

Sectors trading at a premium



Sectors trading at a discount

Infrastructure
Utilities
Cement
Chemicals
Consumer Durables
Technology
PSU Banks
Capital Goods
NBFCs
Healthcare
Real Estate
Oil & Gas
Logistics
Consumer
Metals
Retail
Banks - Private
Auto
Media
Telecom

# BULLS & BEARS

## INDIA VALUATIONS HANDBOOK

### HIGHLIGHTS – FEB'25 EDITION

- Market slumps for the fifth month – the second steepest MoM dip since Mar'20
- Midcaps/smallcaps underperform
- FII outflows for the second successive month; the 19<sup>th</sup> consecutive month of DII inflows
- Breadth adverse in Feb'25, with 41 Nifty stocks closing lower
- Capital Goods, Real Estate, Technology, Media, and Utilities the top laggards
- India's share of global market cap dips to 3.6%, at a 16-month low
- Over the last 12 months, the MSCI India Index (-1%) has underperformed the MSCI EM Index (+7%)

## STRATEGY

Market slumps for the fifth straight month – the second steepest MoM dip since Mar'20

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## DEEP-DIVE FOR THE MONTH

PSU Banks: Asset quality stable; sustainable profitability continues

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## INDIAN EQUITIES

Nifty corrects for the fifth consecutive month

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## GLOBAL EQUITIES

India among the laggards in Feb'25

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## SECTOR VALUATIONS

More than 50% of the sectors still trade at a premium to their historical averages

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## COMPANY VALUATIONS

More than 50% of the Nifty constituents trade at a discount to their historical averages



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## About the product

As the tagline suggests, **BULLS & BEARS** is a monthly handbook on valuations in India. It covers:

- Valuations of Indian market vs. global markets
- Current valuations of companies across sectors
- Sectors that are currently valued at a premium/discount to their historical long-period average

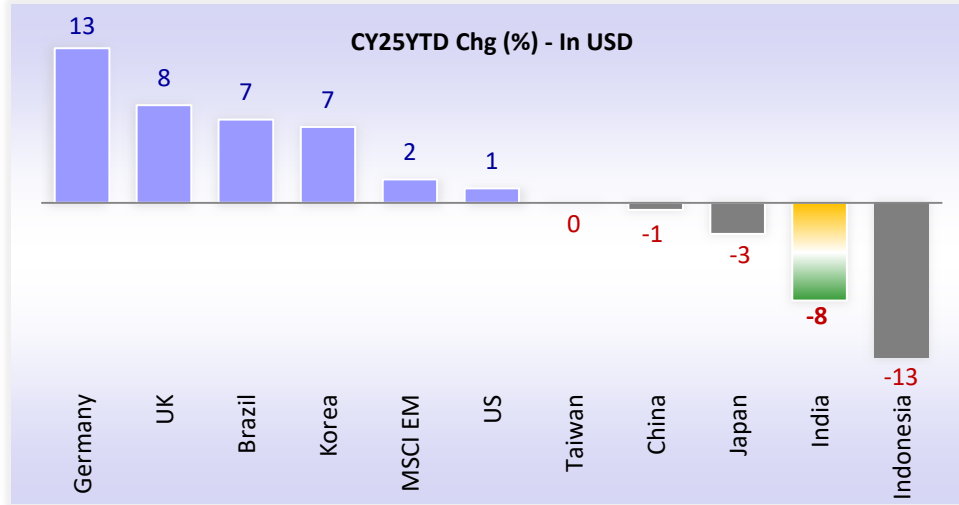
### NOTES:

- Prices as of 28<sup>th</sup> Feb'25
- **BULL icon:**  Sectors trading at a premium to their historical average
- **BEAR icon:**  Sectors trading at a discount to their historical average
- Valuations are on a 12-month forward basis, unless mentioned otherwise
- Sector valuations are based on MOFSL coverage companies
- Data on global equities is sourced from Bloomberg; Nifty valuations are based on MOFSL estimates

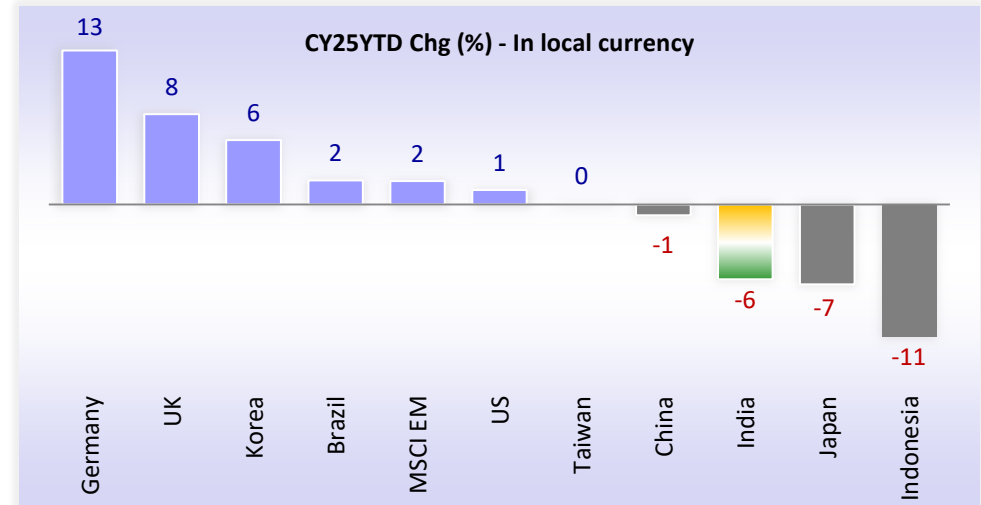
Investors are advised to refer to the important disclosures appended at the end of this report.

- **Market slumps for the fifth consecutive month:** The Nifty slid 5.9% MoM in Feb'25, closing in the red for the fifth consecutive month and recording the second steepest MoM decline since Mar'20. This market correction has coincided with a slowdown in earnings growth, concerns over global economic growth due to the tariff war, and FII outflows. Notably, the index continues to remain volatile and hovered around 1,702 points before closing 1,384 points lower. During the last 12 months, largecaps have gained 1%, outperforming midcaps and smallcaps, which have fallen 1% and 8%, respectively. During the last five years, midcaps (CAGR: 23.3%) have significantly outperformed largecaps (CAGR: 14.6%) by 87%, while smallcaps (CAGR: 21%) have outperformed largecaps by 61%.
- **FII outflows vs. DII inflows:** FIIs recorded outflows for the second consecutive month, with outflows of USD5.4b in Feb'25 following USD8.4b of outflows in Jan'25. Conversely, domestic inflows remained strong at USD7.4b in Feb'25 vs. inflows of USD10b in Jan'25. FII outflows into Indian equities stand at USD13.8b in CY25YTD vs. outflows of USD0.8b in CY24. DII inflows into equities in CY25YTD continue to be strong at USD17.5b vs. USD62.9b in CY24.
- **All major sectors end lower in Feb'25:** Among the sectors, Capital Goods (-14%), Real Estate (-13%), Technology (-13%), Media (-12%), and Utilities (-12%) were the top laggards MoM. The breadth was adverse in Feb'25, with 41 Nifty stocks closing lower. Shriram Finance (+14%), Bajaj Finance (+8%), Bajaj Finserv (+8%), Hindalco (+7%), and Axis Banks (+3%) were the top performers, while Power Grid (-17%), Bharat Electronics (-16%), Trent (-16%), TCS (-15%), and Hero Motocorp (-15%) were the top laggards.
- **India among the laggards in Feb'25:** Among the key global markets, Russia MICEX (+9%), China (+2%), the UK (+2%), and Korea (+1%) ended higher in local currency terms. Conversely, Indonesia (-12%), Japan (-6%), India (-6%), Brazil (-3%), Taiwan (-2%), and the US (-1%) ended lower MoM in Feb'25. Over the last 12 months, the MSCI India Index (-1%) has underperformed the MSCI EM Index (+7%). Over the last 10 years, the MSCI India Index has notably outperformed the MSCI EM index by a robust 124%. While India's share of the global market cap stood at 3.6%, at a 16-month low, it remains above its historical average of 2.7%.
- **Earnings review – A modest 3QFY25:** The 3QFY25 earnings were in line with modest expectations, but forward earnings revisions are the weakest in recent times, with downgrades far outpacing upgrades, especially in our non-Nifty-50 universe. The aggregate earnings of the MOFSL Universe companies were in line with our estimates and increased 6% YoY (vs. our estimate of 7% YoY). Earnings for the Nifty-50 rose 5% YoY (vs. our estimate of +5%). The aggregate performance was hit by global commodities (i.e., Metals and O&G). Excluding the same, the MOFSL Universe and Nifty posted 10% and 7% earnings growth vs. our expectations of +11% and +7%, respectively.
- **Our view:** The market correction has coincided with a slowdown in earnings growth, as the Nifty-50 has managed only 4% PAT growth in 9MFY25 (following a healthy 20%+ CAGR during FY20-24). The expectations for FY26 corporate earnings (19% for the MOFSL Universe and 15% for the Nifty-50) are still somewhat elevated, in our opinion, given the underlying macro-micro backdrop and are thus ripe for further downgrades. The recent correction in broader markets factors in some of the potential disappointments in earnings ahead. That said, the valuations for midcaps and smallcaps are still expensive vis-à-vis their history as well as vs. Nifty-50. The Nifty is trading at a 12-month forward P/E of 18.6x, below its long-period average (LPA) of 20.5x. Thus, we continue to remain biased toward largecaps with a 76% allocation in our model portfolio. We are OW on Consumption, BFSI, IT, Industrials, Healthcare, and Real Estate, while we are UW on Oil & Gas, Cement, Automobiles, and Metals.
- **Top ideas:** **Largecaps** – Reliance Industries, Bharti Airtel, ICICI Bank, SBI, HUL, L&T, Sun Pharma, Maruti Suzuki, M&M, Titan, Trent, and LTIMindtree; **Midcaps and Smallcaps** – Indian Hotels, Dixon Tech, JSW Energy, BSE, Godrej Properties, Coforge, JSW Infra, Page Industries, IPCA Labs, Metro Brands, and Angel One.

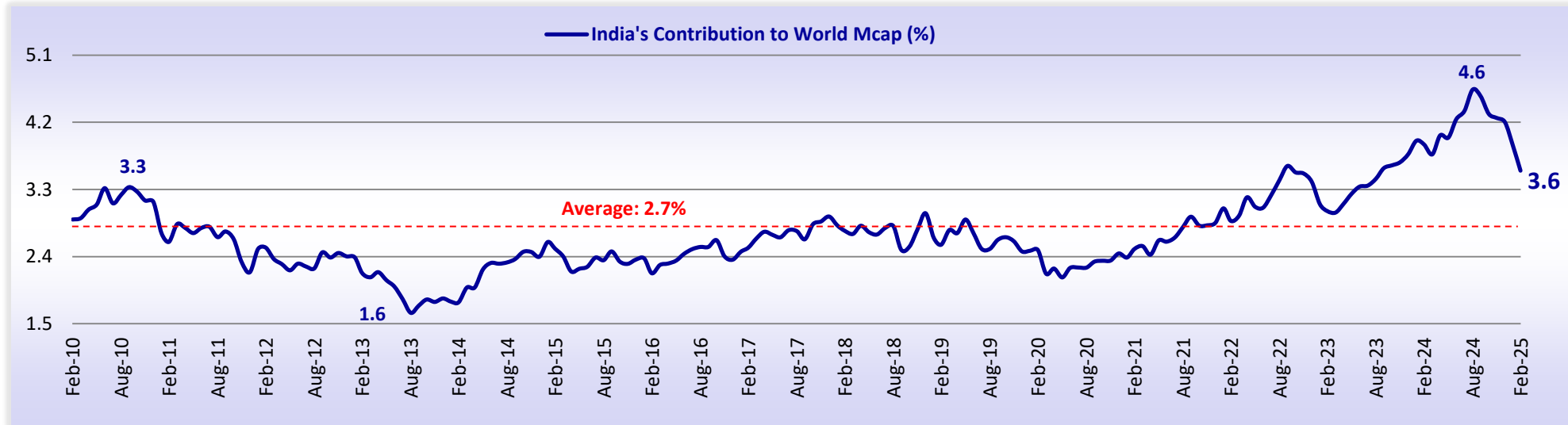
World equity indices in CY25YTD in USD terms (%)



World equity indices in CY25YTD in local currency terms (%)

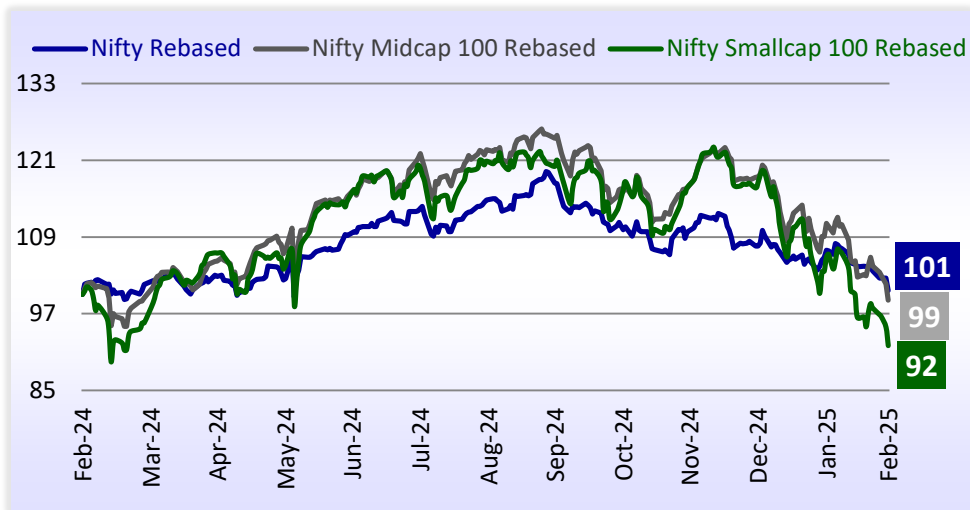


India's share of global market cap dips to 3.6%, at a 16-month low

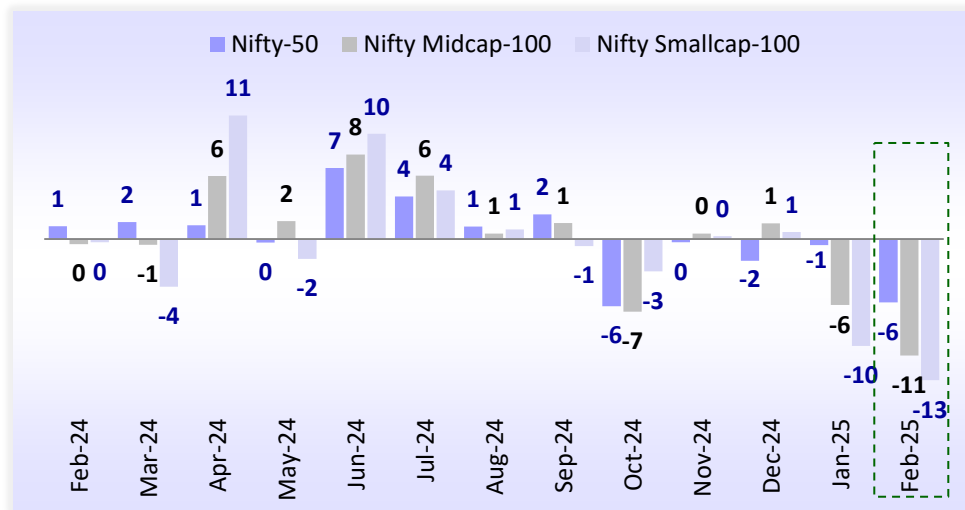


Source: Bloomberg

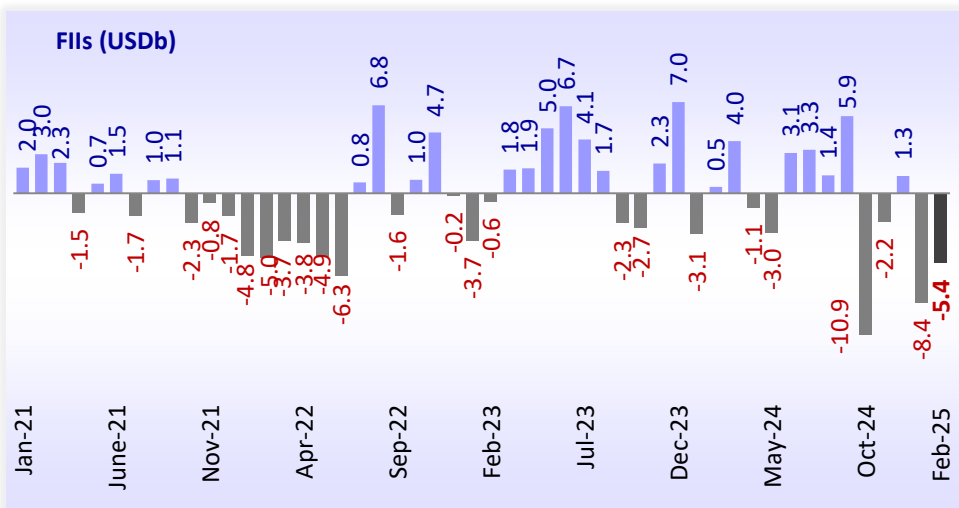
Performance of midcaps/smallcaps vs. largecaps over the last 12 months



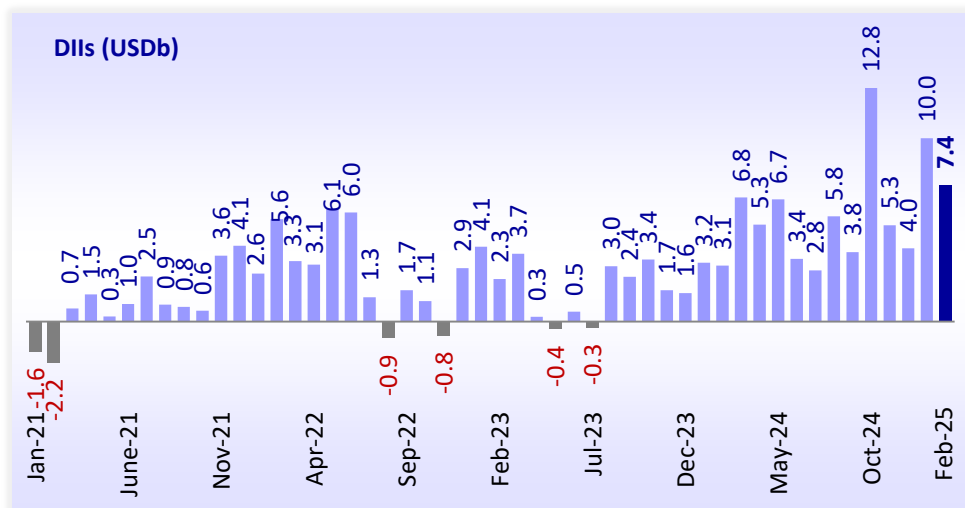
MoM performance (%) – midcaps and smallcaps underperform in Feb'25



FII's post the second consecutive month of outflows into equities in Feb'25

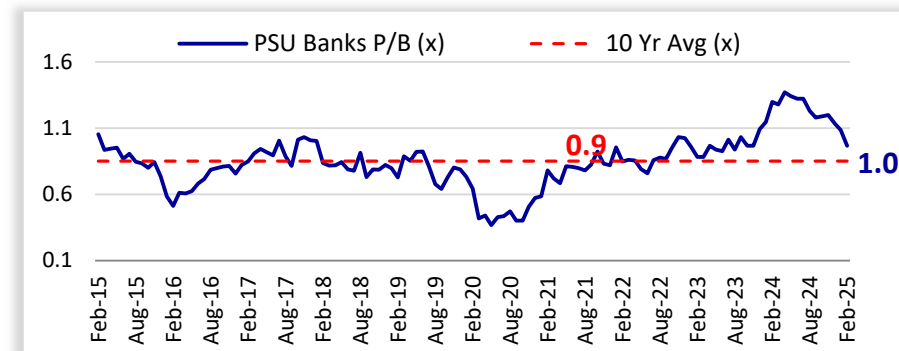


DII's monthly flows into equities continue to remain strong

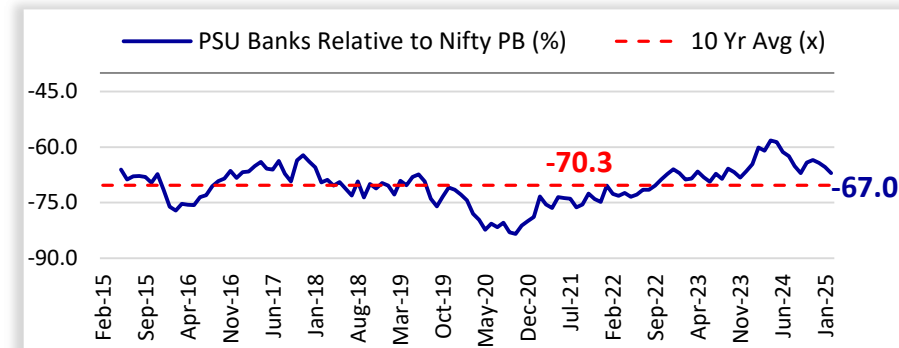


- Systemic loan growth has moderated after a run for two years, while growth across retail and SME segments continues to be healthy. During Feb'25, systemic growth stood at 11.3% YoY. With the CD ratio being higher for the system at 80% (incremental CD ratio at 85%) and stress in unsecured continuing to be elevated, credit growth is likely to remain in the current range. We estimate systemic credit growth at ~12% YoY in FY26E.
- NIMs for the select PSBs have seen a mild moderation, while most of the banks have guided to maintain their margins, with a small downside bias in the near term. We expect a mild margin moderation to continue in FY26E, amid the repo cuts, with MCLR repricing to help recoup the margin pressure.
- Credit quality for PSU banks has been robust, leading to benign credit costs. Most of the PSU banks have guided for a stable asset quality, with signs of stress not visible in any pockets. The PCR levels continue to be healthy, with most of the banks having healthy PCR of 74-90%, which can support their profitability during turbulent times. PSBs are poised for sustainable earnings due to recoveries from a larger TWO pool. Controlled SMA book and upgrade will further enhance asset quality and normalize credit costs for multiple PSBs.
- PSBs trade at 1.0x P/B**, slightly above its 10-year average of 0.9x. PSU Banks have maintained healthy profitability, thanks to sustained improvements in both asset quality and benign credit cost. Loan growth continues to be driven by RAM segments while corporate growth continues to remain muted. Along with improving asset quality trends, this would enable a healthy >15% RoE for most PSBs. We believe that the PSU banks correction has been sharp recently, while earnings have been fairly stable; hence, the stock valuations appear reasonable in the context of growth, earnings, and sustainability.

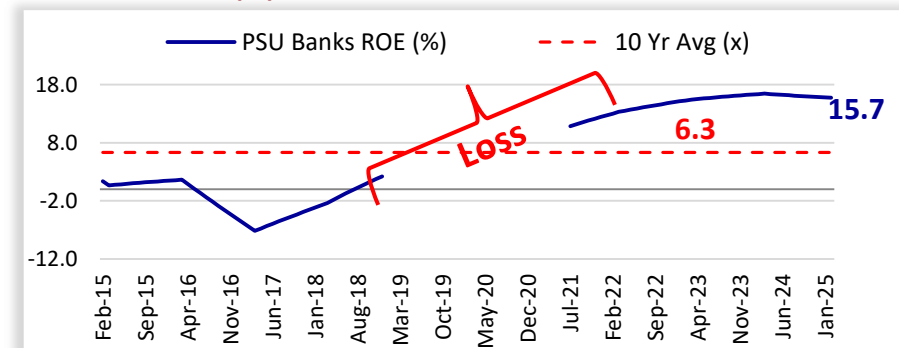
### Trend in PSU Banks' P/B – one-year forward



### Premium/discount of PSU Banks relative to Nifty P/B

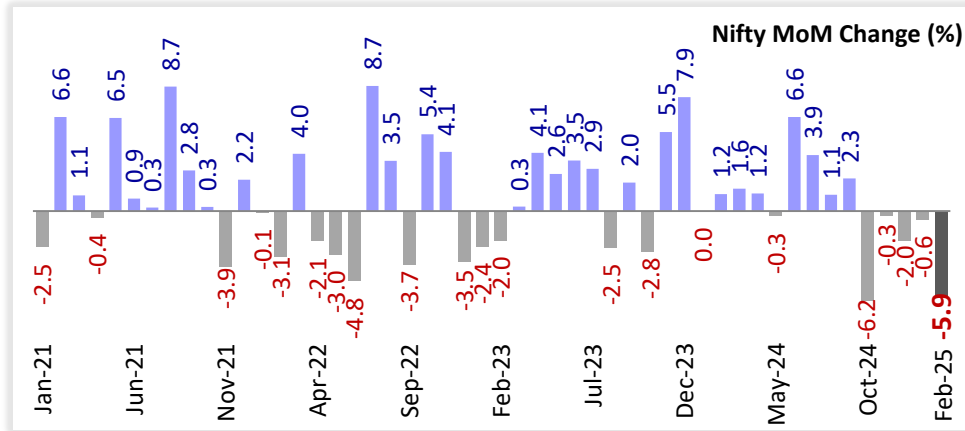


### PSU Banks' RoE (%)

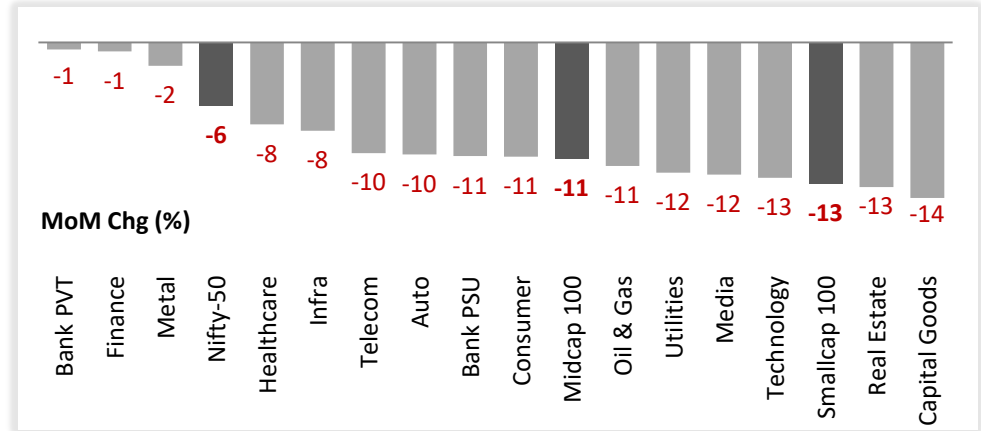


- The Nifty slid 5.9% MoM in Feb'25, closing in the red for the fifth consecutive month and recording the second steepest MoM decline since Mar'20. Notably, the index continues to remain volatile and hovered around 1,702 points before closing 1,384 points lower..
- All major sectors ended lower – Capital Goods (-14%), Real Estate (-13%), Technology (-13%), Media (-12%), and Utilities (-12%) were the top laggards MoM.

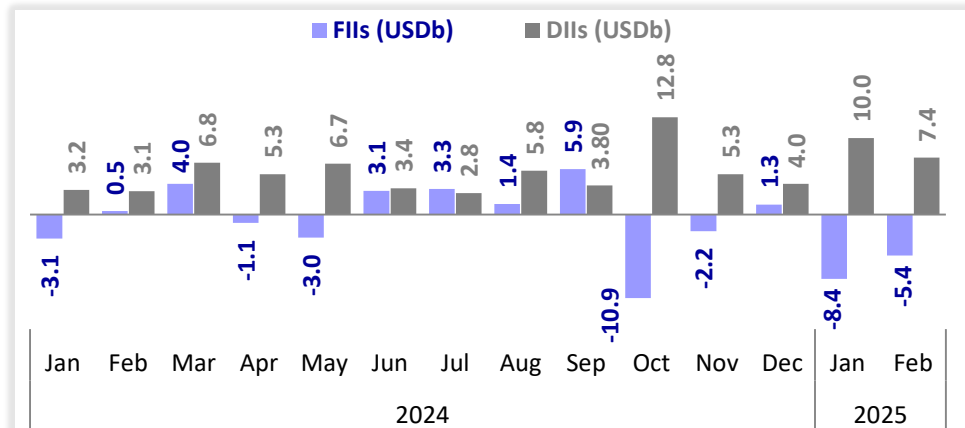
### Nifty-50 MoM change (%) – fifth consecutive month of a decline



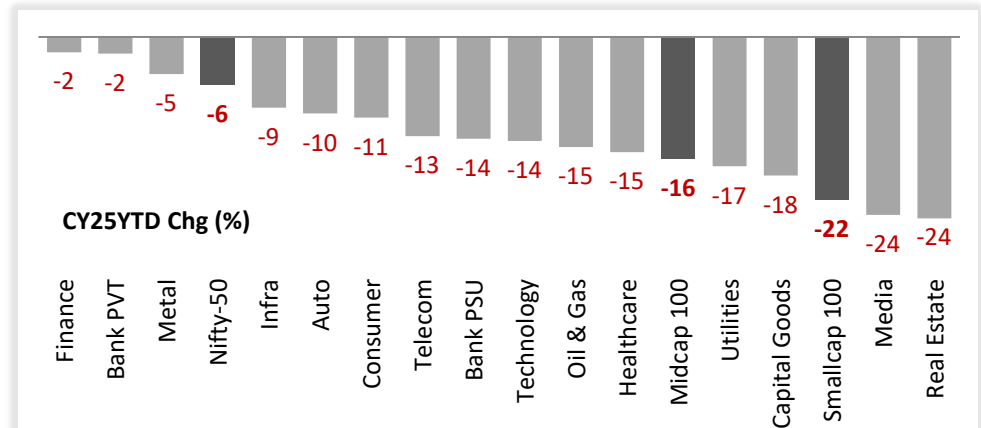
### Sectoral MoM change (%) – Capital Goods, Real Estate, Tech top laggards



### Institutional flows (USD b) – Second straight month of FII outflows and 19<sup>th</sup> consecutive month of DII inflows



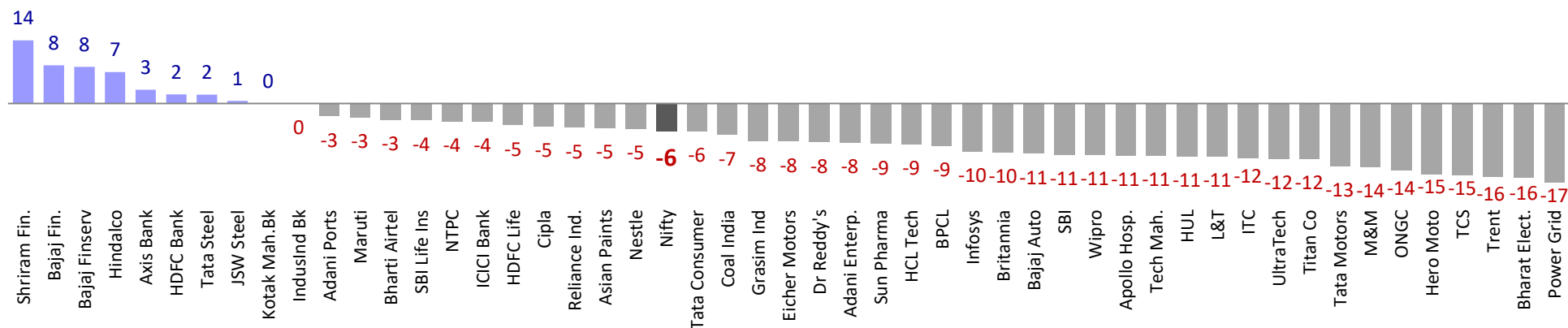
### Sectoral CY25YTD change (%) –Real Estate, Media, Capital Goods, Utilities, and Healthcare top laggards



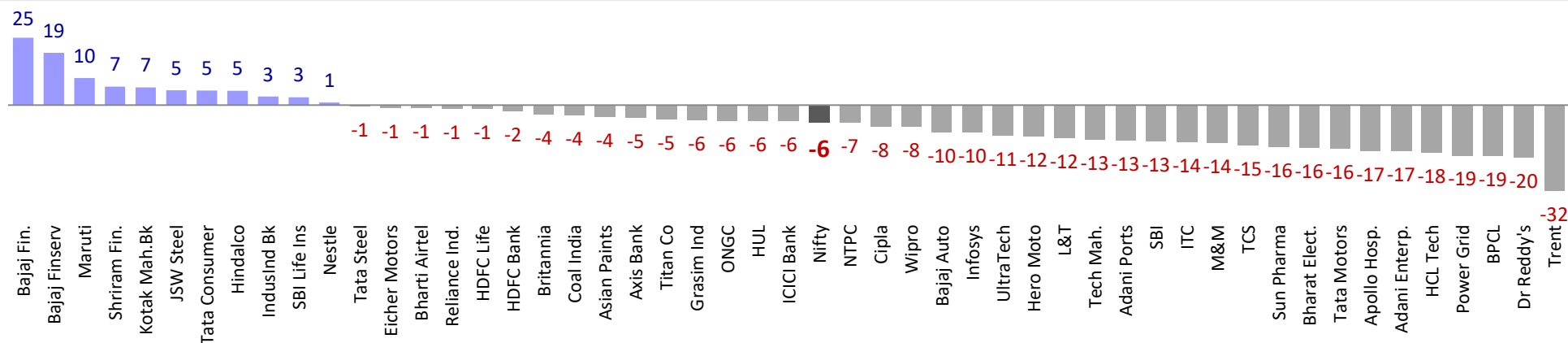


- **Best and worst Nifty performers in Feb'25:** Shriram Finance (+14%), Bajaj Finance (+8%), Bajaj Finserv (+8%), Hindalco (+7%), and Axis Banks (+3%) were the top performers, while Power Grid (-17%), Bharat Electronics (-16%), Trent (-16%), TCS (-15%), and Hero Motocorp (-15%) were the top laggards.
- **Best and worst Nifty performers in CY25YTD:** Bajaj Finance (+25%), Bajaj Finserv (+19%), Maruti Suzuki (+10%), Shriram Finance (+7%), and Kotak Mahindra Bank (+7%) have been the top performers, while Trent (-32%), Dr Reddy's Lab (-20%), BPCL (-19%), Power Grid (-19%), and HCL Tech. (-18%) have been the key laggards.

### Best and worst Nifty performers (MoM) in Feb'25 (%) – Breadth adverse; 41 Nifty companies end lower MoM



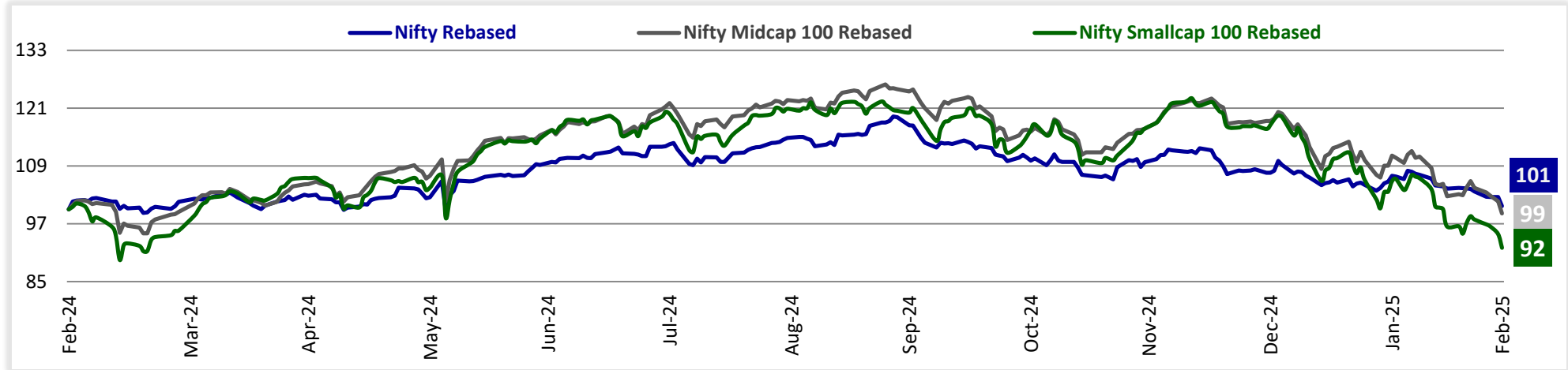
### Best and worst Nifty performers in CY25YTD (%) – 78% of the constituents trading lower



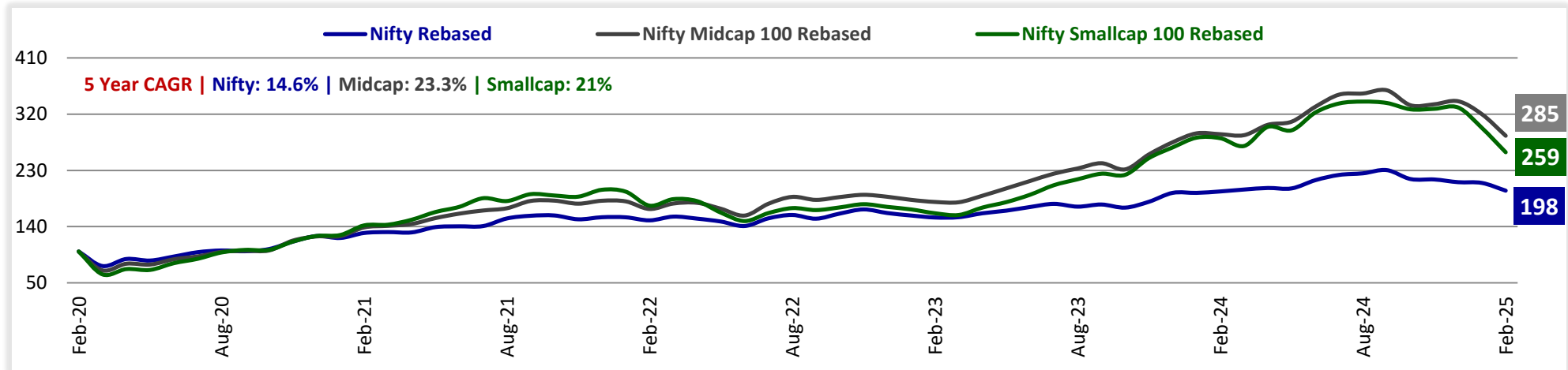


- During the last 12 months, largecaps have gained 1%, outperforming midcaps and smallcaps, which have fallen by 1% and 8%, respectively. During the last five years, midcaps have significantly outperformed largecaps by 87%, while smallcaps have outperformed largecaps by 61%.

### Performance of midcaps and smallcaps vs. largecaps over the last 12 months

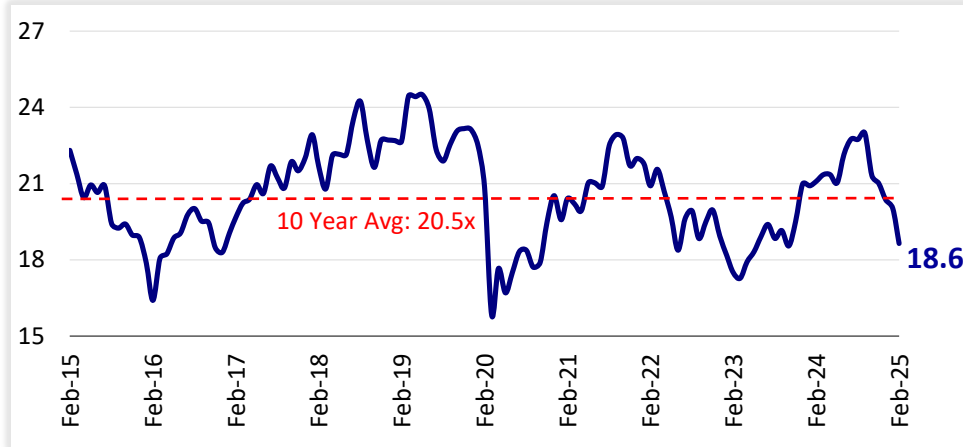


### Performance of midcaps and smallcaps vs. largecaps over the last five years

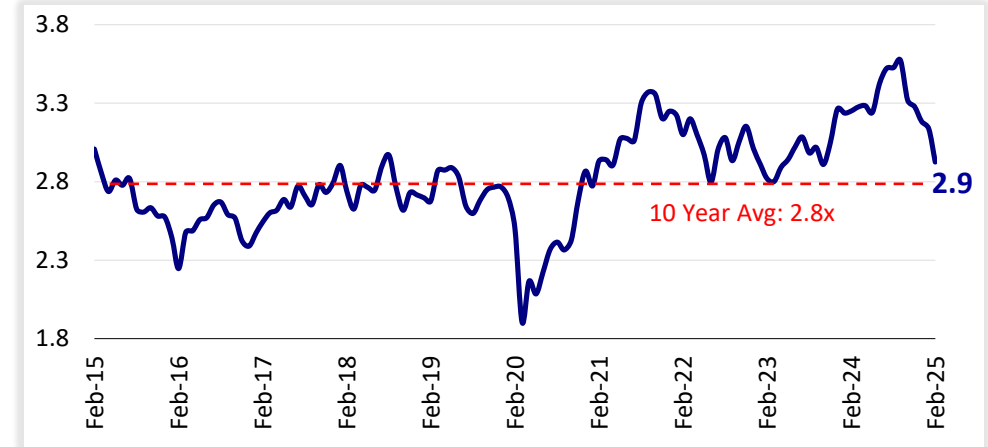


- The Nifty is trading at a 12-month forward P/E ratio of 18.6x below its LPA of 20.5x (at a 9% discount). Conversely, its P/B of 2.9x represents a 3% premium to its historical average of 2.8x.
- The 12-month trailing P/E for the Nifty, at 21.2x, below its LPA of 22.7x (at a 6% discount). At 3.3x, the 12-month trailing P/B ratio for the Nifty is near its historical average of 3.1x (at a 5% premium).

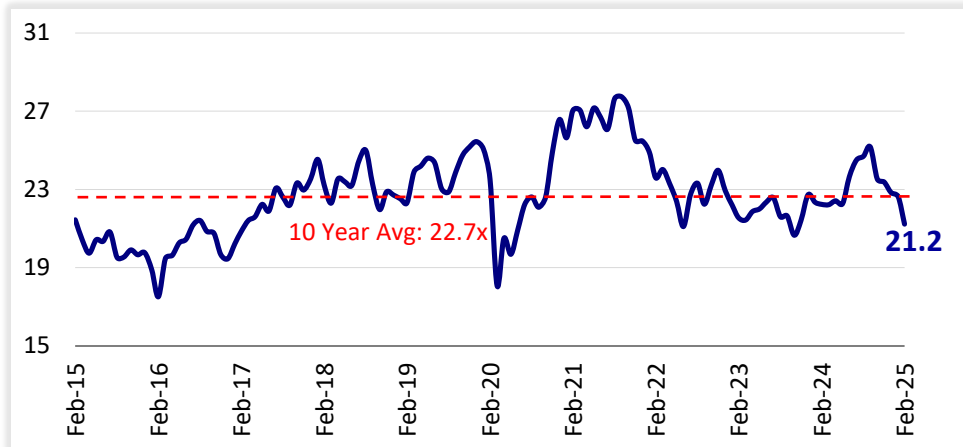
### 12-month forward Nifty P/E ratio (x)



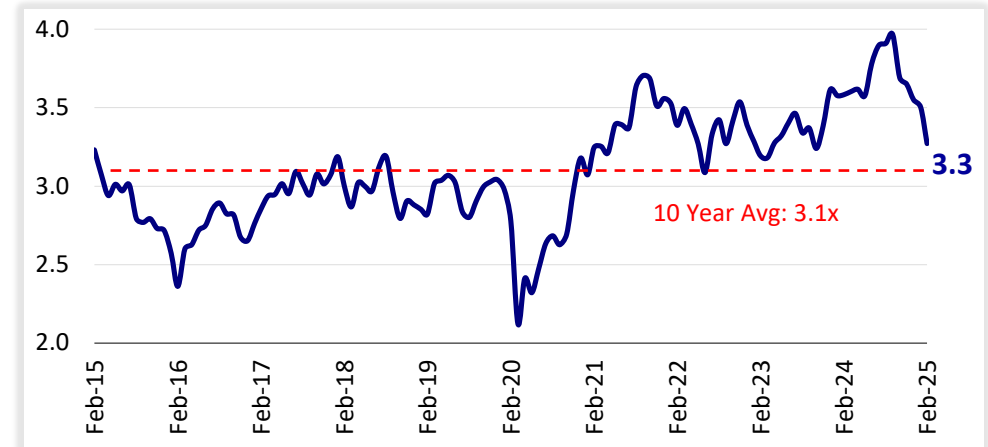
### 12-month forward Nifty P/B ratio (x)



### Trailing Nifty P/E ratio (x)

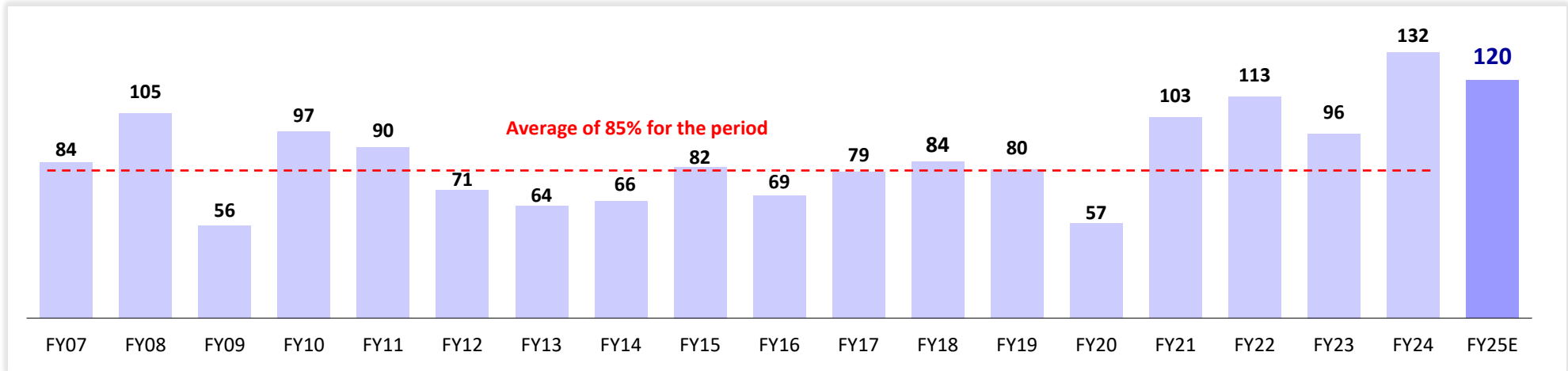


### Trailing Nifty P/B ratio (x)

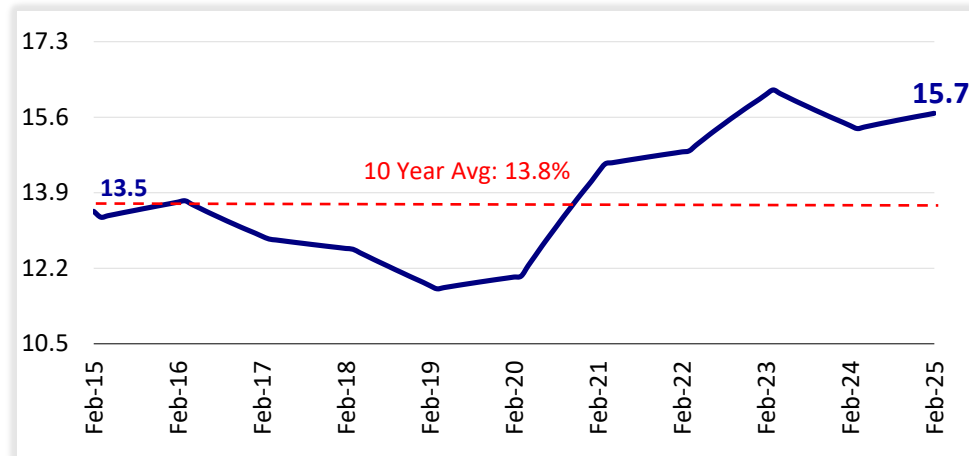


- India's market capitalization-to-GDP ratio has been volatile, plummeting to 57% (of FY20 GDP) in Mar'20 from 80% in FY19 and then sharply reviving to 132% in FY24. It is now at 120% of FY25E GDP (9.2% YoY), above its long-term average of 85%.
- The Nifty is trading at a 12-month forward RoE of 15.7%, above its long-term average.

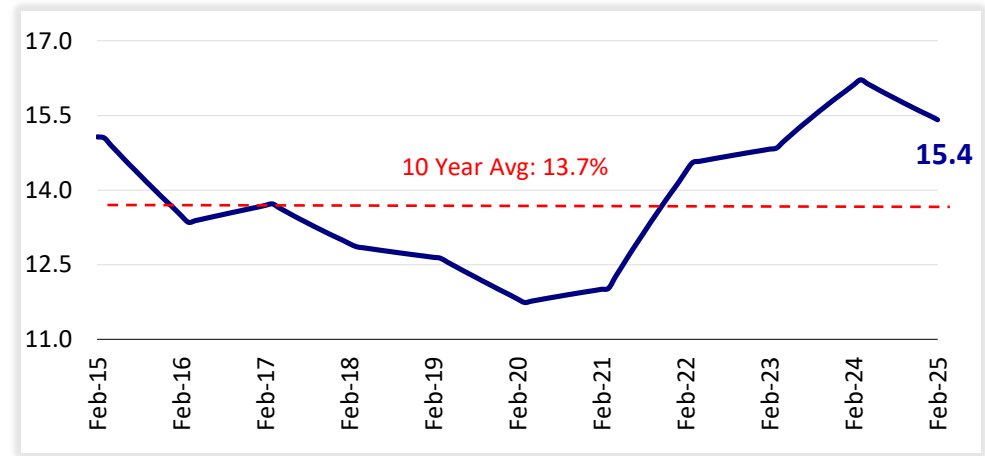
### India's market capitalization-to-GDP ratio (%)



### 12-month forward Nifty RoE (%)



### Trailing Nifty RoE (%)

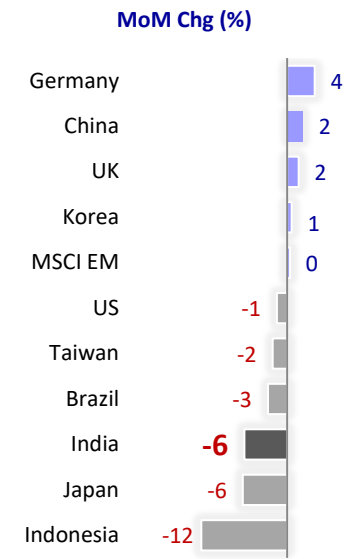


- Among the key global markets, Germany (+4%), China (+2%), the UK (+2%), and Korea (+1%) ended higher in local currency terms. Conversely, Indonesia (-12%), Japan (-6%), India (-6%), Brazil (-3%), Taiwan (-2%), and the US (-1%) ended lower MoM in Feb'25.
- Indian equities have been trading at 21.2x FY25E earnings. The key markets continued to trade at a discount to India.

## India (Nifty) vs. other markets

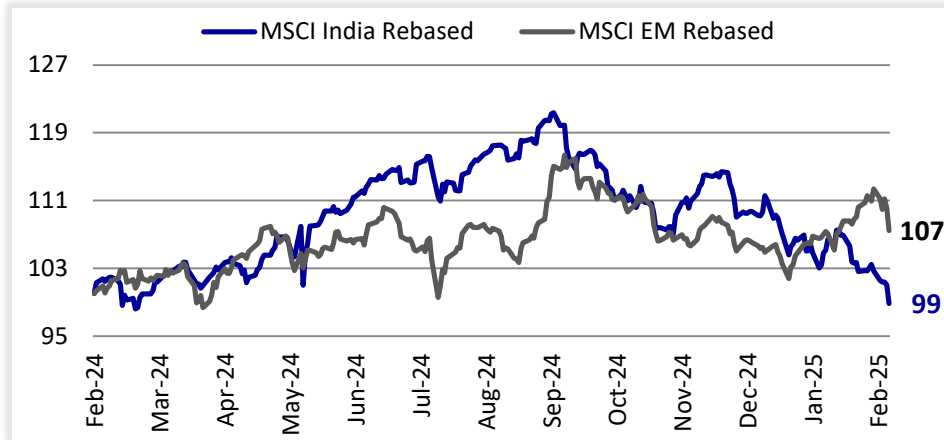
	Index Value	MCap (USD T)	CY25YTD Chg (%)		PE (x)		Prem / Disc to India PE (%)		PB (x)		RoE (%)	
			Local Currency	In USD	CY23 / FY24	CY24E / FY25E	CY23 / FY24	CY24E / FY25E	CY23 / FY24	CY24E / FY25E	CY23 / FY24	CY24E / FY25E
US	5,955	61.4	1	1	26.9	22.0	22	4	5.6	4.6	17.9	19.2
MSCI EM	1,097	21.0	2	2	15.4	14.1	-30	-33	1.8	1.8	11.3	12.2
China	3,321	10.3	-1	-1	14.8	13.6	-33	-36	1.4	1.3	9.3	10.0
Japan	37,156	6.4	-7	-3	28.6	18.6	30	-12	2.1	1.9	7.1	9.9
<b>India</b>	<b>22,125</b>	<b>4.4</b>	<b>-6</b>	<b>-8</b>	<b>22.0</b>	<b>21.2</b>			<b>3.6</b>	<b>3.2</b>	<b>16.2</b>	<b>15.3</b>
UK	8,810	3.3	8	8	11.7	12.8	-47	-40	2.0	2.0	16.4	11.1
Germany	22,551	2.7	13	13	16.7	15.1	-24	-29	2.1	1.8	9.6	11.0
Taiwan	23,053	2.5	0	0	27.1	18.8	23	-11	2.7	2.7	10.1	14.3
Korea	2,533	1.6	6	7	15.7	9.1	-29	-57	0.9	0.9	5.0	9.7
Brazil	1,22,799	0.7	2	7	8.8	10.2	-60	-52	1.5	1.3	16.6	11.4
Indonesia	6,271	0.7	-11	-13	16.2	11.3	-27	-47	1.7	1.4	10.6	12.4

Source: Bloomberg/MOFSL

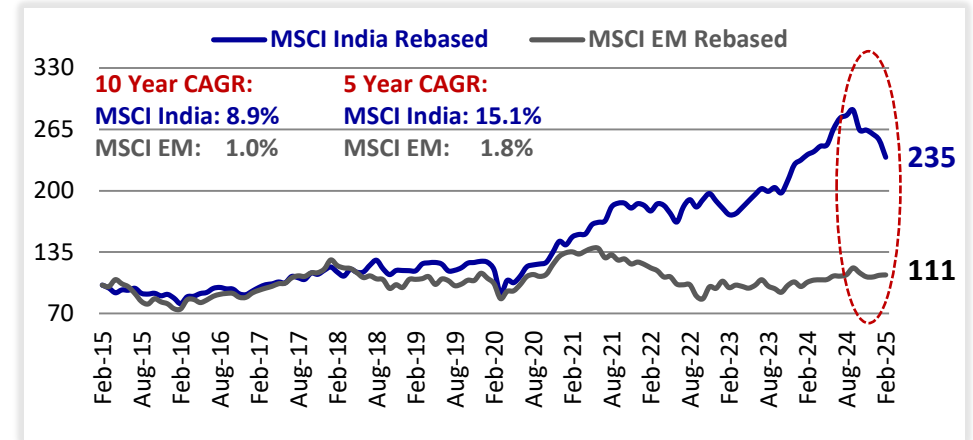


- Over the last 12 months, the MSCI India Index (-1%) has underperformed the MSCI EM Index (+7%). Over the last 10 years, the MSCI India Index has notably outperformed the MSCI EM Index by a robust 124%.
- In P/E terms, the MSCI India Index is trading at a 59% premium to the MSCI EM Index, below its historical average premium of 78%.

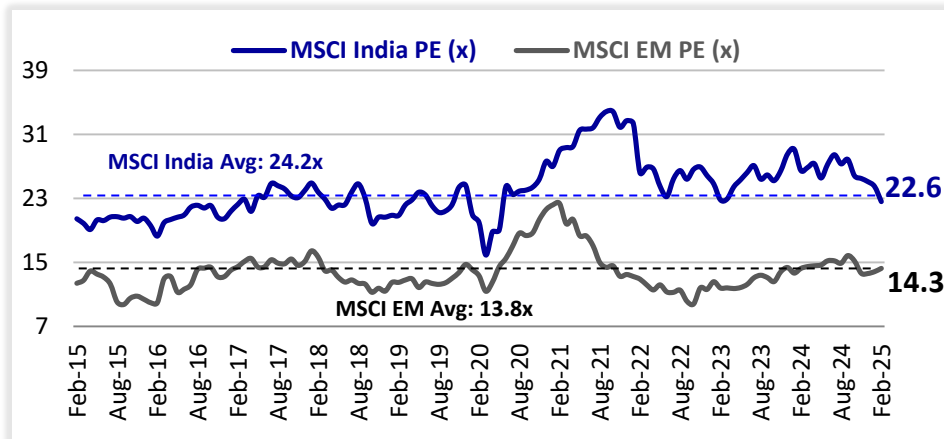
### Performance of MSCI EM vs. MSCI India over the last 12 months



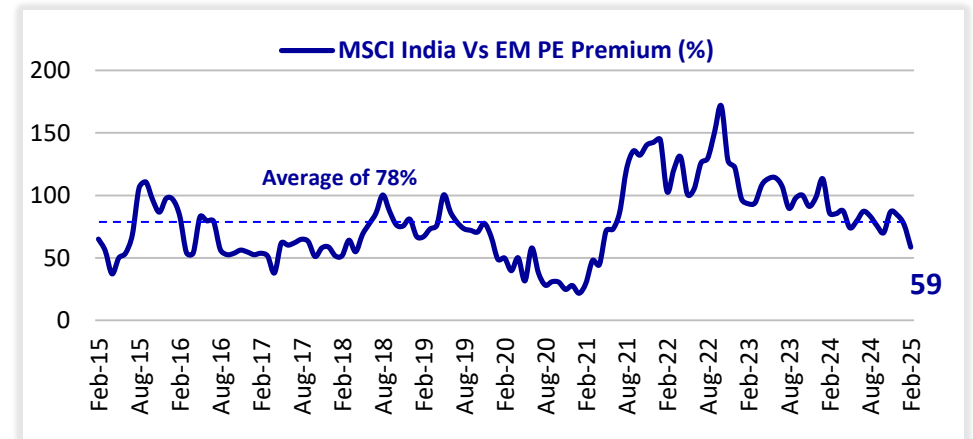
### MSCI India notably outperforms MSCI EM by 124% in the last 10 years



### Trailing P/E ratio (x) for MSCI India vs. MSCI EM



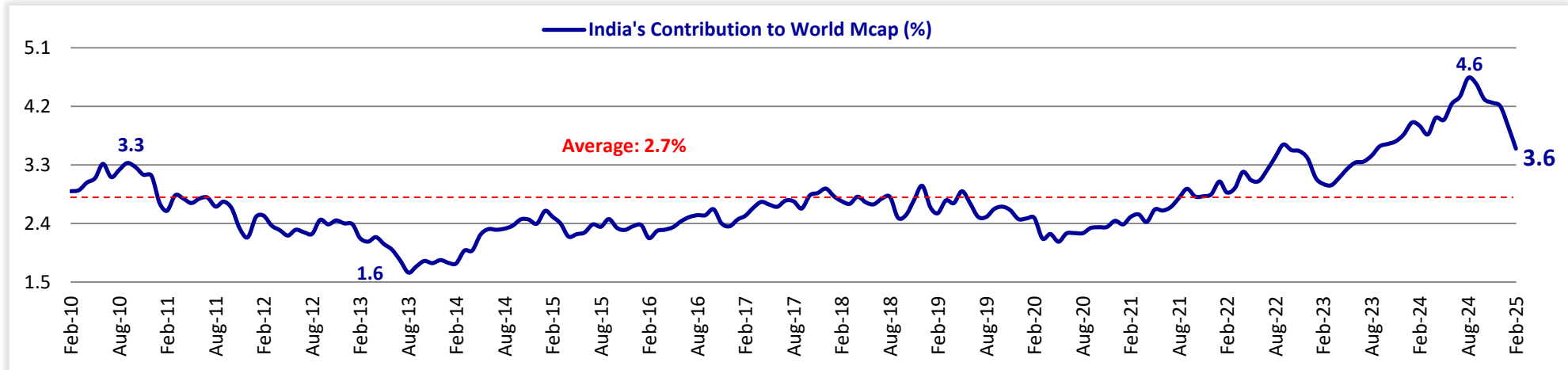
### In P/E terms, MSCI India trades at a premium (%) to MSCI EM



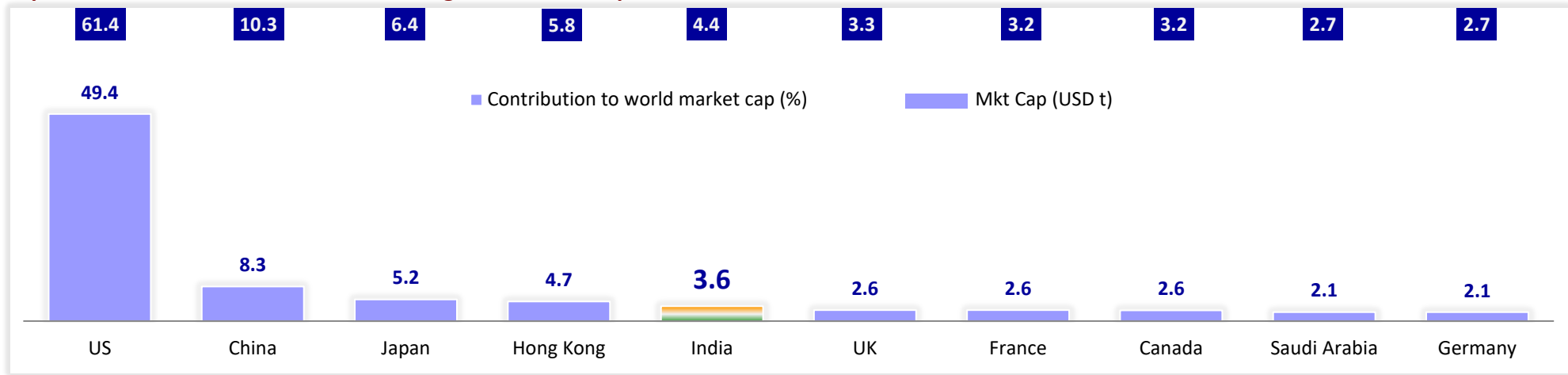
Source: Bloomberg

- India's share of the global market cap stood at 3.6%, a 16-month low. However, it is above its historical average of 2.7%.
- India is among the top 10 contributors to the global market cap. The top 10 contributors accounted for ~83% of the global market cap as of Feb'25.

### Trend in India's contribution to the global market cap (%)



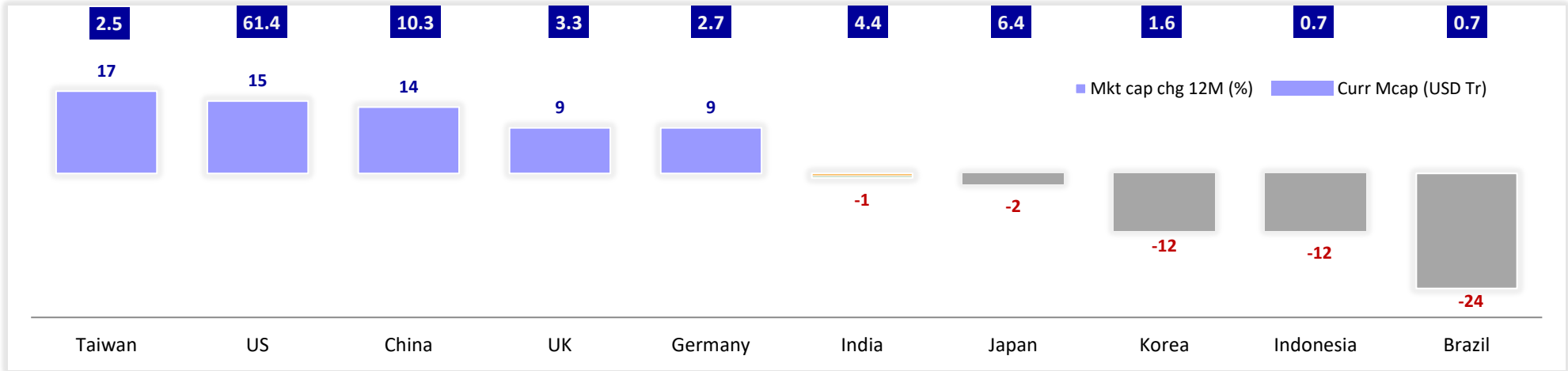
### Top 10 countries constituted ~83% of the global market cap as of Feb'25



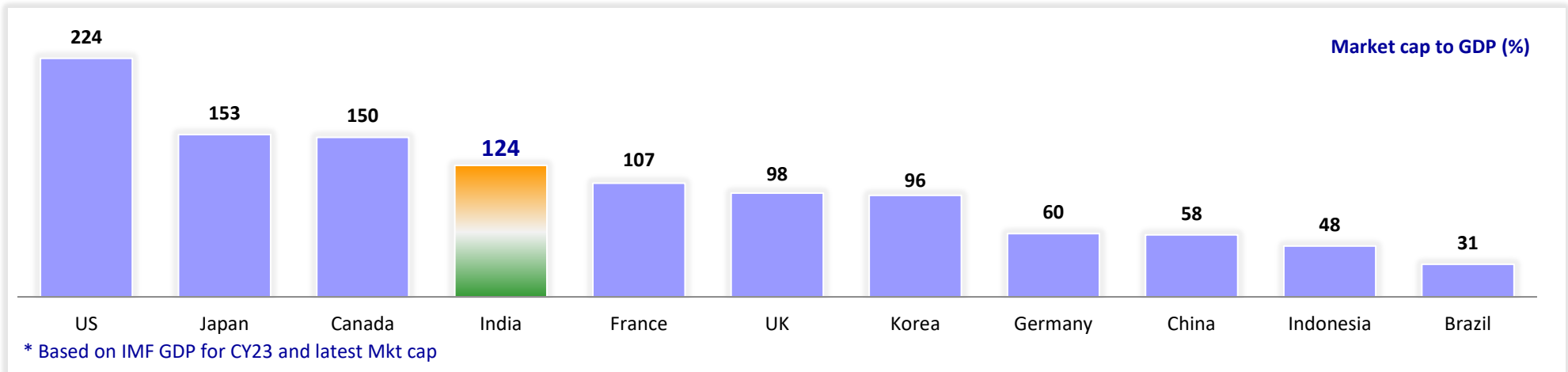
Source: Bloomberg

- Over the last 12 months, global market cap increased 8.9% (USD10.1t), whereas India's market cap declined 1%.
- Barring Brazil, Indonesia, Korea, Japan, and India, all key global markets have witnessed a rise in market cap over the last 12 months.

### Change in market cap over the last 12 months (%)



### Global market capitalization-to-GDP ratio (%)



Source: Bloomberg, IMFs



- In Feb'25, the Nifty Midcap 100 was down 10.8% vs. a 5.9% MoM decline for the Nifty-50.
- The best Nifty Midcap-100 performers in Feb'25 were UPL (+5%), Voltas (+5%), SRF (-1%), Ashok Leyland (-2%), and Sona BLW (-2%).

Company	PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)		Price Chg (%)	
	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	MoM	CY25YTD
UPL	14.2	14.7	-3	-24	-28	1.2	2.2	-47	-60	-22	5	26
Voltas	44.0	49.5	-11	136	141	6.0	4.8	23	104	71	5	-26
SRF	40.2	26.7	51	116	30	6.1	4.1	49	107	44	-1	25
Ashok Leyland	18.4	21.6	-15	-1	5	5.3	4.4	21	81	55	-2	-3
Sona BLW Precis.	46.6	69.3	-33	150	237	5.2	10.5	-51	77	270	-2	-17
S A I L	16.9	18.1	-7	-9	-12	0.7	0.6	13	-75	-77	-2	-7
APL Apollo Tubes	35.0	29.3	19	88	43	7.9	5.8	35	169	105	-5	-8
M & M Fin. Serv.	11.2	17.1	-34	-40	-17	1.5	1.4	2	-50	-49	-5	2
Federal Bank	9.4	11.7	-19	-49	-43	1.2	1.2	2	-60	-59	-5	-11
NMDC	6.9	5.7	22	-63	-72	1.5	1.2	30	-48	-59	-5	-5
Muthoot Finance	13.3	10.3	29	-29	-50	2.6	2.1	26	-12	-27	-6	0
Balkrishna Inds	25.8	22.9	13	38	11	4.4	4.0	8	50	43	-6	-10
Phoenix Mills	38.3	41.4	-7	106	102	4.7	2.8	70	61	-2	-6	-5
AU Small Finance	15.4	28.4	-46	-18	38	2.2	4.0	-45	-24	42	-6	1
Indraprastha Gas	16.4	21.1	-22	-12	3	2.5	4.0	-37	-14	40	-6	-9
LIC Housing Fin.	5.2	9.4	-44	-72	-54	0.7	1.3	-47	-76	-54	-17	-17
Bharat Forge	32.1	45.8	-30	72	123	4.8	5.3	-9	64	86	-17	-22
Prestige Estates	50.8	30.2	68	173	47	2.4	1.9	25	-19	-33	-17	-33
Tata Comm	25.5	30.8	-17	37	50	11.2	25.6	-56	282	802	-17	-21
H P C L	6.7	6.1	10	-64	-70	1.1	1.2	-13	-63	-56	-18	-28
Oberoi Realty	18.2	22.2	-18	-2	8	2.9	2.3	26	0	-18	-18	-36
M R P L	11.2	12.1	-8	-40	-41	1.3	1.4	-11	-56	-49	-18	-29
Oil India	7.6	6.6	15	-59	-68	1.1	0.8	33	-64	-72	-18	-20
Container Corpn.	22.2	32.5	-32	19	58	2.8	3.3	-15	-4	17	-20	-21
Escorts Kubota	28.3	19.3	47	52	-6	2.8	2.2	27	-5	-22	-21	-14
Tata Chemicals	19.8	16.1	23	6	-22	0.9	0.8	5	-70	-71	-21	-26
Mphasis	22.3	20.2	10	20	-1	4.2	3.7	12	43	32	-22	-21
Polycab India	32.2	28.8	12	73	40	6.3	5.4	17	117	92	-22	-35
IRB Infra.Devl.	18.8	17.8	6	1	-13	1.2	1.1	8	-58	-60	-25	-24
Tube Investments	42.9	44.4	-3	130	116	7.0	7.2	-4	138	156	-26	-31

- Companies trading at a significant premium to their historical average: Bharat Electronics (+158%), Grasim Industries (+55%), Power Grid Corp. (+42%), HCL Tech (+34%), and Tech Mahindra (+32%).
- Companies trading at a significant discount to their historical average: Coal India (-41%), Dr Reddy's Labs (-40%), Apollo Hospitals (-38%), Maruti Suzuki (-24%), and ONGC (-23%).

### Valuations of Nifty constituents

Name	Sector	PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)	
		Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg
Bajaj Auto	Auto	24.3	19.0	28	30	-7	7.3	4.8	54	150	68
Eicher Motors	Auto	27.0	31.4	-14	45	53	5.5	7.0	-21	87	146
Hero MotoCorp	Auto	15.1	18.3	-17	-19	-11	3.6	4.4	-19	23	55
Mahindra & Mahindra	Auto	21.1	18.7	13	13	-9	4.3	2.8	51	47	0
Maruti Suzuki	Auto	23.5	31.0	-24	26	51	3.6	4.1	-12	23	44
Tata Motors	Auto	NA	17.5	NA	NA	-15	1.8	2.1	-14	-39	-26
Axis Bank	BFSI - Pvt Banks	11.4	38.2	-70	-39	86	1.6	2.0	-21	-47	-30
HDFC Bank	BFSI - Pvt Banks	18.6	20.7	-10	0	1	2.4	3.2	-23	-17	11
ICICI Bank	BFSI - Pvt Banks	16.9	21.6	-22	-9	5	2.7	2.2	23	-9	-23
IndusInd Bank	BFSI - Pvt Banks	9.2	18.8	-51	-51	-8	1.0	2.3	-56	-65	-17
Kotak Mahindra Bank	BFSI - Pvt Banks	17.5	26.2	-33	-6	28	2.2	3.3	-32	-23	16
State Bank	BFSI - PSU Banks	7.1	11.9	-40	-62	-42	1.1	1.1	0	-61	-60
Bajaj Finance	BFSI - NBFC	25.3	31.2	-19	36	52	4.6	5.3	-13	57	86
Shriram Finance	BFSI - NBFC	11.9	10.4	15	-36	-50	1.7	1.4	24	-40	-50
HDFC Life Ins	BFSI - Insurance	63.7	86.3	-26	242	320	2.1	4.1	-50	-30	45
SBI Life Ins	BFSI - Insurance	59.3	60.6	-2	218	195	1.7	2.4	-27	-41	-17
Bharat Electronics	Capital Goods	32.0	12.4	158	72	-40	7.3	2.7	165	148	-3
Larsen & Toubro	Capital Goods	23.8	23.4	2	28	14	3.9	3.0	30	34	7
Grasim Inds	Cement	24.2	15.6	55	30	-24	2.8	1.9	48	-5	-34
Ultratech Cement	Cement	35.3	35.0	1	89	70	3.9	3.6	8	32	26
Asian Paints	Consumer	43.8	56.4	-22	135	174	10.6	14.3	-26	262	405
Britannia Inds.	Consumer	44.8	47.9	-6	140	133	22.8	21.1	8	679	643
Hind. Unilever	Consumer	44.9	53.2	-16	141	159	9.9	21.1	-53	239	643
ITC	Consumer	22.9	22.7	1	23	11	6.2	5.4	16	113	90
Nestle India	Consumer	60.2	60.0	0	223	192	44.5	49.1	-9	1420	1634
Tata Consumer	Consumer	55.2	48.6	14	196	137	3.7	3.2	14	26	14

Name	Sector	PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)	
		Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg
Apollo Hospitals	Healthcare	50.8	81.6	-38	172	297	8.6	7.0	23	193	146
Cipla	Healthcare	23.0	26.7	-14	24	30	3.2	3.3	-2	10	16
Dr Reddy's Labs	Healthcare	15.2	25.2	-40	-19	23	2.4	3.4	-29	-17	21
Sun Pharma	Healthcare	27.2	29.5	-8	46	44	4.5	3.9	16	53	37
Adani Ports	Logistics	18.6	18.7	-1	0	-9	3.2	3.3	-2	10	16
Coal India	Metals	5.5	9.3	-41	-70	-54	1.9	4.4	-56	-34	54
Hindalco	Metals	9.6	9.1	6	-49	-56	1.3	1.2	14	-54	-59
JSW Steel	Metals	16.4	16.4	0	-12	-20	2.5	1.9	31	-15	-33
Tata Steel	Metals	13.0	16.2	-19	-30	-21	1.9	1.2	55	-34	-56
BPCL	Oil & Gas	9.0	9.7	-7	-52	-53	1.2	1.9	-37	-60	-35
ONGC	Oil & Gas	5.2	6.7	-23	-72	-67	0.7	0.8	-16	-76	-70
Reliance Inds.	Oil & Gas	19.9	17.7	13	7	-14	1.8	1.5	14	-40	-45
Titan Co	Retail	58.5	61.1	-4	214	197	18.1	15.3	19	519	438
Trent	Retail	80.9	90.4	-11	334	340	21.0	10.5	101	619	269
HCL Technologies	Technology	22.7	17.0	34	22	-17	6.4	4.0	60	119	42
Infosys	Technology	24.3	20.8	17	30	1	7.9	5.7	39	170	101
TCS	Technology	23.1	24.2	-4	24	18	12.5	10.2	22	326	259
Tech Mahindra	Technology	24.1	18.2	32	29	-11	4.7	3.3	45	61	15
Wipro	Technology	22.6	18.0	25	21	-12	3.9	3.0	30	33	5
Bharti Airtel	Telecom	35.5	40.9	-13	90	99	7.1	3.9	83	142	37
NTPC	Utilities	12.4	9.7	28	-33	-53	1.6	1.1	44	-44	-60
Power Grid Corp.	Utilities	13.3	9.3	42	-29	-54	2.3	1.6	46	-20	-44
<b>Nifty</b>		<b>18.6</b>	<b>20.5</b>	<b>-9</b>			<b>2.9</b>	<b>2.8</b>	<b>3</b>		

- The Technology sector is trading at a P/E ratio of 23.9x, at a 14% premium to its long-term average of 21x. While the current P/E remains above the long-term average, it has moderated following the recent correction in Indian capital markets, driven by uncertainties in the US economy regarding inflation. Global IT companies such as EPAM, Globant, and Endava reported their financial results for 4QFY24, and guidance for FY25 came as disappointment. Guidance for all companies was underwhelming, suggesting a cautious IT spending environment in the near term.
- Healthcare sector valuation witnessed some moderation since Sep'24 and is now trading at just 6% premium to its 10-year average at a P/E of 28.7x. The US generics outlook is expected to soften due to limited visibility of niche product launches and price erosion kicking in for base products over FY25-27. The US tariff-related announcement on imports is also creating volatility in the US generics prospects.
- Capital Goods is trading at 31.4x one-year forward P/E, above its 10-year average of 29x (at an 8% premium), indicating a premium valuation baking in the anticipated capex recovery, ordering momentum, and higher budgetary allocation. This premium in valuation vs. historical average has corrected in the recent past due to moderation in growth estimates.

### Sector valuations at a glance

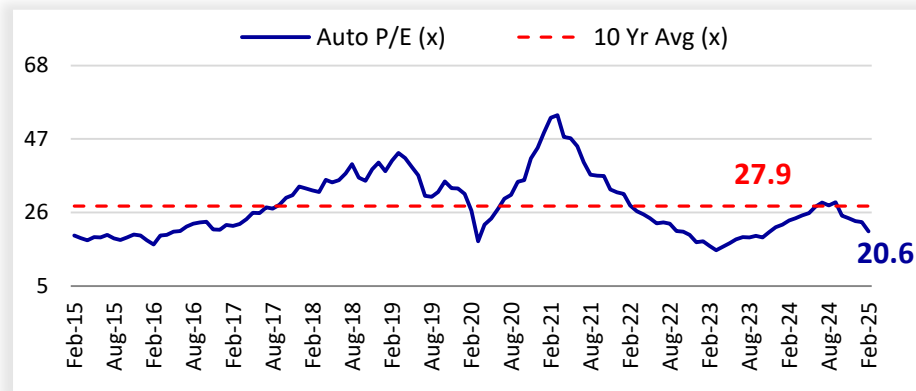
Sector	PE (x)			PE Std. Deviation		Relative to Nifty P/E (%)		PB (x)			PB Std. Deviation		Relative to Nifty P/B (%)	
	Current	10 Yr Avg	Prem/ Disc (%)	+1SD	-1SD	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	+1SD	-1SD	Current	10 Yr Avg
Auto	20.6	27.9	-25.9	36.6	19.1	11	35	3.6	3.5	3.0	4.1	2.9	22	22
Banks - Private	16.0	21.1	-24.2	26.3	15.8	-14	2	2.2	2.5	-12.8	2.8	2.2	-25	-10
Banks - PSU	6.1	10.1	-39.2	40.6	-20.4	-67	-54	1.0	0.9	13.3	1.1	0.6	-67	-70
NBFC	12.6	12.5	1.0	14.8	10.2	-32	-39	2.0	1.8	7.6	2.2	1.5	-33	-35
Capital Goods	31.4	29.0	8.4	35.2	22.7	68	41	5.6	4.1	38.7	5.5	2.6	93	41
Cement	35.0	28.8	21.8	37.0	20.5	88	40	2.9	2.6	9.3	3.1	2.2	-1	-7
Chemicals	30.6	25.5	20.2	36.5	14.4	64	25	3.5	3.3	5.7	4.4	2.1	19	14
Consumer	39.0	42.1	-7.3	46.2	38.0	109	106	9.3	10.2	-8.8	11.1	9.4	219	263
Consumer Ex ITC	45.5	52.3	-13.0	59.2	45.5	144	156	10.5	13.1	-20.1	14.4	11.9	259	368
Consumer Durables	40.7	34.4	18.0	46.8	22.1	118	68	6.7	5.4	23.0	7.3	3.5	128	87
Healthcare	28.7	27.0	6.1	31.5	22.5	54	33	4.2	3.8	10.0	4.7	3.0	44	36
Infrastructure	16.0	12.0	32.9	19.9	4.2	-14	-41	1.2	1.2	2.0	1.7	0.7	-58	-58
Logistics	20.6	21.3	-3.4	25.5	17.1	10	4	3.4	3.4	2.2	4.1	2.6	17	18
Media	14.3	25.3	-43.2	29.6	20.9	-23	23	1.3	3.6	-64.9	5.4	1.8	-57	31
Metals	9.9	10.8	-8.4	14.3	7.3	-47	-47	2.0	1.6	20.6	2.0	1.2	-33	-43
Oil & Gas	12.8	12.6	1.4	15.6	9.6	-31	-39	1.4	1.5	-6.8	1.7	1.3	-53	-48
Oil & Gas Ex RIL	7.2	8.5	-16.1	11.4	5.7	-62	-59	0.9	1.2	-22.7	1.5	0.9	-68	-57
Real Estate	31.9	30.4	4.8	42.8	18.0	71	48	3.6	2.2	65.2	3.3	1.0	23	-26
Retail	68.9	84.3	-18.2	134.9	33.6	270	316	11.6	9.7	20.3	13.6	5.8	298	235
Technology	23.9	21.0	13.6	26.0	16.1	28	3	7.6	5.8	31.3	7.5	4.1	160	102
Telecom	Loss	73.6	-	267.0	-119.8		252	27.9	15.9	75.4	33.3	-1.5	0	290
Utilities	14.7	11.7	25.8	15.2	8.2	-21	-43	2.1	1.5	39.3	2.0	1.0	-29	-48



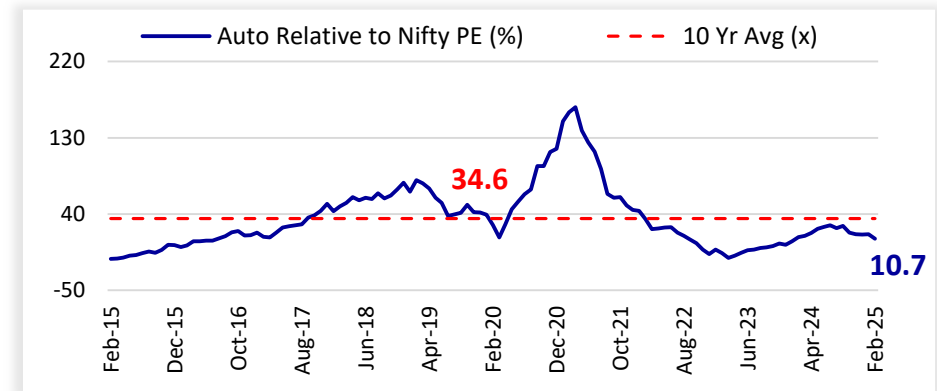
- The Auto sector is trading at a P/E of 20.6x, below its 10-year historical average of 27.9x (at a 26% discount). On a P/B basis, however, it is trading at a 3% premium to its 10-year average of 3.5x.
- Overall, wholesale dispatches grew ~2% YoY for PVs and 16% for tractors. However, 2W volumes declined ~2% YoY while CV volumes declined 5% YoY due to a 14% drop in LCVs, despite a 2% YoY growth in MHCVs.
- The volumes reported by OEMs so far this month have largely aligned with our estimates. PVs and CVs were in line, while tractor volumes exceeded expectations. Among the reported figures, RE, Escorts, and M&M tractors outperformed estimates, while other OEMs met expectations. Demand across segments remains weak, except for tractors, where we expect dispatches to remain positive in the near term, driven by positive farm sentiment.



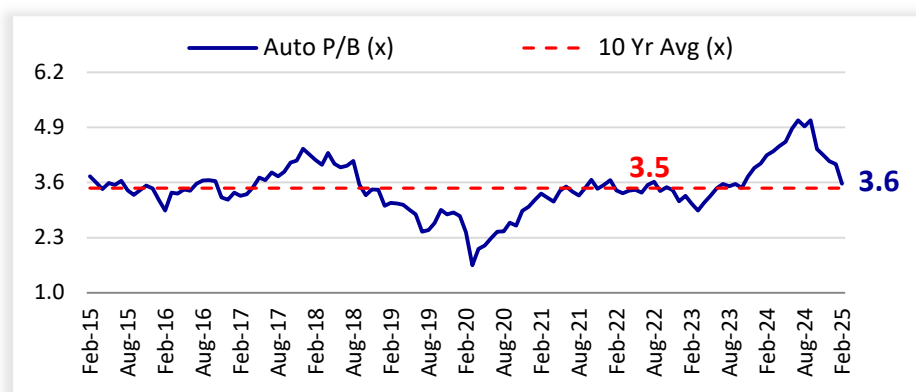
### 12-month forward Automobiles P/E (x)



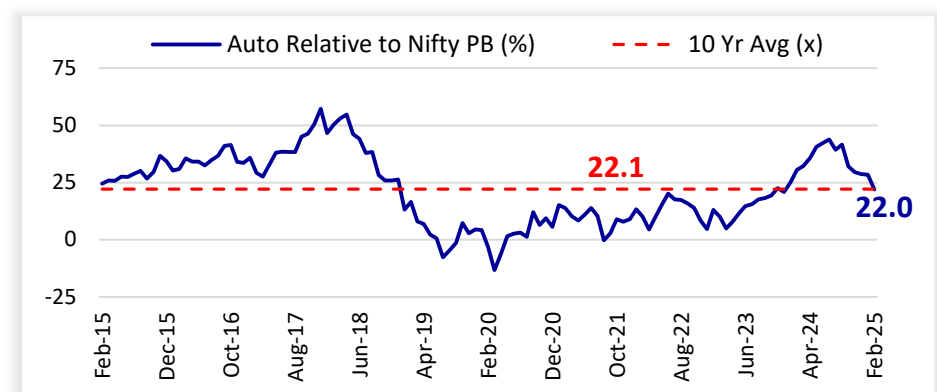
### Automobile P/E relative to Nifty P/E (%)



### 12-month forward Automobiles P/B (x)



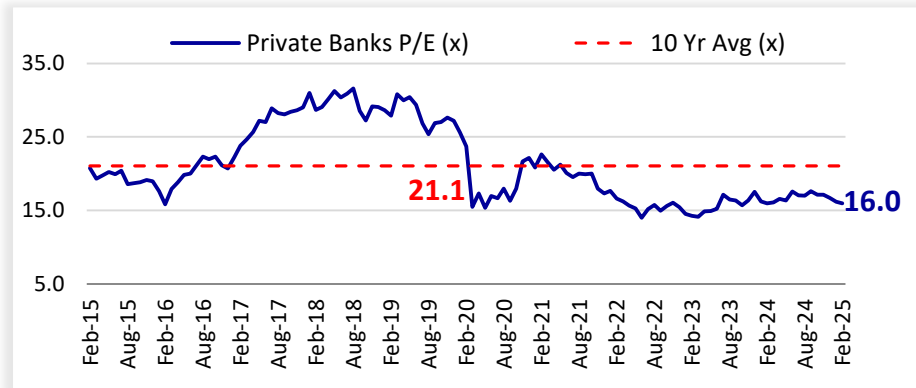
### Automobile P/B relative to Nifty P/B (%)



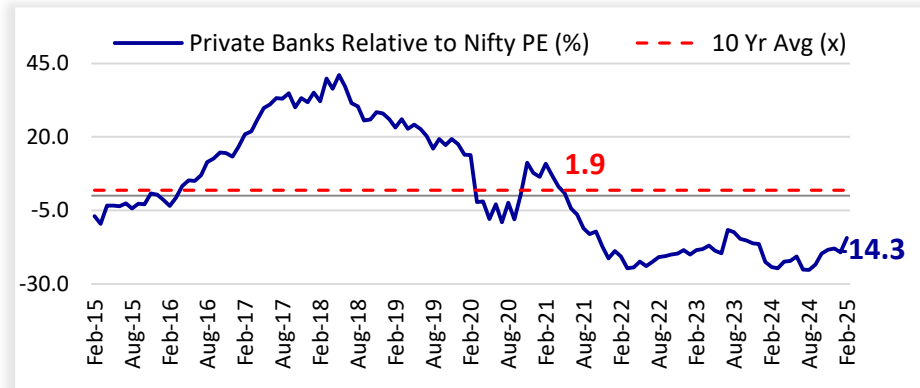


- The Private Banks sector is currently trading at a P/B ratio of 2.2x, corrected from its historical average of 2.5x (at a 13% discount).
- Loan growth has moderated to 11.3%, with expectations of growth to sustain at 12% in FY26 amid a higher CD ratio in the system and competition among the banks to garner deposits due to the ongoing stress in the unsecured segments. Deposit growth continues to be steady at 10.6%, while the CASA ratio continues to experience pressure amid faster growth in TDs.
- With tight liquidity and pressure among the banks to garner the deposits at a higher rate, the CoF shall remain elevated. While the expected benefits of the repo rate cuts should help to ease CoF pressure in 2H FY26, as a result we expect a slight downward bias for the NIMs in FY26E.
- Asset quality trends in unsecured are expected to ease out post 4QFY25, while the delinquencies are expected to remain elevated in 4Q, and so the higher credit cost. With regulations such as LCR and ECL being deferred, we believe credit costs will follow a normalized trajectory over FY26 at least. Although banks with a higher contingency buffer are well placed to absorb any potential shocks.

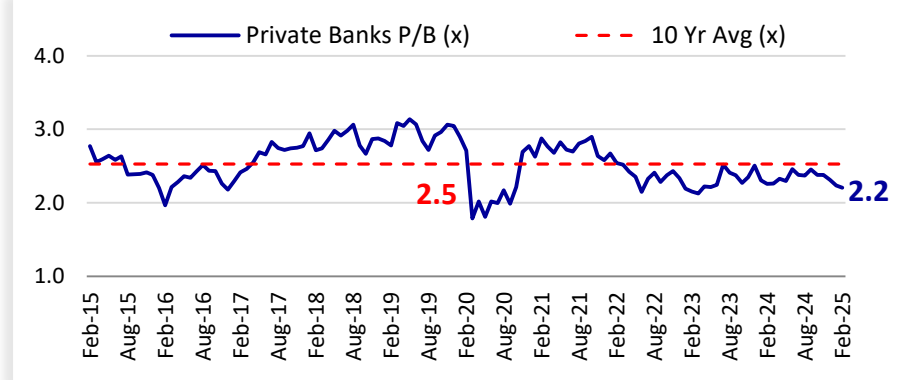
### 12-month forward Private Banks P/E (x)



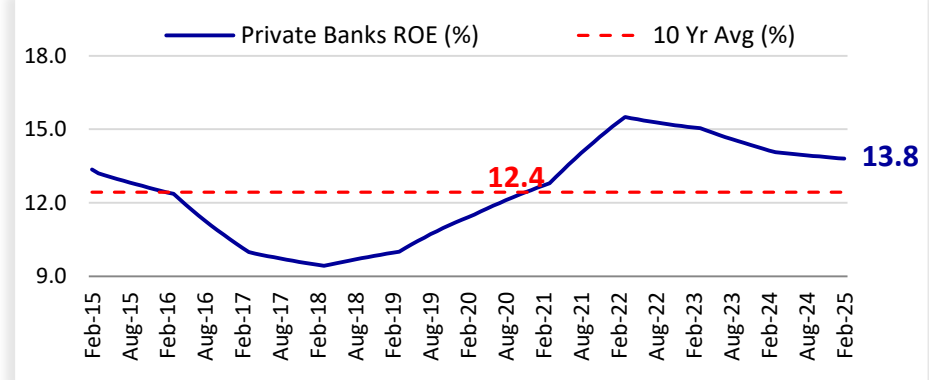
### Private Banks P/E relative to Nifty P/E (%)



### 12-month forward Private Banks P/B (x)



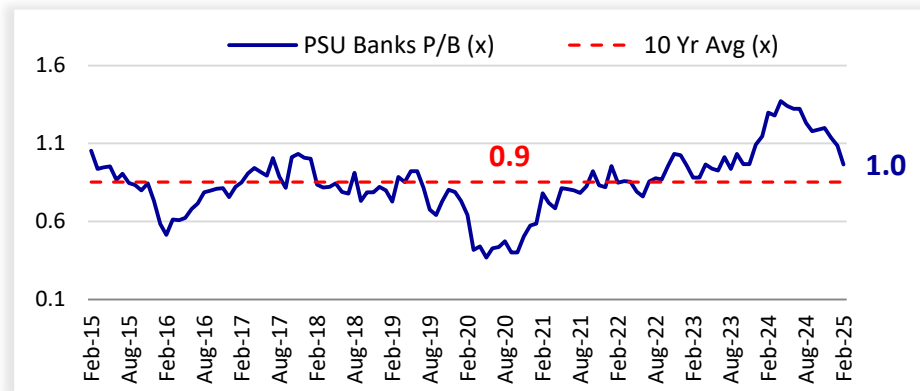
### Private Banks ROE (%)



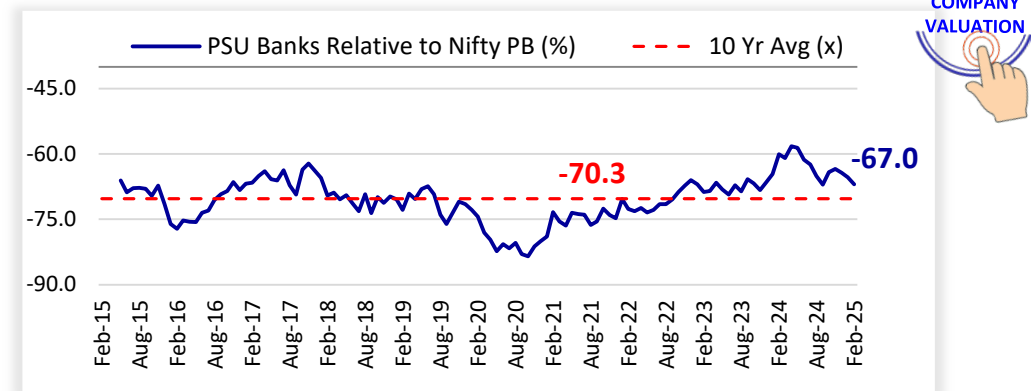


- The PSU Banks sector has seen a correction from its peak and now trades at a P/B of 1x, a premium of 13% to its historical average of 0.9x.
- Systemic credit growth has moderated to ~11.3% and is now following a steady trend. The CD ratio continues to be elevated at 80.4%, while the incremental CD ratio is also higher at 85%.
- PSU banks have been stronger than the private peers in terms of profitability, NIMs, and credit costs. Credit growth continues to remain steady and well within the guided range, while the CD ratios for PSU banks are still at an optimal range compared to the private peers. Opex is expected to follow a normalized trajectory with no major surprises expected.
- NIMs are facing a mild moderation amid CoF pressure, while most of the banks are guiding to maintain their NIMs in the near term, despite the repo rate cuts. A higher proportion of the MCLR book is expected to partially offset the NIMs pressure for the PSBs.
- Asset quality remains healthy for most PSU banks vs. their private counterparts. Most banks have guided for a stable asset quality trend with no imminent signs of stress visible. With healthy PCR levels, we expect PSU banks to deliver stable earnings vs. their private counterparts in FY26.

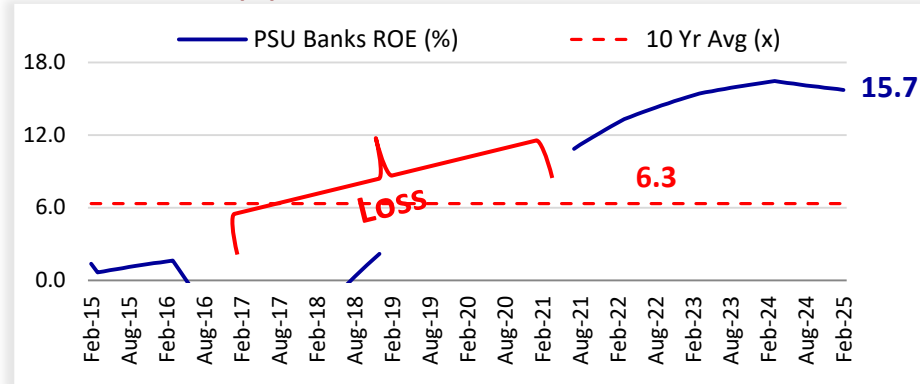
### 12-month forward PSU Banks P/B (x)



### PSU Banks P/B relative to Nifty P/B (%)



### PSU Banks ROE (%)

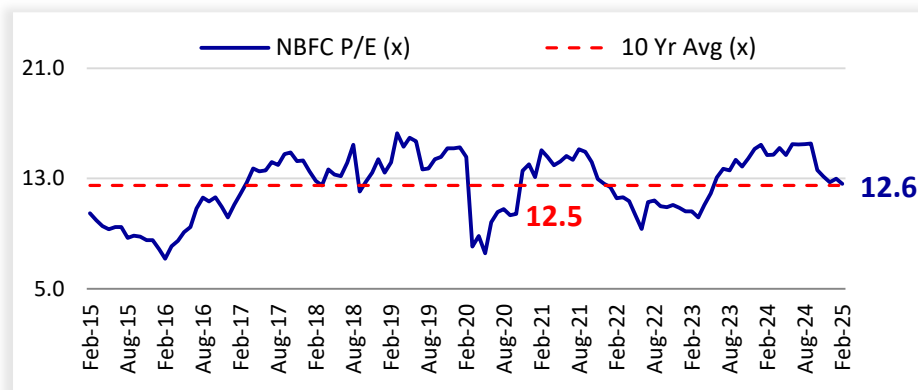




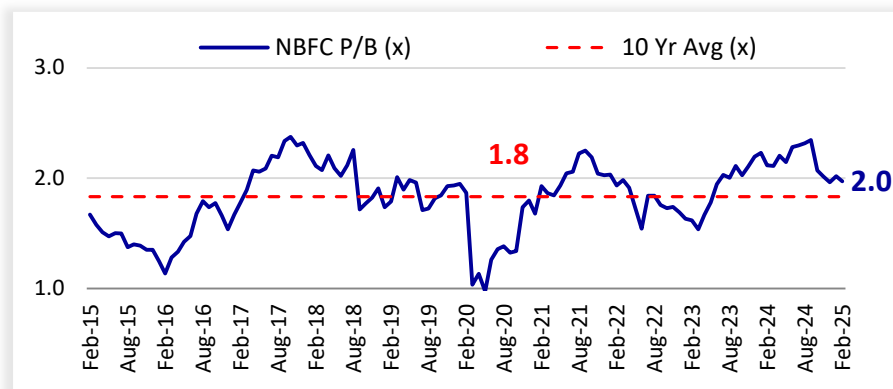


- The NBFC sector is trading at a P/B ratio of 2x, at ~8% premium to its long-term average of 1.8x.
- The recent ~25bp repo rate cut could potentially lead large HFCs to exhibit a transitory NIM contraction owing to the pressure on yields from higher competitive intensity. Unsecured notwithstanding, a minor blip in asset quality was seen across secured product segments in 3QFY25.
- MFIs continued to exhibit asset quality stress, primarily due to customer overleveraging. MFIN has deferred the implementation of three lender capping to Apr'25. MFIs reported early green shoots and improved collection efficiency in Dec'24 and Jan'25.
- The Karnataka government recently enacted an ordinance aimed at curbing unregistered lenders from exploiting borrowers. While this ordinance is not applicable to NBFCs and other lending institutions registered with the RBI, we could see continued disruptions for 2-3 months in Karnataka.
- Asset quality in vehicle finance has exhibited minor deterioration due to a tough macro environment, and there was some spillover of unseasonal rainfall, with floods continuing in 3Q as well.
- The RBI has restored risk weights on bank term loans to NBFCs based on external ratings, effective 1<sup>st</sup> Apr'25. This reduction in risk weights is sentimentally positive for the NBFC sector but will not result in any significant decline in CoB for the NBFCs.

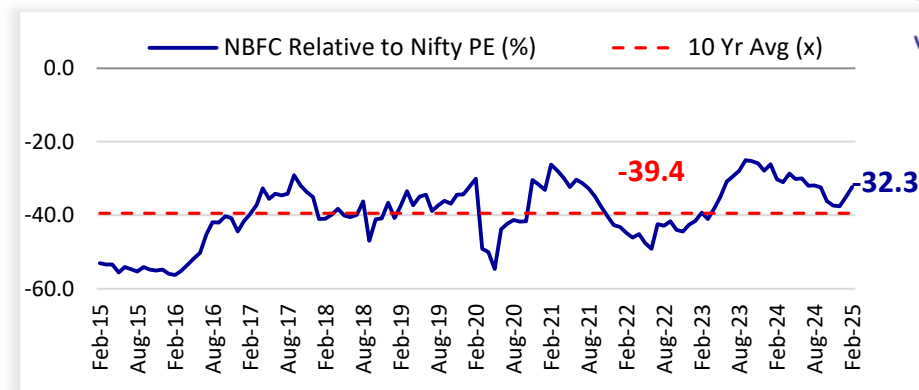
12-month forward NBFC P/E (x)



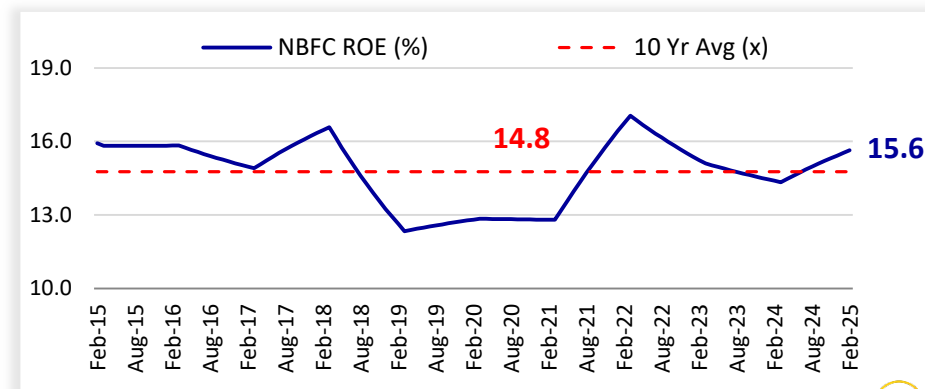
12-month forward NBFC P/B (x)



NBFC P/E relative to Nifty P/E (%)



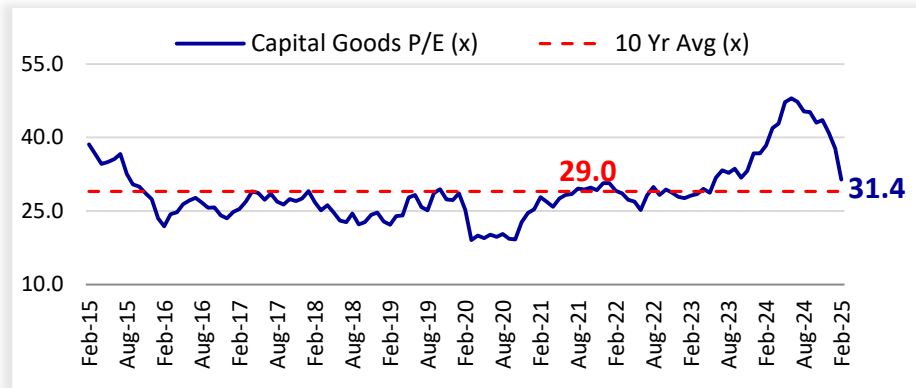
NBFC ROE (%)



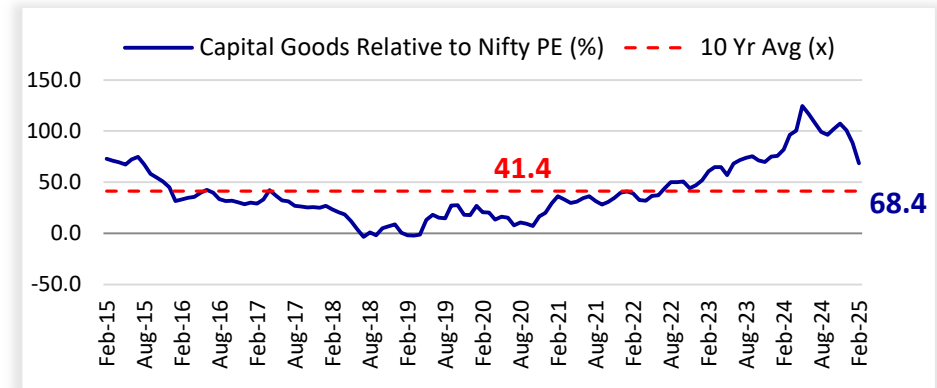


- The Capital Goods sector is trading at 31.4x one-year forward P/E, above its 10-year average of 29x (at an 8% premium). This indicates a premium valuation, baking in the anticipated capex recovery, ordering momentum, and higher budgetary allocation. This premium in valuation vs. historical average has corrected in the recent past due to moderation in growth estimates.
- On a P/B basis, the sector is trading at 5.6x, a premium to its 10-year average multiple of 4.1x (39% premium).
- While some weakness is seen in the government and core private sector-related ordering, macro drivers remain strong for emerging sectors such as power T&D, renewables, electronics, data centers, EVs, et al. Traditional sectors such as metals, cement, railways, and defense have been sluggish. The Union Budget's lower-than-expected capex allocation is likely to impact order inflows for industrial stocks and, consequently, revenue growth. We believe it would be prudent to have a selective approach towards the sector, focusing on players capable of overcoming the near-term volatility.

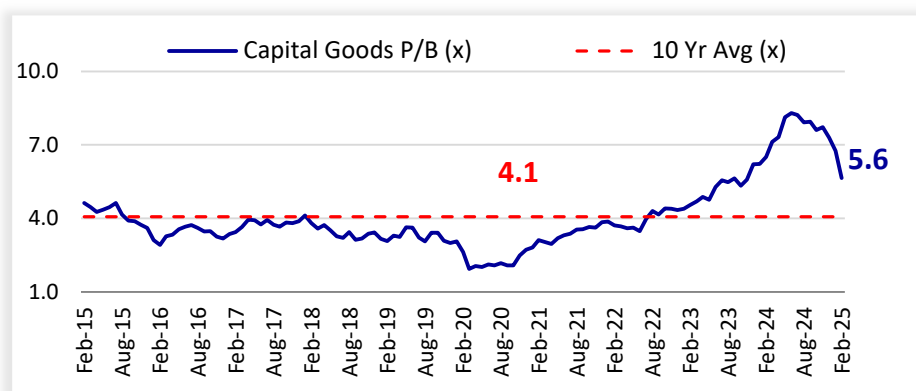
### 12-month forward Capital Goods P/E (x)



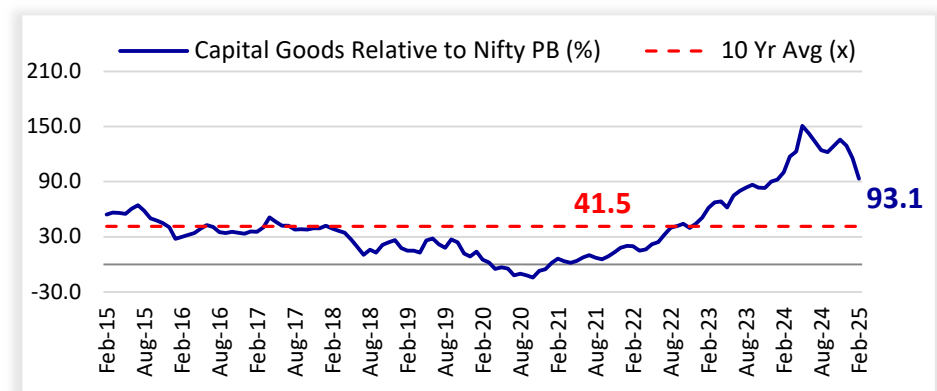
### Capital Goods P/E relative to Nifty P/E (%)



### 12-month forward Capital Goods P/B (x)



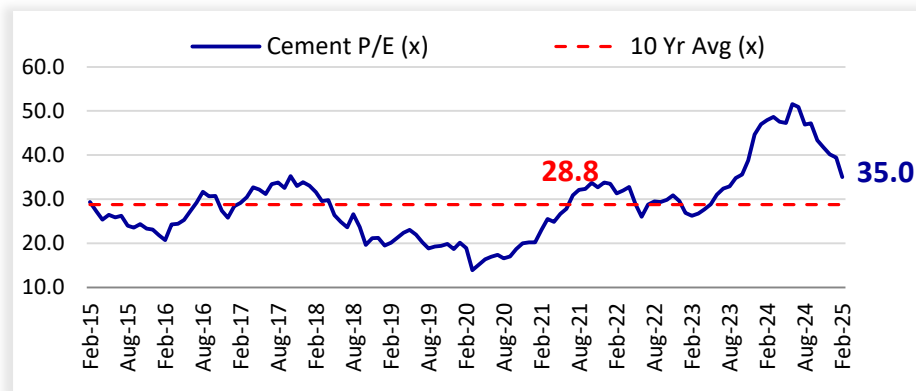
### Capital Goods P/B relative to Nifty P/B (%)



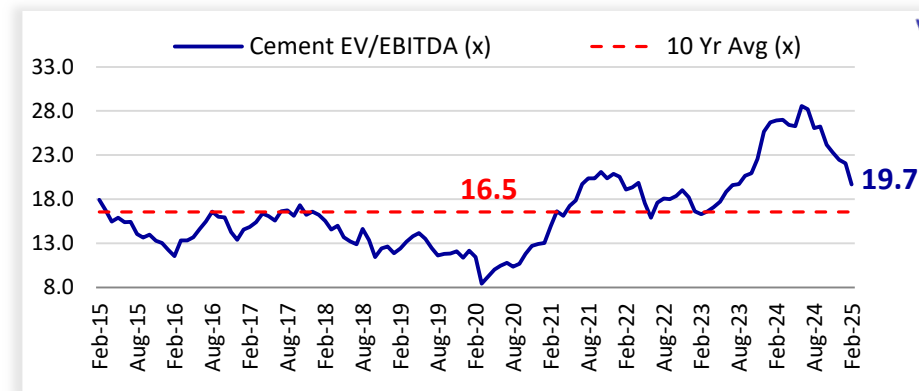


- The Cement sector is trading at a one-year forward EV/EBITDA of 19.7x, at a 19% premium to its historical average of 16.5x.
- Cement demand remained healthy in Feb'25, led by government infrastructure projects and real estate & housing segments. Demand is estimated to remain strong for the next few months given the favorable construction period, pent-up demand, and expected demand surge in rural markets.
- Cement players attempted to increase prices in Feb'25, but this did not materialize. However, price hikes taken in Dec'24 have sustained, and an all-India average cement price in 4QTD is up 2.5% vs. 3QFY25.
- The average imported (South African) coal price dipped ~3% MoM in Feb'25, while the average imported (US and Saudi Arabia) petcoke price was up ~9-14% MoM. At spot prices, imported coal consumption costs stood at INR1.48/Kcal and imported petcoke consumption costs stood at INR1.40-1.50/Kcal.

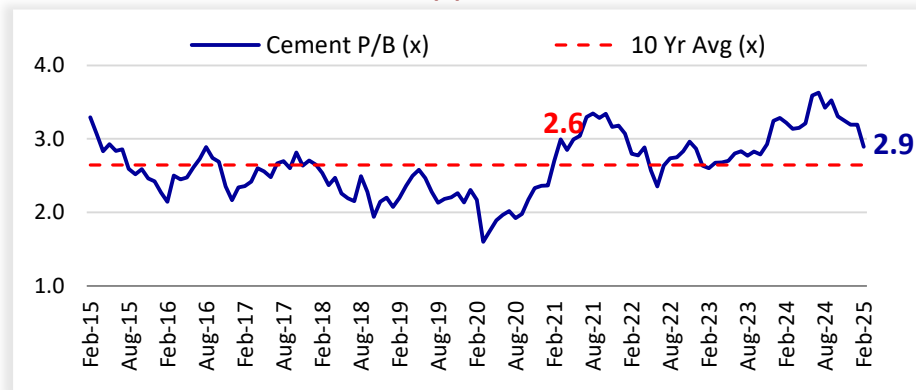
### 12-month forward Cement P/E (x)



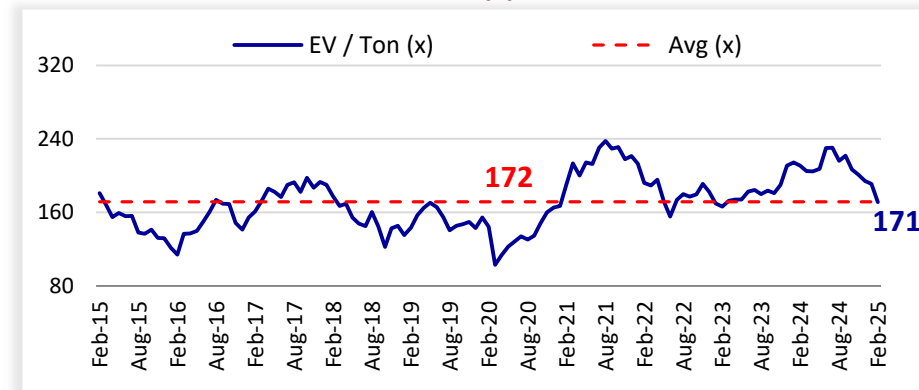
### 12-month forward Cement EV/EBITDA (x)



### 12-month forward Cement P/B (x)



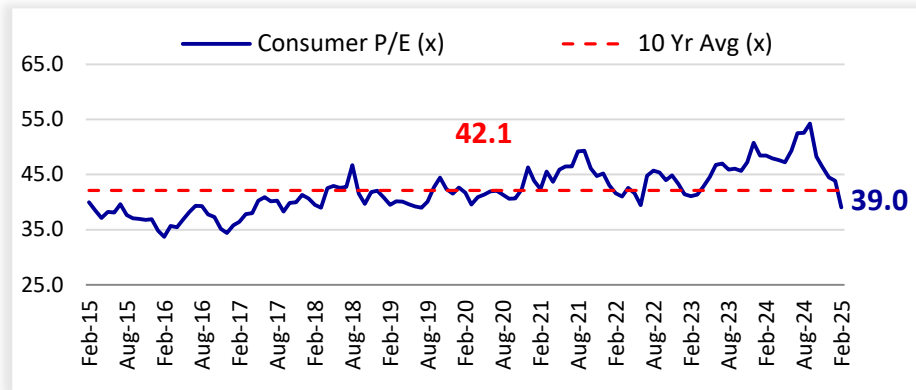
### 12-month forward Cement EV/Ton (x)



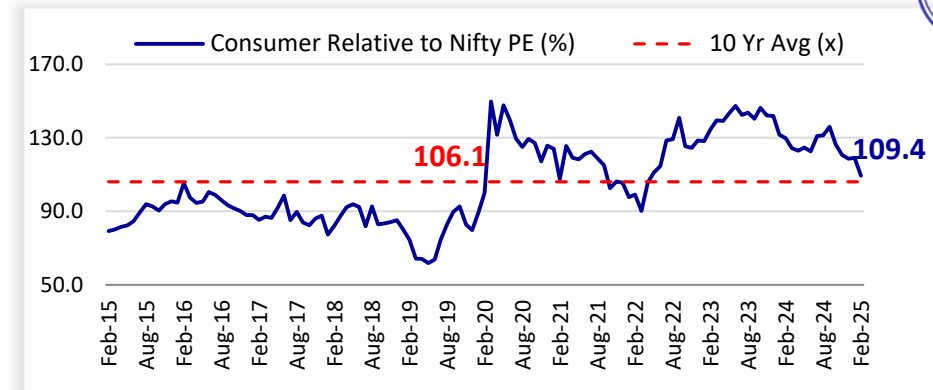


- The Consumer sector's P/E, at 39x, at a 7% discount to its 10-year average of 42.1x. Its P/B stands at 9.3x, below its historical average of 10.2x.
- Demand recovery continues to witness a delay, with urban consumption reeling under pressure while rural seeing gradual recovery.
- There is pressure on margins due to high food inflation and a rise in palm oil prices. However, companies are taking price hikes to offset the pressure.
- The companies are focusing on new innovations and premiumization to drive value growth.

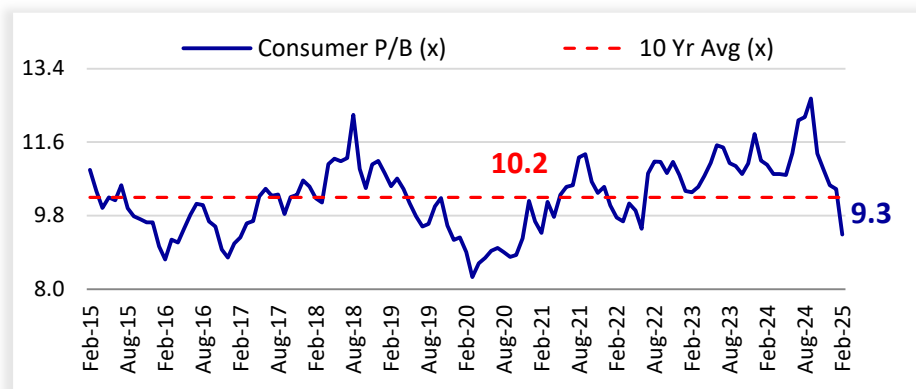
### 12-month forward Consumer P/E (x)



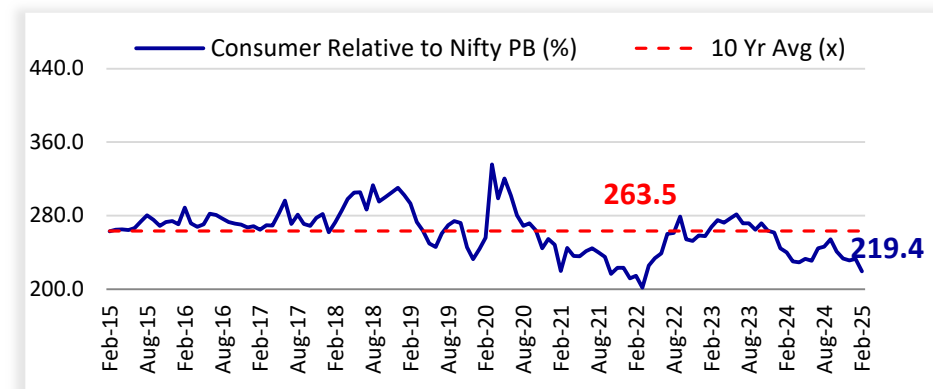
### Consumer P/E relative to Nifty P/E (%)



### 12-month forward Consumer P/B (x)



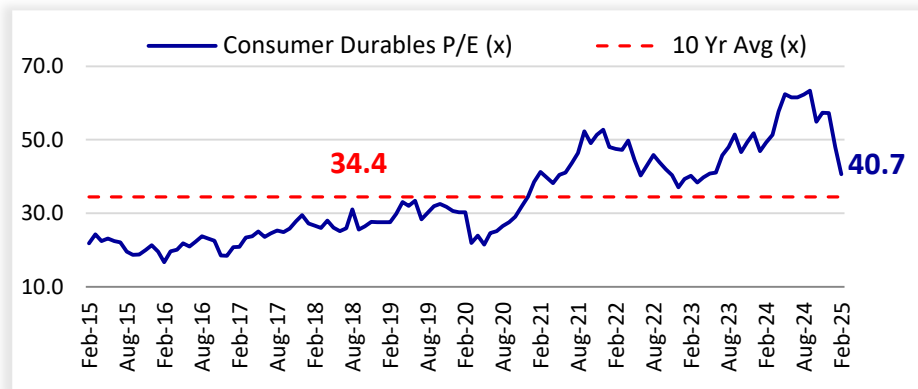
### Consumer P/B relative to Nifty P/B (%)



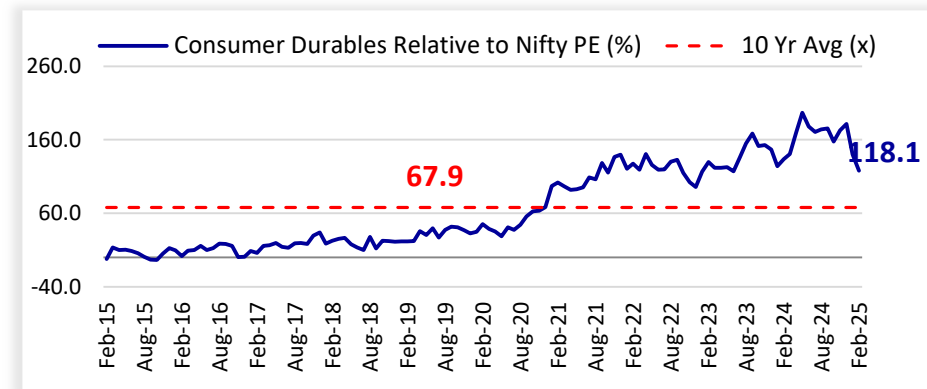


- The Consumer Durables sector trades at a one-year forward P/E multiple of 40.7x, at an 18% premium to its 10-year average P/E of 34.4x.
- On a P/B basis, the sector trades at 6.7x at a 23% premium to its 10-year average multiple of 5.4x.
- Companies are expecting strong demand in this summer season, and they are fully stocked up to meet the rising demand in the segment. Further, companies have taken MoM price hikes in RACs and Fans segments. For RACs, they are not witnessing shortages in compressor so far, and they can manage the production requirement until May'25.
- Cables and wires demand is also seeing improvement led by a pickup in construction works and an improvement in government's project execution. Low opening channel inventory, inflationary copper prices, and positive operating leverage are anticipated to drive strong performance in 4QFY25.

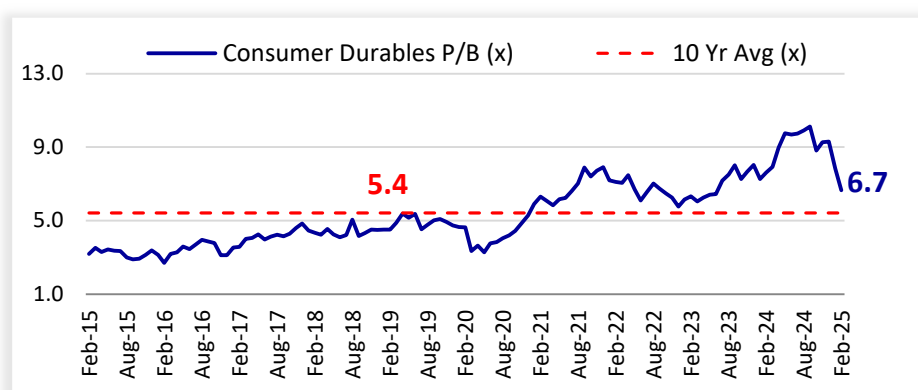
### 12-month forward Consumer Durables P/E (x)



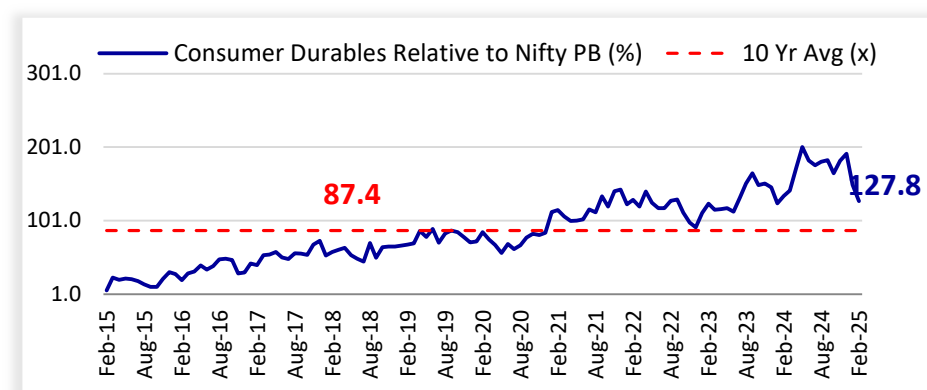
### Consumer Durables P/E relative to Nifty P/E (%)



### 12-month forward Consumer Durables P/B (x)



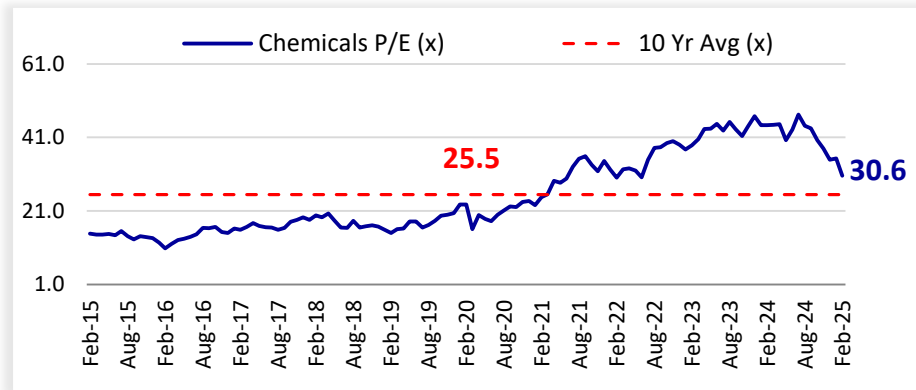
### Consumer Durables P/B relative to Nifty P/B (%)



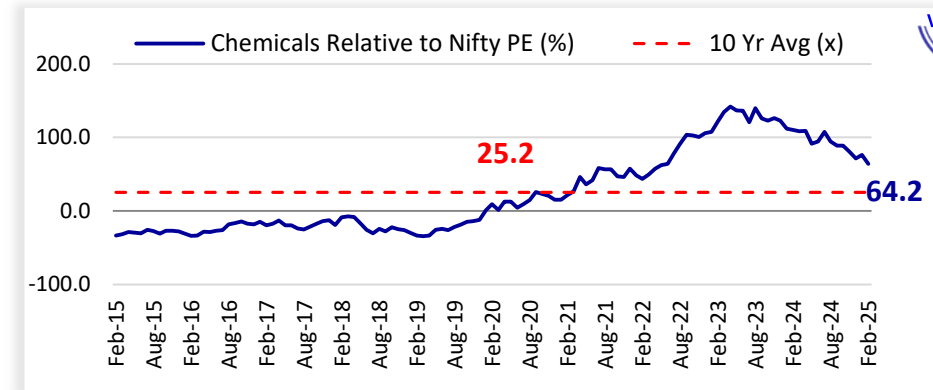


- The Chemical sector is trading at a P/B of 3.5x (at a 6% premium) and a P/E of 30.6x (20% premium) vs. its historical average of 3.3x and 25.5x, respectively.
- Brent crude oil price averaged USD75.7/bbl in Feb'25 (vs. USD79.3/bbl in Jan'25). It decreased ~4% MoM but declined ~9% on a YoY basis.
- Toluene/Benzene prices increased 2% MoM each, while Butadiene prices increased 6% MoM. Propylene prices were down 2% MoM, while Styrene prices were up by 2% MoM. Acetonitrile price was flat MoM, while Methanol price decreased 2% MoM. Phenol price declined 2%, while Acetone price increase 1% MoM. IPA price dipped 1% MoM, while Aniline price dipped 4% MoM. Acetic Acid price was down by 4% MoM.
- Crude prices declined due to weakening demand and the possibility of a peace deal between Russia and Ukraine.

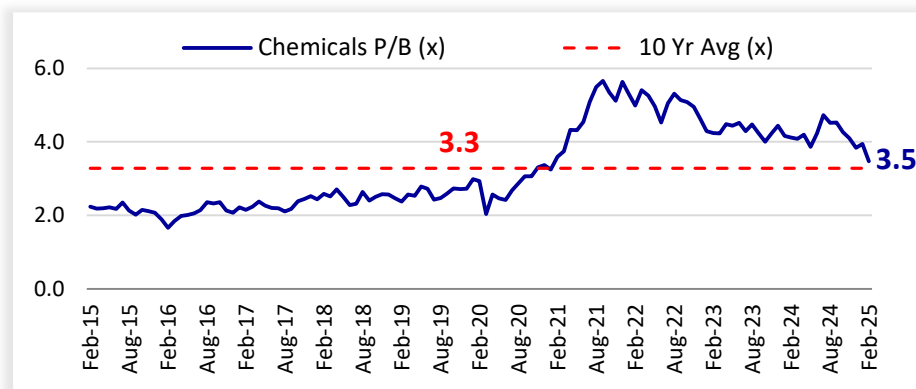
### 12-month forward Chemicals P/E (x)



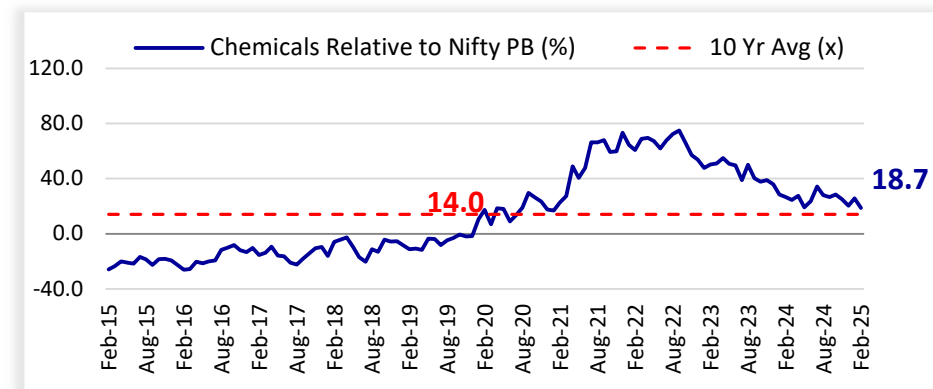
### Chemicals P/E relative to Nifty P/E (%)



### 12-month forward Chemicals P/B (x)



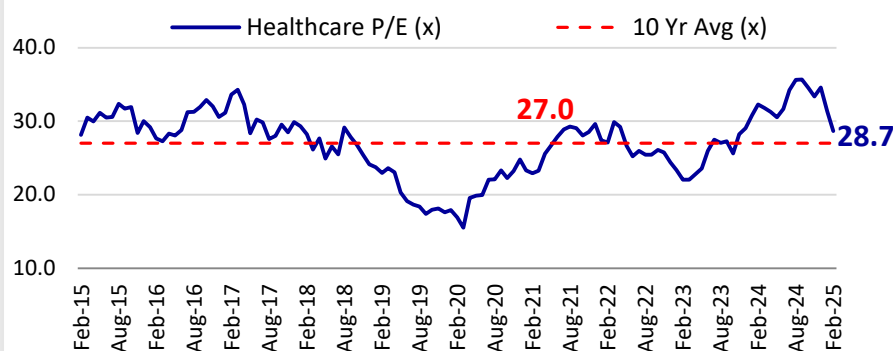
### Chemicals P/B relative to Nifty P/B (%)



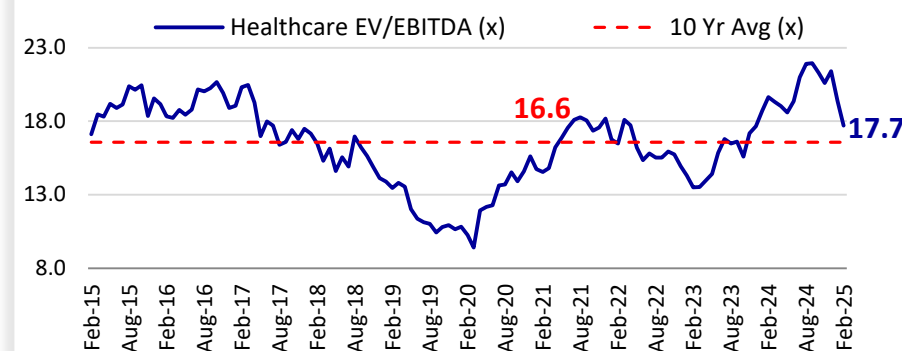


- The Healthcare sector valuation witnessed some moderation since Sep'24, and is now trading at just a 6% premium to its 10-year average at a P/E of 28.7x.
- The US generics outlook is expected to soften due to limited visibility of niche product launches and price erosion kicking in for base products over FY25-27. The US tariff-related announcement on imports is also creating volatility in the US generics prospects.
- The domestic formulation segment witnessed healthy growth in chronic supported by moderate growth in the acute therapy. Companies remain focused on adding products in the chronic category partly through in-licensing to gain exclusivity and launching niche specialty products.
- CDMO prospects remain encouraging given the innovator's customer inclination to diversify its supplier base. The capabilities/capacities built by Indian companies are further strengthening their business outlook. Hospitals to sustain the growth momentum, primarily driven by volume growth on the back of new capacity additions and payor mix optimization.

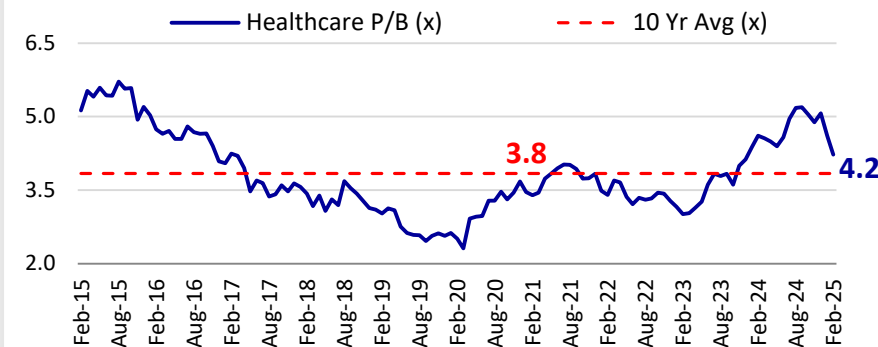
### 12-month forward Healthcare P/E (x)



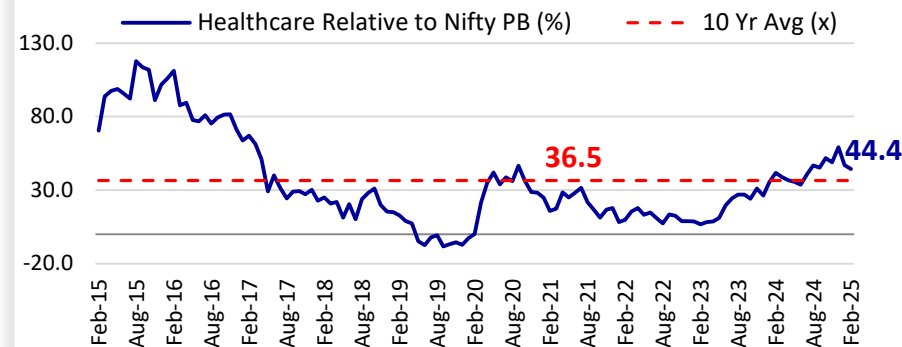
### 12-month forward Healthcare EV/EBITDA (x)



### 12-month forward Healthcare P/B (x)



### Healthcare P/B relative to Nifty P/B (%)

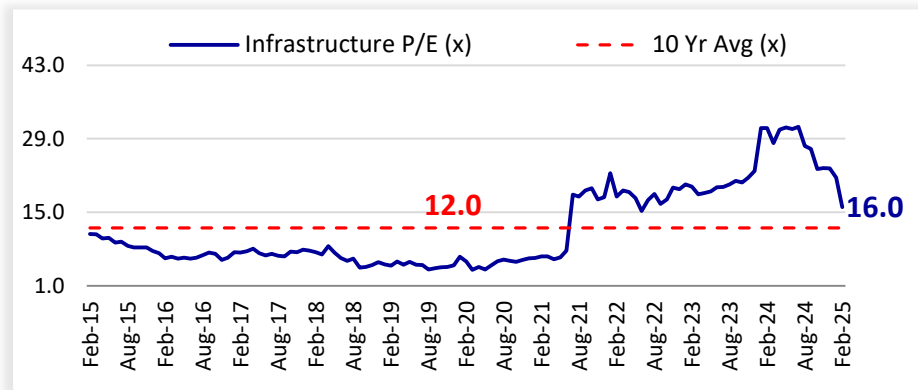




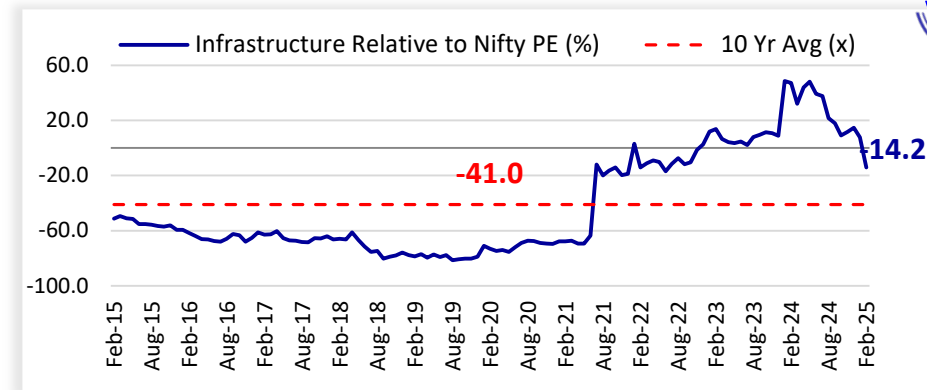


- The Infrastructure sector is trading at a P/B of 1.2x, at its long-term historical average.
- NHAI's project awarding picked up in Feb'25 with ~400kms awarded during the months. However, YTD FY25 awarding has been sluggish with 1,970km being awarded. Muted awarding activity by NHAI in 11 months of FY25 and fierce competition in NHAI projects from new and inexperienced players have hit order inflows for large players. An uptick in project awarding and execution is likely to happen only from FY26.
- Toll collections improved ~11% MoM in Feb'25 at INR66b, with a daily run rate of ~INR2.4b (up 10.5% MoM).

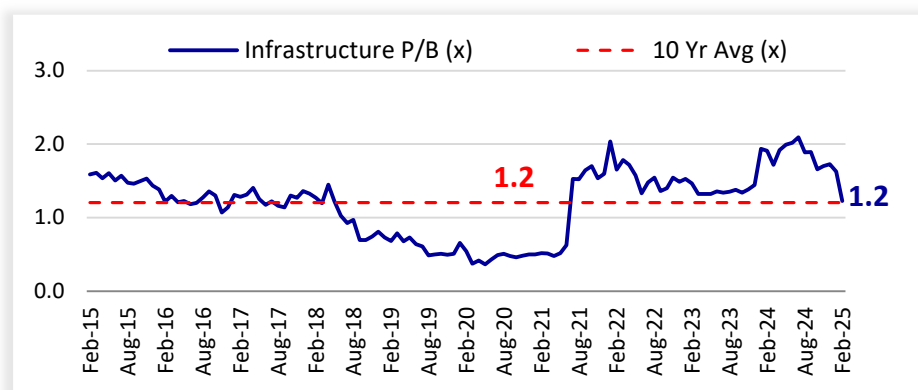
### 12-month forward Infrastructure P/E (x)



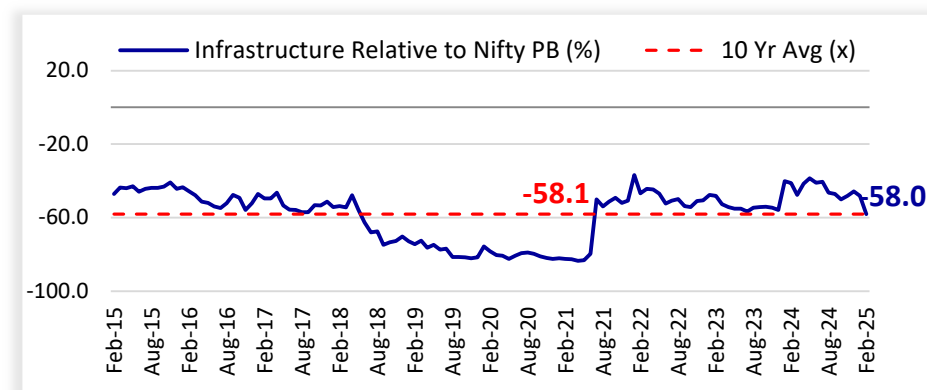
### Infrastructure P/E relative to Nifty P/E (%)



### 12-month forward Infrastructure P/B (x)



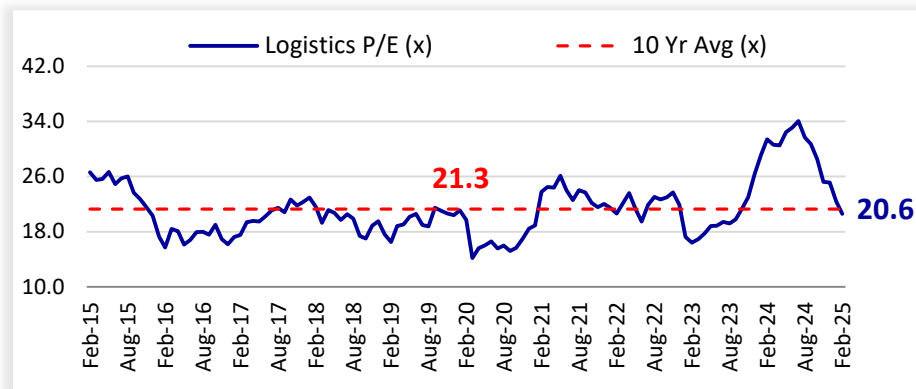
### Infrastructure P/B relative to Nifty P/B (%)



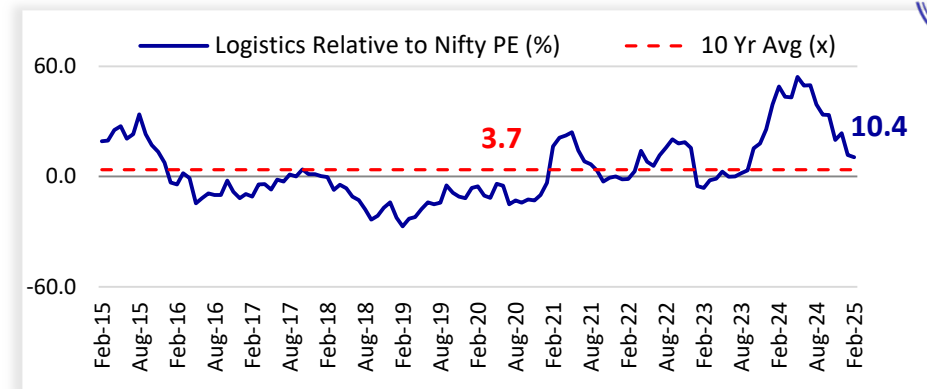


- The Logistics sector is trading at a P/E ratio of 20.6x, below its historical average of 21.3x (at a 3% discount).
- Logistics operations picked up in Oct'24-Feb'25 with the onset of the festive season. Fleet utilization was ~80%. Daily avg. FASTag toll collections rose ~22% YoY in Feb'25 (+10.5% MoM).
- Volume growth is expected to improve with better-than-expected monsoons and a pickup in the rural economy. The operating margins of fleet operators are likely to remain elevated in 4QFY25 as other expenses, such as truck costs and compliance (GST, E-way bills, etc.), are likely to remain elevated. Upward revisions in freight rates are expected post-budget 2025, which should result in overall margin expansion for fleet operators.
- With a structural shift in the formalization of the sector (~85% of the logistics sector is unorganized), aided by the stricter implementation of GST and mandatory e-invoicing, the addressable market size for organized operators will improve going forward.

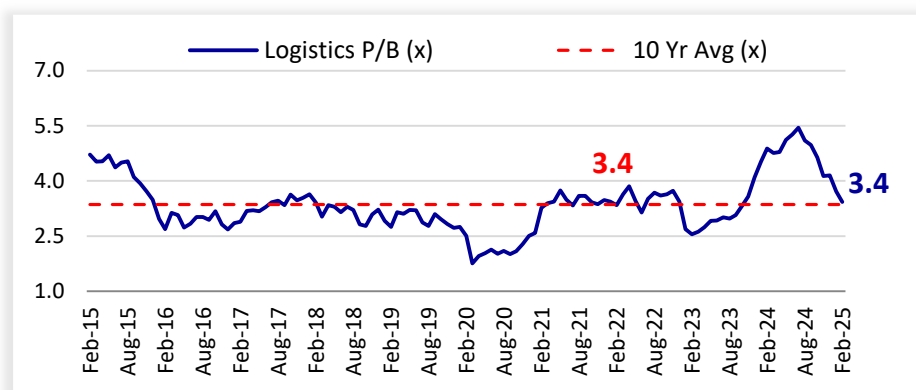
### 12-month forward Logistics P/E (x)



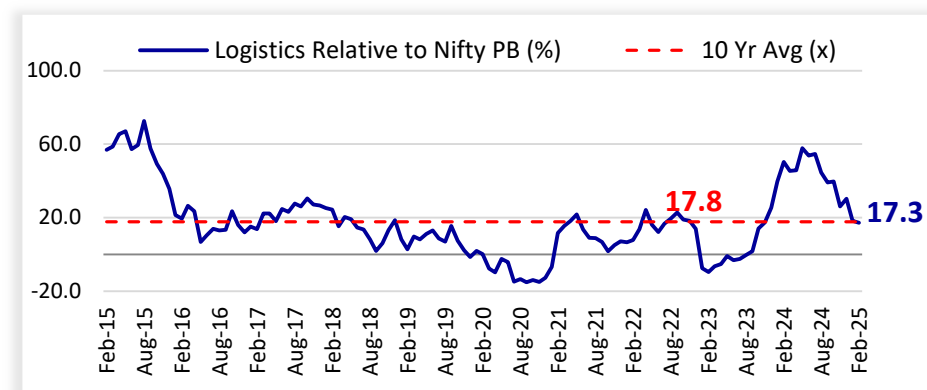
### Logistics P/E relative to Nifty P/E (%)



### 12-month forward Logistics P/B (x)



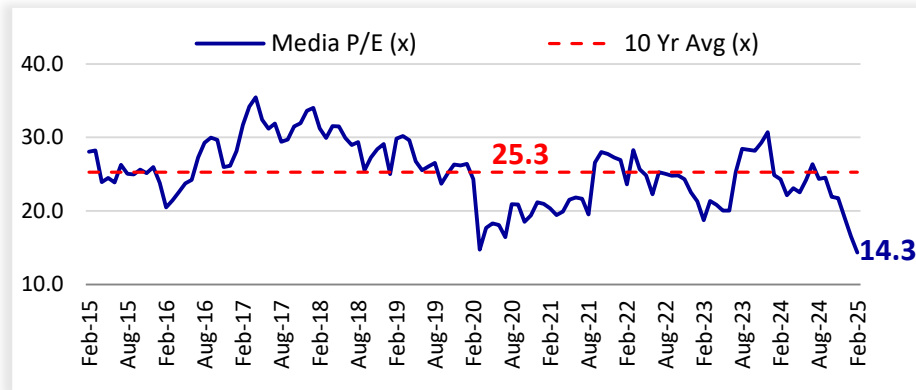
### Logistics P/B relative to Nifty P/B (%)



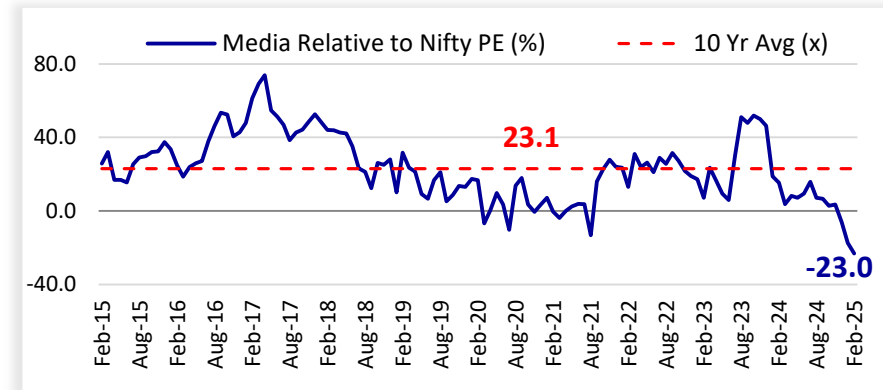


- The P/E ratio for the Media sector, at 14.3x, is at a 43% discount to its 10-year historical average of 25.3x.
- Bharti Airtel is set to merge its DTH business, Airtel Digital TV, with Tata Play in a share swap deal. Airtel will hold a majority stake of 52-55%, while Tata Play's shareholders, including Tata Sons and Walt Disney, will keep 45-48%.
- JioHotstar, formed by the merger of Disney+ Hotstar and JioCinema, launches with over 50m subscribers and 500m users. The platform, which combines a subscription-based and ad-supported model, offers free viewing periods and aims to expand its content, including live sports, original shows, and South Indian programs.

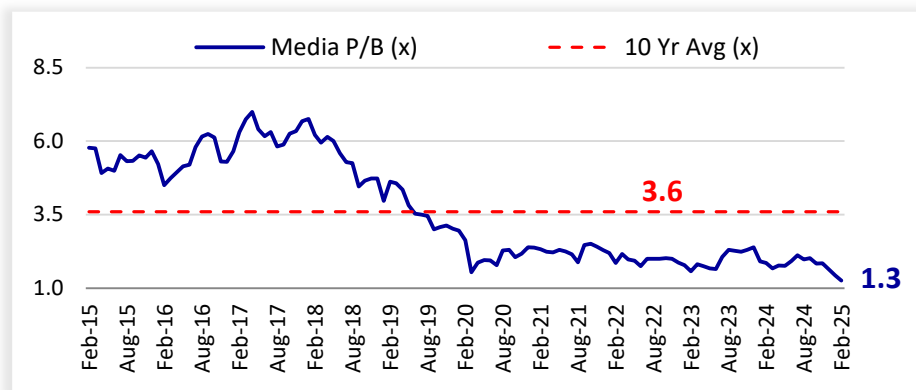
12-month forward Media P/E (x)



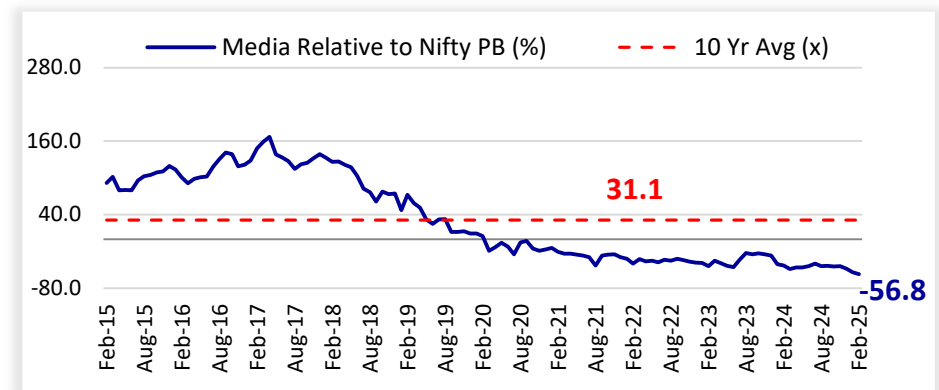
Media P/E relative to Nifty P/E (%)



12-month forward Media P/B (x)



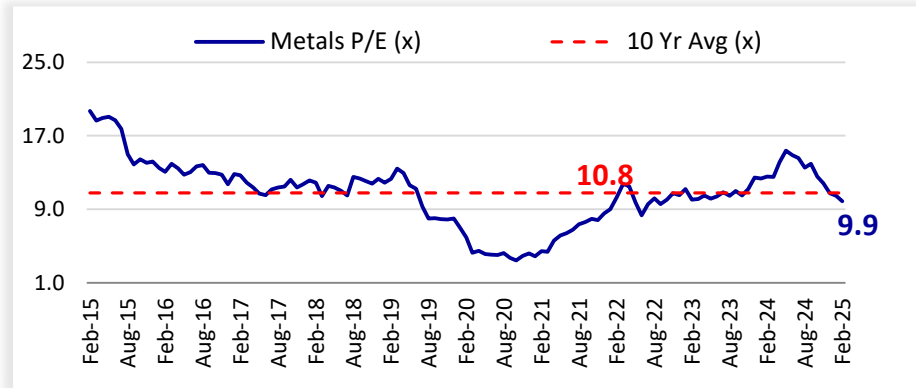
Media P/B relative to Nifty P/B (%)



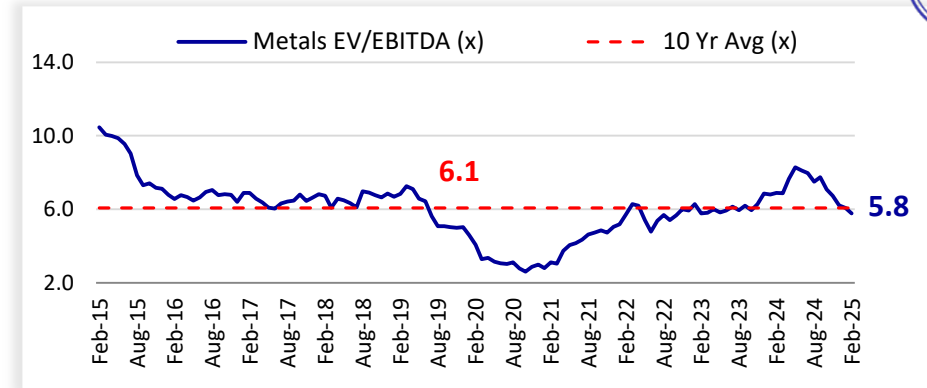


- The Metals sector's EV/EBITDA slipped below its 10-year historical average of 6.1x amid weakness in global demand and pricing, coupled with geopolitical disruption led by the fear of the US tariff.
- Flat steel prices remained flat MoM in Feb'25 on account of anticipation over safeguard duties. On the other hand, the rebar prices continued to trade at a premium to flat steel prices and remained resilient at INR52,600/t in Feb'25 (vs. INR53,000/t in Jan'25).
- Coking coal prices remained range bound between USD200/t and USD220/t in the last six months on account of muted demand.
- Non-ferrous metal prices remain at a healthy level MoM in Feb'25.

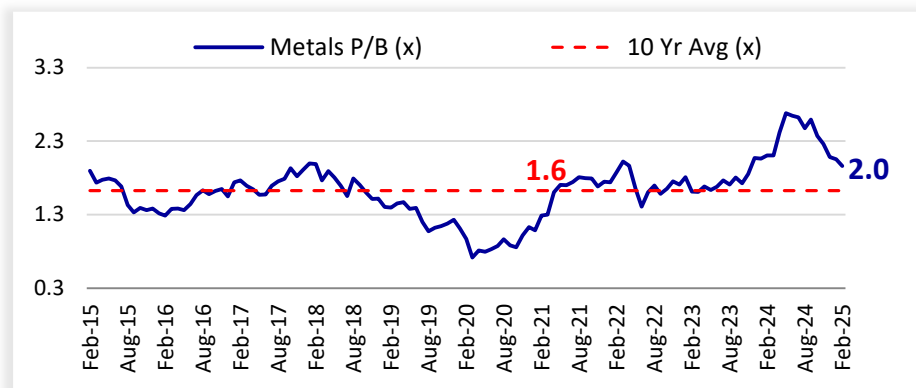
### 12-month forward Metals P/E (x)



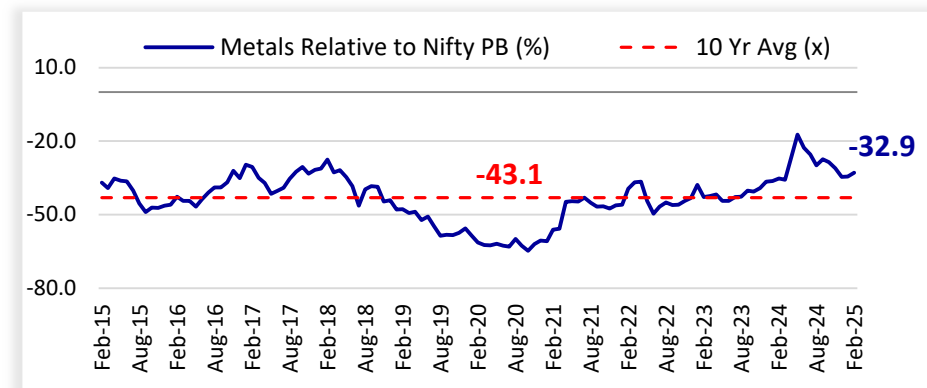
### 12-month forward Metals EV/EBITDA (x)



### 12-month forward Metals P/B (x)



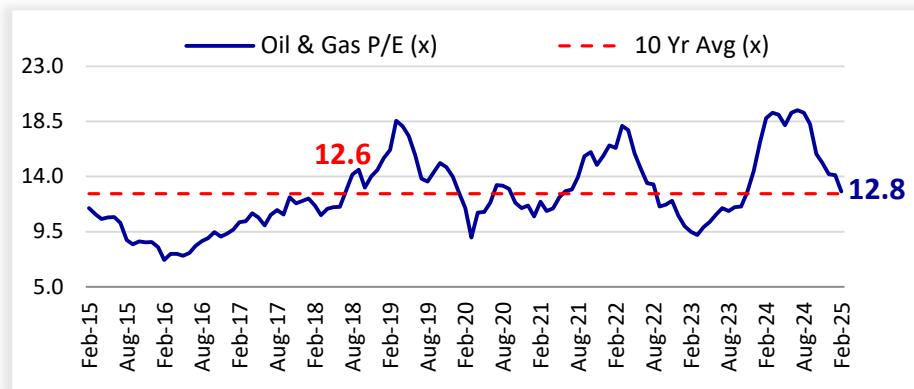
### Metals P/B relative to Nifty P/B (%)



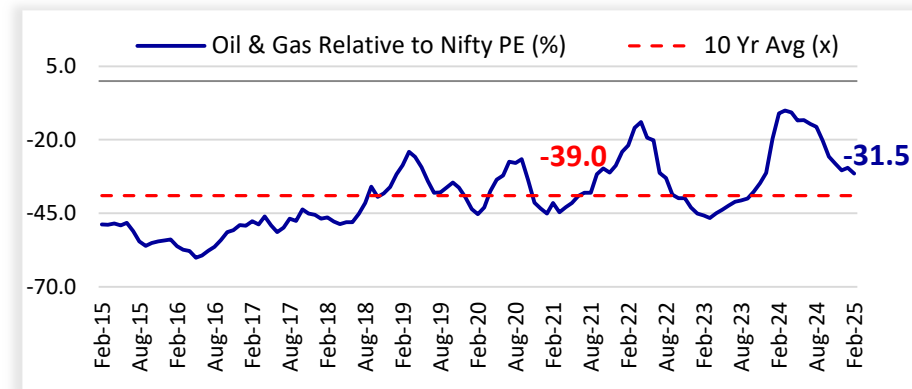


- The sector is trading at a P/B of 1.4x (at a 7% discount) and a P/E of 12.8x (at a 1% premium) vs. its historical average of 1.5x P/B and 12.6x P/E.
- Brent crude oil price averaged USD75.4/bbl in Feb'25 (vs. USD78.3/bbl in Jan'25). Possibility of peace in Ukraine and demand worries led to a decline in oil prices.
- SG GRM recovered to USD3.5/bbl in Feb'25 from USD2.1/bbl in Jan'25. Diesel cracks stood at USD13.8/bbl in Feb'25 (vs. USD14.8/bbl in Jan'25). Gasoline cracks recovered to USD8.9/bbl in Feb'25 from USD7.6/bbl in Jan'25.
- Gross marketing margin for petrol declined to INR9.5/lit in Feb'25 from INR10.5/lit in Jan'25. Gross marketing margin for diesel remained flat at INR6.4/lit vs. INR6.6/lit in Jan'25. Spot LNG price was USD14.7/mmBtu in Feb'25 (vs. USD14.2/mmBtu in Jan'25).

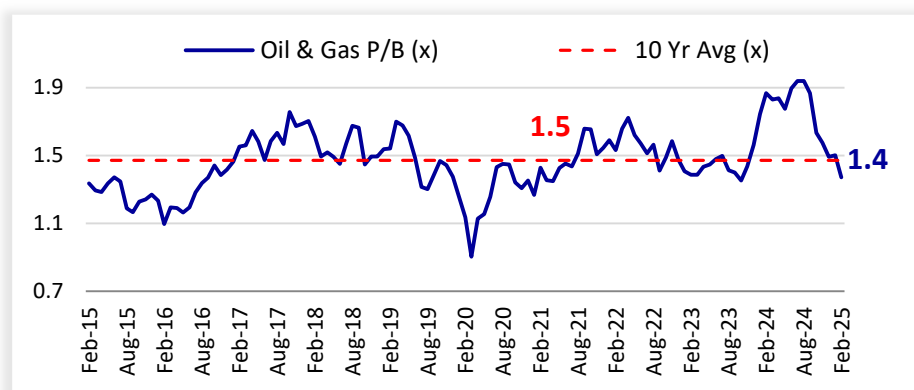
### 12-month forward Oil & Gas P/E (x)



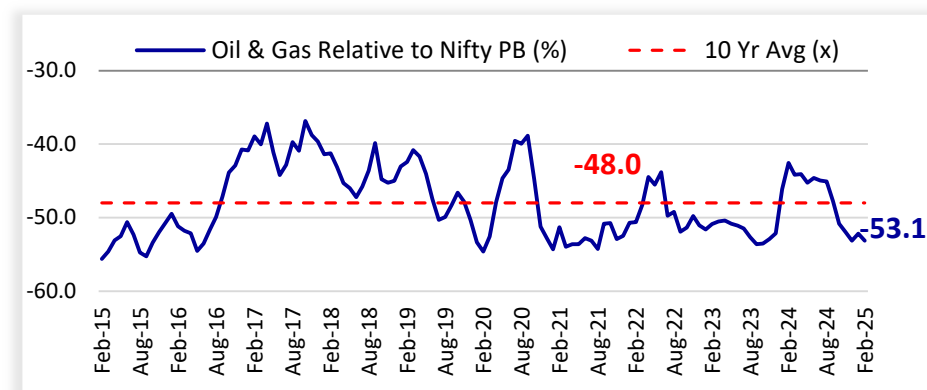
### Oil & Gas P/E relative to Nifty P/E (%)



### 12-month forward Oil & Gas P/B (x)



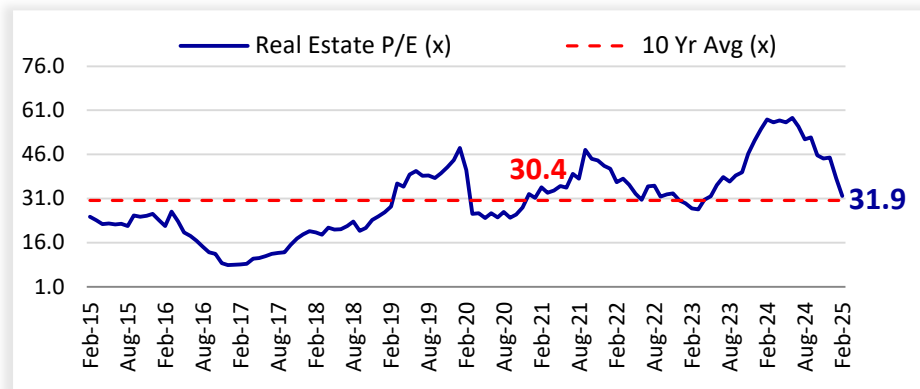
### Oil & Gas P/B relative to Nifty P/B (%)



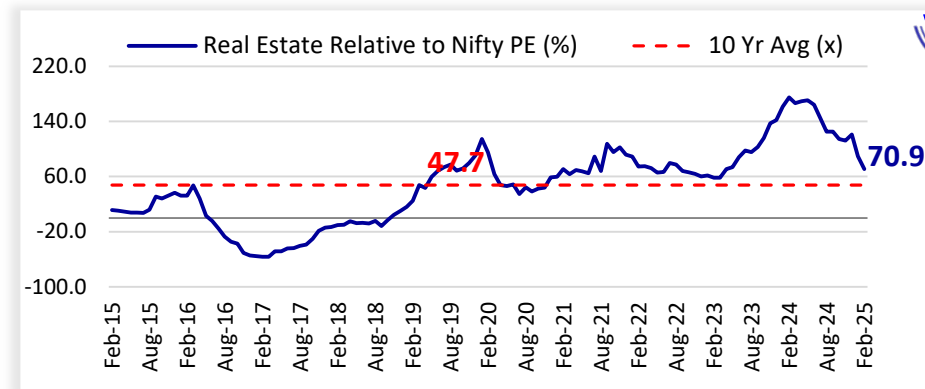


- The sector is trading at a P/E of 31.9x, at a 5% premium to its 10-year historical average of 30.4x.
- According to JLL, CY24 saw record institutional investments of US\$8.9b in India's real estate sector, a 51% increase from CY23. The residential sector attracted the highest share at 45%, followed by the office sector at 28%. Foreign institutional investors dominated, contributing 63% of total investments.
- CY24 saw USD2.4b in platform commitments earmarked for gradual investment over the next 3-5 years. Qualified Institutional Placements (QIPs) emerged as a significant funding source, raising USD2.7b for the sector, underscoring strong investor confidence and the sector's post-pandemic rebound.

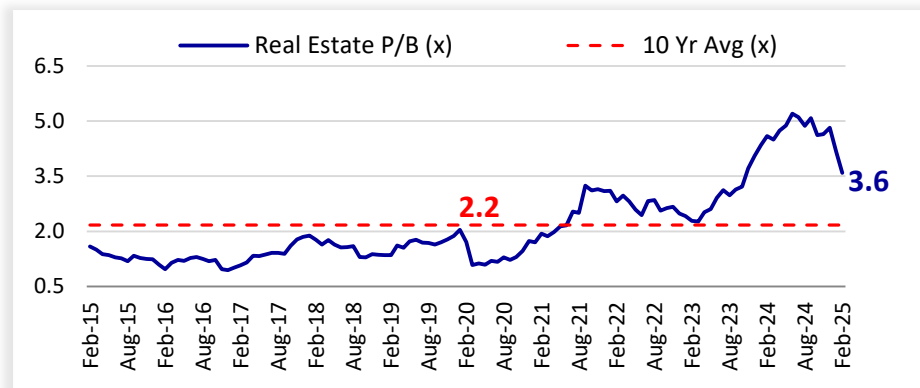
### 12-month forward Real Estate P/E (x)



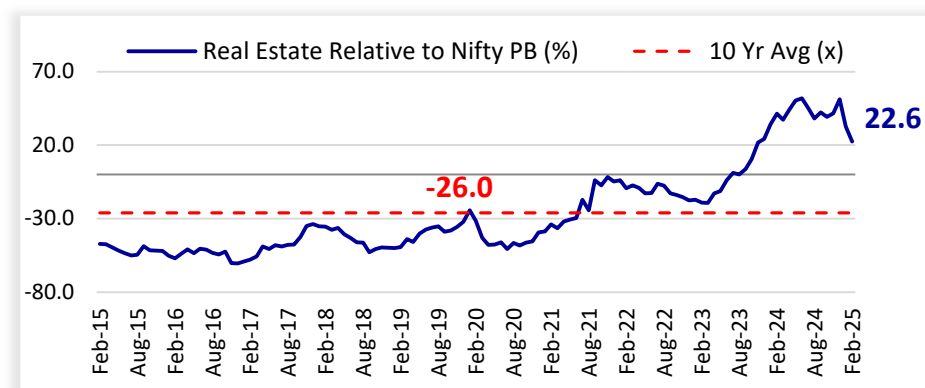
### Real Estate P/E relative to Nifty P/E (%)



### 12-month forward Real Estate P/B (x)



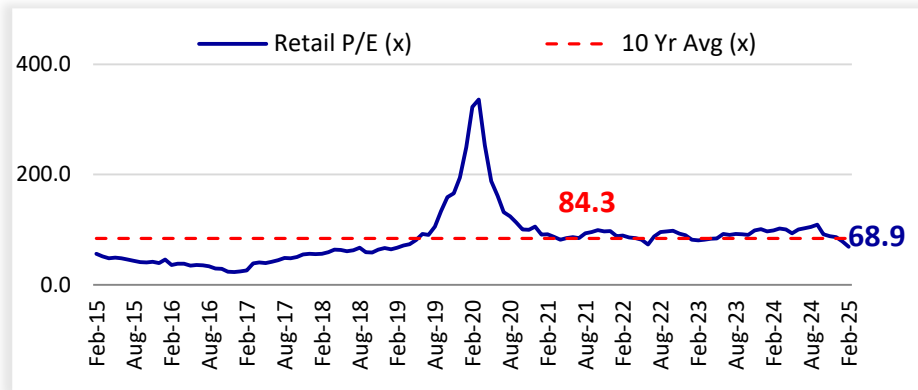
### Real Estate P/B relative to Nifty P/B (%)



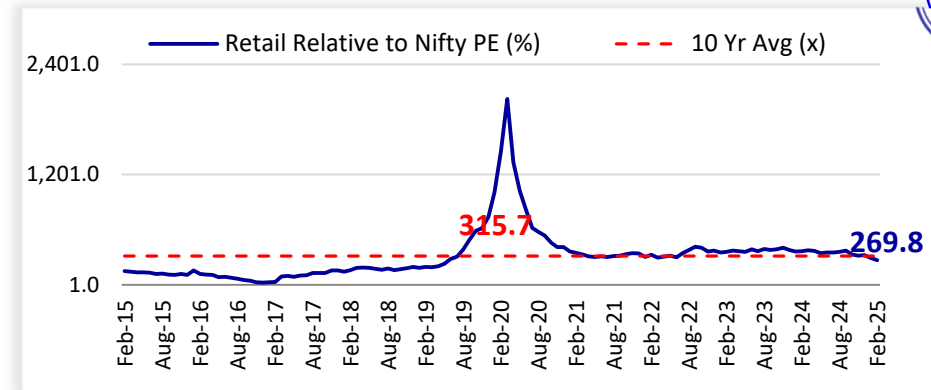


- The sector is trading at a P/E ratio of 68.9x, which is at an 18% discount to its 10-year historical average of 84.3x.
- Retailers in India saw an overall 5% growth in January 2025 compared to the previous year, with food & grocery segments leading at 13%. West India experienced the highest sales growth at 7%, while North and South India each recorded a 5% increase. East India showed a growth of only 4%.
- The Shein India app, launched by Reliance Retail's subsidiary Nextgen Fast Fashion, partners with Indian MSMEs to manufacture and sell products locally and globally. The platform, developed and hosted in India, ensures data localization and offers no access to Shein. This initiative aims to boost Indian MSME exports and create local jobs.

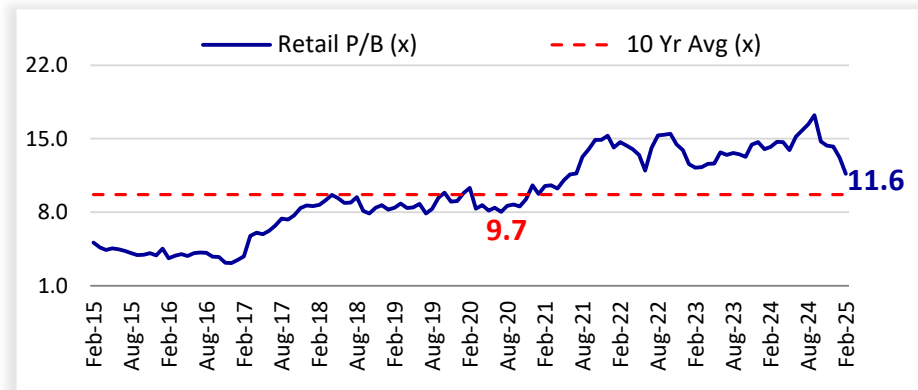
### 12-month forward Retail P/E (x)



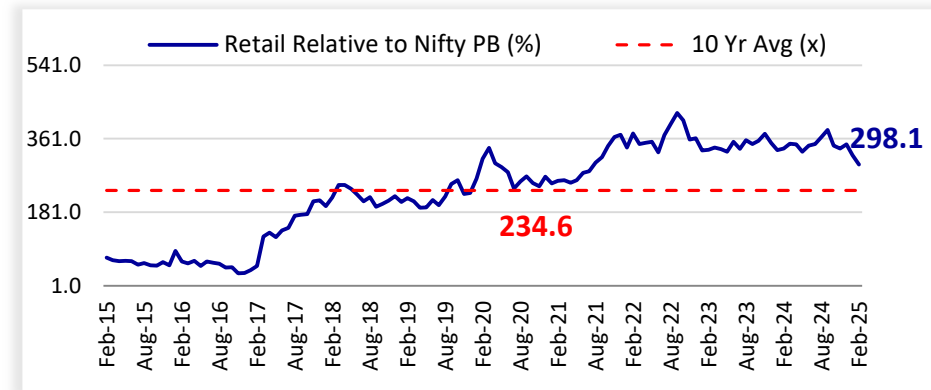
### Retail P/E relative to Nifty P/E (%)



### 12-month forward Retail P/B (x)



### Retail P/B relative to Nifty P/B (%)

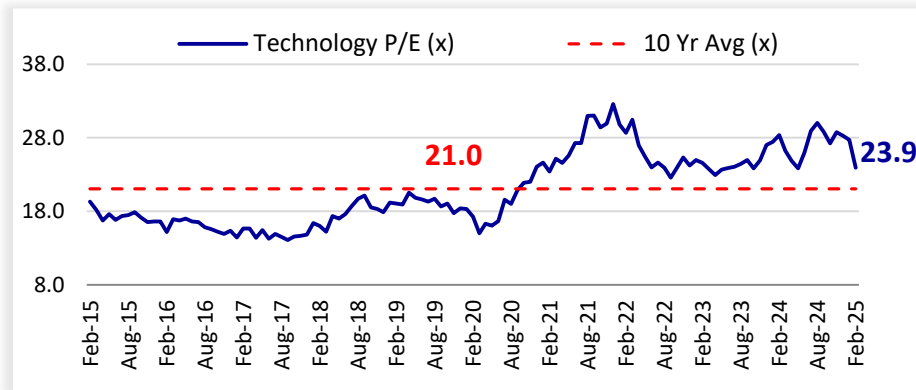




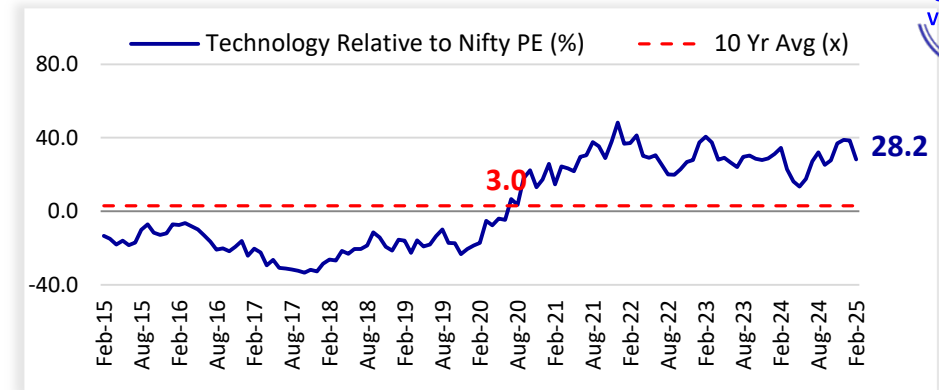


- The sector is trading at a P/E ratio of 23.9x, at a 14% premium to its long-term average of 21x.
- While the current P/E remains above the long-term average, it has moderated following the recent correction in Indian capital markets, driven by uncertainties in the US economy regarding inflation.
- Global IT companies such as EPAM, Globant, and Endava reported their financial results for 4QFY24, and guidance for FY25 came as disappointment. Guidance for all companies was underwhelming, suggesting a cautious IT spending environment in the near term. However, there are signs of a slow recovery in BFSI and healthcare, supported by AI-driven transformation projects and modernization efforts.
- We believe structural demand drivers in BFSI, healthcare remain intact, and AI transformation projects offer a path to recovery. The industry is likely to witness a stronger second half of 2025 as client sentiment improves and delayed projects resume.

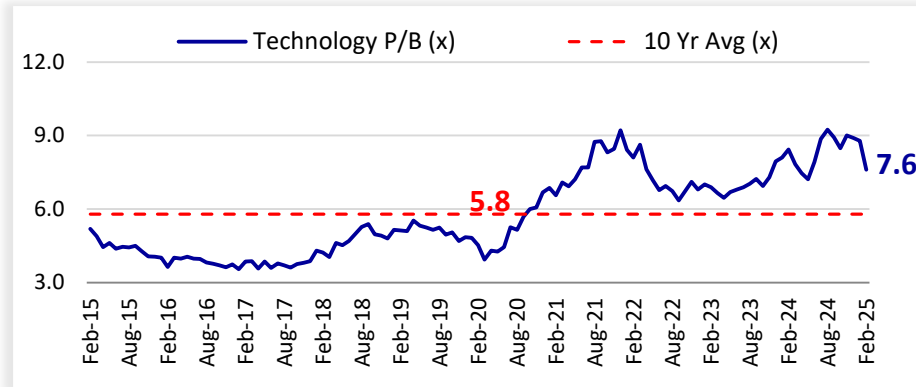
### 12-month forward Technology P/E (x)



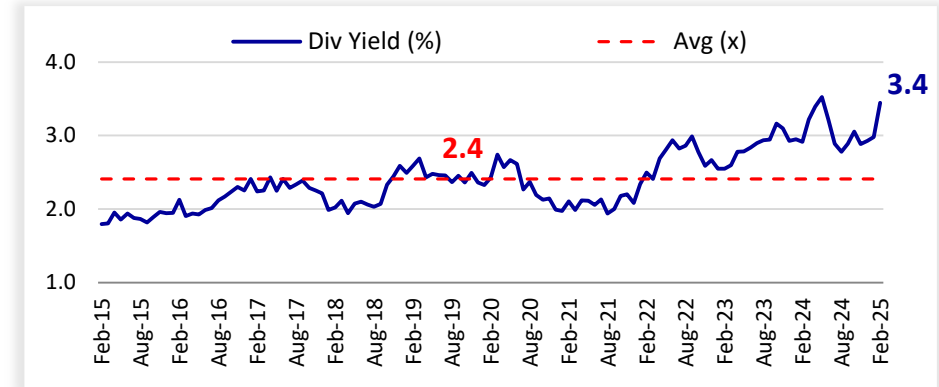
### Technology P/E relative to Nifty P/E (%)



### 12-month forward Technology P/B (x)



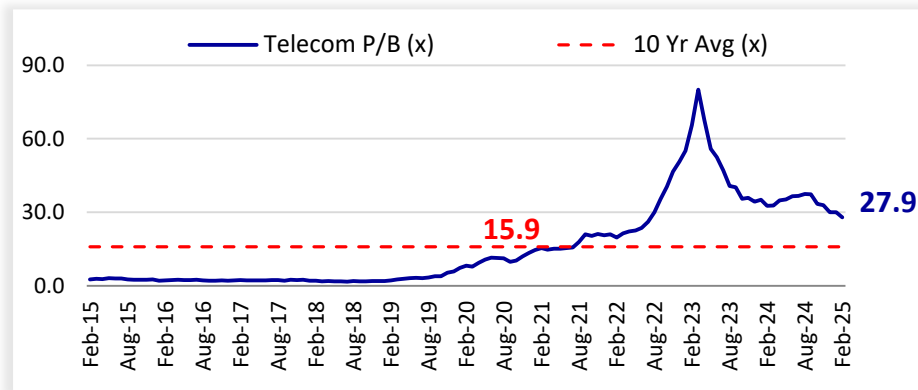
### Technology Div Yield (%)



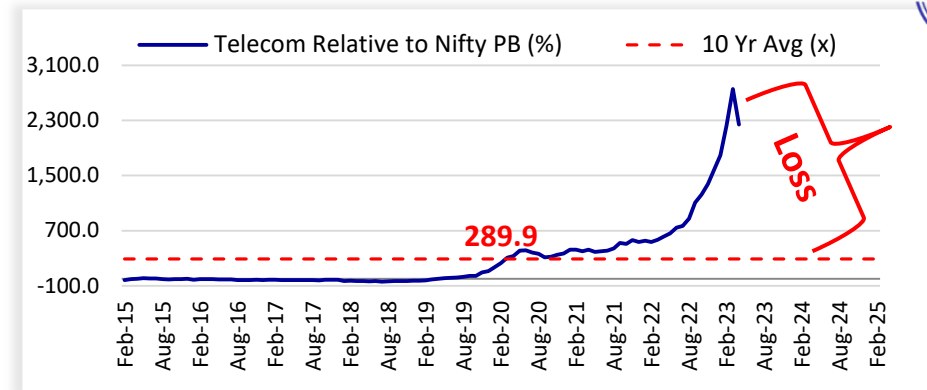


- The sector is trading at an EV/EBITDA ratio of 8.4x, at a 5% discount to its 10-year historical average of 8.8x.
- India's Supreme Court dismissed review petitions by telecom companies like Vodafone Idea and Bharti Airtel regarding corrections in adjusted gross revenue (AGR) dues calculations. The decision leaves the telecom firms with no legal recourse.
- Vodafone Idea (Vi) has initiated trials for its 5G services in Mumbai, with plans for a commercial launch around Holi in Mar'25. Selected users can currently experience high-speed connectivity during the trial phase. The full roll-out will expand to major cities, including Delhi and Bengaluru.

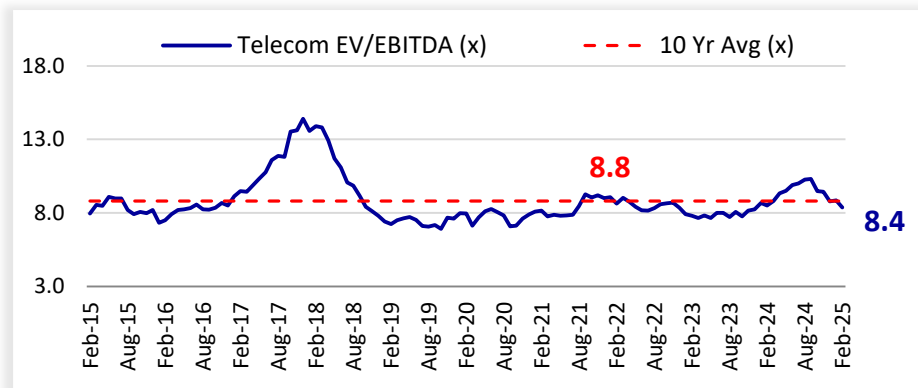
### 12-month forward Telecom P/B (x)



### Telecom P/B relative to Nifty P/B (%)



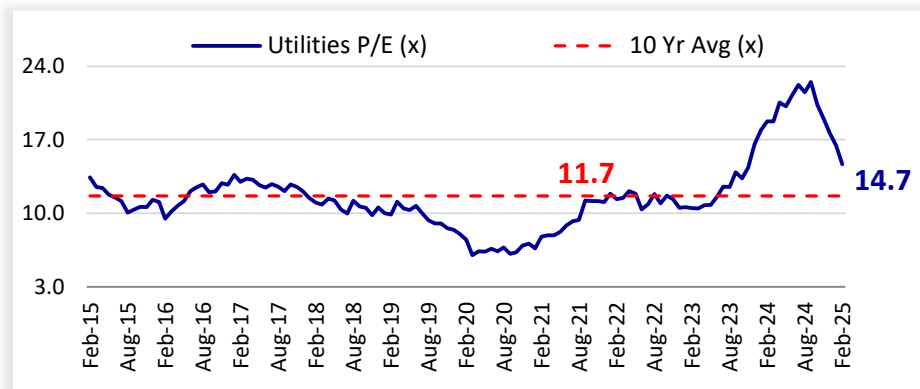
### 12-month forward Telecom EV/EBITDA (x)



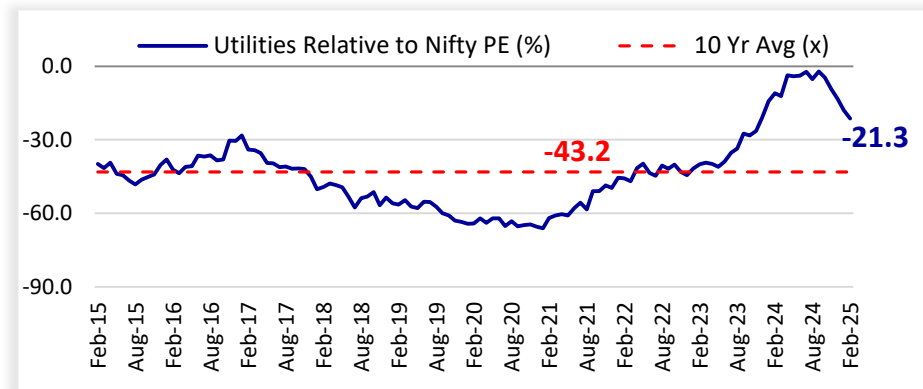


- The sector is trading at a P/B of 2.1x (at a 39% premium) and a P/E of 14.7x (at a 26% premium) vs. its historical average of 1.5x P/B and 11.7x P/E, respectively.
- India's power generation capacity expanded by 4,186MW during Jan'25, with renewable energy (RE) sources accounting for 2,726MW, representing approximately 65% of the total additions. The remaining 1,460 MW was contributed by thermal power.
- Additionally, 367ckm of transmission lines were added during the month.
- Power generation and consumption exhibited positive growth in Jan'25, with total power generation reaching 147BU, compared to 144BU in Jan'24. Electricity consumption increased by 2% YoY to 137BU from 134BU in the corresponding period of the previous year.
- Peak power demand sustained its upward trajectory in Jan'25, reaching 237GW, an increase from 224GW in Jan'24.

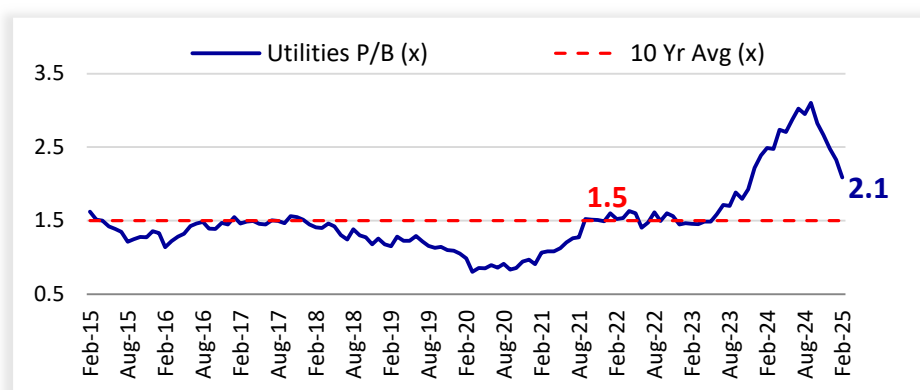
### 12-month forward Utilities P/E (x)



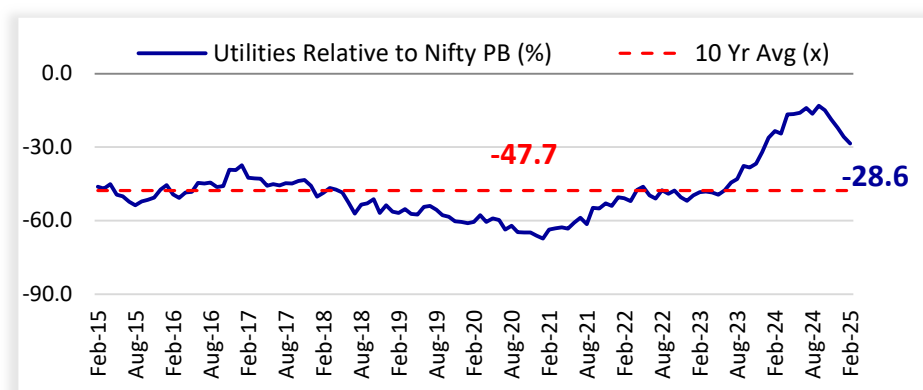
### Utilities P/E relative to Nifty P/E (%)



### 12-month forward Utilities P/B (x)



### Utilities P/B relative to Nifty P/B (%)





Company	PE (x)			PE Std. Deviation		Relative to Nifty P/E (%)		PB (x)			PB Std. Deviation		Relative to Nifty P/B (%)	
	Current	10 Yr Avg	Prem/Disc (%)	+1SD (x)	-1SD (x)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	+1SD (x)	-1SD (x)	Current	10 Yr Avg
<b>Automobiles</b>	<b>20.6</b>	<b>27.9</b>	<b>-26</b>	<b>36.6</b>	<b>19.1</b>	<b>11</b>	<b>36</b>	<b>3.6</b>	<b>3.5</b>	<b>3</b>	<b>4.1</b>	<b>2.9</b>	<b>22</b>	<b>22</b>
Amara Raja Energy	17.8	22.6	-21	30.2	15.0	-5	10	2.1	3.5	-39	5.2	1.9	-27	24
Ashok Leyland	18.4	21.6	-15	28.1	15.1	-1	5	5.3	4.4	21	5.4	3.4	81	55
Apollo Tyres	13.8	15.7	-12	21.0	10.5	-26	-24	1.2	1.1	4	1.5	0.8	-59	-60
Balkrishna Inds	25.8	22.9	13	31.7	14.1	38	11	4.4	4.0	8	5.3	2.7	50	43
Bajaj Auto	24.3	19.0	28	23.8	14.2	30	-7	7.3	4.8	54	6.5	3.0	150	68
Bharat Forge	32.1	45.8	-30	70.7	20.9	72	123	4.8	5.3	-9	6.6	4.0	64	86
Bosch	34.1	39.0	-12	46.0	31.9	83	90	5.5	5.6	-3	7.1	4.1	87	98
CEAT	15.2	19.1	-20	30.6	7.5	-19	-7	2.1	1.8	16	2.3	1.3	-29	-37
Craftsman Auto	30.3	31.7	-5	44.9	18.5	62	54	3.2	3.8	-16	4.5	3.2	11	36
Eicher Motors	27.0	31.4	-14	37.1	25.7	45	53	5.5	7.0	-21	9.4	4.5	87	146
Endurance Tech.	25.1	33.2	-24	40.1	26.2	35	62	3.9	5.0	-22	6.1	3.9	33	76
Escorts Kubota	28.3	19.3	47	29.7	8.9	52	-6	2.8	2.2	27	3.1	1.3	-5	-22
Exide Inds.	24.7	21.7	14	27.5	15.8	32	6	2.0	2.3	-16	3.2	1.5	-32	-17
Hero MotoCorp	15.1	18.3	-17	21.4	15.1	-19	-11	3.6	4.4	-19	5.6	3.2	23	55
CIE Automotive	16.3	23.8	-32	32.7	14.9	-13	16	2.0	2.2	-9	3.0	1.4	-32	-23
Mahindra & Mahindra	21.1	18.7	13	22.5	14.9	13	-9	4.3	2.8	51	3.7	2.0	47	0
Maruti Suzuki	23.5	31.0	-24	41.5	20.4	26	51	3.6	4.1	-12	4.8	3.3	23	44
MRF	23.5	24.6	-5	35.5	13.7	26	20	2.3	2.4	-4	2.8	1.9	-23	-17
Samvardhana	20.2	43.8	-54	68.0	19.5	9	113	2.2	3.2	-29	4.4	1.9	-24	11
Sona BLW Precis.	46.6	69.3	-33	86.4	52.2	150	237	5.2	10.5	-51	14.4	6.6	77	270
Tata Motors	10.0	17.5	-43	26.6	8.4	-47	-15	1.8	2.1	-14	2.9	1.2	-39	-26
Tube Investments	42.9	44.4	-3	70.0	18.8	130	116	7.0	7.2	-4	10.7	3.8	138	156
TVS Motor	35.1	32.3	9	40.5	24.0	88	57	8.7	7.0	25	9.0	5.0	198	147
<b>Banks-Private</b>	<b>16.0</b>	<b>21.1</b>	<b>-24</b>	<b>26.3</b>	<b>15.8</b>	<b>-14</b>	<b>3</b>	<b>2.2</b>	<b>2.5</b>	<b>-13</b>	<b>2.8</b>	<b>2.2</b>	<b>-25</b>	<b>-11</b>
AU Small Finance	15.4	28.4	-46	38.3	18.6	-18	38	2.2	4.0	-45	5.2	2.9	-24	42
Axis Bank	11.4	38.2	-70	90.1	-13.7	-39	86	1.6	2.0	-21	2.3	1.7	-47	-30
Bandhan Bank	6.5	22.1	-71	32.1	12.2	-65	8	0.9	3.0	-71	4.7	1.3	-70	6
DCB Bank	4.4	12.1	-64	17.7	6.5	-76	-41	0.5	1.2	-55	1.8	0.6	-82	-57
Equitas Small Fin.	10.4	18.3	-43	28.9	7.7	-44	-11	1.0	1.4	-28	1.7	1.1	-66	-51
Federal Bank	9.4	11.7	-19	16.4	6.9	-49	-43	1.2	1.2	2	1.4	0.9	-60	-59
HDFC Bank	18.6	20.7	-10	23.1	18.2	0	1	2.4	3.2	-23	3.6	2.7	-17	11
ICICI Bank	16.9	21.6	-22	31.6	11.7	-9	5	2.7	2.2	23	2.7	1.6	-9	-23
IDFC First Bank	13.9	20.7	-33	28.2	13.2	-26	1	1.0	1.3	-21	1.6	1.0	-64	-54
IndusInd Bank	9.2	18.8	-51	26.0	11.6	-51	-8	1.0	2.3	-56	3.4	1.3	-65	-17
Kotak Mah. Bank	17.5	26.2	-33	31.5	21.0	-6	28	2.2	3.3	-32	3.8	2.7	-23	16
RBL Bank	8.0	25.2	-68	40.3	10.1	-57	23	0.6	1.6	-62	2.6	0.5	-80	-45



Company	PE (x)			PE Std. Deviation		Relative to Nifty P/E (%)		PB (x)			PB Std. Deviation		Relative to Nifty P/B (%)	
	Current	10 Yr Avg	Prem/Disc (%)	+1SD (x)	-1SD (x)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	+1SD (x)	-1SD (x)	Current	10 Yr Avg
<b>Banks-PSU</b>	<b>6.1</b>	<b>8.1</b>	<b>-24</b>	<b>11.8</b>	<b>4.4</b>	<b>-67</b>	<b>-61</b>	<b>1.0</b>	<b>0.9</b>	<b>13</b>	<b>1.1</b>	<b>0.6</b>	<b>-67</b>	<b>-70</b>
Bank of Baroda	5.3	5.6	-6	7.1	4.1	-72	-73	0.7	0.8	-6	1.0	0.6	-75	-72
Canara Bank	4.3	4.5	-4	5.5	3.5	-77	-78	0.7	0.6	9	0.8	0.4	-76	-77
Indian Bank	6.1	9.8	-38	19.8	-0.2	-67	-52	1.0	0.6	51	0.9	0.3	-67	-78
Punjab Natl.Bank	5.3	10.3	-48	14.2	6.4	-71	-50	0.7	0.7	-3	1.1	0.4	-75	-74
St Bk of India	7.1	11.9	-40	20.0	3.8	-62	-42	1.1	1.1	0	1.4	0.9	-61	-60
Union Bank (I)	4.9	5.9	-16	8.9	2.8	-74	-72	0.7	0.6	19	0.8	0.4	-76	-79
<b>NBFC</b>	<b>12.6</b>	<b>12.5</b>	<b>1</b>	<b>14.8</b>	<b>10.2</b>	<b>-32</b>	<b>-39</b>	<b>2.0</b>	<b>1.8</b>	<b>8</b>	<b>2.2</b>	<b>1.5</b>	<b>-33</b>	<b>-35</b>
360 ONE WAM	31.3	24.4	28	31.4	17.5	68	19	5.7	4.3	31	5.4	3.3	95	53
AAVAS Financiers	19.2	35.3	-45	47.3	23.2	3	72	2.7	4.5	-40	6.0	3.0	-9	58
Aditya Birla Cap	10.4	18.4	-43	25.9	10.8	-44	-11	1.2	1.8	-33	2.7	1.0	-58	-35
Angel One	13.6	13.0	5	17.8	8.1	-27	-37	2.8	4.0	-30	5.3	2.8	-3	42
Bajaj Fin.	25.3	31.2	-19	40.9	21.5	36	52	4.6	5.3	-13	6.9	3.6	57	86
Cams Services	28.7	37.0	-23	45.8	28.2	54	80	12.3	15.1	-19	18.7	11.6	319	433
Can Fin Homes	8.4	13.8	-39	18.0	9.6	-55	-33	1.3	2.4	-46	3.2	1.6	-55	-15
Cholaman.Inv.&Fn	21.4	19.0	13	22.9	15.0	15	-8	3.9	3.3	20	4.1	2.5	34	16
CreditAccess	10.7	26.1	-59	41.3	10.9	-42	27	1.8	2.6	-33	3.2	2.1	-40	-7
Five-Star Business	18.2	20.2	-10	22.0	18.3	-2	-2	3.0	3.3	-10	3.7	3.0	3	18
Fusion Finance	22.1	11.6	90	17.6	5.7	19	-43	0.9	2.1	-58	2.9	1.3	-70	-26
Home First Fin.	19.9	24.1	-18	27.7	20.5	7	17	3.2	3.4	-5	3.7	3.0	9	18
IndoStar Capital	26.2	23.3	12	33.2	13.5	40	14	1.0	1.0	-4	1.3	0.7	-67	-65
L&T Finance	10.6	14.7	-28	18.0	11.4	-43	-28	1.2	1.5	-18	2.0	0.9	-59	-48
LIC Housing Fin.	5.2	9.4	-44	12.9	5.8	-72	-54	0.7	1.3	-47	1.9	0.7	-76	-54
M & M Fin. Serv.	11.2	17.1	-34	24.1	10.0	-40	-17	1.5	1.4	2	1.7	1.2	-50	-49
Manappuram Finance	7.5	7.6	-2	10.0	5.3	-60	-63	1.1	1.4	-20	1.9	0.9	-61	-50
MAS Financial	11.0	20.8	-47	26.8	14.8	-41	1	1.5	3.0	-49	3.8	2.1	-49	5
Muthoot Finance	13.3	10.3	29	13.1	7.5	-29	-50	2.6	2.1	26	2.6	1.5	-12	-27
PFC	6.5	3.9	69	5.9	1.8	-65	-81	1.2	0.7	77	1.0	0.3	-60	-77
Piramal Enterprises	18.5	19.7	-6	28.6	10.9	-1	-4	0.7	0.8	-9	0.9	0.6	-76	-73
PNB Housing	8.7	11.1	-22	16.5	5.7	-53	-46	1.1	1.2	-15	2.0	0.5	-64	-56
Poonawalla Fincorp	21.8	25.6	-15	33.3	17.8	17	25	2.4	2.2	12	3.3	1.0	-17	-24
REC	5.1	3.7	38	5.6	1.8	-73	-82	1.0	0.7	52	1.0	0.3	-65	-76
Repco Home Fin	4.7	11.8	-60	19.9	3.7	-75	-43	0.6	1.7	-67	3.1	0.4	-81	-39
Shriram Finance	11.9	10.4	15	13.2	7.5	-36	-50	1.7	1.4	24	1.8	1.0	-40	-50
Spandana Sphoorty	na	48.7	na	88.3	9.2	na	137	0.6	1.5	-58	2.1	0.9	-78	-46



Company	PE (x)			PE Std. Deviation		Relative to Nifty P/E (%)		PB (x)			PB Std. Deviation		Relative to Nifty P/B (%)	
	Current	10 Yr Avg	Prem/Disc (%)	+1SD (x)	-1SD (x)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	+1SD (x)	-1SD (x)	Current	10 Yr Avg
<b>Capital Goods</b>	<b>31.4</b>	<b>29.0</b>	<b>8</b>	<b>35.2</b>	<b>22.7</b>	<b>68</b>	<b>41</b>	<b>5.6</b>	<b>4.1</b>	<b>39</b>	<b>5.5</b>	<b>2.6</b>	<b>93</b>	<b>44</b>
ABB India	51.3	79.5	-36	98.9	60.0	175	287	13.0	9.5	37	14.0	5.0	344	235
Bharat Electronics	32.0	12.4	158	23.5	1.3	72	-40	7.3	2.7	165	5.5	0.0	148	-3
Cummins India	32.2	30.2	6	38.2	22.3	73	47	9.7	6.4	52	9.1	3.6	231	125
Hitachi Energy	81.9	82.4	-1	119.4	45.5	340	301	20.9	12.1	73	19.5	4.7	614	327
KEC International	20.4	25.0	-18	38.9	11.1	10	22	3.1	3.0	3	3.8	2.2	5	5
Kalpataru Proj.	16.5	16.0	3	20.8	11.2	-11	-22	1.9	1.7	11	2.2	1.2	-36	-41
Kirloskar Oil	16.5	19.9	-17	28.7	11.0	-11	-3	2.5	2.3	11	3.6	1.0	-13	-19
Larsen & Toubro	23.8	23.4	2	28.0	18.8	28	14	3.9	3.0	30	3.9	2.1	34	7
Siemens	60.1	63.1	-5	81.8	44.4	222	207	9.6	7.3	32	10.3	4.3	227	156
Thermax	48.3	45.9	5	58.1	33.7	159	123	6.7	4.9	36	7.0	2.9	130	74
Triveni Turbine	35.0	34.3	2	43.5	25.0	87	67	10.1	8.8	15	12.3	5.2	245	209
Zen Technologies	29.0	41.2	-30	61.2	21.2	55	101	4.6	4.7	-1	6.6	2.9	59	66
<b>Cement</b>	<b>35.0</b>	<b>28.8</b>	<b>22</b>	<b>37.0</b>	<b>20.5</b>	<b>88</b>	<b>40</b>	<b>2.9</b>	<b>2.6</b>	<b>9</b>	<b>3.1</b>	<b>2.2</b>	<b>-1</b>	<b>-7</b>
ACC	20.4	28.3	-28	36.2	20.5	9	38	1.8	2.7	-33	3.1	2.2	-39	-6
Ambuja Cem.	45.0	33.5	34	48.5	18.4	141	63	2.0	2.3	-12	2.8	1.8	-32	-19
Birla Corpn.	20.0	30.5	-34	60.7	0.3	8	49	1.1	1.3	-15	1.6	0.9	-63	-56
Grasim Inds	24.2	15.6	55	22.2	9.0	30	-24	2.8	1.9	48	2.5	1.3	-5	-34
India Cements	na	44.3	na	73.5	15.2	na	116	1.7	1.0	74	1.5	0.5	-42	-65
J K Cements	35.2	30.3	16	44.3	16.4	89	48	5.1	3.6	42	4.8	2.4	75	27
JK Lakshmi Cem.	18.3	35.1	-48	67.2	3.0	-2	71	2.1	2.6	-18	3.3	1.9	-27	-8
Shree Cement	90.4	49.2	84	66.2	32.3	385	140	4.5	5.3	-14	6.1	4.4	55	86
The Ramco Cement	47.3	38.6	22	59.5	17.7	153	88	2.5	3.1	-20	3.7	2.5	-15	9
UltraTech Cem.	35.3	35.0	1	42.8	27.1	89	70	3.9	3.6	8	4.2	3.0	32	26
<b>Consumer</b>	<b>39.0</b>	<b>42.1</b>	<b>-7</b>	<b>46.2</b>	<b>38.0</b>	<b>109</b>	<b>105</b>	<b>9.3</b>	<b>10.2</b>	<b>-9</b>	<b>11.1</b>	<b>9.4</b>	<b>219</b>	<b>262</b>
<b>Consumer Ex ITC</b>	<b>45.5</b>	<b>52.3</b>	<b>-13</b>	<b>59.2</b>	<b>45.5</b>	<b>144</b>	<b>155</b>	<b>10.5</b>	<b>13.1</b>	<b>-20</b>	<b>14.4</b>	<b>11.9</b>	<b>259</b>	<b>364</b>
Asian Paints	43.8	56.4	-22	67.7	45.0	135	174	10.6	14.3	-26	17.1	11.6	262	405
Britannia Inds.	44.8	47.9	-6	55.4	40.4	140	133	22.8	21.1	8	28.0	14.1	679	643
Colgate-Palm.	42.5	41.1	3	47.1	35.2	128	100	29.1	24.9	17	30.8	19.1	894	779
Dabur India	42.1	46.7	-10	54.8	38.5	126	127	7.8	10.5	-26	11.6	9.3	166	269
Emami	24.2	28.5	-15	36.9	20.0	30	39	7.5	8.6	-12	10.5	6.6	157	202
Godrej Consumer	42.8	46.4	-8	55.7	37.1	130	126	7.1	7.1	0	9.4	4.8	142	151
Hind. Unilever	44.9	53.2	-16	61.2	45.1	141	159	9.9	21.1	-53	32.9	9.2	239	643
Indigo Paints	30.8	66.4	-54	99.5	33.4	65	223	4.3	9.5	-54	13.8	5.2	48	234
ITC	22.9	22.7	1	27.5	18.0	23	11	6.2	5.4	16	6.5	4.3	113	90
Jyothy Lab.	27.7	33.8	-18	43.2	24.4	48	65	5.7	5.3	8	7.0	3.6	96	86
Marico	42.9	43.3	-1	48.9	37.8	130	111	18.6	15.8	18	18.3	13.3	537	458



Company	PE (x)			PE Std. Deviation		Relative to Nifty P/E (%)		PB (x)			PB Std. Deviation		Relative to Nifty P/B (%)	
	Current	10 Yr Avg	Prem/Disc (%)	+1SD (x)	-1SD (x)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	+1SD (x)	-1SD (x)	Current	10 Yr Avg
Nestle India	60.2	60.0	0	71.4	48.6	223	192	44.5	49.1	-9	72.7	25.5	1420	1634
P & G Hygiene	48.9	65.3	-25	75.3	55.3	162	218	39.8	41.8	-5	55.0	28.5	1260	1374
Page Industries	57.6	66.7	-14	80.0	53.4	209	225	22.4	27.9	-20	33.9	21.9	664	885
Pidilite Inds.	54.9	59.8	-8	78.3	41.3	195	191	12.9	13.2	-3	15.8	10.6	340	367
Tata Consumer	55.2	48.6	14	64.8	32.4	196	137	3.7	3.2	14	4.5	2.0	26	14
United Breweries	70.7	95.2	-26	127.1	63.2	279	363	10.7	9.6	11	11.1	8.2	266	240
United Spirits	60.0	63.9	-6	76.2	51.5	222	211	9.4	13.0	-27	18.3	7.7	222	357
Varun Beverages	44.0	47.2	-7	59.2	35.2	136	130	7.8	8.0	-3	10.8	5.2	165	183
<b>Consumer Durables</b>	<b>40.7</b>	<b>34.4</b>	<b>18</b>	<b>46.8</b>	<b>22.1</b>	<b>118</b>	<b>68</b>	<b>6.7</b>	<b>5.4</b>	<b>23</b>	<b>7.3</b>	<b>3.5</b>	<b>128</b>	<b>91</b>
Havells India	53.7	51.7	4	66.7	36.7	188	152	9.5	9.2	4	11.6	6.8	226	225
KEI Industries	38.1	20.8	83	35.4	6.2	104	1	4.6	3.4	36	5.0	1.8	56	19
Polycab India	32.2	28.8	12	40.6	16.9	73	40	6.3	5.4	17	8.0	2.9	117	92
Voltas	44.0	49.5	-11	76.5	22.6	136	141	6.0	4.8	23	6.3	3.4	104	71
<b>Chemicals</b>	<b>30.6</b>	<b>25.5</b>	<b>20</b>	<b>36.5</b>	<b>14.4</b>	<b>64</b>	<b>24</b>	<b>3.5</b>	<b>3.3</b>	<b>6</b>	<b>4.4</b>	<b>2.1</b>	<b>19</b>	<b>16</b>
Alkyl Amines	31.7	35.4	-10	64.6	6.2	70	72	5.3	6.6	-20	11.3	1.9	80	132
Atul	25.7	30.9	-17	47.0	14.7	38	50	2.6	3.7	-29	4.7	2.6	-11	30
Deepak Nitrite	28.8	24.0	20	37.7	10.2	54	17	4.2	4.0	5	6.2	1.8	43	41
Fine Organic	29.3	33.6	-13	42.5	24.7	57	64	4.2	7.5	-44	9.1	6.0	45	166
Galaxy Surfactants	23.1	26.4	-13	32.8	20.1	24	29	2.9	4.6	-36	5.5	3.6	1	62
Navin Fluorine	47.5	36.6	30	61.8	11.3	155	78	6.5	5.1	28	7.9	2.3	122	80
NOCIL	22.9	20.0	14	29.8	10.3	23	-2	1.6	2.0	-20	2.6	1.3	-46	-31
P I Inds.	25.7	32.7	-21	38.3	27.1	38	59	3.9	5.9	-33	6.8	4.9	34	108
SRF	40.2	26.7	51	40.2	13.2	116	30	6.1	4.1	49	5.8	2.4	107	44
Tata Chemicals	19.8	16.1	23	29.0	3.2	6	-22	0.9	0.8	5	1.1	0.5	-70	-71
Vinati Organics	30.9	35.4	-13	49.5	21.3	66	72	5.0	6.5	-23	8.4	4.6	72	130
<b>EMS</b>	<b>57.2</b>	<b>40.6</b>	<b>41</b>	<b>59.3</b>	<b>22.0</b>	<b>207</b>	<b>98</b>	<b>10.2</b>	<b>5.4</b>	<b>90</b>	<b>8.4</b>	<b>2.4</b>	<b>250</b>	<b>90</b>
Amber Enterp.	52.9	51.9	2	73.3	30.5	184	153	7.2	4.3	67	6.0	2.6	145	52
Avalon Tech	40.7	62.0	-34	80.1	43.8	119	202	6.1	6.0	1	7.1	4.9	108	112
Cyient DLM	25.5	61.8	-59	77.6	46.1	37	201	2.9	5.2	-44	6.1	4.4	-1	85
Data Pattern	30.3	50.7	-40	65.9	35.5	62	147	4.6	6.8	-32	9.1	4.4	56	139
Dixon Tech.	81.8	58.7	39	96.3	21.0	339	186	24.6	13.4	83	22.2	4.7	739	374
Kaynes Tech	50.5	57.0	-12	75.1	39.0	171	178	8.1	6.5	24	9.9	3.1	176	130
Syrma SGS Tech.	28.0	50.7	-45	64.3	37.0	50	147	3.7	4.6	-19	5.7	3.4	27	61
<b>Healthcare</b>	<b>28.7</b>	<b>27.0</b>	<b>6</b>	<b>31.5</b>	<b>22.5</b>	<b>54</b>	<b>32</b>	<b>4.2</b>	<b>3.8</b>	<b>10</b>	<b>4.7</b>	<b>3.0</b>	<b>44</b>	<b>35</b>
Ajanta Pharma	31.1	25.3	23	31.3	19.3	67	23	6.4	5.7	12	7.6	3.8	119	101
Alembic Pharma	21.1	23.6	-11	31.2	16.0	13	15	2.5	3.9	-35	5.3	2.5	-14	37
Alkem Lab	23.4	24.4	-4	29.9	18.9	25	19	4.0	4.2	-4	4.8	3.6	38	48
Apollo Hospitals	50.8	81.6	-38	112.2	50.9	172	297	8.6	7.0	23	9.4	4.6	193	146
Aurobindo Pharma	15.3	16.1	-6	20.0	12.3	-18	-21	1.7	2.6	-35	3.9	1.3	-42	-9



Company	PE (x)			PE Std. Deviation		Relative to Nifty P/E (%)		PB (x)			PB Std. Deviation		Relative to Nifty P/B (%)	
	Current	10 Yr Avg	Prem/Disc (%)	+1SD (x)	-1SD (x)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	+1SD (x)	-1SD (x)	Current	10 Yr Avg
Biocon	80.3	88.8	-10	197.7	-20.0	330	333	1.8	3.5	-50	5.2	1.9	-40	24
Cipla	23.0	26.7	-14	32.6	20.7	24	30	3.2	3.3	-2	3.9	2.7	10	16
Divi's Lab.	58.1	38.2	52	53.7	22.7	212	86	8.8	6.4	36	8.4	4.4	200	127
Dr Reddy's Labs	15.2	25.2	-40	34.6	15.9	-19	23	2.4	3.4	-29	4.2	2.6	-17	21
ERIS Lifescience	30.2	26.8	13	33.3	20.2	62	30	4.9	5.3	-9	7.2	3.5	67	89
Gland Pharma	27.8	41.5	-33	54.3	28.7	49	102	2.5	4.5	-45	6.5	2.4	-15	58
Glaxosmit Pharma	42.4	53.9	-21	72.1	35.8	127	162	15.7	13.1	20	15.5	10.6	436	361
Glenmark Pharma.	21.3	22.6	-6	29.6	15.7	14	10	3.4	3.0	11	4.6	1.4	15	7
Granules India	17.8	16.4	8	22.3	10.5	-5	-20	2.6	2.6	3	3.3	1.8	-10	-10
Ipca Labs.	30.2	31.6	-4	44.3	18.8	62	54	4.3	3.6	19	4.6	2.7	47	28
Laurus Labs	51.6	42.3	22	69.4	15.1	177	106	5.9	4.6	28	6.7	2.6	103	63
Lupin	24.5	38.5	-36	54.2	22.8	32	88	4.2	3.8	11	5.3	2.4	45	35
Max Healthcare	48.0	36.9	30	48.1	25.7	158	80	7.6	5.2	47	7.1	3.3	159	82
Sun Pharma.Inds.	27.2	29.5	-8	37.9	21.0	46	44	4.5	3.9	16	5.1	2.6	53	37
Torrent Pharma.	39.9	33.4	19	41.2	25.6	114	63	5.2	6.3	-17	7.4	5.1	78	122
Zydus Lifesciences	18.1	20.4	-11	25.2	15.6	-3	-1	3.0	3.6	-17	4.9	2.3	3	29
<b>Infrastructure</b>	<b>16.0</b>	<b>12.0</b>	<b>33</b>	<b>19.9</b>	<b>4.2</b>	<b>-14</b>	<b>-41</b>	<b>1.2</b>	<b>1.2</b>	<b>2</b>	<b>1.7</b>	<b>0.7</b>	<b>-58</b>	<b>-57</b>
IRB Infra.Devl.	18.8	17.8	6	27.5	8.1	1	-13	1.2	1.1	8	1.6	0.7	-58	-60
KNR Construct.	13.0	14.6	-11	18.9	10.4	-30	-29	1.4	2.2	-36	2.7	1.7	-52	-22
<b>Media</b>	<b>14.3</b>	<b>25.3</b>	<b>-43</b>	<b>29.6</b>	<b>20.9</b>	<b>-23</b>	<b>23</b>	<b>1.3</b>	<b>3.6</b>	<b>-65</b>	<b>5.4</b>	<b>1.8</b>	<b>-57</b>	<b>27</b>
PVR Inox	na	40.7	na	47.5	33.9	na	98	1.2	3.8	-68	5.2	2.4	-58	35
Sun TV Network	12.2	15.8	-22	21.2	10.4	-34	-23	1.8	3.4	-48	5.0	1.8	-39	21
Zee Entertainment	9.8	34.2	-71	48.4	20.0	-47	66	0.7	3.7	-80	5.9	1.6	-75	31
<b>Logistics</b>	<b>20.6</b>	<b>21.3</b>	<b>-3</b>	<b>25.5</b>	<b>17.1</b>	<b>10</b>	<b>4</b>	<b>3.4</b>	<b>3.4</b>	<b>2</b>	<b>4.1</b>	<b>2.6</b>	<b>17</b>	<b>18</b>
Adani Ports	18.6	18.7	-1	23.2	14.2	0	-9	3.2	3.3	-2	4.1	2.5	10	16
Blue Dart Expres	29.8	76.1	-61	122.9	29.4	60	271	7.5	15.1	-50	22.5	7.7	156	432
Container Corpn.	22.2	32.5	-32	38.4	26.6	19	58	2.8	3.3	-15	3.9	2.7	-4	17
TCI Express	22.0	36.4	-40	47.4	25.4	18	77	3.1	7.8	-60	10.0	5.6	6	174
Transport Corp.	14.5	14.9	-2	18.7	11.1	-22	-28	2.5	2.4	3	3.0	1.8	-15	-15
VRL Logistics	20.5	33.3	-39	44.8	21.7	10	62	3.6	4.7	-24	6.0	3.5	23	67
Mahindra Logis.	18.8	54.7	-66	68.7	40.7	1	166	3.4	6.3	-46	7.7	4.8	15	121
<b>Metals</b>	<b>9.9</b>	<b>10.8</b>	<b>-8</b>	<b>14.3</b>	<b>7.3</b>	<b>-47</b>	<b>-48</b>	<b>2.0</b>	<b>1.6</b>	<b>21</b>	<b>2.0</b>	<b>1.2</b>	<b>-33</b>	<b>-43</b>
Coal India	5.5	9.3	-41	14.7	4.0	-70	-54	1.9	4.4	-56	7.0	1.7	-34	54
Hindalco Inds.	9.6	9.1	6	11.2	7.0	-49	-56	1.3	1.2	14	1.5	0.8	-54	-59
Hind.Zinc	12.8	13.3	-4	16.9	9.7	-31	-35	8.2	5.4	52	9.3	1.5	181	91
Jindal Steel	11.7	9.1	29	14.5	3.7	-37	-56	1.6	0.8	91	1.3	0.3	-46	-71





Company	PE (x)			PE Std. Deviation		Relative to Nifty P/E (%)		PB (x)			PB Std. Deviation		Relative to Nifty P/B (%)	
	Current	10 Yr Avg	Prem/Disc (%)	+1SD (x)	-1SD (x)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	+1SD (x)	-1SD (x)	Current	10 Yr Avg
JSW Steel	16.4	16.4	0	27.2	5.5	-12	-20	2.5	1.9	31	2.4	1.3	-15	-33
Natl. Aluminium	12.0	10.7	11	18.9	2.6	-36	-48	1.6	1.1	49	1.5	0.7	-44	-61
NMDC	6.9	5.7	22	7.6	3.8	-63	-72	1.5	1.2	30	1.6	0.7	-48	-59
S A I L	16.9	18.1	-7	32.4	3.9	-9	-12	0.7	0.6	13	0.8	0.4	-75	-77
Tata Steel	13.0	16.2	-19	29.7	2.7	-30	-21	1.9	1.2	55	1.8	0.7	-34	-56
Vedanta	9.5	10.0	-5	14.8	5.3	-49	-51	3.9	2.0	95	3.3	0.7	32	-30
<b>Oil &amp; Gas</b>	<b>12.8</b>	<b>12.6</b>	<b>1</b>	<b>15.6</b>	<b>9.6</b>	<b>-31</b>	<b>-39</b>	<b>1.4</b>	<b>1.5</b>	<b>-7</b>	<b>1.7</b>	<b>1.3</b>	<b>-53</b>	<b>-48</b>
<b>Oil &amp; Gas Ex RIL</b>	<b>7.2</b>	<b>8.5</b>	<b>-16</b>	<b>11.4</b>	<b>5.7</b>	<b>-62</b>	<b>-58</b>	<b>0.9</b>	<b>1.2</b>	<b>-23</b>	<b>1.5</b>	<b>0.9</b>	<b>-68</b>	<b>-57</b>
Aegis Logistics	36.2	31.0	17	42.9	19.0	94	51	5.5	4.3	28	5.6	3.0	89	52
B P C L	9.0	9.7	-7	14.5	4.8	-52	-53	1.2	1.9	-37	2.4	1.3	-60	-35
Castrol India	22.3	22.2	1	29.2	15.1	20	8	8.6	13.0	-34	21.1	4.9	193	359
GAIL (India)	8.8	10.6	-17	13.6	7.5	-53	-49	1.3	1.3	-2	1.6	1.0	-57	-55
Gujarat Gas	21.7	25.7	-16	34.8	16.6	17	25	2.8	4.7	-40	5.8	3.5	-4	64
Guj.St.Petronet	25.0	15.3	64	20.0	10.5	34	-26	1.4	1.7	-20	1.9	1.5	-53	-40
H P C L	6.7	6.1	10	8.9	3.3	-64	-70	1.1	1.2	-13	1.6	0.8	-63	-56
I O C L	11.3	9.3	21	18.0	0.7	-39	-55	0.8	1.0	-17	1.3	0.6	-72	-65
Indraprastha Gas	16.4	21.1	-22	26.4	15.8	-12	3	2.5	4.0	-37	4.9	3.0	-14	40
Mahanagar Gas	11.3	13.8	-18	17.8	9.8	-40	-33	1.9	2.9	-34	3.8	2.0	-34	2
M R P L	11.2	12.1	-8	25.9	-1.7	-40	-41	1.3	1.4	-11	2.0	0.9	-56	-49
Oil India	7.6	6.6	15	9.4	3.8	-59	-68	1.1	0.8	33	1.1	0.5	-64	-72
O N G C	5.2	6.7	-23	9.6	3.8	-72	-67	0.7	0.8	-16	1.1	0.6	-76	-70
Petronet LNG	9.8	12.3	-20	14.6	10.0	-47	-40	2.0	2.7	-25	3.3	2.1	-31	-6
Reliance Inds.	19.9	17.7	13	24.2	11.2	7	-14	1.8	1.5	14	2.0	1.1	-40	-45
<b>Real Estate</b>	<b>31.9</b>	<b>30.4</b>	<b>5</b>	<b>42.8</b>	<b>18.0</b>	<b>71</b>	<b>48</b>	<b>3.6</b>	<b>2.2</b>	<b>65</b>	<b>3.3</b>	<b>1.0</b>	<b>23</b>	<b>-23</b>
Brigade Enterpr.	21.9	25.2	-13	35.6	14.8	17	23	2.9	2.1	41	3.0	1.1	0	-27
DLF	38.4	47.9	-20	80.1	15.7	106	133	2.5	1.5	70	2.4	0.6	-13	-47
Godrej Properties	30.6	73.5	-58	99.2	47.8	64	258	2.8	5.0	-43	6.8	3.1	-3	75
Macrotech Developers	34.2	37.8	-10	46.7	28.9	83	84	4.9	4.3	14	5.5	3.0	66	50
Mahindra Lifespace	na	7.2	na	11.3	3.1	na	-65	2.5	1.6	57	3.2	0.0	-15	-44
Oberoi Realty	18.2	22.2	-18	26.3	18.1	-2	8	2.9	2.3	26	3.0	1.6	0	-18
Prestige Estates	50.8	30.2	68	47.8	12.6	173	47	2.4	1.9	25	2.6	1.2	-19	-33
Phoenix Mills	38.3	41.4	-7	69.0	13.8	106	102	4.7	2.8	70	3.8	1.8	61	-2
Sobha	26.3	40.0	-34	70.8	9.2	41	95	3.0	2.0	49	3.1	1.0	3	-28
Sunteck Realty	12.3	47.5	-74	71.6	23.5	-34	131	1.5	1.9	-24	2.4	1.5	-50	-32



Company	PE (x)			PE Std. Deviation		Relative to Nifty P/E (%)		PB (x)			PB Std. Deviation		Relative to Nifty P/B (%)	
	Current	10 Yr Avg	Prem/Disc (%)	+1SD (x)	-1SD (x)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	+1SD (x)	-1SD (x)	Current	10 Yr Avg
<b>Retail</b>	<b>68.9</b>	<b>84.3</b>	<b>-18</b>	<b>134.9</b>	<b>33.6</b>	<b>270</b>	<b>310</b>	<b>11.6</b>	<b>9.7</b>	<b>20</b>	<b>13.6</b>	<b>5.8</b>	<b>298</b>	<b>242</b>
Aditya Birla Fashion	na	152.7	na	228.2	77.3	na	644	2.9	7.6	-62	10.8	4.4	0	169
Bata India	49.5	52.1	-5	70.5	33.8	165	154	8.3	9.4	-12	13.2	5.7	183	233
Avenue Supermarts	68.9	99.7	-31	121.6	77.7	269	385	9.1	12.7	-29	15.5	10.0	210	350
Jubilant	97.5	77.1	26	111.3	42.9	423	275	19.0	13.5	40	19.6	7.5	550	378
Kalyan Jewellers	45.3	33.6	35	53.3	13.9	143	64	8.9	5.3	67	9.5	1.1	204	88
Relaxo Footwear	54.5	79.2	-31	123.0	35.3	193	285	4.7	10.0	-53	12.8	7.2	61	254
Senco Gold	21.7	37.0	-41	47.6	26.5	16	80	2.3	3.7	-38	4.6	2.7	-22	30
Shoppers Stop	na	85.7	na	139.5	31.9	na	317	12.8	14.9	-14	23.6	6.2	339	426
Trent	80.9	90.4	-11	114.0	66.9	334	340	21.0	10.5	101	18.2	2.7	619	269
Titan	58.5	61.1	-4	77.9	44.2	214	197	18.1	15.3	19	21.5	9.0	519	438
Vedant Fashions	42.4	67.5	-37	77.9	57.2	128	229	10.4	17.7	-41	20.8	14.5	254	523
V-Mart Retail	na	50.0	na	86.0	13.9	na	143	6.7	6.5	3	9.0	4.0	130	130
<b>Technology</b>	<b>23.9</b>	<b>21.0</b>	<b>14</b>	<b>26.0</b>	<b>16.1</b>	<b>28</b>	<b>2</b>	<b>7.6</b>	<b>5.8</b>	<b>31</b>	<b>7.5</b>	<b>4.1</b>	<b>160</b>	<b>105</b>
Coforge	33.6	23.7	41	35.6	11.9	80	16	10.0	5.3	89	8.5	2.1	243	87
Cyient	16.2	18.3	-11	24.6	11.9	-13	-11	3.0	2.9	4	3.9	1.9	3	2
HCL Technologies	22.7	17.0	34	21.3	12.7	22	-17	6.4	4.0	60	5.3	2.7	119	42
Infosys	24.3	20.8	17	25.9	15.6	30	1	7.9	5.7	39	7.8	3.6	170	101
LTI Mindtree	25.9	24.3	7	34.4	14.2	39	18	5.4	9.6	-43	12.4	6.7	85	237
L&T Technology	30.6	27.5	11	37.2	17.7	64	34	6.9	6.6	5	8.7	4.5	137	134
Mphasis	22.3	20.2	10	28.1	12.4	20	-1	4.2	3.7	12	5.5	2.0	43	32
Persistent Sys	47.5	25.4	87	37.6	13.2	155	24	12.0	4.9	143	8.4	1.5	312	75
TCS	23.1	24.2	-4	28.9	19.4	24	18	12.5	10.2	22	13.7	6.6	326	259
Tech Mahindra	24.1	18.2	32	24.6	11.9	29	-11	4.7	3.3	45	4.2	2.3	61	15
Wipro	22.6	18.0	25	22.6	13.5	21	-12	3.9	3.0	30	3.7	2.3	33	5
Zensar Tech.	23.0	16.9	36	22.5	11.3	23	-18	3.7	2.5	45	3.3	1.8	26	-10
<b>Telecom</b>	<b>na</b>	<b>41.9</b>	<b>na</b>	<b>56.5</b>	<b>27.4</b>	<b>na</b>	<b>104</b>	<b>27.9</b>	<b>15.9</b>	<b>75</b>	<b>33.3</b>	<b>-1.5</b>	<b>853</b>	<b>461</b>
Bharti Airtel	35.5	40.9	-13	54.1	27.8	90	99	7.1	3.9	83	5.8	1.9	142	37
Indus Towers	13.5	18.0	-25	25.7	10.2	-28	-13	2.5	3.4	-27	4.3	2.4	-16	19
Vodafone Idea	na	23.2	na	31.3	15.2	na	13		1.5		4.3	-1.3		-46
Tata Comm	25.5	30.8	-17	45.7	15.9	37	50	11.2	25.6	-56	39.4	11.7	282	802
<b>Utilities</b>	<b>14.7</b>	<b>11.7</b>	<b>26</b>	<b>15.2</b>	<b>8.2</b>	<b>-21</b>	<b>-43</b>	<b>2.1</b>	<b>1.5</b>	<b>39</b>	<b>2.0</b>	<b>1.0</b>	<b>-29</b>	<b>-47</b>
Indian Energy Exchange	29.6	27.7	7	47.0	8.5	59	35	10.2	10.5	-3	17.6	3.4	248	272
JSW Energy	27.4	23.5	16	35.1	12.0	47	15	3.2	1.8	78	3.1	0.6	11	-36
NTPC	12.4	9.7	28	12.8	6.7	-33	-53	1.6	1.1	44	1.5	0.8	-44	-60
Power Grid Corpn	13.3	9.3	42	12.6	6.1	-29	-54	2.3	1.6	46	2.2	1.0	-20	-44
Tata Power Co.	21.1	18.7	13	24.6	12.8	13	-9	2.6	1.8	48	2.6	1.0	-10	-37



**Merrill Lynch**  
FINANCIAL SERVICES

# India Strategy




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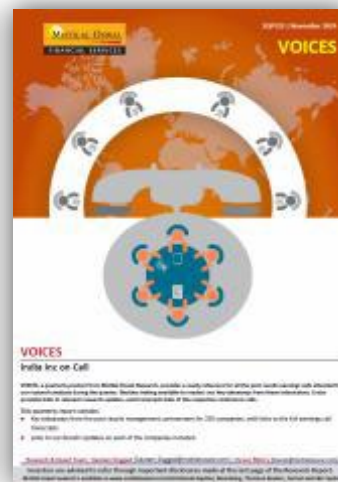
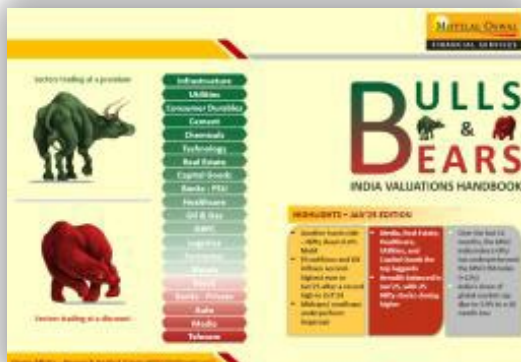
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February 2025



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Investment Rating	Expected return (over 12-month)
BUY	>=15%
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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