OMNISCIENCE INSIGHTS LABS

OMNISCIENCE CAPITAL
SCIENCE OF ALPHA FROM SAFETY

OMNIVISTA

JAN – 2026

In this episode, we discuss the difference between style investing and scientific investing, and why predicting the next winning investing style is extremely difficult. **Dr. Vikas Gupta** explains why style-based investing often turns mechanical, how stretched valuations impact returns, and the difference between smart beta, factor investing, and true alpha. Watch full video **here...**

JANUARY MONTH OVERVIEW

GROWTH VECTOR: HOUSING FINANCE

Market opportunity: ~40 million urban mortgage demand expected over the next decade, translating into a cumulative disbursement potential of ~₹150 trillion by 2035.

Favourable demographics, accelerating urbanization, and supportive government policies position the housing finance market for sustained long-term growth.

OMNIVIEW – JAN 2026

Bear markets behaviour separates Scientific Investors from others

Dr. Vikas V. Gupta

While allocating capital to the stock markets, investors track the values of their portfolios. As the markets go up and the portfolio values go up during a bull market the excitement is quite high seeing portfolio values which were not expected. Inevitably, at some point the markets turn and start going down.

At this point the peak portfolio value remains in the investor's memory and the current values being down gives a negative feeling to most investors. Some even wonder that they should have exited at peak and re-entered at the bottom.

We believe that one has to reframe the thoughts around bull and bear markets and how to analyze the situation and act on it.

First of all, the reason one makes more money in stock markets as compared to fixed deposits in a bank is the fact that in the bank FDs, it is a guaranteed return, although small. In the markets one has to face the uncertainty and the ups and downs in portfolio values. Markets can remain down for more than 3 years and sometimes even 10-year returns have been negative or zero. Further, markets show portfolio value drops of 10% (corrections) every year, 20% (bear market) every 3 years and 30% (crash) every decade or so.

If one is able to accept the drops in the portfolio values and the uncertainty of when the portfolio value will come back and show a gain, then one can win from the markets. This is why the markets reward the investors with tolerance and patience with a significantly higher return compared to fixed deposits.

Next issue to address is "exiting the markets at peak". Let us be clear that there is no such method known to us. Throughout 2021 onwards we have been hearing that the market is high and one should exit. People who said that in 2021 were proven "right" temporarily in 2022 when markets fell for a few months.

However, the subsequent and substantial rise in 2023 and 2024 clearly shows that that was not a correct call. It is our belief that there is always someone saying it is a peak and going into cash etc. every single year. However, once in a while the market actually falls and those people look like they are correct.

We do have a correct way to analyze if one is in a bubble peak. If you cannot find enough stocks (25 or more) to create a portfolio compatible with the Scientific Investing Framework and available at expected returns which compensate for taking equity risks, then it is time to exit the markets. However, this is extremely rare. We have seen that in peak of bull markets very good companies are neglected from sectors which are not the current favorites. For example, during the Jan 2008 peak, FMCG and other consumer stocks were available at PE ratios below 20 while the real estate and infrastructure stocks were trading at huge overvaluations. Similarly, during 2018 the IT stocks were available at PE below 20 and no one wanted those. In the recent bull peak of 2024, the PSU and private banks were trading at significantly cheap valuations.

Another way to think about bear markets is to think about the portfolio going on sale. Just like when a “sale” comes in apparel or fashion, people go on a buying spree, buying up jeans and t-shirts which are at 50% off. No one thinks of selling the jeans which they have since prices are going down. One buys even when they might not need any new clothes. One should think in a similar manner about the stocks. If one found them a good deal at higher prices, one should be excited about buying more at lower prices in a bear market. One should not think of it as the market telling them that they overpaid and now they should sell and exit.

If the stocks have been analyzed properly, one will be able to continue allocating more to the same portfolio. This is the thinking that should be rewired for one to benefit from bear markets. Usually, there is more capital available but the mental strength to allocate more is missing. The Scientific Investor is able to retrain their brain to take this action since over the long-term it is likely that the investor is going to see many such bear markets and this way of thinking would come in quite handy.

One can look at the PE or other valuation ratios of the portfolio and also the debt-equity ratios, and the expected future growth rates for the portfolio companies. That would give sufficient fundamental and valuation comfort to take the required actions and allocate more capital.

Scientific Investors are more excited in bear markets than at bull peaks.

"You make most of your money in a bear market, you just don't realize it at the time."

- ***Shelby Cullom Davis***

Banking and Financial Services Growth Vector – A Scientific Investing Case Study

Ashwini Kr. Shami

The banking growth vector has seen a steady growth and improvements in its core fundamentals. Despite witnessing significant value unlocking over the past year, it continues to be one of the most undervalued sectors. For the calendar year 2025, the Nifty PSE Bank index and the Nifty Private Bank index are the best performing indices among broad-based or sectoral/thematic indices. This performance is on the back of massive transformation of the Indian banking sector over the last decade. The banking industry has come a long way from negative profitability and a RoE (return on equity) of negative 2.74% in FY2017-18 to a strong profitability and an FY25 RoE of 13.5%. Gross NPA (non-performing assets) ratio has improved to 2.3% in 2025 from 11.5% seen in 2018. This improvement in the quality has come with strong growth in the industry where the deposits and the credit have nearly tripled in the ten-year period ending 2025.

One critical metric that we have been sharing as part of the monthly macro data set is the industry-wide bank loan growth (%) and the deposit growth (%) published by RBI on a bi-monthly basis. Since mid-2022, we have seen double-digit growth in the bank loans except for a short period of May-Aug in 2025 when this growth slipped below 10% to the lowest value of 9% observed in June. From a low of 9%, bank loans have seen continuous improvement till Jan 2026 with the most recent year-on-year growth coming at a strong 14.5% - 18 months high. FY27 topline and EPS growth estimates for most of the large banks are in double-digits at 12-14% range. Also, the commentary from multiple top managements indicates that the banks are seeing strong growth momentum from the personal or retail categories as well as low-teen growth for corporate loans.

The recently released annual publication by RBI - Report on Trend and Progress of Banking in India 2024-25 highlighted important fundamental and growth trends. On capital adequacy, the report presented that all scheduled commercial bank (SCB) groups remain well-capitalized, with CRAR and Tier-1 capital ratios remaining well above the minimum regulatory requirement. For Indian banks, the minimum regulatory capital to risk-weighted assets ratio (CRAR) requirement is set at 9.0% (11.5% inclusive of capital conservation buffer (CCB)) and Tier 1 capital ratio requirement at 7.0% (both are one percentage point above the Basel III norms). At the end of September 2025, the CRAR for SCBs stood at 17.2% and Tier 1 capital ratio was 15.5% at end of March 2025. This on one hand indicates the strength and resilience of the banking ecosystem, and on the other hand is indicative of the huge unutilized operating capacity for fresh lending by the banks without any constraints of raising equity capital. In this scenario, a slower deposit growth shall not limit credit growth potential for the banks. In view of this underutilized operating capacity, the current return on equity is likely to be improved significantly ahead of the 13.5% seen in FY25.

Valuations compared to the broader market remain attractive. While Nifty 500 is currently trading at ~23x earnings, the same for the Nifty Bank index is ~16x. In view of the expected improvement in RoE with operating leverage and with GNPA ratios declining to multi-decadal lows, there is an expectation of faster earnings normalization resulting in valuation matrices to be lower than the currently reported numbers. We expect this divergence to converge as market re-rates PSU banks, private mid/small-cap banks, and select financial services players, including housing finance companies and infrastructure NBFCs. Banks and NBFCs continue to be the largest part of our core offerings from the Omni Crest category – the flexi-cap, SuperPay and SuperInvest. The Inevitable – Omni Capital Creator gives a pure-play exposure to these companies and is one of the most promising portfolios from the Inevitables pool giving the best combination of high yield, strong growth and re-rating potential.

MACROECONOMIC INDICATORS

ECONOMIC ACTIVITY:

Macro Trends	Current	Previous	Latest Reported Date
S&P Global Manufacturing PMI	55.0	56.6	Jan 02, 2026
India Nikkei Services PMI	58.0	59.8	Jan 06, 2026
Bank loan growth(%)	14.5%	11.4%	Jan 09, 2026
Deposit growth (%)	12.7%	10.2%	Jan 09, 2026
India Industrial Production YoY	6.7%	0.5%	Dec 29, 2025 (Nov)
Trade Balance (E-I) (Billion USD)	-25	-42	Dec 15, 2025 (Nov)
Monetary:			
WPI (YoY)	-0.32%	-1.21%	Dec 15, 2025 (Nov)
CPI (YoY)	0.71%	0.25%	Dec 12, 2025 (Nov)
Repo Rate	5.25%	5.50%	Dec 05, 2025
Bank Rate	5.50%	5.75%	Dec 05, 2025

GDP:

Particulars	FY25 (Est.)	Q1FY26 (Est.)	Q2FY26 (Est.)	FY26 (Est.)
Nominal GDP growth (%)	6.5%	7.8%	8.2%	7.3%
Real GDP growth (%)	9.8%	8.8%	8.7%	9.3%

OTHER KEY INDICATORS:

Particulars	Dec 31, 2025	Nov 30, 2025	Change
India 10-yr Bond Yield	6.59%	6.53%	+6 bps
USD/INR	89.9	89.4	-0.58%
FX Reserves (Billion USD)	687	688	-0.19%
FII Net Buy/-Sell (Rs Cr)	-34,350	-17,500	-1,62,071 (YTD)
DII Net Buy/-Sell (Rs Cr)	79,620	77,084	5,99,154 (YTD)
Commodities:			
10g Gold	1,36,295	1,31,550	3.6%
1 Kg Silver	2,38,000	1,85,000	28.6%
Crude Oil (USD/Bbl)	57	59	-2.0%
Lithium (CNY/T)	1,18,727	93,826	26.5%
Cobalt (USD/T)	53,512	48,636	10.0%

Particulars	Month	2025	2024	Δy-o-y (%)
GST Collection (Rs Cr)	Dec	1,74,550	1,64,556	6.1%
UPI Transactions Value (Rs trillion)	Dec	28.0	23.2	20.3%
No of UPI Transactions (Volume in Cr)	Dec	2,163	1,673	29.3%
Power Generation (BUs)	Dec	126	121	4.3%

Source: OmniScience Insights Labs, https://in.investing.com/economic-calendar/, https://www.npci.org.in/what-we-do/upi/product-statistics, https://tradingeconomics.com

OmniScience Smallcases: Valuation Metrics as of 31st Dec 2025

Product Name	P/E	P/BV	Div. Yield	2-yr Fwd growth (%)
Omni Super Dividend	8.7	1.3	3.50%	10.2%
Omni Capital Enablers	9.4	1.2	1.85%	8.4%
Omni Knights - MidCap	10.4	1.3	1.83%	15.7%
Omni Commercial Czars	10.7	1.4	2.33%	7.5%
Omni Bank on Bharat	10.8	1.3	1.45%	12.9%
Omni Royals - LargeCap	12.3	1.6	1.73%	13.8%
Omni Flexicap Superstox	12.3	1.5	1.72%	11.7%
Omni Power - Electrifying India	12.5	1.6	2.12%	14.2%
Omni Ayodhya & UP	12.8	1.6	1.68%	9.7%
Omni Bharat Amrit Kaal	13.2	1.6	1.50%	10.6%
Omni Fintech, Digital Bank & Payments	13.6	1.8	1.44%	11.6%
Omni Supertrons - Smallcap	14.3	1.7	1.28%	13.9%
Omni Future of Mobility	15.7	2.1	1.58%	8.8%
Omni Bullet Train	18.9	2.6	1.49%	10.4%
Omni Manufacturing Magnates	20.8	2.8	1.04%	20.3%
Omni DX- Digital Transformation	20.8	3.4	1.81%	11.7%
Omni AI-Tech Global	20.8	3.4	1.81%	11.7%
Omni Bharat Defence	22.8	2.9	1.28%	14.1%

Benchmarks	P/E	P/BV	Div. Yield
Equity Largecap	24.1	3.7	1.24%
Equity Midcap	34.1	5.1	0.84%
Equity Smallcap	44.3	5.8	0.47%
Equity Multicap	27.3	4.1	1.07%

Source: OmniScience Insights Labs, https://omniscience.smallcase.com

Equities Market: Performance as of 31st Dec 2025

Total Returns (%)	1 Month	1 Yr	5 Yr
Nifty 50	-0.3%	11.9%	14.7%
Nifty Midcap 150	-0.5%	6.0%	24.0%
Nifty Smallcap 250	-0.3%	-5.5%	23.3%

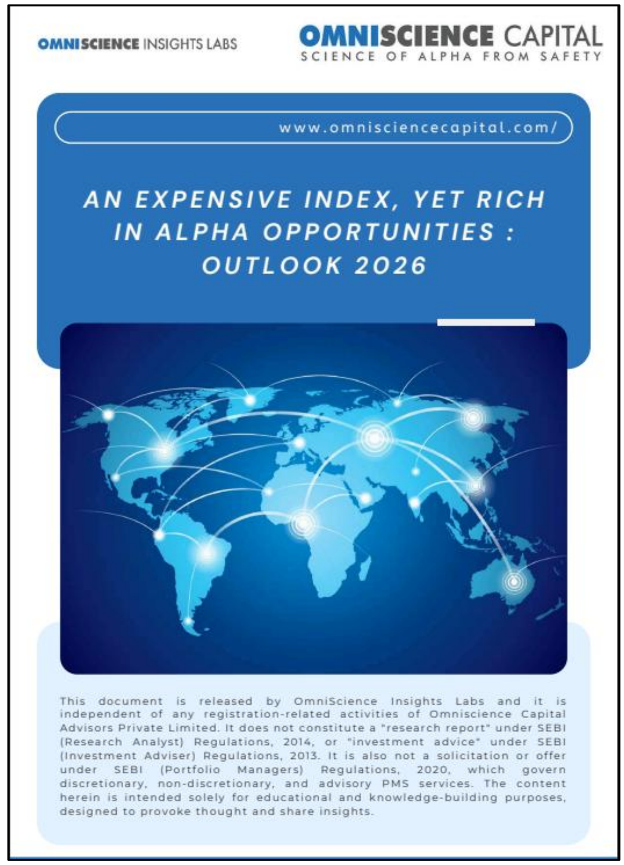
Equities Market: Valuation Metrics as of 31st Dec 2025

Sectoral Indices	P/E	P/B	Div. Yield
Nifty PSU Bank	8.8	1.4	2.2%
Nifty Oil & Gas	11.3	1.7	2.8%
Nifty Bank	16.4	2.2	1.0%
Nifty Financial Services	17.9	2.9	0.8%
Nifty Metal	19.9	2.9	1.6%
Nifty Private Bank	20.1	2.3	0.5%
Nifty 50	22.8	3.6	1.3%
Nifty 500	24.5	3.7	1.2%
Nifty IT	26.7	7.0	3.0%
Nifty Smallcap 250	29.4	3.6	0.7%
Nifty Auto	30.6	4.8	1.1%
Nifty Midcap 150	33.6	4.5	0.8%
Nifty Pharma	33.6	4.9	0.7%
Nifty Healthcare Index	36.7	5.5	0.6%
Nifty Realty	40.5	4.3	0.3%
Nifty FMCG	40.7	10.0	2.0%
Nifty Consumer Durables	61.3	11.5	0.4%

Source: OmniScience Insights Labs, https://www.niftyindices.com/reports/monthly-reports

An Expensive Index, Yet Rich in Alpha Opportunities : Outlook 2026

As we assess the outlook for Indian markets in 2026, this report applies the Scientific Investing Framework to separate macro noise from investment-relevant signals.



We examine global and Indian debt dynamics across governments, corporates, and households, alongside growth, inflation, and interest-rate expectations for the US and India. Against this backdrop, we evaluate Indian equity earnings growth and valuation multiples to understand potential market returns.

While global debt levels warrant long-term caution, near-term system stability remains intact. Our analysis highlights how selective valuation dispersion within Indian equities creates meaningful opportunities for active investors, even in an environment of elevated headline market valuations.

What to Expect from the Report:

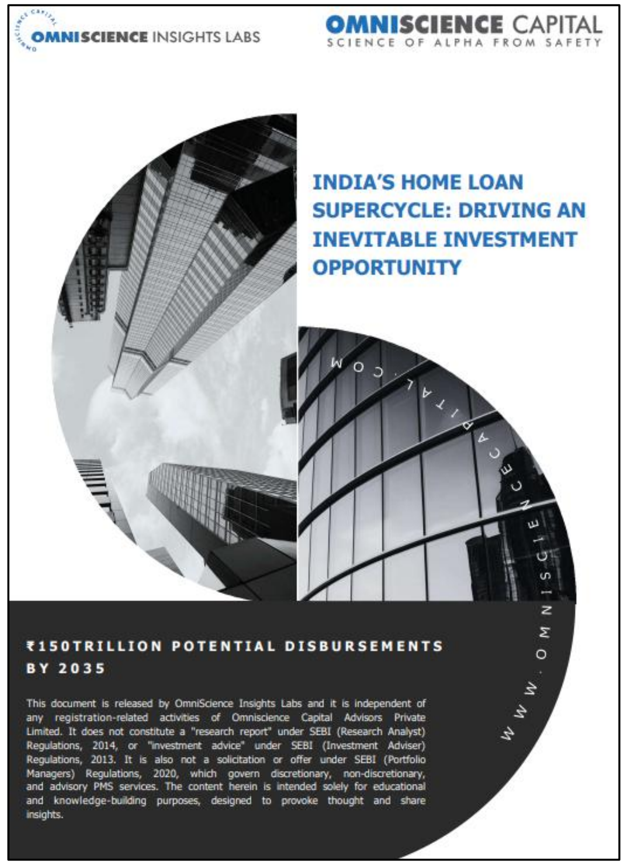
- A structured analysis of global and Indian debt—government, corporate, and household—and its implications for financial stability.
- A clear macro framework for 2026 covering growth, inflation, and interest-rate expectations in the US and India.
- An assessment of Indian market valuations relative to realistic earnings growth scenarios
- Identification of undervalued pockets across market caps and sectors within the Top 500 stocks, and return expectations for both passive and actively managed portfolios.

Download Report...

India's Home Loan Supercycle: Driving an Inevitable Investment Opportunity

India is undergoing a powerful home loan supercycle, with cumulative home loan disbursements projected to reach **₹150 trillion by 2035.**

Structural drivers such as rising incomes, favourable demographics, rapid urbanisation and large scale infrastructure investment are set to expand housing demand well beyond major metros. Mortgage penetration currently at ~11% of GDP is far below global peers, highlighting substantial headroom for sustained growth.



Government initiatives such as PMAY-2.0, SWAMIH-2, RERA enforcement and the Urban Challenge Fund are enhancing affordability, boosting supply, and improving transparency. With an estimated upcoming demand for 40 million urban mortgages, housing finance stands out as a compelling long-term structural credit opportunity.

What to Expect from the Report:

- Insights into the Housing Finance Industry dynamics
- Examining the structural growth drivers, and government policy support
- Housing demand outlook and disbursement opportunity estimates till 2035
- Comparing fundamentals of key Housing Finance players

[Download Report...]

📽️ How to Get More Consistent Returns: Style vs Scientific Investing

In this episode of the Scientific Investor Series, we discuss the difference between style investing and scientific investing and why predicting the next winning investing style is extremely difficult. Growth, value, quality, and momentum may work in certain market cycles, but blindly chasing any style can lead to disappointment when valuations become stretched.

Dr. Vikas Gupta explains why style-based investing often turns mechanical, how stretched valuations impact returns, and the difference between smart beta, factor investing, and true alpha. The discussion highlights why focusing on discount to intrinsic value and first principles offers a more robust approach across market cycles.

This episode focuses on building long-term investing discipline by prioritizing mispricing and risk reduction over style prediction.

Watch full Video **here…**

How to Get More Consistent Returns: Style vs Scientific Investing

OmniScience in the NEWS

1 Is Santa rally on cards for Nifty 50? What 10-year trend and experts signal for Indian stock market in December

Index is likely to be slightly higher, possibly 5% higher by end of the month, said **Vikas Gupta, CEO & Chief Investment Strategist, Omniscience**, driven by the RBI rate cuts and its outlook for the rest of FY26.

mint | Markets

• LIVE 86 (-0.04%) | BSE 500 36875.53 +11.26 (0.03%) | SENSEX 83880.67 2.5 (0%) | NIFTY 50 25754.9 -35.35 (-0.14%) View Market Dashboard

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Is Santa rally on cards for Nifty 50? What 10-year trend and experts signal for Indian stock market in December

Nifty 50 closed slightly lower after reaching a new high, with analysts forecasting a 1%-5% increase by December's end. However, midcaps and small caps may experience continued weakness due to liquidity issues.

Saloni Goel
Published • 1 Dec 2025, 04:38 PM IST

Most Active Stocks

Yes Bank share price 10:00 AM | 13 JAN 2026	22.84 -0.13 (-0.57%)
Suzlon Energy share price 10:00 AM | 13 JAN 2026	48.56 -0.65 (-1.32%)
Eternal share price 10:00 AM | 13 JAN 2026	293.50 8.25 (2.89%)
Federal Bank share price 10:00 AM | 13 JAN 2026	251.20 -1.75 (-0.69%)

2 India projected to witness Rs 200 lakh crore worth corporate capex in 5 years: Report

Banks are positioned to be the primary beneficiaries of the coming investment cycle as they could potentially capture **Rs 99.50 lakh crore** over the next 5 years, **Omniscience Capital** said in its report.

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India projected to witness Rs 200 lakh crore worth corporate capex in 5 years: Report

3 Small and midcap indices will continue to underperform compared to large caps.

Ashwini Shami, Executive Vice President and Portfolio Manager, Omniscience Capital, believes that there is still more runways left for large cap stocks, and it will be a gamble to predict the performance of mid and small cap versus large cap in the second half of this fiscal.

FINANCIAL EXPRESS
Read to Lead

સ્મોલ અને મીડકેપ ઈન્ડેક્સમાં લાર્જ કેપની સરખામણીમાં અન્ડરપર્ફોર્મન્સ ચાલુ રહેશે

અનન્ય ગ્રોવર
નવી દિલ્હી, તા.૩

4 Omniscience Capital aims to raise Rs 250 crore in first year through PMS Services

The company’s CEO and Chief Investment Strategist **Dr. Vikas V. Gupta** said, "Over the past ten years, the OmniScience team has developed a unique system of scientific investment, which includes scientific investors, scientific partners and scientific managers. The company's methodology is such that the investment remains safe and at the same time it provides good returns. This is different from the usual investment methods and is inspired by investors like Graham, Buffett and Leach, but has been designed according to today's times.

વ્યાપાર

પીએમએસ સર્વિસ દ્વારા ઓમ્નીસાયન્સ કેપિટલનું પહેલા વર્ષે ₹ ૨૫૦ કરોડનું રોકાણ મેળવવાનું લક્ષ્ય

ઓમ્નીસાયન્સ કેપિટલે પોર્ટફોલિયો મેનેજમેન્ટ સર્વિસ (પીએમએસ) શરૂ કરી છે. કંપનીનો લક્ષ્યાંક પ્રથમ વર્ષમાં રૂા. ૨૫૦ કરોડ અને ત્રણ વર્ષમાં રૂા. ૧૦૦૦ કરોડ સુધીનું રોકાણ એકત્ર કરવાનો છે. કંપનીએ છેલ્લાં કેટલાક વર્ષમાં દસ અબજ રૂપિયાની સંપત્તિનું સફળતાપૂર્વક સંચાલન કર્યું છે, જેનાથી મોટા રોકાણકારો અને પારિવારિક જૂથોનો વિશ્વાસ મળ્યો છે.

5 Putin's India visit: How Indian stock market may react on Monday? Explained

Ashwini Shami, President and Chief Portfolio Manager at OmniScience Capital, expects deeper technological collaboration to accelerate India's energy-transition and indigenisation goals. He noted that joint production and co-innovation can boost domestic capabilities across defence systems, civil nuclear partnerships and critical-mineral supply chains.

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LIVE | NIFTY 50 25621.05 -169.2 (-0.66%) | NIFTY Bank 59350.2 -100.3 (-0.17%) | NIFTY Midcap 100 59117.1 | View Market Dashboard

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Putin's India visit: How Indian stock market may react on Monday? Explained

Putin's visit to India for the 23rd summit highlighted a new economic cooperation program aiming for $100 billion in trade by 2030. The partnership is set to enhance sectors like defense, energy, and manufacturing while addressing geopolitical challenges.

Pranati Deva
Updated • 8 Dec 2025, 07:06 AM IST

Most Active Stocks

Yes Bank share price	10:00 AM | 13 JAN 2026	22.84 -0.13 (-0.57%)
Suzlon Energy share price	10:00 AM | 13 JAN 2026	48.56 -0.65 (-1.32%)
Eternal share price	10:00 AM | 13 JAN 2026	293.50 8.25 (2.89%)
Federal Bank share price	10:00 AM | 13 JAN 2026	251.20 -1.75 (-0.69%)

6 OmniScience Capital's Ashwini Shami sees strong growth in power, logistics, professional services in 2026

Ashwini Shami, President and Chief Portfolio Manager at OmniScience Capital believes banking and financial services are likely to be repriced over the next few quarters as corporate capex picks up. Power, logistics and professional services represent other strong growth opportunities in 2026 that are currently available at significant discounts to intrinsic value, he said in an interview to Money control.

moneycontrol

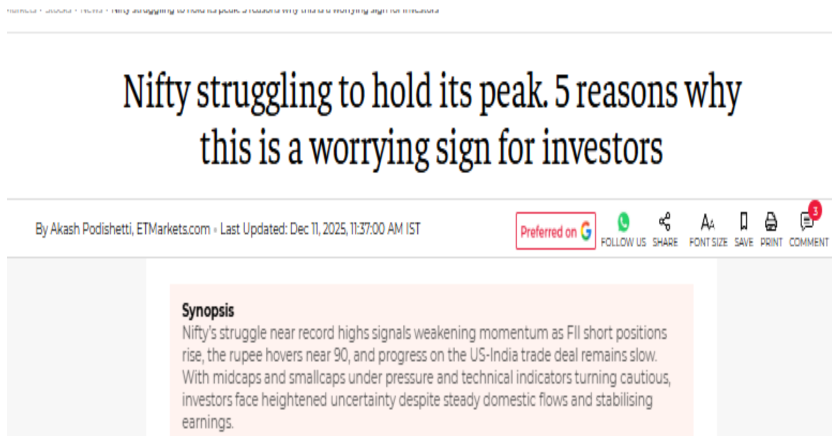
Daily Voice: OmniScience Capital's Ashwini Shami sees strong growth in power, logistics, professional services in 2026

With inflation below the lower end of the RBI's target range, another rate cut in 2026 cannot be ruled out, said Ashwini Shami.

SUNIL SHANKAR MATKAR | DECEMBER 11, 2025 / 07:12 IST | Join Us | Follow Us | Add as a preferred source on Google

7 Nifty struggling to hold its peak. 5 reasons why this is a worrying sign for investors

According to **Ashwini Shami of OmniScience Capital**, FIIs sold about Rs 15,000 crore in November and early December alone. "This has put pressure on the index. Steep rupee depreciation recently in the face of India-US trade deal uncertainties and a growing current account deficit has likely added to FIIs' selling," he said.



Nifty struggling to hold its peak. 5 reasons why this is a worrying sign for investors

By Akash Podishetti, ETMarkets.com • Last Updated: Dec 11, 2025, 11:37:00 AM IST

Preferred on G FOLLOW US SHARE FONT SIZE SAVE PRINT COMMENT

Synopsis
Nifty's struggle near record highs signals weakening momentum as FII short positions rise, the rupee hovers near 90, and progress on the US-India trade deal remains slow. With midcaps and smallcaps under pressure and technical indicators turning cautious, investors face heightened uncertainty despite steady domestic flows and stabilising earnings.

8 9 equity mutual fund categories received inflows in November, flexi cap leads.

Sectoral and thematic funds received an inflow of Rs 1,864 crore in November against an inflow of Rs 1,366 crore in October, registering a jump of 37% on a monthly basis. "Although fund flows into Sectoral/Thematic schemes have moderated, this category — together with other style-based strategies — still accounts for the largest share of total equity AUM at 27%," said **Ashwini Shami, President and Chief Portfolio Manager, OmniScience Capital.**

9 equity mutual fund categories received inflows in November, flexi cap leads. Check details

Written by Surbhi Khanna, ET Online | Dec 11, 2025, 03:45:02 PM IST

9 Home loan disbursements in India to reach Rs 150 lakh crore by 2035

A powerful convergence of demographics, urbanisation, infrastructure investment, and policy support is laying the foundation for one of the most enduring structural credit opportunities in India's financial services landscape, according to the report by Omniscience Capital.

Home loan disbursements in India to reach Rs 150 lakh crore by 2035: Report

...t Updated: Dec 18, 2025, 03:43:00 PM IST

Preferred on G FOLLOW US SHARE FONT SIZE SAVE PRINT COMME...

Synopsis
India's housing finance sector is set for a historic boom, with projections indicating Rs 150 trillion in home loan disbursements over the next decade. Demographics, urbanization, and government policies are fueling this growth, with mortgage penetration still significantly low. This presents a substantial, multi-year opportunity for sustained expansion.

ET AI | Briefing
Listen to this article in summarized format
Listen

India is undergoing a historic housing finance upcycle, with cumulative home loan disbursements projected to touch Rs 150 trillion (Rs 150 lakh crore) over the next decade, a new report showed on Thursday.

10 What market experts predict

Indian equities had a sobering year in 2025. Markets corrected, foreign investors pulled out, and earnings growth was muted. Small caps took a beating, precious metals ruled. As we head into 2026, big questions loom: Will markets bounce back or continue to correct? Which sectors will lead? Can gold sustain its stellar run? Will interest rates fall more? ET Wealth asked seven market experts what investors should expect from the year ahead

11 Analysts see better risk-reward in 2026 even as near-term headwinds persist

Indian equities enter 2026 with a cautiously improving macro and market backdrop. While near-term risks from tight liquidity, elevated yields and global uncertainty could keep sentiment fragile, most market participants see a more favourable risk-reward balance than a year ago. With valuations viewed as reasonable and benchmark indices projected to advance, the sustainability of returns is expected to hinge on an earnings recovery, particularly in FY27, after a subdued FY26.

ET

Analysts see better risk-reward in 2026 even as near-term headwinds persist

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Synopsis
Indian equities begin 2026 with cautious optimism, despite liquidity concerns and global uncertainties. Market participants anticipate a better risk-reward balance, with reasonable valuations and projected index gains. Sustained returns will depend on a strong earnings rebound in FY27, following a subdued FY26. Experts suggest staggered investment and diversified equity allocations.

Indian equities enter 2026 with a cautiously improving macro and market backdrop. While near-term risks from tight liquidity, elevated yields and global uncertainty could keep sentiment fragile, most market participants see a more favourable risk-reward balance than a year

12 BEL, Garden Reach to MTAR Tech: Defence stocks zoom up to 45% YTD — Will they continue to show strength in 2026?

Vikas Gupta, CEO and Chief Investment Strategist, OmniScience Capital, said the main concern for defence stocks is the valuations. "The pure-play weapons equipment-related defence stocks trade at valuations ranging from 34 to 178. The median PE of the defence pack is 50+. This is still very high, despite the recent fall," he said.

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-119.3 (-0.2%) | NIFTY Smallcap 100 17295.8 +102.5 (0.6%) | India VIX 11.2 -0.17 (-1.5%) | BSE 200 11620.82 -30.65 (-0.26%) View Market Dashboard

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Market Snapshot

Top Gainers | Top Losers | 52 Week High

ITI share price	10:00 AM | 13 JAN 2026	309.50 ↑ 13.75 (4.65%)
Authum Investment & Infrastructure share price	10:00 AM | 13 JAN 2026	645.75 ↑ 26.15 (4.22%)
Godfrey Phillips India share price	10:00 AM | 13 JAN 2026	2,206.75 ↑ 78 (3.66%)

More from Top Gainers

BEL, Garden Reach to MTAR Tech: Defence stocks zoom up to 45% YTD — Will they continue to show strength in 2026?(Pixabay)

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