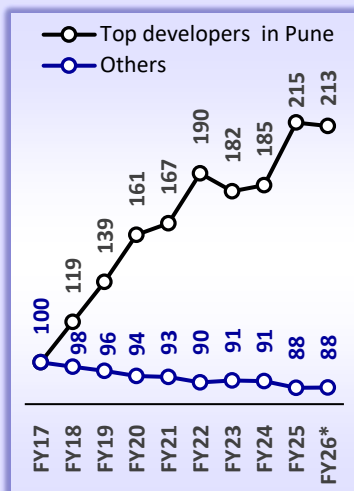
Dynamics favor faster asset churn for branded players at scale

As absorption has increasingly become dependent on new launches, the branded/reputable developers with prudent balance sheets have increased their business development (BD) activities in the last 2-3 years, with INR1.5t GDV added by the top 4 players in FY26 alone. The ultra-low levels of inventory overhang at ~20 months (top-8 cities) offer the opportunity for branded developers to continue launching new projects. Further, easing competition (lower developer participation) would enable leading developers to scale at a faster pace.

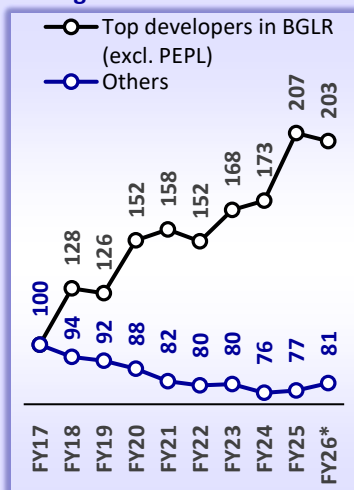
Top developers see market share gains; diversified players to outperform

Demand showcases a K-shaped trend in the top four markets as branded/well-known developers have continued to grow despite the broader market showing a dip. Rebasing the data on FY17, top developers in NCR, MMR, Pune, and Bengaluru have witnessed their market share surge by 2-4x. Our coverage companies reported pre-sales growth of 15% YoY to INR1.5t in FY26, with their market share rising 530bp to 20% over FY21-26 (+150bps in FY26). We expect players in the nascent stage of diversification, as well as balance sheet strength, to continue outperforming in the next two years. Our coverage is projected to report a 13% CAGR in pre-sales over FY26-28, which is likely to be ahead of the sector. LODHA, among the larger ones, and SRIN, KPDL, LOTUSDEV, MAHLIFE, and BRGD in the SMID space are anticipated to outperform.

Pune – market share trend taking FY17 as the base



BGLR – market share trend taking FY17 as the base



Source: Industry, MOFSL, *till Jan-26

Still time for the cycle to reach its peak

Unlike the trends observed at the onset of the previous downcycle, so far, we have not yet seen developers experiencing financial distress, market oversupply, or project execution defaults. In contrast, supply remains disciplined in the top 8 cities (calibrated to demand), and inventory overhang remains low (20 months). Further, the sector has undergone significant deleveraging, with net debt declining by 58% over FY17-26. Aside from a temporary deferral in demand caused by the West Asia conflict, developers' commentary on demand remains positive. Although pricing growth moderated in FY26 compared to the sharp increases seen in FY21-25, positive trends persist. We believe that disciplined supply and housing price increases bode well for sustaining the resilience of end-user demand. An increase in housing loan rates remains a risk to demand momentum.

Low leverage and clear visibility of future FCF provide balance sheet comfort

Our coverage companies have reported a comfortable NOCF to collections ratio of 20–60% over the past four years, which provides confidence in their profitability. We anticipate a CAGR of 16% in collections during FY26–28E, resulting in a cumulative cash inflow of INR2.4t from the residential segment in the next two years. This should be more than sufficient to meet the working capital requirements. The surplus cash is likely to be allocated toward sustaining growth, creating an annuity portfolio, and maintaining balance sheet strength, as the net debt of our coverage companies is likely to dip by INR55b over the next two years.

Valuation and view

Due to the broader weakness in print related to demand, investor concerns about the sustainability of the upcycle have led to the compression of NAV premiums. Most players in the sector are now trading at a 10-35% discount to their respective NAVs. Data indicate that although demand in the top 8 cities has softened, branded developers have continued to grow amid a shakeout of smaller players. Cash flows continue to remain healthy, and we expect strong FCF generation over the medium term. We believe that the deep value in some of the prudent developers offers a compelling opportunity to generate superior returns. **Lodha (+29%; BUY) is our preferred pick among large players, whereas we also like DLF (+19%; BUY). We remain positive on GPL (+16%; BUY). Among the SMID players, AB Real Estate (+39%; BUY) is our preferred pick, while Oberoi (+3%; NEUTRAL) is still trading at a premium to its residential NAV.**

Valuation table

Company	MCap (INR b)	CMP (INR)	TP (INR)	Rating	Upside (%)	CAGR FY26-28E (%)		Net debt (INR b)			Embedded EV/EBITDA (x)		Resi. NAV (INR b)	Prem./ (Disc) to NAV (Resi. %)
						Pre-sales	Collections	FY26	FY27E	FY28E	FY27E	FY28E		
LODHA IN	992	992	1285	BUY	29	16	18	54	5	-33	12.2	10.0	891	(32)
ABREL IN	156	1397	1940	BUY	39	11	30	33	20	19	5.6	4.6	220	(28)
DLFU IN	1604	649	775	BUY	19	5	8	-83	-84	-87	19.6	18.8	903	(35)
GPL IN	587	1957	2280	BUY	16	10	11	72	71	73	5.7	5.2	746	(8)
OBER IN	658	1804	1850	Neutral	3	16	17	-1	-1	-2	19.0	16.4	491	22

Source: Bloomberg, Company, MOFSL

Financials: Banks

Result Preview



1QFY27E earnings estimates (INR b)

PAT	1Q FY27E	YoY (%)	QoQ (%)
Private Banks			
AUBANK	7.5	29.3	-9.7
AXSB	66.8	15.0	-5.6
BANDHAN	4.6	23.9	-13.7
DCBB	2.1	33.3	1.9
EQUITAS	1.6	-170.6	-25.8
FB	11.4	32.1	-9.6
HDFCB	192.3	5.9	0.0
ICICIBC	131.6	3.1	-3.9
IDFCFB	8.0	73.7	151.9
IIB	6.7	11.1	12.9
KMB	39.2	19.5	-2.6
RBK	1.8	-9.0	-20.7
Private Total	473.6	10.1	-1.7
PSU Banks			
BOB	51.7	13.8	-8.0
CBK	44.2	-7.1	-2.0
INBK	32.5	9.5	4.9
PNB	48.3	188.6	-7.5
SBIN	184.2	-3.9	-6.4
UNBK	44.8	9.0	-15.6
PSU Total	405.8	9.0	-6.6
Banks Total	879.4	9.6	-4.0
SBICARD	6.6	18.8	8.4
PAYTM	2.0	59.8	7.0

Growth momentum healthy; margin outlook divergent with negative bias

Asset quality remains robust

- Credit growth crosses 17% YoY; mid-sized private banks likely to lead:** Systemic credit growth accelerated to 17.7% as of 15th Jun'26, driven by: A) higher working capital loan demand amid rising input costs, B) the [regulatory shift in focus from LDR to the LCR/NSFR framework](#), and C) a surge in corporate borrowings following the rise in bond yields during 1QFY27. We expect growth to likely moderate to around 14% by FY27E. The FCNR route should provide some relief and help deposits mobilization till Sep'26. Across our coverage, we expect banks to deliver loan growth of 1.2-5.4% QoQ in 1QFY27. PSU banks are likely to remain relatively subdued with less than 3% QoQ growth, while mid-sized private banks such as AU, RBL, DCB, and IDFC are expected to outperform with loan growth of 3.9-5.4% QoQ. Among the large private banks, we expect ICICI Bank to lead with around 4% QoQ loan growth.
- Deposit growth at 12%; CD ratio rises to 83.4%:** System-wide deposit growth remained healthy at 12% YoY, aided by strong credit expansion and an increase in the money multiplier. However, deposit growth continues to trail loan growth, resulting in greater reliance on wholesale deposits. With competition for deposits still intense, banks continue to face challenges in mobilizing low-cost deposits. We expect term deposit (TD) rates to remain broadly sticky as banks strive to sustain deposit accretion. Across our coverage universe (barring RBL), we expect deposit growth in the range of 0.5-5.1% QoQ.
- NIM outlook mixed; PSU bank margins likely to remain range-bound:** With the repo rate being largely flat for the past six months, the external benchmark-linked loans have largely absorbed the full rate cut impact. Going forward, changes in product mix are likely to be the key driver of yield movements. In 1QFY27, a few banks have changed the deposit rates. Among mid-sized private banks, we expect NIM expansion for IIB, Federal (adjusted NIM) and DCB, while HDFC Bank, ICICI Bank and Axis Bank are likely to report a marginal decline and KMB to witness moderation. Among other PVBs, we expect NIMs to decline by ~13bp QoQ for AU, 10bp QoQ for Bandhan and 14bp QoQ for Equitas SFB. For PSU banks, margins are likely to remain broadly stable in a narrow range.
- Asset quality outlook remains healthy:** Most of the banks have indicated that stress is easing in unsecured loans (PL/CC), while MFI stress is trending close to normalization. Our channel checks suggest no immediate impact of the West Asia war, though we expect the rise in input costs and margin contraction to dent profit margins of underlying borrowers. Among our coverage banks, we expect steady credit costs for large PVBs and benign credit costs for PSU banks.
- Estimate ~15% PAT CAGR over FY26-28:** For 1QFY27E, we estimate NII for our banking coverage universe to improve by 10.9% YoY/3.5% QoQ and PPop to rise by 4% QoQ. We estimate private banks' PAT to grow by 10.1% YoY/fall by 1.7% QoQ and PSU banks' PAT to grow by 9% YoY/decline by 6.6% QoQ. For our coverage universe, we estimate PAT to grow by 9.6% YoY/fall by 4% QoQ. We estimate our coverage banks to deliver a 15% earnings CAGR over FY26-28.

Private Banks: 1Q earnings to grow 10.1% YoY/fall 1.7% QoQ (+20.3% in FY27E)

- **For the private banks under our coverage**, we estimate PPOP to decline by 8% YoY/rise by 5.1% QoQ, and PAT to grow by 10.1% YoY/fall by 1.7% QoQ in 1QFY27. We estimate ~20% earnings CAGR over FY26-28 for private banks.
- **Estimate NII to grow 10.4% YoY/2.9% QoQ in 1QFY27**. Among large private banks under our coverage, NII is estimated to grow by 8.5% YoY (up 3.1% QoQ) for HDFCB and 10.5% YoY (4.1% QoQ) for ICICIBC. AXISB's NII is likely to grow by 10.6% YoY/3.7% QoQ, and Kotak at 10.1% YoY/1.5% QoQ.
- Interactions with most of the banks indicate a stable asset quality outlook; however, we closely monitor business loans and CVs amid concerns related to the West Asia conflict.

PSU Banks: NIMs range-bound; 1Q PAT to grow ~9% YoY/dip ~7% QoQ (7% growth in FY27E)

- **We estimate PSU banks' PAT to grow by 9% YoY (down 6.6% QoQ) in 1QFY27E**, supported by range-bound NIMs and modest fee growth, which would be partly offset by some increase in treasury gains amid the fall in bond yields.
- NII is likely to grow by 11% YoY/4.2% QoQ. Treasury gains are expected to improve as bond yields have declined from the peak.
- **Asset quality outlook stable:** Asset quality outlook is stable for PSU banks, while the recoveries from the write-off pool are declining. We expect benign credit cost to continue for PSU banks.
- **We estimate PSU banks to report an earnings CAGR of 9.6% over FY26-28.**

Small Finance Banks: negative bias in NIM; growth to remain healthy

- **AUBANK** is expected to report PAT growth of 29.3% YoY (down 9.7% QoQ) to INR7.5b amid NIM decline of 13bp QoQ to 5.83%. However, improving slippages outlook and easing in MFI stress should keep credit costs at ~0.9-1% of assets. NII is expected to increase by 32.8% YoY (5.2% QoQ).
- **EQUITASB** is estimated to report a decline in PAT to INR1.58b in 1QFY27, due to a decline in NIM (down 14bp QoQ to 7.15%). We expect credit costs to moderate. We expect loan growth to remain steady (at 27.2% YoY/3.4% QoQ), led by healthy growth in MFI as well as used VF.

Payments/Fintech: SBI Cards – Margins to decline by 10bp QoQ; Paytm – Strong revenue and GMV growth; contribution margin expected at 55.5%

- **SBICARDS:** We expect credit costs to remain high in the range of 7.5-7.6%. Loan book is expected to grow modestly by 3% YoY/2.4% QoQ in 1QFY27. We expect card spends to grow modestly, aided by steady growth in both corporate and retail spends. We estimate NIMs to contract by 10bp QoQ to 11%. We estimate PAT to grow by 18.8% YoY/8.4% QoQ to INR6.6b.
- **PAYTM:** Revenue from operations is expected to grow at a robust 26% YoY/7% QoQ to INR24.1b and contribution profit is also expected to grow strongly at 16% YoY/7% QoQ to INR13.4b. Contribution margin is expected to remain at ~55.5%. GMV growth should remain strong at 27% YoY/5% QoQ to INR6.9t.

Top picks – SBI, ICICIBC, HDFCB, and AUBANK

SBI: Financial snapshot (INR b)

Y/E March	FY26	FY27E	FY28E
NII	1,731	1,966	2,237
OP	1,184	1,308	1,520
NP	800	826	927
NIM (%)	2.7	2.7	2.8
EPS (INR)	88.2	89.5	100.5
EPS Gr. (%)	11.0	1.5	12.2
ABV (INR)	542	598	677
Cons. BV (INR)	625	673	776

Ratios

RoA (%)	1.1	1.0	1.0
RoE (%)	17.3	15.4	15.5

Valuations

P/BV (x) (Cons.)	1.7	1.6	1.3
P/ABV (x)*	1.3	1.2	1.0
P/E (x)	11.4	11.0	9.7
P/E (x)*	7.8	7.7	6.9

*Adj for Investment in Subs

ICICIBC: Financial snapshot (INR b)

Y/E March	FY26	FY27E	FY28E
NII	881	1,020	1,203
OP	716	824	983
NP	501	572	664
NIM (%)	4.3	4.4	4.5
EPS (INR)	70.2	79.9	92.8
EPS Gr (%)	5.2	13.8	16.1
ABV/Sh (INR)	448	512	594
Cons. BV/Sh (INR)	511	600	688

Ratios

RoA (%)	2.2	2.2	2.3
RoE (%)	16.1	16.1	16.3

Valuations

P/BV (x) (Cons)	2.7	2.3	2.0
P/ABV (x)*	2.5	2.2	1.9
P/E (x)	19.6	17.2	14.9
Adj P/E (x)*	15.7	13.8	11.9

*Adj for Investment in Subs

SBIN

- SBIN is poised to deliver industry-leading credit growth of 13-15% CAGR over FY26-28E, driven by steady momentum across the RAM segments, improving traction in Xpress Credit, a healthy corporate loan pipeline led by infrastructure, renewables and data centers, and selective utilization of working capital limits.
- SBIN's deposit growth remained healthy at ~12% CAGR over FY26-28E. The CASA ratio has remained healthy at ~39-40%, while the bank's comfortable domestic CD ratio of 73% and granular retail deposit base provide ample headroom to sustain healthy credit growth.
- Asset quality remains a key strength for SBIN. It reported GNPA of 1.49% and NNPA of 0.39%, with PCR of 74.4% (92.0% including AUCA). We expect credit costs to remain benign at ~40-45bp over FY27-28E.
- NIMs moderated in FY26 owing to the repo rate cuts and a higher EBLR mix. However, management expects margins to remain broadly stable, supported by its strong liability franchise, comfortable CD ratio, improving Xpress Credit mix and disciplined pricing. We estimate NIMs to remain broadly stable at ~2.7-2.9% over FY27-28E.
- SBIN remains well positioned to deliver sustainable growth, backed by healthy credit expansion, resilient margins, a best-in-class liability franchise and superior asset quality. We estimate an ~8% earnings CAGR over FY26-28E, with RoA/RoE of ~1.0%/15.5% by FY28E. Standalone bank currently trades at ~1.0x FY28E ABV.

ICICIBC

- ICICI Bank has sustained its strong growth trajectory, delivering a loan CAGR of ~16% over FY22-25, driven by healthy expansion across the Retail, SME and BB segments. Supported by a robust PCR of 76% and a contingency buffer of INR131b (0.9% of loans), the bank remains well positioned to navigate near-term uncertainties, including the transition to the ECL framework.
- PL portfolio has started witnessing improved traction, while growth in CC and select auto segments remains relatively subdued. Strong underwriting, disciplined risk selection and analytics-led portfolio monitoring should continue to keep incremental stress under control. We expect credit costs to remain contained at ~40-45bp over FY26-28E.
- NIMs appear to have largely bottomed out at ~4.3% in 4QFY26. While the benefit of deposit repricing has played out, stable interest rates and a healthy mix in BB and PL should support margins. We estimate NIMs at ~4.4% in FY27E, improving to ~4.5% by FY28E.
- The bank continues to strengthen its liability franchise through diversified acquisition engines, including corporate salary accounts, transaction banking, digital channels and an expanding branch network. With a domestic CD ratio of ~85.5% and LCR of ~126%, we expect deposit growth to remain healthy at ~15% CAGR over FY26-28E.
- Asset quality remains among the best in the sector, and strong recoveries and healthy PCR should drive further improvement. We estimate GNPA/NNPA ratios to improve to 1.36%/0.32% by FY28E and expect credit costs to remain steady.
- ICICIBC continues to deliver consistent operating performance, aided by broad-based loan growth, robust asset quality and industry-leading profitability. We estimate RoA/RoE of 2.3%/16.3% by FY28E. The bank is one of our preferred plays in the banking sector.

HDFCB: Financial snapshot (INR b)

Y/E March	FY26	FY27E	FY28E
NII	1,287	1,456	1,708
OP	1,186	1,242	1,471
NP	747	842	982
NIM (%)	3.3	3.4	3.5
EPS (INR)	48.6	54.7	63.8
EPS Gr. (%)	10.6	12.5	16.6
BV/Sh. (INR)	366	402	456
ABV/Sh. (INR)	351	387	438
Ratios			
RoA (%)	1.8	1.8	1.9
RoE (%)	14.0	14.2	14.9
Valuations			
P/E(X)	16.4	14.5	12.5
P/E(X)*	13.6	12.1	10.4
P/BV (X)	2.2	2.0	1.7
P/ABV (X)*	1.9	1.7	1.5

*Adj for Investment in Subs

AUBANK: Financial snapshot (INR b)

Y/E March	FY26	FY27E	FY28E
NII	91.1	118.4	147.0
PPoP	50.9	64.3	80.4
PAT	26.4	36.6	47.7
NIM (%)	5.2	5.5	5.6
EPS (INR)	35.4	48.9	63.5
EPS Gr. (%)	18.8	38.1	29.9
BV/Sh. (INR)	264	309	371
ABV/Sh. (INR)	258	303	363
Ratios			
RoA (%)	1.5	1.7	1.8
RoE (%)	14.4	17.1	18.7
Valuations			
P/E(X)	29.6	21.4	16.5
P/BV (X)	4.0	3.4	2.8
P/ABV (X)	4.1	3.5	2.9

HDFCB

- HDFCB's loan growth has continued to gain momentum, with advances growing ~12% YoY in 4QFY26, driven by healthy traction in corporate and SME segments, while retail growth also improved sequentially. Management remains constructive on growth, expecting the bank to sustain healthy momentum, supported by opportunities across corporate, emerging corporates, mortgages, and retail lending.
- Deposit growth remained robust at 14.4% YoY in 4QFY26, significantly outpacing credit growth, led by strong traction in granular retail deposits. HDFCB continues to gain market share in deposits through continued branch expansion and a strong liability franchise. We expect a ~14% CAGR in deposits over FY26-28.
- NIMs improved 3bp QoQ to 3.38% in 4QFY26, benefiting from a decline in funding costs and lower borrowings. We expect margins to improve gradually as high-cost borrowings continue to run down, supported by better operating leverage over the next few years.
- Asset quality remains among the best in the sector, with GNPA/NNPA ratios improving to 1.15%/0.38% and PCR at 67% in 4QFY26. HDFCB does not see any underlying stress across its portfolio and maintains substantial contingency and floating provisions, providing comfort on credit costs going forward.
- HDFCB remains well positioned to deliver steady earnings growth, supported by improving business momentum, a strengthening deposit franchise, gradual margin expansion, and best-in-class asset quality. We expect the bank to deliver FY28E RoA/RoE of ~1.9%/14.9%, while valuations remain attractive at ~1.5x FY28E ABV, adjusting for subsidiaries.

AU Bank

- AUBANK enters FY27 with a structurally stronger pan-India banking franchise and is well positioned to transition into a universal bank. We estimate the bank to deliver a robust ~25% loan CAGR over FY26-28E despite a competitive operating environment.
- AUBANK is poised for steady margin expansion as funding costs moderate, supported by deposit repricing, improving liability mix, and sustained growth in high-yielding secured businesses. Combined with healthy business momentum, we estimate the bank to deliver a ~27% NII CAGR over FY26-28E.
- Asset quality continues to improve, led by normalization in unsecured portfolios, lower slippages, and healthy recoveries. Credit cost moderated to 0.6% in 4QFY26 (96bp for FY26), and the bank has guided for ~0.9% credit cost in FY27. With improving asset quality and stable secured portfolio performance, we estimate credit costs to remain at 0.9% over FY27-28E, driving a healthy ~34% earnings CAGR over FY27-28E.
- The transition to a universal bank remains a key structural catalyst, supported by the RBI's relaxation of the NOFHC requirement and the bank's final license application. Combined with lower funding costs, greater operating flexibility, and stronger cross-selling opportunities, we expect AUBANK to deliver RoA/RoE of ~1.7%/17.1% in FY27E. The stock is currently trading at 3.4x FY28E BV.

Banks: Summary of 1QFY27E earnings estimates

Rating		NII (INR m)			Operating profit (INR m)			Net profit (INR m)		
		Jun'26E	YoY (%)	QoQ (%)	Jun'26E	YoY (%)	QoQ (%)	Jun'26E	YoY (%)	QoQ (%)
Financials										
AU Small Finance	Buy	27,162	32.8	5.2	13,989	6.6	3.5	7,508	29.3	-9.7
Axis Bank	Neutral	1,49,942	10.6	3.7	1,13,248	-1.7	13.1	66,774	15.0	-5.6
Bandhan Bank	Buy	28,948	5.0	3.5	13,454	-19.4	-6.6	4,608	23.9	-13.7
DCB Bank	Buy	6,950	19.7	6.1	3,631	11.1	6.1	2,096	33.3	1.9
Equitas Small Finance	Buy	10,208	29.9	4.1	3,837	21.9	-4.7	1,579	NA	-25.8
Federal Bank	Buy	28,059	20.1	-11.6	18,907	21.5	-16.9	11,384	32.1	-9.6
HDFC Bank	Buy	3,41,036	8.5	3.1	2,86,156	-19.9	2.9	1,92,293	5.9	0.0
ICICI Bank	Buy	2,39,120	10.5	4.1	1,89,824	1.3	4.3	1,31,624	3.1	-3.9
IDFC First Bank	Neutral	58,686	19.0	3.4	23,788	6.2	124.7	8,034	73.7	151.9
IndusInd Bank	Neutral	44,387	-4.3	1.5	22,304	-13.1	-2.8	6,708	11.1	12.9
Kotak Mahindra Bank	Buy	79,939	10.1	1.5	59,026	6.1	0.8	39,212	19.5	-2.6
RBL Bank	Buy	17,675	19.4	5.8	8,675	23.4	-9.2	1,822	-9.0	-20.7
Banks – Private		10,32,112	10.4	2.9	7,56,839	-8.0	5.1	4,73,642	10.1	-1.7
Bank of Baroda	Neutral	1,29,530	13.3	3.7	86,347	4.8	-4.8	51,686	13.8	-8.0
Canara Bank	Buy	1,01,816	13.0	3.8	76,056	-11.1	12.6	44,156	-7.1	-2.0
Indian Bank	Buy	73,736	16.0	3.7	54,055	13.3	2.3	32,549	9.5	4.9
Punjab National Bank	Buy	1,07,252	1.4	3.3	74,887	5.8	-0.2	48,339	188.6	-7.5
State Bank of India	Buy	4,64,654	13.1	4.7	2,96,520	-2.9	7.0	1,84,221	-3.9	-6.4
Union Bank	Neutral	98,196	7.8	4.4	72,467	4.9	-8.9	44,847	9.0	-15.6
Banks – PSU		9,75,183	11.4	4.2	6,60,332	-0.1	2.7	4,05,798	9.0	-6.6
Total Banks		20,07,295	10.9	3.5	14,17,171	-4.5	4.0	8,79,440	9.6	-4.0
SBI Cards	Neutral	16,747	-0.3	0.4	19,423	-7.5	1.5	6,603	18.8	8.4
PAYTM	Neutral	24,122	25.8	6.5	1,751	143.9	32.6	1,958	59.8	7.0

*Operating profit is EBITDA for Paytm

Estimate earnings CAGR of 15.3% over FY26-28, with private banks at ~20.5% and PSU banks at ~9.6% CAGR

INR b	Earnings Estimates						Growth YoY (%)		
	FY23	FY24	FY25	FY26	FY27E	FY28E	FY26E	FY27E	FY28E
Private Banks									
AXSB	215.8	248.6	263.7	244.6	306.5	383.3	-7	25	25
BANDHAN	21.9	22.4	27.5	12.2	27.2	37.2	-55	123	37
DCBB	4.7	5.4	6.2	7.3	9.9	12.5	19	36	26
HDFCB	441.1	608.1	673.5	746.7	842.2	982.0	11	13	17
ICICIBC	319.0	408.9	472.3	501.5	572.3	664.4	6	14	16
IDFCFB	24.4	29.6	15.2	16.4	35.9	53.5	7	120	49
IIB	74.4	89.8	25.8	8.9	32.4	54.4	-65	265	68
KMB	109.4	137.8	164.5	140.1	168.2	204.0	8	20	21
FB	30.1	37.2	40.5	41.2	50.2	64.3	2	22	28
RBK	8.8	11.7	7.0	8.2	22.1	36.1	18	169	63
AUBANK	14.3	14.9	21.1	26.4	36.6	47.7	25	39	30
EQUITASB	5.7	8.0	1.5	1.0	7.1	10.0	-30	585	41
Total Pvt	1,269.6	1,622.2	1,718.6	1,754.5	2,110.7	2,549.4	4.2	20.3	20.8
YoY growth	40.3%	27.8%	5.9%	4.2%	20.3%	20.8%			
PSU Banks									
BOB	141.1	177.9	195.8	200.2	223.5	243.0	2	12	9
CBK	106.0	145.5	170.3	191.9	197.7	226.7	13	3	15
INBK	52.8	80.6	109.2	121.6	137.6	154.8	11	13	13
PNB	25.1	82.4	166.3	169.0	202.9	235.9	2	20	16
SBIN	502.3	610.8	709.0	800.3	826.4	927.4	13	3	12
UNBK	84.3	136.5	179.9	187.0	201.3	217.6	4	8	8
Total PSU	911.7	1,233.8	1,530.4	1,670.0	1,789.4	2,005.6	9.1	7.2	12.1
YoY growth	59.2%	35.3%	24.0%	9.1%	7.2%	12.1%			
Total Banks	2,181.2	2,856.0	3,249.0	3,424.4	3,900.1	4,555.0	6.6	13.9	16.8
YoY growth	47.6%	30.9%	13.8%	6.6%	13.9%	16.8%			
SBI Cards	22.6	24.1	19.2	21.7	29.7	36.5	13	37	23
Paytm	-1.8	5.6	-6.9	5.1	9.9	18.1	NA	94	83

CreditAccess Grameen

BSE SENSEX

76,923

S&P CNX

24,006



Stock Info

Bloomberg	CREDAG IN
Equity Shares (m)	160
M.Cap.(INRb)/(USDb)	240.9 / 2.5
52-Week Range (INR)	1568 / 1113
1, 6, 12 Rel. Per (%)	12/28/26
12M Avg Val (INR M)	855
Free float (%)	33.8

Financials Snapshot (INR b)

Y/E March	FY26	FY27E	FY28E
NII	38.6	44.9	54.2
Total Income	41.6	47.1	56.0
PPoP	28.1	31.6	38.0
PAT	7.8	15.9	19.5
EPS (INR)	48.5	99.2	122
EPS Gr. (%)	46	104	23
BV (INR)	490	589	711

Ratios (%)

NIM	14.8	14.4	14.3
C/I ratio	32.5	32.9	32.2
Credit cost	6.5	3.2	3.0
RoA	2.6	4.5	4.6
RoE	10.5	18.4	18.8

Valuations

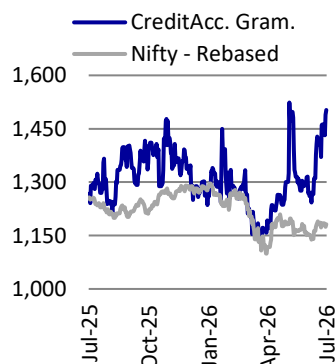
P/E (x)	30.9	15.1	12.3
P/BV (x)	3.1	2.6	2.1

Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	66.2	66.3	66.4
DII	12.6	13.2	12.7
FII	12.9	11.7	11.4
Others	8.2	8.8	9.5

FII includes depository receipts

Stock performance



CMP: INR1,503 TP: INR1,780 (+18%)

Buy

Graduating beyond MFI: Transformation gathering pace

Retail-led diversification, normalizing credit costs, and earnings recovery

- CreditAccess Grameen (CREDAG) has emerged stronger from the recent MFI stress, with an improved operating momentum, a more resilient portfolio, and a structurally stronger business mix supported by an increasing focus on retail finance. The company is strategically transitioning from a traditional MFI into a diversified rural financial services platform aimed at building long-term, household-level financial relationships across income cycles. With strong disbursement momentum, normalized asset quality trends, retail-led diversification, and improving spreads, CREDAG is well-positioned to capitalize on the next phase of credit growth.
- FY26 marked a notable shift toward retail finance-led growth, with retail assets rising to ~18.1% of AUM from ~5.9% in FY25, aided by accelerated internal customer migration and product diversification. With substantial untapped potential across its ~4.4m customer base, non-MFI segments are likely to drive the next phase of growth, underpinning FY27 AUM growth guidance of ~20-25%, while the core microfinance business is expected to maintain a stable growth trajectory of ~10-12%.
- Margins remain resilient, supported by a balanced mix of MFI and retail lending. While lower funding costs and improved yields in 2HFY26 due to lower interest income reversals aided FY26 NIMs, the medium-term margin profile will be driven by a higher share of retail assets and disciplined pricing. Importantly, similar yield profiles across segments allow diversification without material margin dilution. We model NIMs of 14.4%/14.3% in FY27/FY28E.
- Asset quality trends improved meaningfully during FY26, supported by industry guardrails that reduced borrower overleveraging and strengthened underwriting discipline. Fresh stress formation has moderated toward historical levels, indicating that the portfolio has largely transitioned from a recovery phase to a stable operating environment. While FY26 credit costs remained elevated at ~6.5% due to prudential provisioning, indicating that credit performance has improved materially. CREDAG expects credit costs to normalize to ~3-4% in FY27 as portfolio seasoning improves and provisioning buffers stabilize.
- CREDAG is transitioning into a more balanced financial services franchise with diversified growth drivers, stronger operational controls, and stabilizing credit dynamics. The increasing contribution of retail lending, combined with improved portfolio quality and execution discipline, sets the stage for a more sustainable earnings trajectory over FY27-28E.
- **We model an AUM/NII/PPoP/PAT CAGR of 21%/18%/16%/59% over FY26–28E, with RoA/RoE improving to ~4.6%/~18.8% by FY28E. At ~2.6x FY27E P/BV, the stock remains attractively valued. We reiterate our BUY rating with a TP of INR1,780 (premised on 2.5x FY28E BVPS).**

Evolving toward a diversified rural financial ecosystem model

- CREDAG is evolving from a pure-play microfinance lender into a broader rural financial services franchise focused on meeting customers' financial needs across different life stages.
- The company continues to leverage its microfinance platform and long-standing customer relationships to identify credit-worthy borrowers and cross-sell higher-ticket lending products. Building on this strategy, CREDAG is gradually scaling adjacent retail lending businesses, supporting portfolio diversification and deeper customer engagement.
- Through Project Shakti, the company aims to strengthen its inclusive finance franchise by enhancing customer connect, leveraging technology, and expanding into complementary lending opportunities. The initiative targets an AUM CAGR of 20-25%, customer growth of 8-10%, RoA of 4-4.5%, and RoE of 18-20% in FY27E.

Growth recovery led by retail credit shift and borrower improvement

- CREDAG witnessed a meaningful recovery in business momentum during FY26, aided by improving borrower behavior, better asset quality, and the gradual migration of seasoned microfinance customers into higher-value retail lending products. The strong pickup in disbursements reflects an improving operating environment as well as the company's ability to leverage its existing customer relationships to expand product penetration.
- While microfinance remains the core franchise, management expects future growth to be increasingly driven by retail lending businesses. The rising contribution of retail finance to the overall portfolio underscores the success of this diversification strategy and customer graduation model.
- With retail penetration still low within its large customer base and underwriting performance tracking as expected, the company sees significant headroom for expansion. We model an AUM growth of ~21% for FY26-28E, backed by a broad-based recovery.

Margins to remain broadly stable, supported by retail diversification and pricing discipline

- CREDAG reported NIM expansion in FY26, driven by lower funding costs and improved portfolio yields due to lower interest income reversals. However, going forward, the benefit from declining cost of funds is expected to moderate, though margins are likely to remain resilient, supported by a rising share of retail finance and disciplined pricing across segments.
- Additionally, yields across microfinance and non-MFI businesses remain broadly comparable, allowing portfolio diversification without significant impact on profitability. The company expects FY27 NIMs to normalize in the range of ~12.8-13.2%, while we model NIMs of ~14.4%/14.3% in FY27E/FY28E.

Improved execution and digitalization support an efficient cost structure

- CREDAG prioritized portfolio stability and collections during the stress period, helping preserve franchise quality and navigate the downturn. Execution improved through investments in manpower, supervision, and audit processes, supported by tighter monitoring frameworks and real-time analytics.

- Technology is increasingly embedded across lending, collections, and risk management through digital tools, WhatsApp, tele-calling, and AI-enabled analytics, enhancing efficiency and portfolio visibility. The company has guided for a cost-to-income ratio of 33-35%. We estimate the CI ratio to remain in the range of 32- 33% over FY26-28, with a gradual decline in the opex-to-AUM ratio over the same period.

Stronger credit discipline and guardrails enhancing asset quality stability

- CREDAG reported improvement in asset quality during FY26, supported by industry-wide guardrails that reduced borrower overleveraging and strengthened credit profiles. The share of group lending borrowers with exposure to more than three lenders declined sharply from ~25.3% in Aug'24 to ~3.3% by Mar'26, while unique borrower participation increased to ~46.1%, indicating healthier credit distribution.
- Portfolio performance improved steadily through FY26, with better collection efficiency, moderating delinquencies, and lower fresh stress formation across geographies, aided by tighter underwriting and stronger execution.
- Despite this, credit costs remained elevated at ~6.5% due to prudential provisioning and ECL enhancements. The company strengthened its ECL framework with broader historical data, macro inputs, and stress scenarios, and expects credit costs to normalize to 3-4% in FY27 as portfolio stability improves. We expect credit costs to witness a sharp decline to ~3.2%/3% in FY27/FY28.

Valuation and view

- CREDAG is steadily transforming from a microfinance-focused lender into a diversified rural financial services platform, leveraging its strong MFI franchise to deepen customer relationships and scale higher-ticket retail lending products.
- With retail finance emerging as the key growth driver, improving borrower quality, normalized stress formation, and conservative provisioning, the company appears well-positioned for a sustained earnings recovery. Supported by investments in technology, branch expansion, and operational strengthening, CREDAG is set to deliver healthy AUM growth, stable margins, and improving profitability while maintaining prudent risk management and portfolio quality.
- **We model an AUM/NII/PPoP/PAT CAGR of 21%/18%/16%/59% over FY26-28E, with RoA/RoE improving to ~4.6%/~18.8% by FY28E. At ~2.6x FY27E P/BV, the stock remains attractively valued. We reiterate our BUY rating with a TP of INR1,780 (premised on 2.5x FY28E BVPS).**

Valuation matrix: CREDAG vis-à-vis NBFC-MFI peers

Val summary	Rating	CMP (INR)	MCap (INRb)	EPS (INR)		BV (INR)		RoA (%)		RoE (%)		P/E (x)		P/BV (x)	
				FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Credit Access	Buy	1,503	241	99.2	122	589	711	4.5	4.6	18.4	18.8	15.1	12.3	2.6	2.1
Fusion Finance	Buy	204	31	20.3	23.9	172	196	3.7	3.8	12.5	13.0	10.0	8.5	1.2	1.0
Spandana	Neutral	278	21	16.0	43.6	279	322	2.0	4.3	6.1	14.5	17.4	6.4	1.0	0.9

Indian Bank

BSE SENSEX
76,923

S&P CNX
24,006

CMP: INR820

Buy

Steady business growth; CD ratio increases marginally

Indian Bank released its 1QFY27 business update. Following are the key takeaways:

- Total business grew 13.6% YoY/2.2% QoQ to INR15.28t.
- Gross advances increased by 13.9% YoY/2.7% QoQ to INR6.85t (in line with our estimate of 15.1% YoY/2.7% QoQ), largely driven by healthy traction in the RAM segment, which grew 14.8% YoY/3.2% QoQ to INR4.17t.
- Deposits grew 13.3% YoY/1.8% QoQ to INR8.43t (largely in line with our estimate of 13.9% YoY/2.5% QoQ), led by robust growth in CA deposits at 26% YoY/9% QoQ and 13% YoY (flat QoQ) growth in SA deposits. As a result, CASA ratio stood steady at 39.64% vs. 39.67% in 4QFY26.
- Overall business growth was in line with expectations, while deposit growth was largely driven by CA deposits. As a result, calculated CD ratio (on gross advances) inched up to 81.3% from 80.6% in 4QFY26.

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
NII	269.1	309.0	351.4
OP	199.2	227.1	257.2
NP	121.6	137.6	154.8
NIM (%)	3.0	3.0	3.1
EPS (INR)	90.2	102.1	115.0
EPS Gr. (%)	11.3	13.2	12.5
BV/Sh. (INR)	557	628	718
ABV/Sh. (INR)	550	620	709

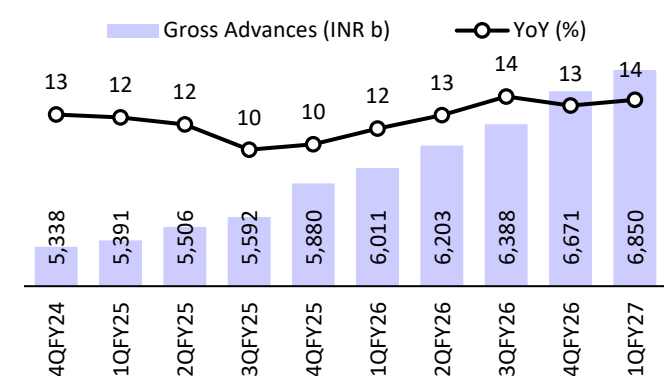
Ratios

RoA (%)	1.3	1.3	1.3
RoE (%)	17.9	17.8	17.6

Valuations

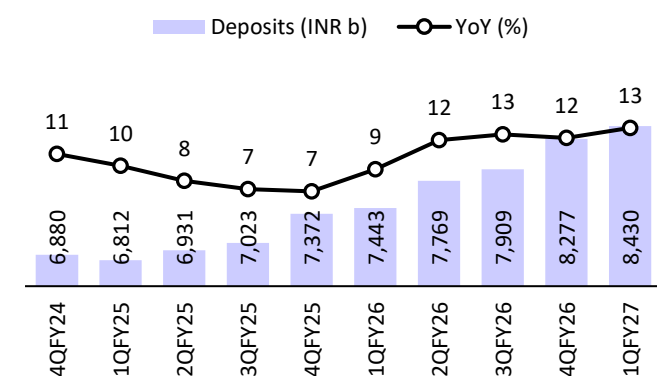
P/E(X)	9.1	8.0	7.1
P/BV (X)	1.5	1.3	1.1
P/ABV (X)	1.5	1.3	1.2

Gross advances grew 13.9% YoY (up 2.7% QoQ)



Source: MOFSL, Company

Deposits grew 13.3% YoY (up 1.8% QoQ)



Source: MOFSL, Company

V-Mart Retail

BSE SENSEX 76,923
S&P CNX 24,006

CMP: INR797

BUY

Financials Snapshot (INR b)

Y/E March	FY26	FY27E	FY28E
Sales	37.9	44.8	52.2
EBITDA	5.1	6.2	7.6
NP	1.2	1.5	2.0
EBITDA Margin (%)	13.6	13.8	14.6
Adj. EPS (INR)	15.7	19.4	25.0
BV/Sh. (INR)	351.3	23.6	28.7
Ratios	119.8	139.3	164.3
Net D:E			
RoE (%)	1.0	1.0	0.8
RoCE (%)	14.2	15.0	16.5
Payout (%)	10.6	10.9	11.9
Valuations			
P/E (x)	50.7	41.0	31.8
EV/EBITDA (x)	14.1	11.9	9.8
EV/Sales (x)	1.7	1.4	1.2
Div. Yield (%)	-	-	-
FCF Yield (%)	1.5	1.2	2.1

Pre-quarter update: Another strong revenue print (+23% YoY, SSSG +9%)

- V-Mart's 1QFY27 revenue grew 23% YoY to INR10.9b (~5% above our expectations), driven by ~16% YoY store additions and robust SSSG (9%).
- SSSG for V-Mart (core) stood at 8% (vs. 4%/12% in 1QFY26/4QFY26), while SSSG for Unlimited came in at 13% (vs. 5%/9% in 1QFY26/4QFY26).
- V-Mart's blended SSSG was better than V2 Retail's (+7.5%) for the second successive quarter.
- Revenue per store increased ~6% YoY to INR18.6m.
- The company opened 15 new stores (we estimate 13 V-Mart store openings and two Unlimited stores) and closed one store during the quarter, bringing the total store count to 591 (+16% YoY).
- **V-Mart remains among our preferred picks in the retail space.**

Financial performance for 1QFY27

V-Mart (INR m)	1QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	YoY%	QoQ%	1QFY27E	vs. est (%)
Total revenue	7,861	8,852	8,069	11,264	9,709	10,890	23.0	12.2	10,400	4.7
Total stores	448	510	533	554	577	591	15.9	2.4	592	(0.2)
V-Mart	370	421	438	458	478	488	15.9	2.1	488	-
Unlimited	78	89	95	96	99	104	16.9	5.1	104	-
SSSG (%)	11.0	1.0	11.0	-	12.0	9.0			5.0	
Revenue per store	17.6	17.6	15.5	20.7	17.2	17.8	1.3	3.7	17.8	0.1
YoY (%)	10.9	(0.2)	7.1	(3.6)	8.4	1.3			1.2	

Source: MOFSL, Company

Canara Bank

BSE SENSEX

76,923

S&P CNX

24,006

CMP: INR126

Buy

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
NII	372.1	430.9	498.5
OP	330.2	337.5	392.1
NP	191.9	197.7	226.7
NIM (%)	2.2	2.3	2.4
EPS (INR)	21.2	21.8	25.0
EPS Gr. (%)	12.7	3.1	14.7
BV/Sh. (INR)	121	132	141
ABV/Sh. (INR)	115	126	135

Ratios

RoA (%)	1.1	1.0	1.0
RoE (%)	19.1	17.7	18.7

Valuations

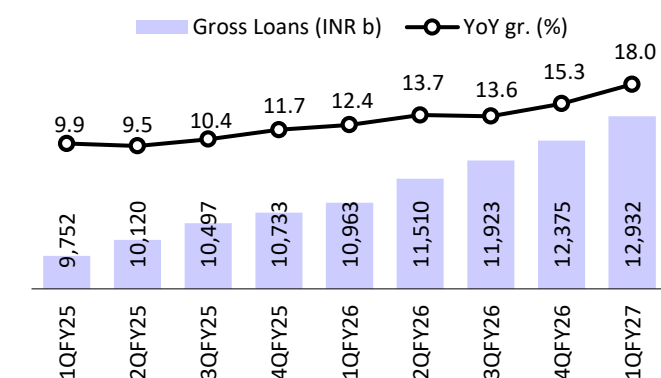
P/E (x)	6.0	5.8	5.0
P/BV (x)	1.0	1.0	0.9
P/ABV (x)	1.1	1.0	0.9

Robust business growth; CD ratio increases by ~130bps QoQ

Canara Bank released its 1QFY27 business update. Following are the key takeaways:

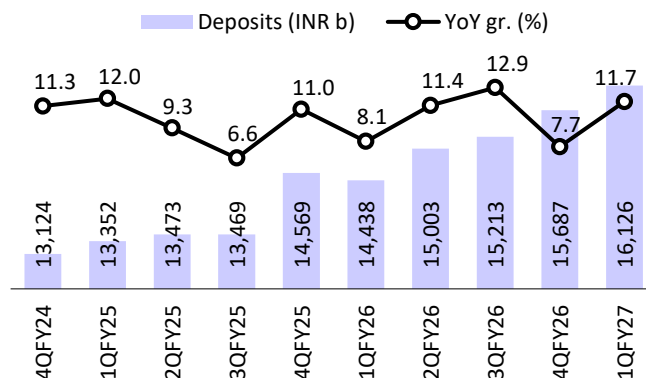
- Total Business of the bank grew 14.4% YoY/ 3.55% QoQ to INR29.05t.
- Global advances grew by 17.96% YoY/ 4.5% QoQ to INR12.93t (largely inline to our estimate of loan growth of 16.55% YoY/ 2.6% QoQ). Growth was led by healthy traction in RAM segment which grew by 21.27% YoY/ 4.73% QoQ to INR7.65t.
- Global deposits grew 11.69% YoY/ 2.8% QoQ to INR16.13t (marginally beat to our estimate of 9.3% YoY/ 2.3% QoQ), led by higher growth in Overseas deposits which increased by 32.4% YoY/5.6% QoQ whereas Domestic deposits grew at 10.1% YoY/ 2.54% QoQ to INR14.73t.
- Overall business growth beat our expectations, while advances growth was largely driven by RAM advances. As a result, calculated CD ratio (on gross advances) increased to 80.2% vs 78.9% in 4QFY26.

Global advances grew 17.96% YoY (up 4.5% QoQ)



Source: MOFSL, Company

Global deposits grew 11.7% YoY (up 2.8% QoQ)



Source: MOFSL, Company

Automobiles

Jun'26 wholesales remain strong across segments

Retail demand momentum remained healthy for PVs and tractors in Jun'26, while 2Ws saw a revival after a tepid May'26. CV retails, on the other hand, were relatively soft due to the ongoing geopolitical conditions. Overall, most segments posted healthy double-digit growth in wholesales. In PVs, MM and TMPV outperformed, while HMIL underperformed and MSIL grew in line with industry growth. In 2Ws (excl. BJAUT and TVSL which are yet to report), RE posted healthy growth (+27%; ahead of our estimate), whereas HMCL saw a decline on a high base, even as retails grew by a healthy 18%. CV retails remained relatively subdued, though the top 3 CV OEMs posted strong 31% YoY growth in dispatches, mainly due to the inventory push in the system. Further, tractor demand remained steady (+13.5% YoY for the two listed players) despite ongoing concerns. Overall, given the stable demand momentum and easing input cost pressure, we expect renewed investor interest in the sector in the coming quarters. Our top OEM picks are MSIL, TVSL and MM. Among auto ancillaries, our top picks are MSWIL, SAMIL and Endurance.

- **PVs (mixed):** Retail demand was healthy in Jun'26, and hence channel inventory is expected to have remained lean across most OEMs. Accordingly, the four listed players combined posted 19.7% YoY growth in wholesales during the month. TMPV and MM outperformed with strong double-digit growth, while HMIL underperformed and MSIL was largely in line with industry growth. TMPV posted a strong 69.4% YoY growth to ~63k units, beating our estimate of ~54k units, led by the steady ramp-up of its newly launched Sierra and Punch EV and encouraging response to the Punch and Tiago facelift. MM also posted a strong 27.7% YoY growth in UV volumes (beating our estimate of 54k units) despite ongoing supply constraints. MSIL posted a robust 19.3% YoY growth to ~200k units. While June sales were slightly below our estimates, it is worth noting that MSIL posted a strong 29% YoY growth, ahead of the industry. Further, this growth is likely to remain intact in the coming quarters as MSIL will launch its new products in the coming months. On the other hand, HMIL significantly underperformed, posting a volume decline of ~16% YoY to 51k units, primarily due to a loss of production of 13.7k units due to a fire at its supplier Mobis' Chennai facility. However, production is now back to normal, and the loss in production is expected to be recovered in 2QFY27. Overall, for 1QFY27, PV volumes were up 23.7% YoY, driven by TMPV (+46.3%) and MSIL (+29.3%).
- **2Ws (mixed):** BJAUT and TVSL are yet to report their Jun'26 wholesales. RE sales at 114k units (up 27.4% YoY) beat our estimate of 106k units. Domestic volumes rose ~34% YoY to ~102.9k units, whereas exports dipped 12% YoY to 11.1k units. HMCL wholesales, on the other hand, missed our expectations, down 2.3% YoY to 541k units. While domestic sales fell 4.2% YoY, exports jumped ~33% YoY. HMCL indicated that retails saw a healthy 18% YoY growth in June to 466k units.
- **CVs (above):** Domestic retails softened considerably due to significant headwinds and the continued impact of the West Asia crisis. However, despite retail weakness, CV wholesales for the month came in strong, beating our estimates across the board. The three listed players posted a healthy 31.3% YoY growth in Jun'26, primarily over a low base of last year. TMCV continued to outperform its peers and drive industry growth, posting ~35% YoY growth in CV sales to ~41k units, ahead of our estimate of 34k units. HCV sales rose ~29% YoY and LCVs grew 40.3% YoY. Exports surged 83% YoY, as TMCV is executing its Indonesia order. VECV sales grew 29.3% YoY to 9.5k units for the month, beating

our estimates. AL has also posted a healthy 25.2% YoY volume growth in Jun'26, ahead of our estimates. Given the retail trends, it is likely that both AL and VECV have pushed inventory in the system.

- **Tractors (mixed):** The tractor segment saw steady growth momentum in wholesales for the month. However, a slowdown is expected over the coming months owing to the delayed onset of the monsoon due to the El Nino effect, which may impact the Kharif harvest in addition to the headwinds from rising input costs. So far reservoir levels have been able to support rural activity and sentiment, though lower-than-expected rainfall remains a key risk. The two listed tractor players posted ~14% YoY growth in tractor volumes in Jun'26. MM posted 12.3% YoY growth to 59.9k units, coming in slightly below our estimates. Escorts also posted 19.1% YoY growth to ~13.7k units, in line with our expectations. For 1QFY27, both players together posted 18.4% YoY growth in total volume to ~195k units.
- **Valuation and view:** The demand momentum remained healthy for all segments in Jun'26. Further, easing tensions in West Asia has significantly improved the sector's earnings outlook as crude prices have sharply corrected, along with a reduction in other raw material prices. Accordingly, 1Q is likely to see cost pressure, though it is expected to subside in the coming quarters. Given the stable demand momentum and easing input cost pressure, we expect renewed investor interest in the sector in the coming quarters. Our top OEM picks are MSIL, TVSL and MM. Among auto ancillaries, our top picks are MSWIL, SAMIL and Endurance.

Snapshot of volumes for June-26

Company Sales	June-26	June-25	YoY (%) chg	May-26	MoM (%) chg	YTD FY27	(%) chg	FY27E	Gr. (%)	Residual Growth (%)	Residual Monthly Run rate	Estimate June26e	Variation
Maruti Suzuki	200,390	167,993	19.3	242,688	-17.4	682,724	29.3	2,651,427	9.4	3.9	218,745	209,021	-4.1%
Domestic	157,622	130,151	21.1	200,774	-21.5	557,988	29.5	2,169,953	9.9	4.4	179,107	167,395	-5.8%
Export	42,768	37,842	13.0	41,914	2.0	124,736	28.6	481,474	7.5	1.7	39,638	41,626	2.7%
Hyundai Motor	51,335	60,924	-15.7	61,137	-16.0	178,082	-1.3	837,086	8.0	10.8	73,223	64,041	-19.8%
Domestic	39,635	44,024	-10.0	47,837	-17.1	139,374	5.4	627,948	7.4	7.9	54,286	47,986	-17.4%
Exports	11,700	16,900	-30.8	13,300	-12.0	38,708	-19.6	209,138	10.0	20.0	18,937	16,055	-27.1%
Mahindra & Mahindra	167,461	132,361	26.5	150,693	11.1	462,462	21.3	1,806,497	10.0	6.6	149,337	159,222	5.2%
UV	60,393	47,306	27.7	58,021	4.1	174,745	14.9	758,838	14.9	14.9	64,899	53,929	12.0%
Tractors	59,935	53,392	12.3	49,695	20.6	158,041	17.9	547,459	4.0	-0.7	43,269	63,003	-4.9%
Escorts Kubota	13,695	11,498	19.1	12,310	11.3	36,862	20.5	136,343	2.0	-3.5	11,053	13,427	2.0%
Tata Motors CV	40,805	30,238	34.9	32,850	24.2	108,488	26.7	472,530	10.3	6.2	40,449	34,072	19.8%
Tata Motors PV	63,083	37,237	69.4	59,790	5.5	182,574	46.3	699,791	9.1	0.1	57,469	53,779	17.3%
Hero MotoCorp	541,159	553,963	-2.3	570,068	-5.1	1,677,313	22.7	6,962,193	7.6	3.6	587,209	597,187	-9.4%
Eicher Motors													
Royal Enfield	114,032	89,540	27.4	103,231	10.5	330,427	24.4	1,421,087	14.7	12.1	121,184	106,162	7.4%
VECV	9,519	7,363	29.3	7,978	19.3	24,815	14.8	109,959	6.2	4.0	9,460	7,921	20.2%
LMD	4,746	3,506	35.4	4,013	18.3	12,228	21.3	73,026	6.0	3.4	6,755	3,927	20.9%
HD	2,231	1,778	25.5	1,742	28.1	5,593	18.2	26,664	6.0	3.2	2,341	1,920	16.2%
Buses	2,292	1,914	19.7	2,034	12.7	6,396	0.5	99,690	6.0	6.4	10,366	1,876	22.2%
VTI	250	165	51.5	189	32.3	598	36.5	2,618	8.0	1.7	224	198	26.3%
Ashok Leyland	19,194	15,333	25.2	14,923	28.6	48,763	10.2	235,177	6.7	5.8	20,713	15,758	21.8%
M&HCV	12,156	9,829	23.7	8,966	35.6	29,424	4.8	151,279	6.0	6.3	13,539	9,514	27.8%
LCV	7,038	5,504	27.9	5,957	18.1	19,339	19.6	83,898	7.9	4.8	7,173	6,245	12.7%

Fiscal monthly: Center maintains strong capex growth

Key takeaway:

- Cumulative capital expenditure of the central govt. remained strong, rising 13.4% YoY during Apr–May FY27 despite the sharp increase in subsidy spending arising from the West Asia conflict. Importantly, the composition of spending was encouraging, with railway capex and capital transfers to states recording robust growth, while road sector spending remained relatively muted and defense capital expenditure contracted.
- Moreover, the current capex run rate of around INR1.3t per month remains comfortably above the INR1.0t monthly pace required to meet the FY27 Budget target, indicating that the government's infrastructure spending remains well ahead of schedule. The key takeaway is that the government has accommodated the temporary rise in revenue expenditure without compromising its infrastructure-led investment strategy, preserving the quality of expenditure even amid elevated geopolitical and commodity price uncertainties.

Outlook:

- We continue to expect the Center's fiscal deficit to widen to around 4.6% of GDP in FY27, compared with the Budget target of 4.3%, implying a slippage of around 30bp. Although the de-escalation of tensions in West Asia and the US-Iran peace agreement have reduced the risk of a prolonged commodity shock, the fiscal impact has already been embedded in government finances through the reduction in fuel excise duties and the front-loaded increase in fertilizer and food subsidies. Additional downside risks stem from a potential shortfall in disinvestment receipts and weaker corporate tax collections.
- Nevertheless, we view the expected slippage as manageable rather than structural. The government has protected the quality of expenditure, with capital expenditure rising 13.4% YoY during Apr–May FY27 and running ahead of the pace required to meet the Budget target.
- Moreover, we do not expect the fiscal slippage to result in additional dated G-sec borrowings, as the government has sufficient financing flexibility through cash balances, small savings, and other financing sources. Consequently, we expect 10-year G-sec yields to remain broadly range-bound and continue to forecast the benchmark yield at around 7.2% by end-FY27.

Exhibit 1: Fiscal details of the Central government (FYTD basis)

	(INR t) 2MFY27	(INR t) 2MFY26	(INR t) 2MFY25	% YoY 2MFY27	% YoY 2MFY26	(INR t) FY27BE	(% of BE) FY27BE	FY2027 (INR t)		
								Current run rate	Required run rate as per budget	Required run rate for remaining months
Gross tax revenue	5.2	5.2	4.6	1.8	12.1	44.0	11.9	2.6	3.7	3.9
Direct Taxes	2.6	2.4	2.3	10.5	5.0	27.0	9.7	1.3	2.2	2.4
Corporate Tax	0.6	0.4	0.5	26.1	-0.8	12.3	4.6	0.3	1.0	1.2
Income Tax	2.0	1.9	1.8	6.8	6.4	14.7	14.0	1.0	1.2	1.3
Indirect Taxes	2.5	2.7	2.3	-7.0	19.2	16.8	15.0	1.3	1.4	1.4
Custom	0.4	0.3	0.3	37.5	4.1	2.7	14.8	0.2	0.2	0.2
Excise Duty	0.2	0.3	0.2	-19.7	8.6	3.9	5.5	0.1	0.3	0.4
GST	1.9	2.1	1.7	-12.3	23.5	10.2	18.4	0.9	0.8	0.8
Net tax revenue	3.5	3.5	3.2	-0.8	10.0	28.7	12.1	1.7	2.4	2.5
Non Tax revenue	3.5	3.6	2.5	-1.7	41.8	6.7	52.7	1.8	0.6	0.3
Non debt capital receipts	0.2	0.3	0.0	-22.0	1108.6	1.2	16.6	0.1	0.1	0.1
Total Receipts	7.2	7.3	5.7	-2.0	28.0	53.1	13.5	3.6	4.4	4.6
Total Expenditure	8.8	7.5	6.2	18.1	19.7	53.5	16.5	4.4	4.5	4.5
Revenue expenditure	6.3	5.2	4.8	20.1	9.4	41.3	15.3	3.2	3.4	3.5
Interest Payments	1.8	1.5	1.2	22.8	19.4	14.0	12.9	0.9	1.2	1.2
Subsidies	0.8	0.5	0.5	47.4	-6.3	4.5	16.6	0.4	0.4	0.4
Capital expenditure	2.5	2.2	1.4	13.4	54.1	12.2	20.5	1.3	1.0	1.0
Loans Disbursed	0.7	0.6	0.2	18.4	160.9	2.8	25.1	0.4	0.2	0.2
Fiscal Deficit	1.6	0.1	0.5			17.0	9.6	0.8	1.4	1.5
Revenue deficit	-0.7	-1.8	-0.9			5.9	-11.6	-0.3	0.5	0.7
Primary deficit	-0.2	-1.3	-0.7			2.9	-6.5	-0.1	0.2	0.3

Jun'26 GST collections grow 13.9%

Gross GST collections stood at INR1.95t in Jun'26

- India's gross GST revenue stood at INR1.95t in Jun'26 (INR1.71t in Jun'25 and INR1.94t in May'26), registering a 13.9% YoY growth vs a growth of 3.2% in May'26. The growth was mainly driven by a sharp rise in GST from imports (34.6% YoY in Jun'26).
- During Apr-Jun'26, GST collections stood at INR6.3t, printing a growth of 8.4% YoY. Net GST revenue increased 7.1% YoY to INR5.40t during the period.
- Among the major states, Uttar Pradesh recorded the strongest GST collection growth in June, with revenue rising 19% YoY to INR91.7b, followed by Assam (+17% YoY) and Punjab (+14% YoY). Maharashtra, the country's largest GST-contributing state, continued to post healthy growth, with collections increasing 9% YoY to INR307b, indicating resilient economic activity.
- In contrast, collections remained weak in certain key states. Tamil Nadu registered a 2% YoY decline, while Rajasthan and Madhya Pradesh reported declines of 5% YoY each, pointing to a relatively softer GST performance across parts of western and southern India.

GST from imports remains strong:

- GST collections from imports rose 34.6% YoY in Jun'26, driven by 4.93m bpd crude oil influx dominated by Russian supplies and heavy industrial material demand, which boosted import-led GST revenues.
- GST collected from domestic activities grew 6.5% in Jun'26 vs. a contraction of 2.6% in May'26.

Outlook:

- GST collections are likely to remain on a healthy trajectory over the coming months, supported by resilient domestic demand, robust import activity, and improving compliance. While the sharp acceleration in June was largely driven by a surge in GST on imports, reflecting elevated crude oil and commodity imports during the West Asia conflict, domestic GST collections also returned to positive growth, indicating an improvement in underlying economic activity after the weakness seen in May. Going forward, the moderation in geopolitical tensions and easing supply-chain disruptions should support domestic consumption and production, although import-led GST growth is likely to normalize as commodity prices soften.

Exhibit 1: GST collections stood at INR1.95t in Jun'26

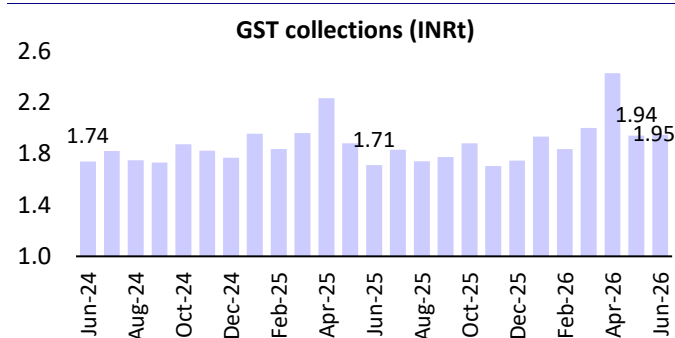


Exhibit 3: GST collected on domestic activities remained weak in FYTD27

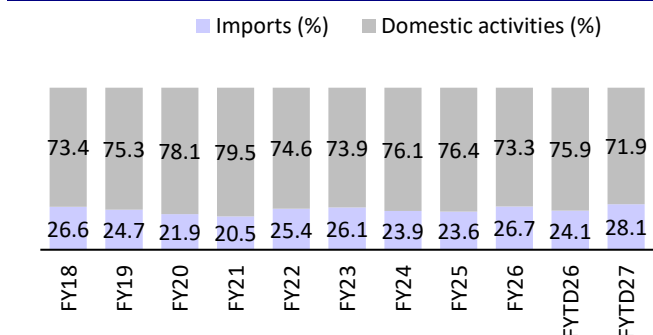


Exhibit 2: Breakup of GST collections

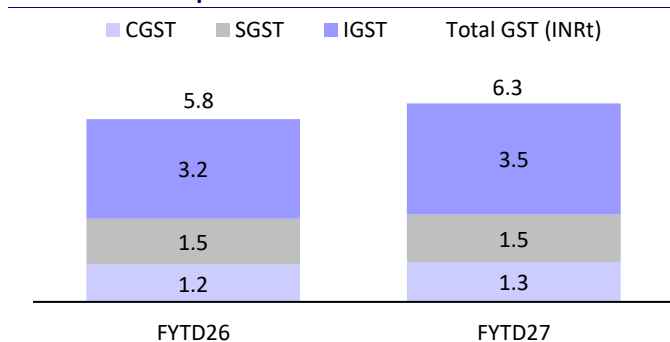
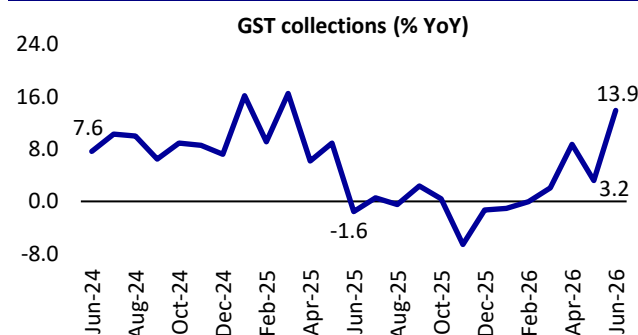


Exhibit 4: GST collections grew 13.9% YoY in May'26 vs. 3.2% in May'26



Source: Finance Ministry, MOFSL



AYE Finance : Explodes 90%! MSME Lending Boom Explained, Tier 2 Credit Goldmine!; Sanjay Sharma, MD

- **Growth Drivers:** The company is seeing robust 17.5% growth in the MSME segment, driven by inelastic demand for essential goods in Tier 2 and Tier 3 cities
- **Customer Acquisition:** A significant majority of their growth comes from new borrowers, with roughly 30,000 of their 40,000 monthly loans going to first-time customers who were previously excluded from the formal financial system
- **Strategic Shift in Lending:** The decline in yield on advances from 24.4% to roughly 22.25% is attributed to a change in product mix, moving from high-yield hypothecation loans to more secure, mortgage-backed 'microlab' loans
- **Falling Borrowing Costs:** Aye Finance's own cost of borrowing is decreasing—moving from an average of 10.8% last year to 10.2% for incremental funds—which helps stabilize their net interest margins
- **Capital Efficiency:** After raising 710 crores via an IPO in February, the company has enough capital leverage for the next two and a half years of planned growth, meaning no immediate need for further equity dilution

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M&M : Mahindra's SUV Boom Continues 28% Growth!; Nalinikanth Gollagunta, Automotive Division CEO

- **Strong SUV Sales Growth:** Mahindra reported a significant 28% year-on-year growth in SUV sales for June, reaching 60,393 units, a trend the company expects to remain sustainable
- **Electric Three-Wheeler Leadership:** The three-wheeler segment saw a massive 63% year-on-year growth, largely driven by strong adoption of their electric models, where Mahindra maintains a market-leading position
- **EV Portfolio Expansion:** The launch of the XUV 3XO EV is viewed as a strategic move to offer consumers more choice and create new demand within the category, with the company recording over 7,000 billings for EVs in the past month
- **Export Surge:** Exports saw a sharp 125% increase, primarily attributed to a major commercial vehicle order from Indonesia, alongside steady growth in markets like South Africa
- **Capacity Expansion Plans:** To support their 16-SUV launch pipeline through 2031, Mahindra is investing in both a brownfield expansion in Chakan (adding 240,000 units/year) and a new greenfield facility in Nagpur to significantly boost long-term production capacity

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Phitku : D2C personal care brand Phitku has been acquired by Ananta Capital for a majority stake; Sumit Marda, CEO

- **Strategic Majority Acquisition:** In just 14 months since launch, the D2C personal care brand Phitku has been acquired by Ananta Capital for a majority stake, marking one of India's fastest founder partial exits
- **Ingredient-Led Differentiation:** Unlike many brands chasing new-age trends, Phitku built its brand around alum, a centuries-old ingredient, with a core thesis that safety and efficacy in deodorants do not need to be a trade-off
- **Growth Philosophy:** The company operates on a "go deep, not wide" model, focusing on disrupting specific categories rather than launching dozens of SKUs. Having served over six lakh customers, they are now targeting 4-5x growth over the next two years
- **Future Expansion Roadmap:** Phitku plans to drive its next phase of growth through three pillars: expanding distribution into marketplaces and quick commerce, entering new, highly effective product categories, and initiating international expansion into the US, Europe, and Middle East

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SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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