SECTOR RATING: Equalweight

PL Capital
PRABHUDAS LILLADHER

Banks

Monthly Update

November 05, 2026

Coverage Universe

Name of the Company	Rating	CMP (INR)	TP (INR)
Axis Bank	BUY	1,232	1,600
Bank of Baroda	Accumulate	245	280
Canara Bank	BUY	118	160
City Union Bank	BUY	214	250
DCB Bank	BUY	190	215
Federal Bank	BUY	335	400
HDFC Bank	BUY	737	950
ICICI Bank	BUY	1,424	1,900
Indian Bank	BUY	854	1,000
IndusInd Bank	BUY	865	1,100
Karur Vysya Bank	BUY	344	380
Kotak Mahindra Bank	BUY	459	510
State Bank of India	BUY	979	1,200
Union Bank of India	Accumulate	184	200

Credit growth led by corporate, MSME and gold

Quick Pointers

- Non-food credit growth healthy at 19.1% YoY in Sep'26
- Growth led by corporate, MSME and gold loans
- FY28 loan growth a key monitorable amid rate hikes

Non-food credit accretion continued to improve, growing by 19% YoY to INR229trn in Sep'26 (+18% in Jun'26), supported by sustained growth across corporate (+24%), MSME (+24%) and agri (+20%). Corporate credit growth at ~24% YoY has rallied over last year (+5.1% in Jun'25), and bankers have attributed the same to companies shifting borrowings from bond markets to banks due to hardening of yields. NBFC credit has rebounded sharply over the last year, growing by 41.8% YoY (3.7% in Sep'25). Retail accretion of 18.5% YoY was cushioned by continued strong run-rate in gold. Excluding gold, retail growth improved to 13.6% YoY (12% in last 3 quarters). Unsecured growth at 14% YoY has been consistently increasing over last year (+6.7% in Sep'25). Driven by these factors, system credit could increase by 15-17% YoY in Mar'27.

Corporate: Corporate credit grew 24.4% YoY in Sep'26 (+20.6% in Jun'26), partly driven by the sharp surge in NBFC credit (+41.8% YoY vs. 32% in Jun'26). Other segments that contributed to growth are: infra: +13.7% YoY, engineering: +36% YoY, metals: +19% YoY, chemicals: 26% YoY, textiles: 19% YoY, food processing: +25% YoY, commercial real estate: 23.3% YoY, transport operators: 24.6% YoY, and tourism: +27.9% YoY.

MSME: Growth increased to 24% YoY (vs. 20% in Jun'26), partially driven by ECLGS 5.0 disbursals, which contributed 25-30% to YoY growth. Medium-sized enterprises recorded 33.2% YoY growth, followed by micro and small enterprises that increased by 24%. Trade saw an accretion of 24% YoY with wholesale trade recording higher growth of 29% compared to retail trade (18%).

Retail, agri and unsecured: Retail credit grew 18.5% YoY, led by gold loans (+82.6%), while housing loans grew 11.5%. Excluding gold, retail grew by 13.6% YoY (vs. 9.5% in Sep'25) led by pick-up in housing loans (+11.5% YoY) and vehicle loans (+15.5% YoY). Agricultural credit growth improved to 19.5% YoY (vs. +8.9% a year ago) led by agri-gold. Unsecured credit growth at 14.3% YoY in Sep'26 is consistently improving over Sep'25.

Exhibit 1: **Credit growth (% YoY) across main segments**

Sector (%)	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Share
Overall	10.9	9.3	11.2	14.4	15.9	18.3	19.1	
Corporate	7.9	5.1	5.8	11.1	15.8	20.6	24.4	33.4%
- NBFC	7.4	3.1	3.7	15.1	26.6	32.2	41.8	9.8%
- Infra	3.8	1.8	5.0	7.7	10.4	11.8	13.7	7.8%
MSME	13.2	13.4	15.7	21.6	21.6	20.1	24.1	16.7%
Agri	10.4	6.8	8.9	12.1	15.6	16.8	19.5	12.3%
Retail	14.9	13.8	13.6	16.9	17.6	17.2	18.5	23.1%
- Housing	10.7	9.6	10.1	11.1	11.5	11.0	11.5	15.2%
- Vehicle	18.8	9.2	6.1	16.5	13.4	17.3	15.5	3.5%
- Gold	121.9	140.9	124.8	127.6	122.8	93.8	82.6	2.5%
Unsecured	8.4	7.1	6.7	8.6	11.2	12.3	14.3	9.3%

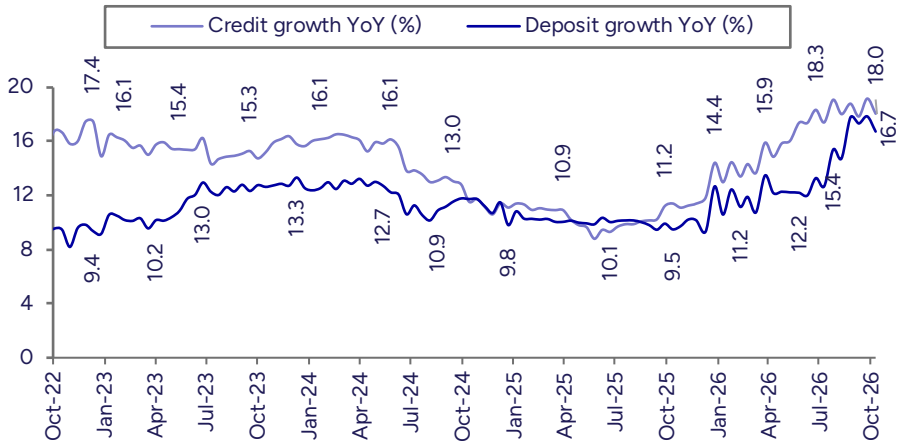
Source: RBI, PL

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Exhibit 2: System credit/deposit growth at 18%/16.7% YoY as of 15th Oct'26



Source: RBI, PL

Exhibit 3: Sectoral non-food credit growth YoY

Growth (%)	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Non-food credit	**14.6**	**14.9**	**16.0**	**12.5**	**14.2**	**11.1**	**10.9**	**9.3**	**11.2**	**14.4**	**15.9**	**18.3**	**19.1**
Corporate	**14.9**	**14.0**	**14.0**	**11.3**	**8.8**	**8.0**	**7.9**	**5.1**	**5.8**	**11.1**	**15.8**	**20.6**	**24.4**
NBFC	21.9	15.1	13.4	7.9	9.8	6.5	7.4	3.1	3.7	15.1	26.6	32.2	41.8
Infrastructure	3.0	8.5	9.0	8.0	6.9	2.3	3.8	1.8	5.0	7.7	10.4	11.8	13.7
CRE	44.8	41.7	42.7	38.3	10.9	14.0	14.1	14.9	15.6	15.4	18.9	22.1	23.3
Metals	19.7	15.9	12.2	11.7	16.0	13.1	12.8	11.0	8.9	14.2	19.7	20.9	19.2
Engineering	7.3	8.6	10.6	8.9	16.4	19.3	22.0	22.1	22.3	30.4	32.5	37.6	36.0
Chemicals	2.8	9.4	11.3	11.7	14.6	7.0	7.4	6.3	8.5	14.8	15.2	21.3	25.5
Textiles	13.3	13.5	11.2	6.2	5.5	5.6	8.3	8.6	7.0	11.8	8.9	11.4	18.9
Food processing	8.6	9.9	14.9	10.8	12.0	10.7	5.1	8.1	8.3	11.7	14.7	19.5	25.3
Transport operators	22.1	25.6	21.0	20.0	-13.8	13.5	-16.8	9.9	11.4	-0.9	20.8	7.7	24.6
MSME	**11.2**	**13.0**	**14.6**	**11.1**	**14.7**	**13.6**	**13.2**	**13.4**	**15.7**	**21.6**	**21.6**	**20.1**	**24.1**
Agri	**16.7**	**19.4**	**20.0**	**17.4**	**16.3**	**12.5**	**10.4**	**6.8**	**8.9**	**12.1**	**15.6**	**16.8**	**19.5**
Retail	**11.5**	**10.6**	**10.5**	**10.6**	**15.0**	**13.1**	**14.9**	**13.8**	**13.6**	**16.9**	**17.6**	**17.2**	**18.5**
Housing	10.2	10.0	10.5	10.6	12.6	11.1	10.7	9.6	10.1	11.1	11.5	11.0	11.5
Vehicle	21.2	19.7	17.6	15.5	21.8	8.8	18.8	9.2	6.1	16.5	13.4	17.3	15.5
Gold	14.6	5.8	4.4	20.9	44.4	84.6	121.9	140.9	124.8	127.6	122.8	93.8	82.6
LAD	18.7	7.5	2.1	4.1	7.7	20.1	10.9	15.5	14.3	15.3	21.9	11.2	53.3
Education	20.3	22.2	23.7	20.0	17.6	15.8	15.1	14.4	14.0	14.8	13.4	13.3	12.8
Unsecured	**27.0**	**26.5**	**23.2**	**18.0**	**15.5**	**9.8**	**8.4**	**7.1**	**6.7**	**8.6**	**11.2**	**12.3**	**14.3**

Source: RBI, PL

Exhibit 4: Sectoral deployment of non-food credit

Sector (INR trn)	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Non-food credit	**151.3**	**159.2**	**165.6**	**168.5**	**172.8**	**176.9**	**183.7**	**184.2**	**192.2**	**202.3**	**212.9**	**218.0**	**229.0**
Corporate	**53.4**	**55.9**	**56.7**	**58.0**	**58.1**	**60.4**	**61.2**	**61.0**	**61.5**	**67.1**	**70.9**	**73.6**	**76.5**
NBFC	14.0	15.2	15.2	15.5	15.3	16.2	16.4	16.0	15.9	18.7	20.7	21.1	22.5
Infrastructure	14.0	14.7	14.7	15.0	15.0	15.0	15.2	15.2	15.7	16.1	16.8	17.0	17.9
CRE	4.4	4.5	4.6	4.8	4.9	5.1	5.3	5.5	5.7	5.9	6.2	6.7	7.0
Metals	3.7	3.8	3.8	4.0	4.2	4.3	4.3	4.4	4.6	4.9	5.2	5.3	5.5
Engineering	1.9	1.9	2.0	2.0	2.2	2.3	2.4	2.5	2.7	3.0	3.2	3.4	3.7
Chemicals	2.3	2.5	2.5	2.5	2.6	2.6	2.7	2.7	2.9	3.0	3.1	3.3	3.6
Textiles	2.4	2.5	2.6	2.6	2.6	2.6	2.8	2.8	2.8	3.0	3.0	3.1	3.3
Food processing	1.7	1.9	2.1	2.1	1.9	2.1	2.2	2.2	2.1	2.4	2.5	2.7	2.6
Transport operators	2.1	2.3	2.3	2.4	1.8	2.6	1.9	2.7	2.0	2.5	2.3	2.9	2.5
MSME	**23.2**	**24.3**	**25.6**	**26.2**	**26.6**	**27.6**	**28.9**	**29.7**	**30.8**	**33.6**	**35.2**	**35.6**	**38.2**
Agri	**18.6**	**19.9**	**20.7**	**21.6**	**21.7**	**22.4**	**22.9**	**23.1**	**23.6**	**25.1**	**26.4**	**26.9**	**28.2**
Retail	**34.2**	**35.6**	**36.6**	**37.8**	**39.4**	**40.2**	**42.1**	**43.1**	**44.7**	**47.0**	**49.5**	**50.5**	**53.0**
Housing	25.3	26.4	27.2	28.0	28.5	29.3	30.1	30.7	31.3	32.6	33.6	34.0	34.9
Vehicle	5.4	5.6	5.7	5.9	6.6	6.1	6.8	6.4	7.0	7.1	7.7	7.5	8.1
Gold	1.0	0.9	0.9	1.1	1.4	1.7	2.1	2.8	3.2	3.8	4.6	5.4	5.8
LAD	1.1	1.2	1.3	1.3	1.2	1.4	1.4	1.5	1.4	1.6	1.7	1.6	2.2
Education	1.1	1.1	1.2	1.2	1.3	1.3	1.4	1.4	1.5	1.5	1.6	1.6	1.7
Unsecured	**15.1**	**16.3**	**16.8**	**17.2**	**17.4**	**17.9**	**18.3**	**18.4**	**18.6**	**19.5**	**20.3**	**20.7**	**21.3**
Others	**6.8**	**7.2**	**9.2**	**7.7**	**9.6**	**8.4**	**10.4**	**9.0**	**13.0**	**10.1**	**10.6**	**10.6**	**11.9**

Source: RBI, PL

Exhibit 5: Sectoral non-food credit mix

Mix (%)	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Corporate	**35.3**	**35.1**	**34.2**	**34.4**	**33.6**	**34.1**	**33.3**	**33.1**	**32.0**	**33.1**	**33.3**	**33.8**	**33.4**
NBFC	9.2	9.6	9.2	9.2	8.9	9.2	8.9	8.7	8.3	9.2	9.7	9.7	9.8
Infrastructure	9.3	9.2	8.9	8.9	8.7	8.5	8.3	8.3	8.2	8.0	7.9	7.8	7.8
CRE	2.9	2.8	2.8	2.8	2.8	2.9	2.9	3.0	2.9	2.9	2.9	3.1	3.1
Metals	2.4	2.4	2.3	2.4	2.5	2.4	2.4	2.4	2.4	2.4	2.4	2.5	2.4
Engineering	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.4	1.4	1.5	1.5	1.6	1.6
Chemicals	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.4	1.5	1.6
Textiles	1.6	1.6	1.5	1.5	1.5	1.5	1.5	1.5	1.4	1.5	1.4	1.4	1.4
Food processing	1.1	1.2	1.3	1.2	1.1	1.2	1.2	1.2	1.1	1.2	1.2	1.2	1.1
Transport operators	1.4	1.4	1.4	1.5	1.0	1.4	1.1	1.5	1.0	1.3	1.1	1.3	1.1
MSME	**15.3**	**15.3**	**15.4**	**15.5**	**15.4**	**15.6**	**15.8**	**16.1**	**16.0**	**16.6**	**16.5**	**16.4**	**16.7**
Agri	**12.3**	**12.5**	**12.5**	**12.8**	**12.5**	**12.7**	**12.4**	**12.5**	**12.3**	**12.4**	**12.4**	**12.4**	**12.3**
Retail	**22.6**	**22.3**	**22.1**	**22.5**	**22.8**	**22.7**	**22.9**	**23.4**	**23.3**	**23.2**	**23.2**	**23.2**	**23.1**
Housing	16.7	16.6	16.4	16.6	16.5	16.6	16.4	16.6	16.3	16.1	15.8	15.6	15.2
Vehicle	3.6	3.5	3.5	3.5	3.8	3.5	3.7	3.5	3.7	3.5	3.6	3.5	3.5
Gold	0.6	0.6	0.6	0.7	0.8	1.0	1.1	1.5	1.6	1.9	2.2	2.5	2.5
LAD	0.8	0.7	0.8	0.8	0.7	0.8	0.8	0.8	0.7	0.8	0.8	0.7	0.9
Education	0.7	0.7	0.7	0.7	0.7	0.8	0.7	0.8	0.8	0.8	0.7	0.7	0.7
Unsecured	**10.0**	**10.2**	**10.2**	**10.2**	**10.1**	**10.1**	**9.9**	**10.0**	**9.7**	**9.6**	**9.5**	**9.5**	**9.3**
Others	**4.5**	**4.5**	**5.5**	**4.6**	**5.6**	**4.7**	**5.6**	**4.9**	**6.8**	**5.0**	**5.0**	**4.9**	**5.2**

Source: RBI, PL

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Aditya Birla Sun Life AMC	BUY	1200	950
2	Axis Bank	BUY	1600	1290
3	Bank of Baroda	Accumulate	280	239
4	Canara Bank	BUY	160	125
5	Canara Robeco Asset Management Company	HOLD	285	225
6	City Union Bank	BUY	250	215
7	DCB Bank	BUY	215	201
8	Federal Bank	BUY	400	338
9	HDFC Asset Management Company	BUY	2850	2415
10	HDFC Bank	BUY	950	729
11	ICICI Bank	BUY	1900	1397
12	ICICI Prudential Asset Management Company	BUY	3420	2969
13	Indian Bank	BUY	1000	835
14	IndusInd Bank	BUY	1100	835
15	Karur Vysya Bank	BUY	380	346
16	Kotak Mahindra Bank	BUY	510	431
17	Nippon Life India Asset Management	BUY	1200	976
18	Prudent Corporate Advisory Services	Accumulate	3200	2890
19	State Bank of India	BUY	1200	970
20	Union Bank of India	Accumulate	200	181
21	UTI Asset Management Company	HOLD	975	888

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BUY : > 15%
Accumulate : 5% to 15%
Hold : +5% to -5%
Reduce : -5% to -15%
Sell : < -15%
Not Rated (NR) : No specific call on the stock
Under Review (UR) : Rating likely to change shortly

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