

Quant

July 02, 2026


PL Capital
 PRABHUDAS LILLADHER

**Navigating
Crests &
Troughs**

Quant

May'26 sectoral PE trend

Quick Pointers

- This report reviews one year forward PE and market cap trends across major sectors in May'26, benchmarking current valuations against long term averages to assess sector positioning.
- Out of the 20 sectors analysed, 9 are currently trading below their long-term averages.

Overall, May'26 valuations remain mixed. Industrial and cyclical sectors such as capital goods, cement, chemicals, automobiles, auto parts, textiles continue to trade above long-term averages, with defence and power among the most expensive pockets. On the other hand, sectors including IT, FMCG, hospitals, hotels, agro chemicals, building materials and real estate are trading below historical averages, offering relatively better valuation comfort, while retail remains the most undervalued. Consumer durables continue to appear expensive, pharma is broadly fairly valued, and metals, oil & gas and textiles trade moderately above averages, reflecting ongoing cyclical strength. Despite the moderation during the month, most sectors remain within their historical valuation bands, indicating limited signs of deep undervaluation across the market.

Agro Chemicals PE softened marginally from 19 at the start of May'26 to 18 by month end. Compared to the long-term average PE of 20, the current valuation is slightly below average but within the historical band of 9–39, with ± 1 standard deviation levels at 26 and 14.

Auto Parts & Equipment PE moderated from 34 at the start of May'26 to 33 by month end. Compared to the long-term average PE of 30, the current valuation is above average but within the historical band of 17–46, with ± 1 standard deviation levels at 36 and 24.

Automobile PE softened from 27 at the start of May'26 to 25 by month end. Compared to the long-term average PE of 23, the current valuation is above average but within the historical band of 16–32, with ± 1 standard deviation levels at 27 and 19.

Building Material PE remained stable from 45 at the start of May'26 to 45 by month end. Compared to the long-term average PE of 49, the current valuation is below average but within the historical band of 32–75, with ± 1 standard deviation levels at 59 and 39.

Capital Goods PE expanded from 36 at the start of May'26 to 37 by month end. Compared to the long-term average PE of 31, the current valuation is above average but within the historical band of 19–50, with ± 1 standard deviation levels at 38 and 24.

Cements PE softened from 33 at the start of May'26 to 32 by month end. Compared to the long-term average PE of 25, the current valuation is above average but within the historical band of 11–37, with ± 1 standard deviation levels at 31 and 19.

Chemicals PE moderated from 35 at the start of May'26 to 33 by month end. Compared to the long-term average PE of 29, the current valuation is above average but within the historical band of 11–68, with ± 1 standard deviation levels at 46 and 12.

Consumer Durables PE expanded from 50 at the start of May'26 to 51 by month end. Compared to the long-term average PE of 41, the current valuation is above average but within the historical band of 18–67, with ± 1 standard deviation levels at 63 and 29.

Defence PE moderated from 39 at the start of May'26 to 36 by month end. Compared to the long-term average PE of 19, the current valuation is above average but within the historical band of 6–47, with ± 1 standard deviation levels at 30 and 8.

FMCG PE softened from 37 at the start of May'26 to 35 by month end. Compared to the long-term average PE of 39, the current valuation is below average but within the historical band of 30–49, with ± 1 standard deviation levels at 42 and 35.

Hospitals PE softened marginally from 47 at the start of May'26 to 46 by month end. Compared to the long-term average PE of 49, the current valuation is below average but within the historical band of 28–98, with ± 1 standard deviation levels at 62 and 37.

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June'26 sectoral PE trend

Quick Pointers

- This report reviews one year forward PE trends across 20 major sectors in Jun'26, comparing current valuations with LTAs and historical valuation bands.
- Valuations remain polarized, with 11 sectors trading above their LTAs, 8 sectors below, and Hospitals broadly in line with historical norms.

Overall, Jun'26 valuations remained mixed. Cyclical and industrial sectors such as capital goods, cement, chemicals, automobiles, auto parts & equipment and textiles continued to trade above their LTAs, while defence and power generation & distribution remained the most expensive sectors. In contrast, IT, FMCG, hotels, agro chemicals, building materials and real estate traded below historical averages, with retail remaining the most undervalued sector. Hospitals were valued broadly in line with their LTA, while consumer durables, pharma, metals & mining and oil & gas continued to trade at a premium. Despite valuation differences across sectors, most remained within their historical ranges, indicating a broadly balanced market.

Agro Chemicals PE remained stable from 18 at the start of Jun'26 to 18 by month end. Compared to the LTA PE of 20, the current valuation is below average but within the historical band of 9–39, with ± 1 standard deviation levels at 26 and 14.

Auto Parts & Equipment PE increased from 33 at the start of Jun'26 to 34 by month end. Compared to the LTA PE of 30, the current valuation is above average but within the historical band of 17–46, with ± 1 standard deviation levels at 36 and 24.

Automobile PE remained stable from 25 at the start of Jun'26 to 25 by month end. Compared to the LTA PE of 23, the current valuation is above average but within the historical band of 16–32, with ± 1 standard deviation levels at 27 and 19.

Building Material PE remained stable from 45 at the start of Jun'26 to 45 by month end. Compared to the LTA PE of 49, the current valuation is below average but within the historical band of 32–75, with ± 1 standard deviation levels at 59 and 39.

Capital Goods PE increased from 37 at the start of Jun'26 to 38 by month end. Compared to the LTA PE of 31, the current valuation is above average but within the historical band of 19–50, with ± 1 standard deviation levels at 38 and 24.

Cements PE increased from 31 at the start of Jun'26 to 32 by month end. Compared to the LTA PE of 25, the current valuation is above average but within the historical band of 11–37, with ± 1 standard deviation levels at 31 and 19.

Chemicals PE remained stable from 32 at the start of Jun'26 to 32 by month end. Compared to the LTA PE of 29, the current valuation is above average but within the historical band of 11–68, with ± 1 standard deviation levels at 46 and 12.

Consumer Durables PE remained stable from 50 at the start of Jun'26 to 50 by month end. Compared to the LTA PE of 41, the current valuation is above average but within the historical band of 18–67, with ± 1 standard deviation levels at 53 and 29.

Defence PE remained stable from 36 at the start of Jun'26 to 36 by month end. Compared to the LTA PE of 19, the current valuation is above average but within the historical band of 6–47, with ± 1 standard deviation levels at 30 and 8.

FMCG PE remained stable from 36 at the start of Jun'26 to 36 by month end. Compared to the LTA PE of 39, the current valuation is below average but within the historical band of 30–49, with ± 1 standard deviation levels at 42 and 35.

Hospitals PE increased from 47 at the start of Jun'26 to 49 by month end. Compared to the LTA PE of 49, the current valuation is in line with the LTA and within the historical band of 28–98, with ± 1 standard deviation levels at 62 and 37.

Hotels PE increased from 32 at the start of Jun'26 to 35 by month end. Compared to the LTA PE of 47, the current valuation is below average but within the historical band of 27–95, with ± 1 standard deviation levels at 63 and 30.

IT PE declined from 17 at the start of Jun'26 to 15 by month end. Compared to the LTA PE of 21, the current valuation is below average but within the historical band of 14–33, with ± 1 standard deviation levels at 26 and 17.

Metals & Mining PE declined from 11 at the start of Jun'26 to 10 by month end. Compared to the LTA PE of 9, the current valuation is above average but within the historical band of 3–16, with ± 1 standard deviation levels at 12 and 7.

Oil & Gas PE remained stable from 16 at the start of Jun'26 to 16 by month end. Compared to the LTA PE of 12, the current valuation is above average but within the historical band of 7–21, with ± 1 standard deviation levels at 15 and 10.

Pharma PE increased from 32 at the start of Jun'26 to 33 by month end. Compared to the LTA PE of 29, the current valuation is above average but within the historical band of 17–39, with ± 1 standard deviation levels at 34 and 24.

Power Generation Distribution PE declined from 24 at the start of Jun'26 to 23 by month end. Compared to the LTA PE of 15, the current valuation is above average but within the historical band of 7–26, with ± 1 standard deviation levels at 19 and 10.

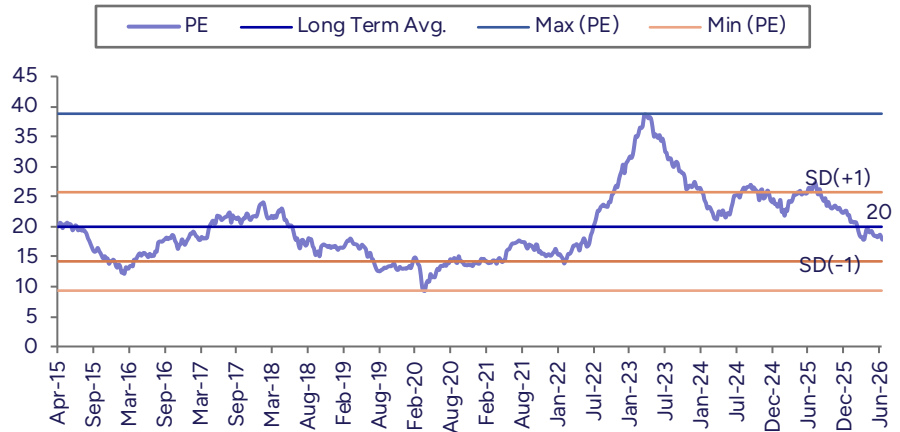
Real Estate PE increased from 24 at the start of Jun'26 to 26 by month end. Compared to the LTA PE of 36, the current valuation is below average but within the historical band of 12–104, with ± 1 standard deviation levels at 50 and 21.

Retail PE increased from 59 at the start of Jun'26 to 61 by month end. Compared to the LTA PE of 78, the current valuation is below average but within the historical band of 33–169, with ± 1 standard deviation levels at 103 and 53.

Textile PE increased from 23 at the start of Jun'26 to 24 by month end. Compared to the LTA PE of 18, the current valuation is above average but within the historical band of 5–39, with ± 1 standard deviation levels at 27 and 9.

Agro Chemicals

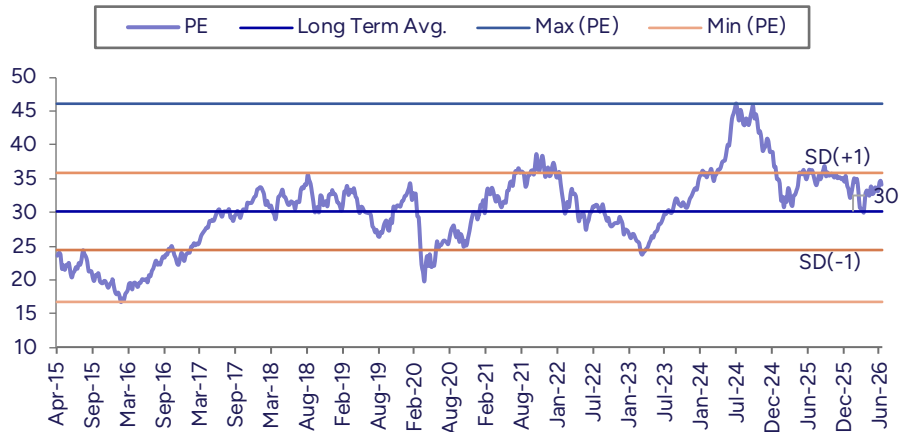
Exhibit 1: One year forward PE trading at 18x, below the LTA of 20x



Source: Company, PL

Auto Parts & Equipment

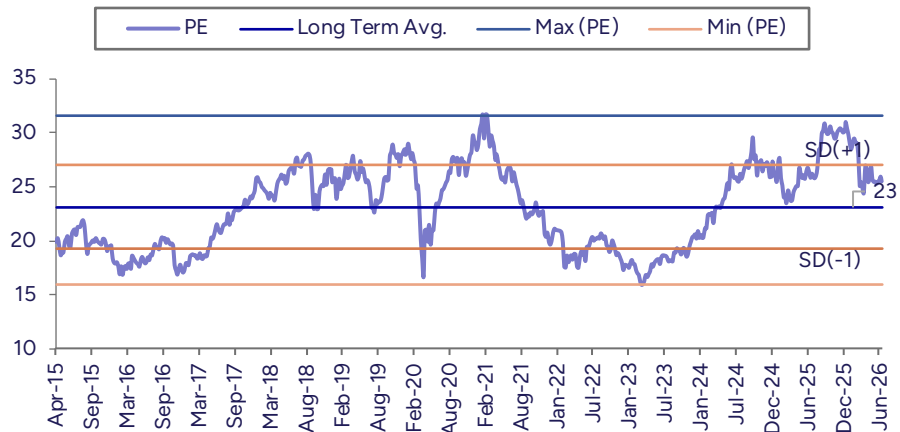
Exhibit 2: One year forward PE trading at 34x, versus a historical average of 30x



Source: Company, PL

Automobile

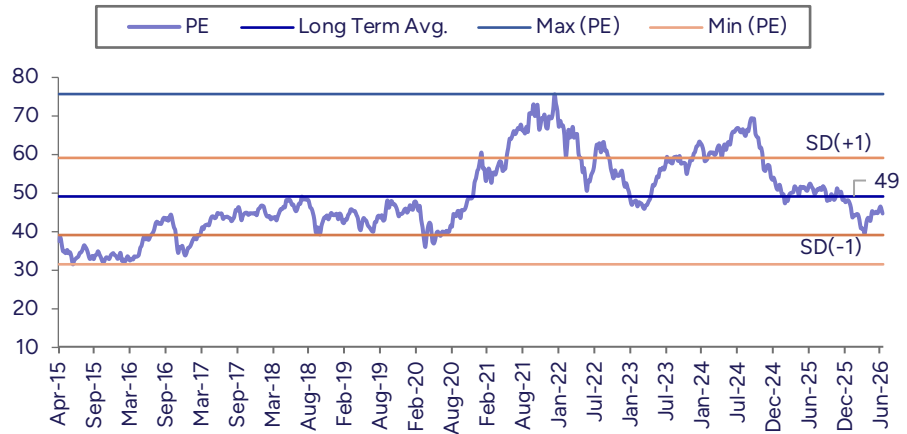
Exhibit 3: One year forward PE trading at 25x, compared with its LTA of 23x



Source: Company, PL

Building Materials

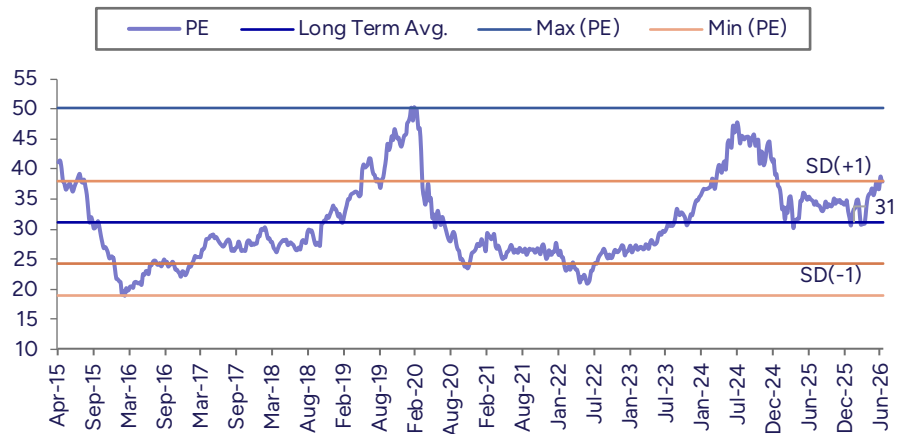
Exhibit 4: Sector valuation at 45x remains below the 49x LTA



Source: Company, PL

Capital Goods

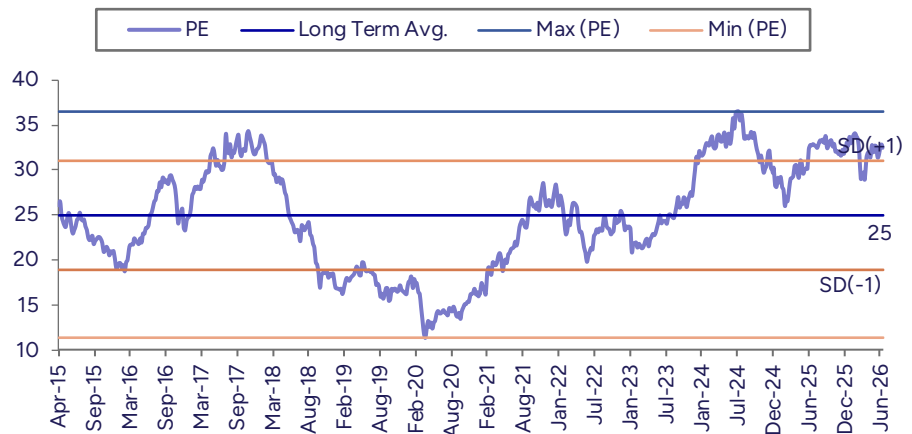
Exhibit 5: Sector quoted at 38x, well ahead of its historical average of 31x



Source: Company, PL

Cement

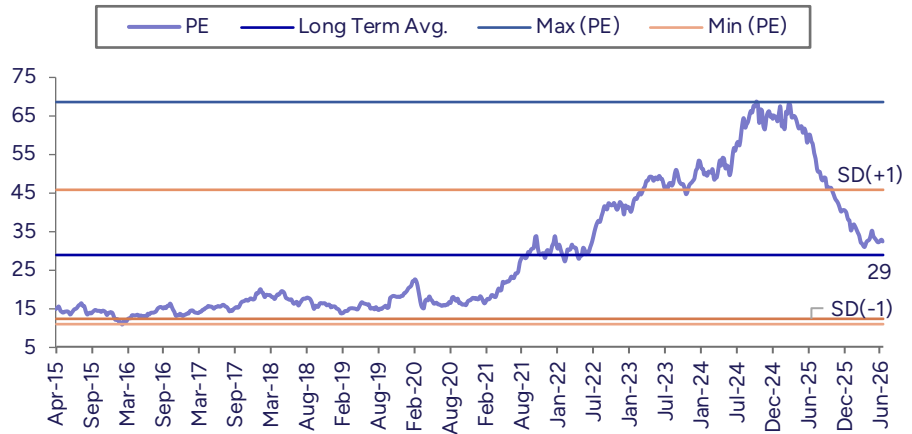
Exhibit 6: Sector valuations stand at 32x, above the LTA of 25x



Source: Company, PL

Chemicals

Exhibit 7: Sector trades at 32x, a premium to the 29x historical average



Source: Company, PL

Consumer Durables

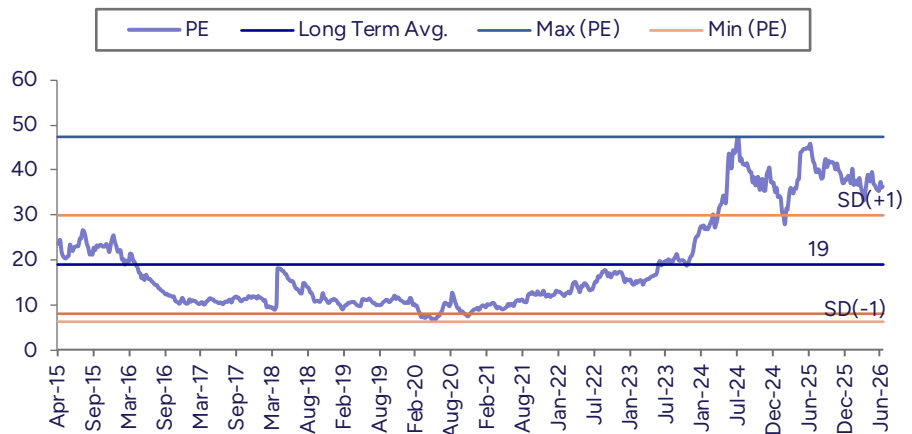
Exhibit 8: Sector valued at 50x, significantly above its LTA of 41x



Source: Company, PL

Defence

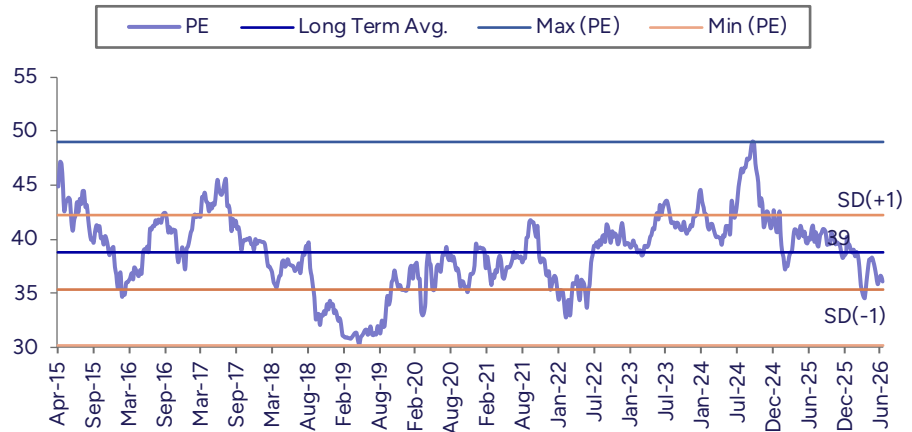
Exhibit 9: One year forward PE trading at 36x, the sector remains far above its historical average of 19x



Source: Company, PL

FMCG

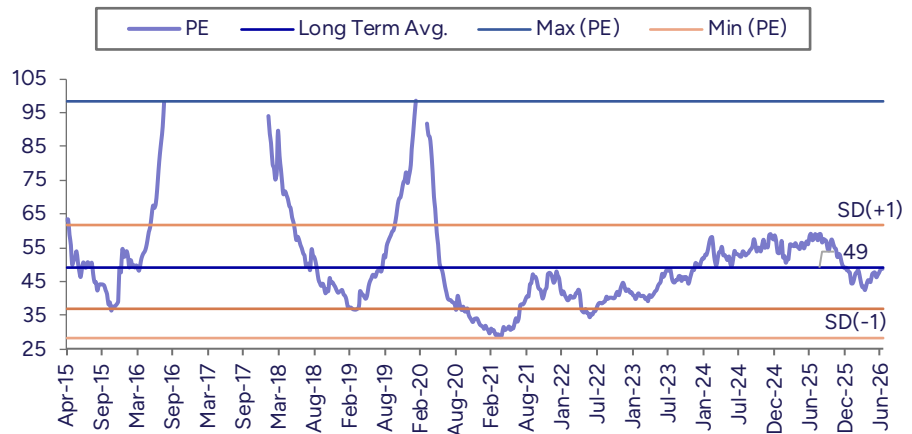
Exhibit 10: One year forward PE trading at 36x, below the LTA of 39x



Source: Company, PL

Hospitals

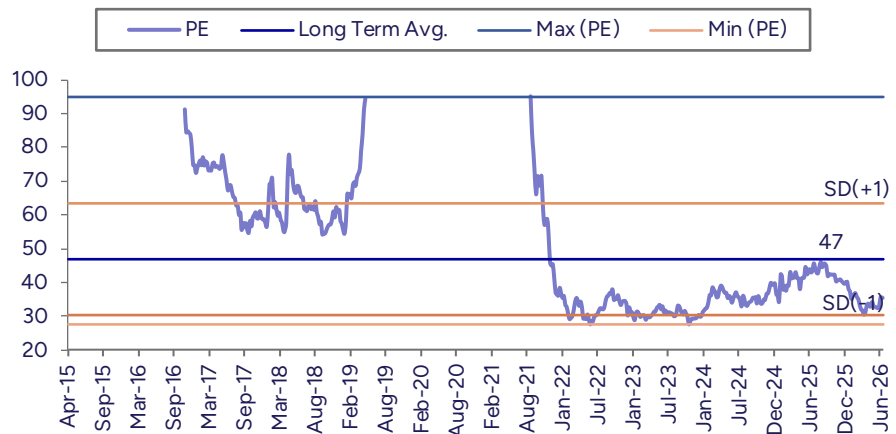
Exhibit 11: Sector valuations have normalized at 49x, in line with the LTA



Source: Company, PL

Hotels

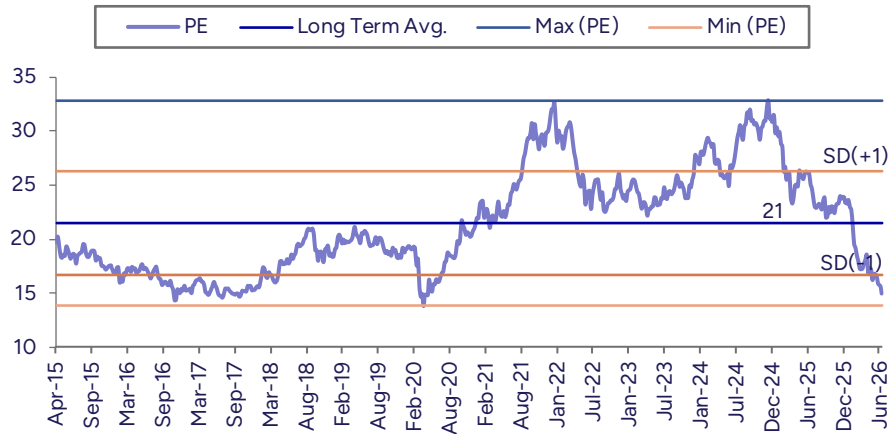
Exhibit 12: Sector trades at 35x, versus a historical average of 47x



Source: Company, PL

IT

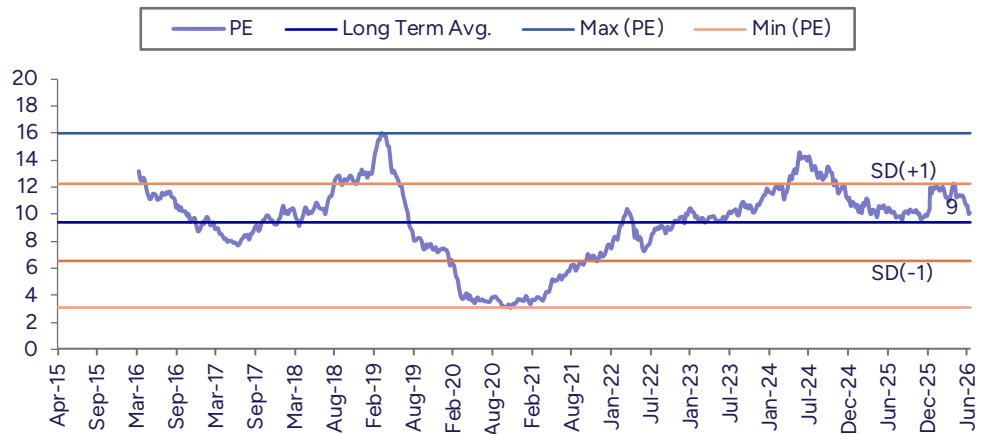
Exhibit 13: One year forward PE trading at 15x remains below the LTA of 21x



Source: Company, PL

Metals & Mining

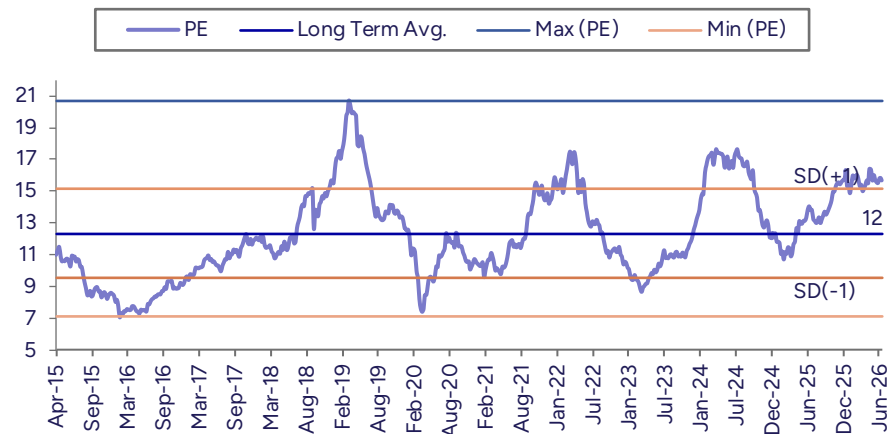
Exhibit 14: One year forward PE trading at 10x, modestly above its historical average of 9x



Source: Company, PL

Oil & Gas

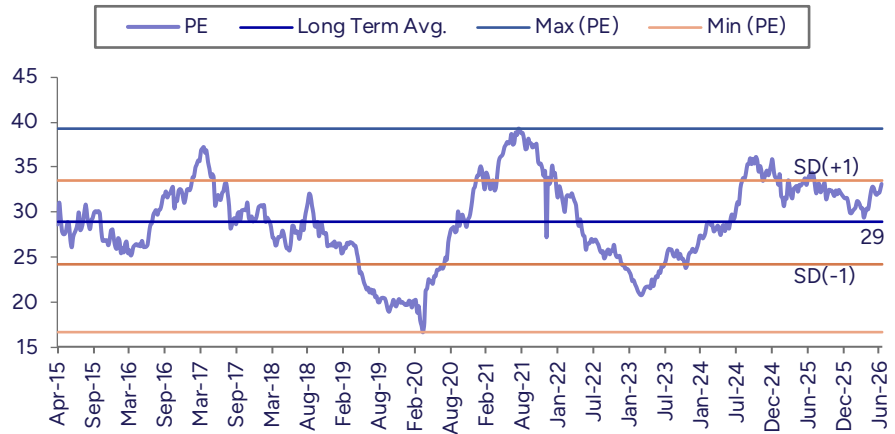
Exhibit 15: One year forward PE trading at 16x, above the LTA of 12x



Source: Company, PL

Pharma

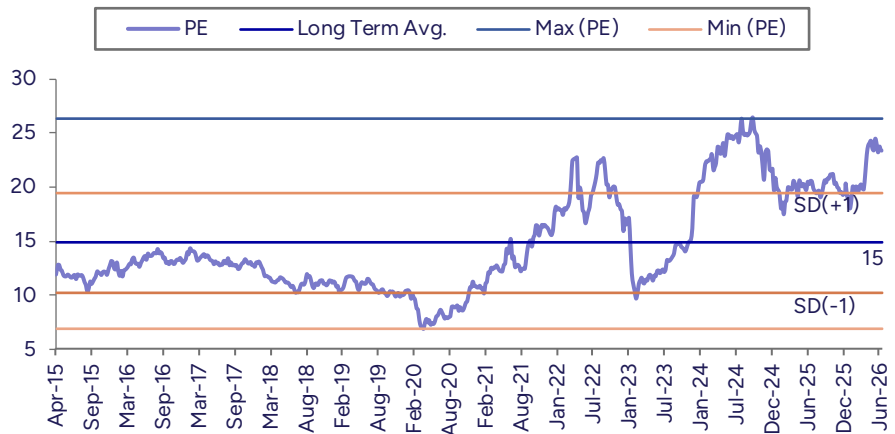
Exhibit 16: Sector commands 33x, against a historical average of 29x



Source: Company, PL

Power Generation & Distribution

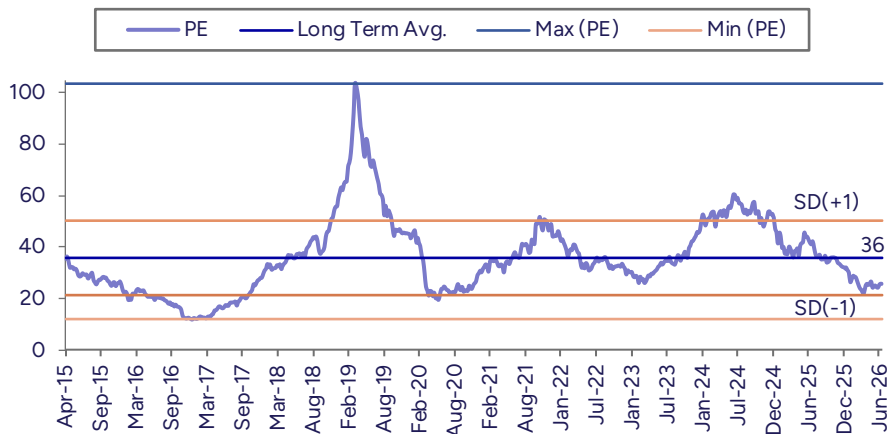
Exhibit 17: Sector valued at 23x, materially above the LTA of 15x



Source: Company, PL

Real Estate

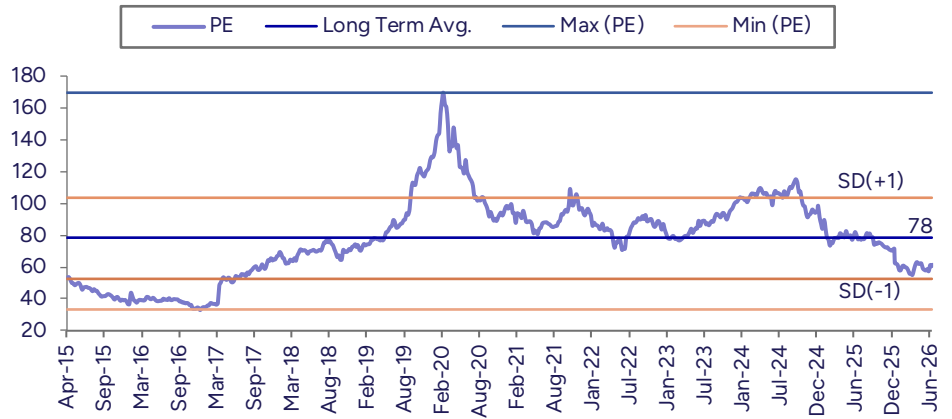
Exhibit 18: Sector trading at 26x, well below its LTA of 36x



Source: Company, PL

Retail

Exhibit 19: One year forward PE trading at 61x remains below the historical average of 78x



Source: Company, PL

Textiles

Exhibit 20: Sector trades at 24x, compared with the LTA of 18x



Source: Company, PL

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

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