

Sectors trading at a premium



Sectors trading at a discount

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

BULLS & BEARS

INDIA VALUATIONS HANDBOOK

HIGHLIGHTS – JAN'25 EDITION

- Another harsh ride – Nifty down 0.6% MoM
- FII outflows and DII inflows second-highest ever in Jan'25 after a record high in Oct'24
- Midcaps/ smallcaps underperform largecaps
- Media, Real Estate, Healthcare, Utilities, and Capital Goods the top laggards
- Breadth balanced in Jan'25, with 25 Nifty stocks closing higher
- Over the last 12 months, the MSCI India Index (+9%) has underperformed the MSCI EM Index (+12%)
- India's share of global market cap dips to 3.9% to a 10 month low

STRATEGY

Pain continues; India underperforms global markets

Pg 03

DEEP-DIVE FOR THE MONTH

Cement: Industry gears up for a strong recovery

Pg 06

INDIAN EQUITIES

Another harsh ride – Nifty down 0.6% MoM

Pg 07

GLOBAL EQUITIES

India among the laggards in Jan'25

Pg 13

SECTOR VALUATIONS

Two-thirds of the sectors trade at a premium to their historical averages

Pg 20

COMPANY VALUATIONS

~50% of the Nifty constituents trade at a premium to their historical averages



Pg 40

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

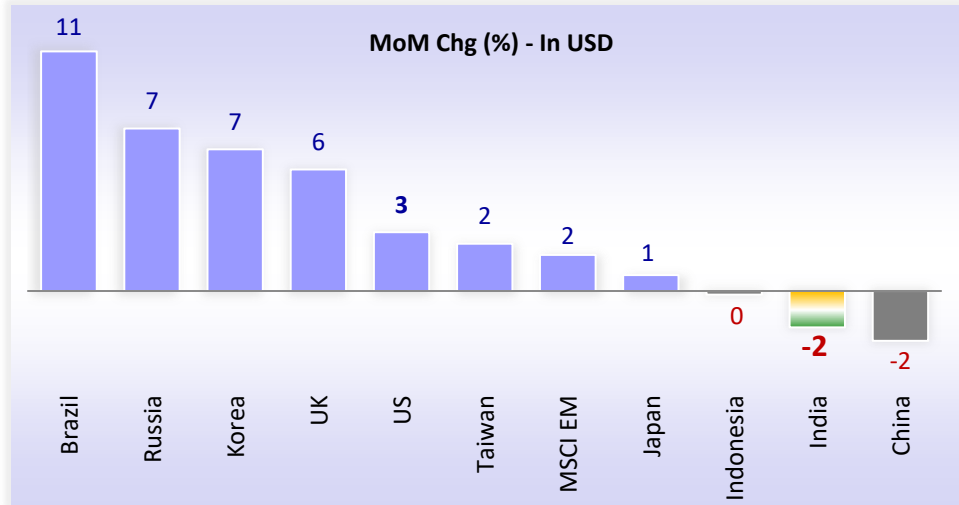
NOTES:

- Prices as of 31st Jan'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

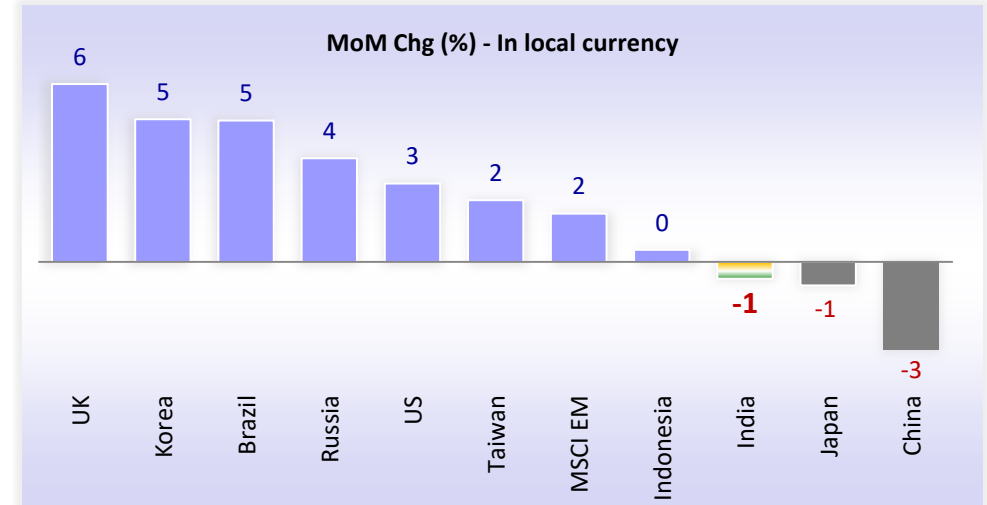
Investors are advised to refer to the important disclosures appended at the end of this report.

- **Market closes in red for the fourth consecutive month:** The Nifty-50 further corrects 0.6% MoM in Jan'25 after a 2% fall in Dec'24. The market closed in red for the fourth consecutive month. Notably, the index was extremely volatile and hovered around 1,440 points before closing 136 points lower. During the last 12 months, largecaps and smallcaps have gained 8% and 6%, respectively, underperforming midcaps, which have risen 11%. During the last five years, midcaps have significantly outperformed largecaps by 101%, while smallcaps have outperformed largecaps by 75%.
- **DII inflows vs. FII outflows – the second-highest ever high in Jan'25:** Notably, DII inflows (at USD10b) and FII outflows (at USD8.4b) were at second record highs in Jan'25 (DIIs inflows at USD12.8b and FIIs outflows at USD10.9b in Oct'24). DII flows into equities were the highest ever at USD62.9b in CY24 vs. inflows of USD22.3b in CY23. Conversely, FIIs witnessed equity outflows of USD0.8b in CY24 vs. inflows of USD21.4b in CY23.
- **All major sectors end lower in Jan'25:** Among the sectors, Media (-13%), Real Estate (-12%), Healthcare (-8%), Utilities (-6%), and Capital Goods (-5%) were the top laggards MoM. The breadth was balanced in Jan'25, with 25 Nifty stocks closing higher. Bajaj Finance (+16%), Maruti Suzuki (+13%), Tata Consumer (+12%), Bajaj Finserv (+11%), and ONGC (+10%) were the top performers, while Trent (-19%), Dr Reddy's Labs (-12%), BPCL (-11%), Adani Ports (-11%), and HCL Technologies (-10%) were the key laggards.
- **India among the laggards in Jan'25:** Among the key global markets, the UK (+6%), Korea (+5%), Brazil (+5%), Russia MICEX (+4%), the US (+3%), Taiwan (+2%), and MSCI EM (+2%) ended higher in local currency terms. Conversely, China (-3%), Japan (-1%), and India (-1%) ended lower MoM in Jan'25. Over the last 12 months, the MSCI India Index (+9%) has underperformed the MSCI EM Index (+12%). Over the last 10 years, the MSCI India Index has notably outperformed the MSCI EM index by a robust 144%. While India's share of the global market cap stood at 3.9%, a 10-month low, it remains above its historical average of 2.7%.
- **Corporate earnings in line so far in 3QFY25:** The 3QFY25 earnings are 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 Nifty-50 is likely to clock a modest ~5% EPS growth in FY25E (following a 20%+ CAGR during FY20-24). For the 183 companies within our MOFSL Universe, sales/EBITDA/PBT/PAT were +5%/8%/7%/3% YoY (vs. est. of +6%/6%/5%/4%). Excluding Metals and O&G, the MOFSL Universe companies recorded a sales/EBITDA/PBT/PAT growth of 10%/10%/11%/8% YoY (vs. est. of +10%/10%/10%/8%) in 3QFY25 so far.
- **Our view:** Weakness in consumption, coupled with a drag from commodities, has put pressure on earnings, even as BFSI, Healthcare, Capital Goods, and Tech have posted a healthy print. With the government shifting its focus from capex to consumption in its [budget](#), we expect a realignment in portfolios and further moderation in the multiples of Industrials/Capital Goods/Manufacturing sectors. The underperformance of Consumer Staples may also be behind, in our view, as the INR1t tax relief for middle-class taxpayers works its way through the wallets and reflects in consumer spending in the quarters to come. We expect multiples of Consumption companies, especially Staples, to rebound after a steady de-rating since FY20. The Nifty is trading at a 12-month forward P/E of ~20x, below its Long-Period Average (LPA) of 20.6x. Overall, with broader markets trading at significant premiums vs. their own LPA and Nifty, we 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** – ICICI Bank, SBI, Bharti Airtel, HUL, L&T, LTIMindtree, Sun Pharma, Maruti Suzuki, M&M, Titan Company, Trent, and Cummins India; **Midcaps and Smallcaps** – Indian Hotels, Dixon Tech, BSE, Godrej Properties, JSW Infra, Coforge, Page Industries, IPCA Labs, Metro Brands, Angel One, and Vinati Organics.

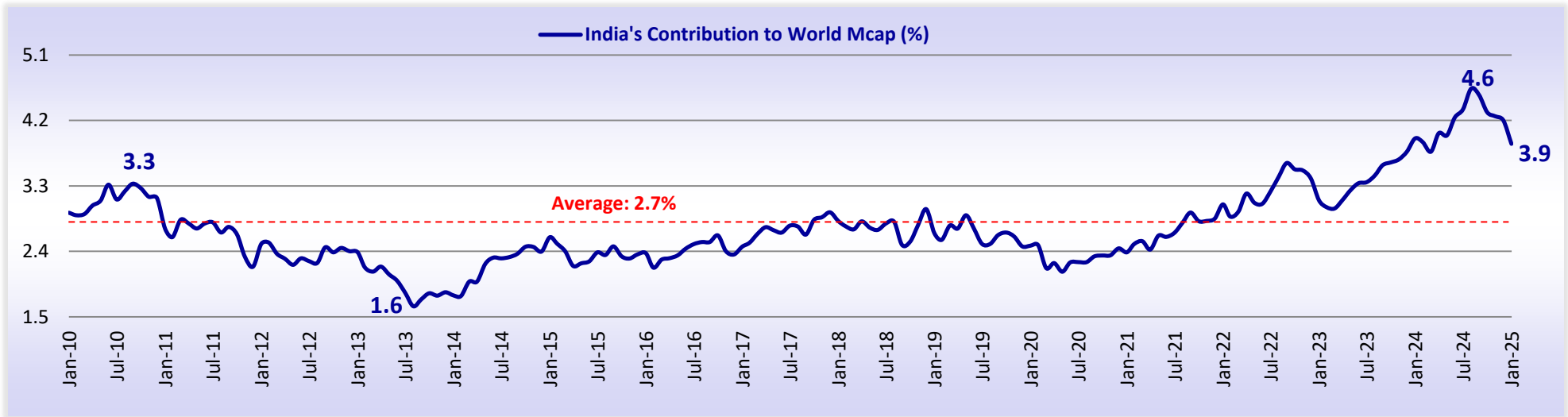
World equity indices in Jan'25 in USD terms (%)



World equity indices in Jan'25 in local currency terms (%)

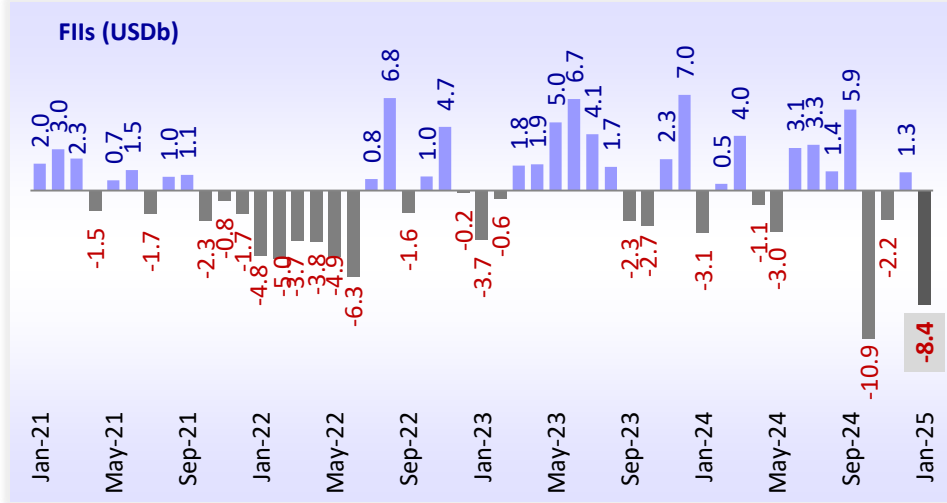


India's share of global market cap dips to 3.9% to a 10-month low

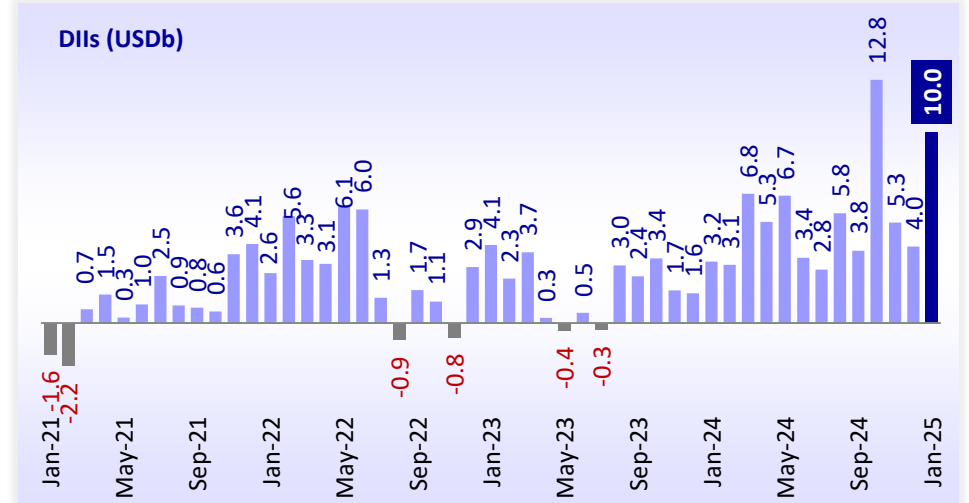


Source: Bloomberg

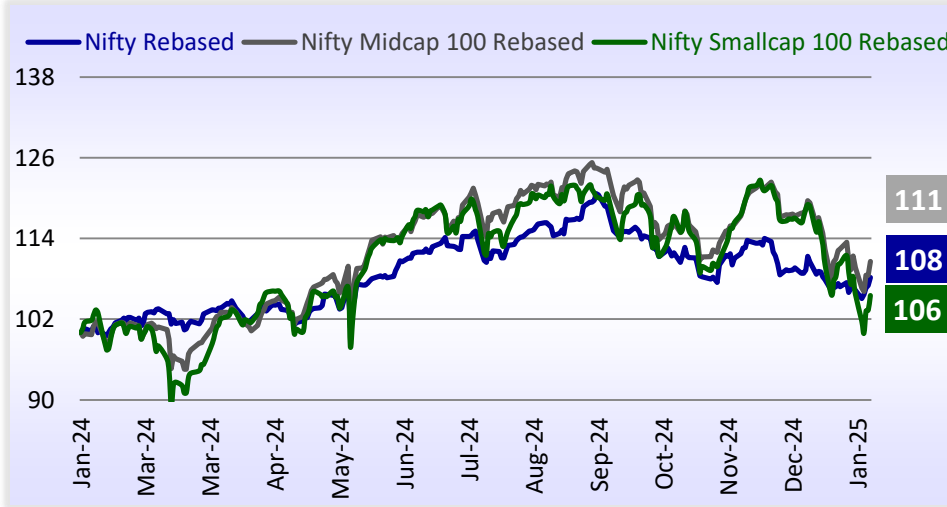
FIIs record second-highest ever monthly outflows into equities in Jan'25



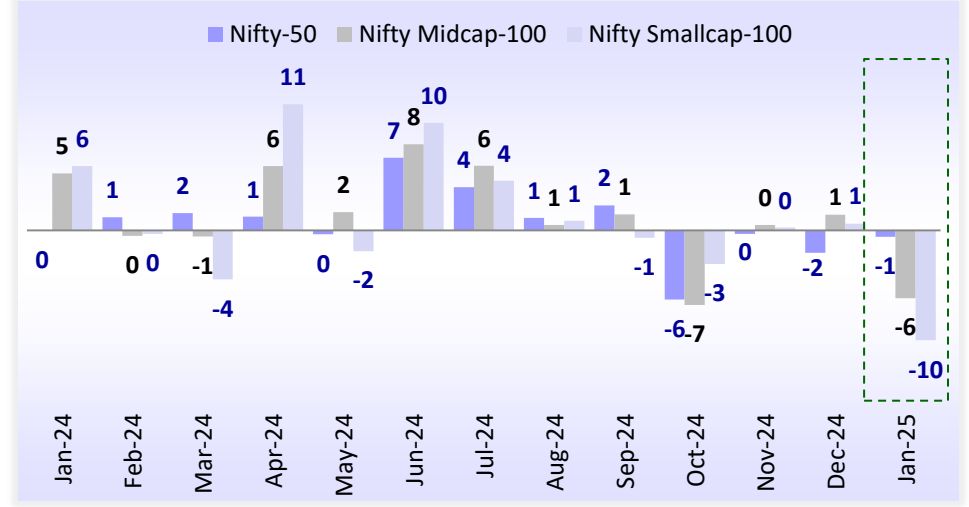
DIIs' monthly flows into equities continue to be robust



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

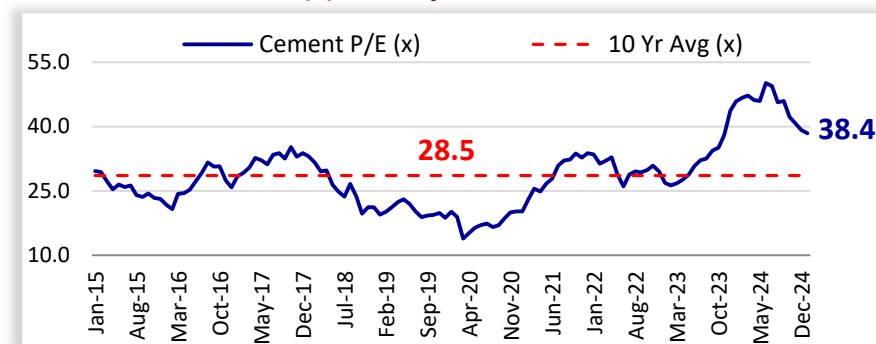


MoM performance (%) – midcaps and smallcaps underperform in Jan'25

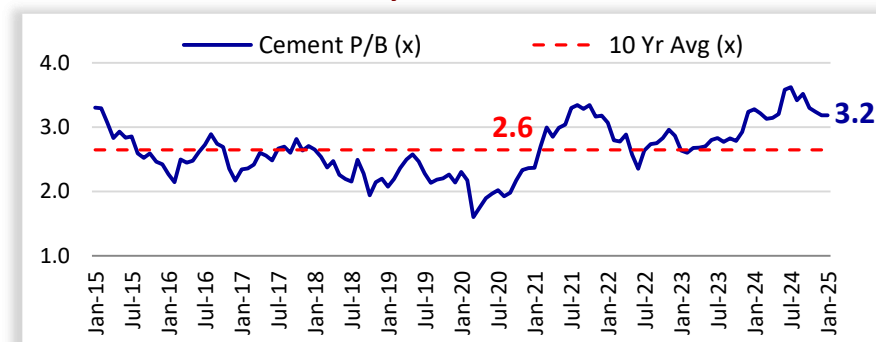


- The Cement industry faced multiple challenges in CY24 in terms of weak pricing (down ~8% YoY in CY24) and a lull in cement demand due to general elections in May-Jun'24, followed by intense monsoon across the country. However, demand started improving from Dec'24 across all sectors, including individual housing, infrastructure development, and real estate. We believe cement demand will rebound in 1HCY25, led by the start of a peak construction period, demand recovery in rural markets, increase in government spending, and sustained real estate demand. We estimated demand CAGR at ~7-8% over FY25-27.
- The industry's profitability declined sharply in 1HFY25 (EBITDA margin at ~14%, at a multi-period low), due to lower prices and lull cement demand, which led to negative operating leverage. However, profitability has improved sequentially, led by improvement in demand, favorable fuel prices, and price hikes in Dec'24. Within regions, higher price hikes were seen in North and West, followed by Central, East, and South. We continue to believe that North and Central regions are better placed compared to the South and East, as higher competitive intensity in the latter regions may keep prices in check in the near term.
- The Indian cement industry's valuations are higher than historical average (current valuation of 21.7x EV/EBITDA, at ~32% premium to its long-term average) due to consolidation, improved pricing power in the industry led by a rise in clinker utilization, initiatives towards cost optimization, efficiency improvement, and sustainability. We have assigned higher-than-historical valuation multiples and a premium over other cement companies to UTCEM, ACEM, and JKCE, given the consistent capacity expansions, market share gains, and improving cost structure.
- **Key Risk:** Slowdown in the govt. capex, trend reversal in fuel prices

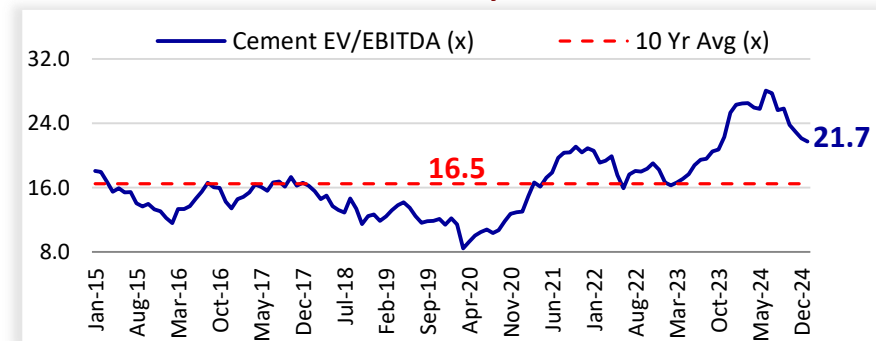
Cement: Trend in P/E (x) – one-year forward



Cement: Trend in P/B – one-year forward

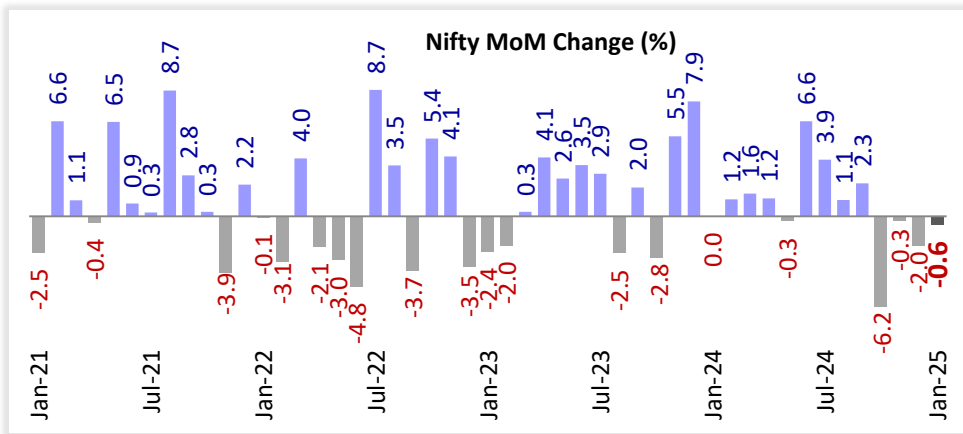


Cement: Trend in EV/EBITDA – one-year forward

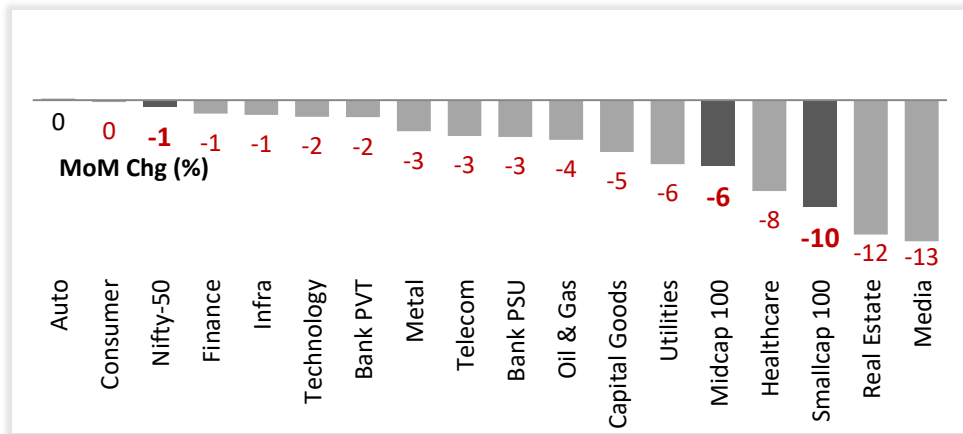


- The Nifty-50 further corrects 0.6% MoM in Jan'25 after a 2% fall in Dec'24. The market closed in red for the fourth consecutive month. Notably, the index was extremely volatile and hovered around 1,440 points before closing 136 points lower.
- All major sectors ended lower – Media (-13%), Real Estate (-12%), Healthcare (-8%), Utilities (-6%), and Capital Goods (-5%) were the top laggards MoM.

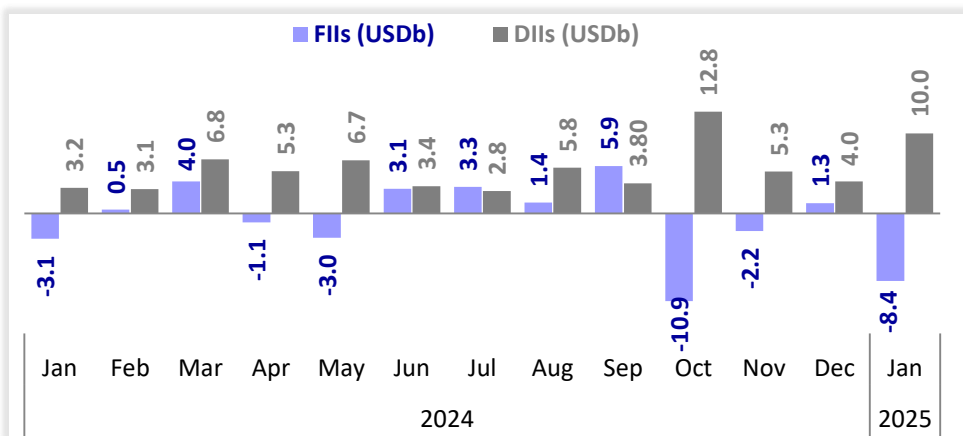
Nifty-50 MoM change (%) – fourth consecutive month of a decline



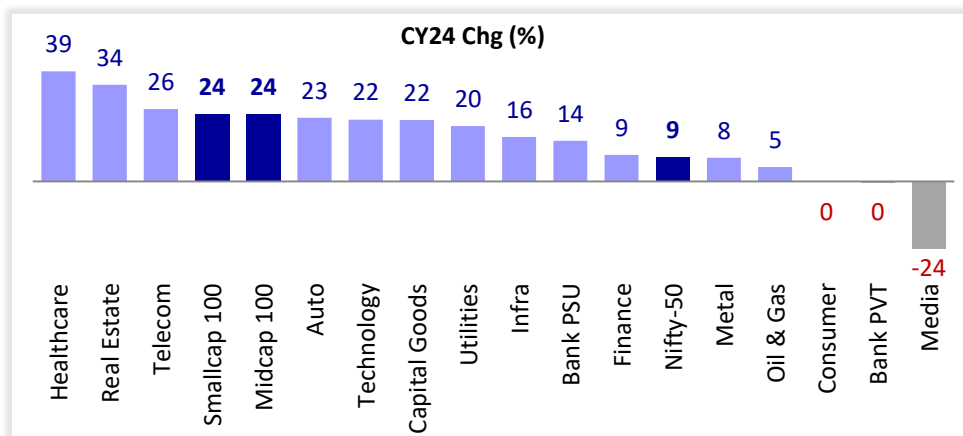
Sectoral MoM change (%) – Media, Real Estate, Healthcare top laggards



Institutional flows (USD b) – FIIs' outflows and DIIs' inflows were second-highest ever high in Jan'25

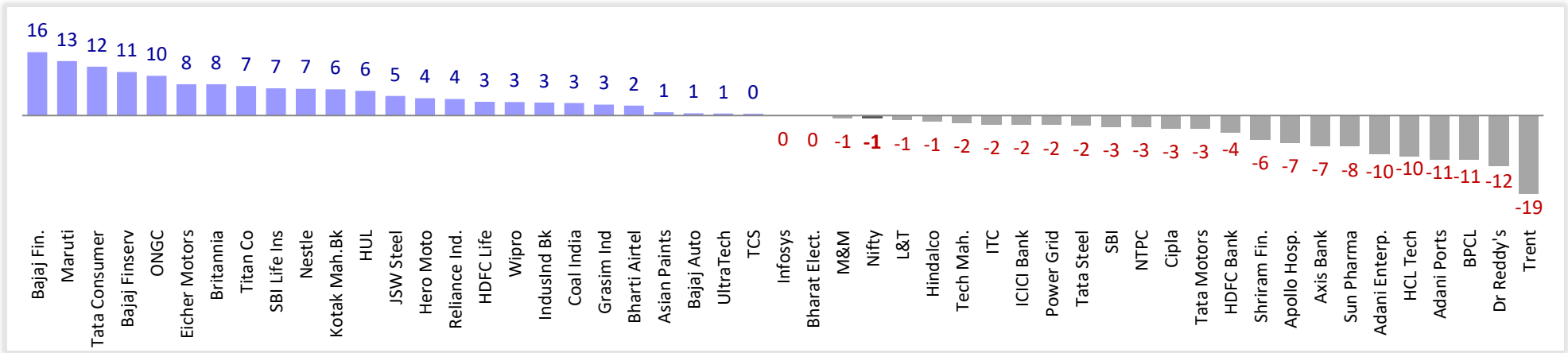


Sectoral CY24 change (%) – Healthcare, Real Estate, Telecom, Automobiles, and Technology top gainers

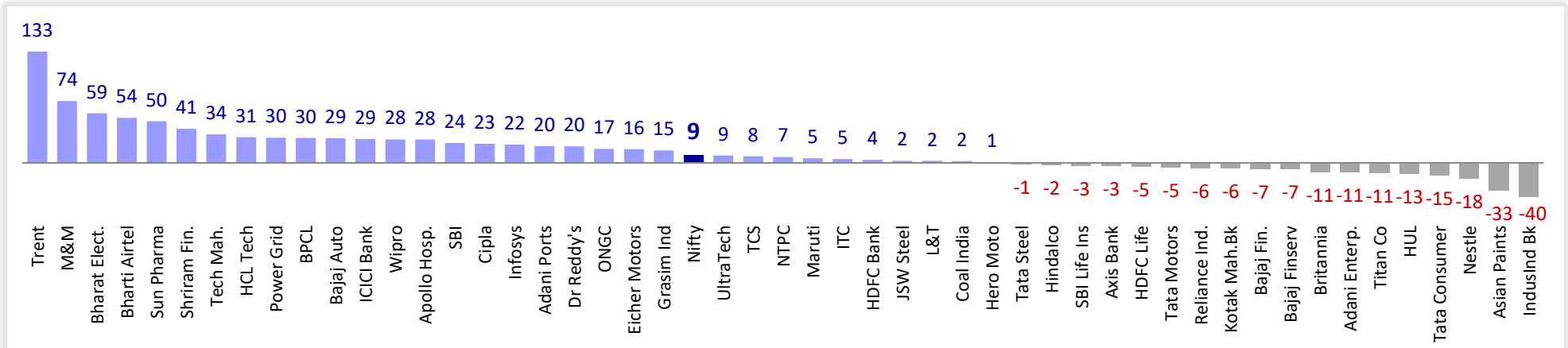


- **Best and worst Nifty performers in Jan'25:** Bajaj Finance (+16%), Maruti Suzuki (+13%), Tata Consumer (+12%), Bajaj Finserv (+11%), ONGC (+10%) were the top performers, while Trent (-19%), Dr Reddy's Labs (-12%), BPCL (-11%), Adani Ports (-11%), HCL Technologies (-10%) were the key laggards.
- **Best and worst Nifty performers in CY24:** Trent (+133%), M&M (+74%), Bharat Electronics (+59%), Bharti Airtel (+54%), and Sun Pharma (+50%) were the top performers, while IndusInd Bank (-40%), Asian Paints (-33%), Nestle (-18%), Tata Consumer (-15%), and HUL (-13%) were the top laggards.

Best and worst Nifty performers (MoM) in Jan'25 (%) – Breadth balanced; 25 Nifty companies end higher MoM

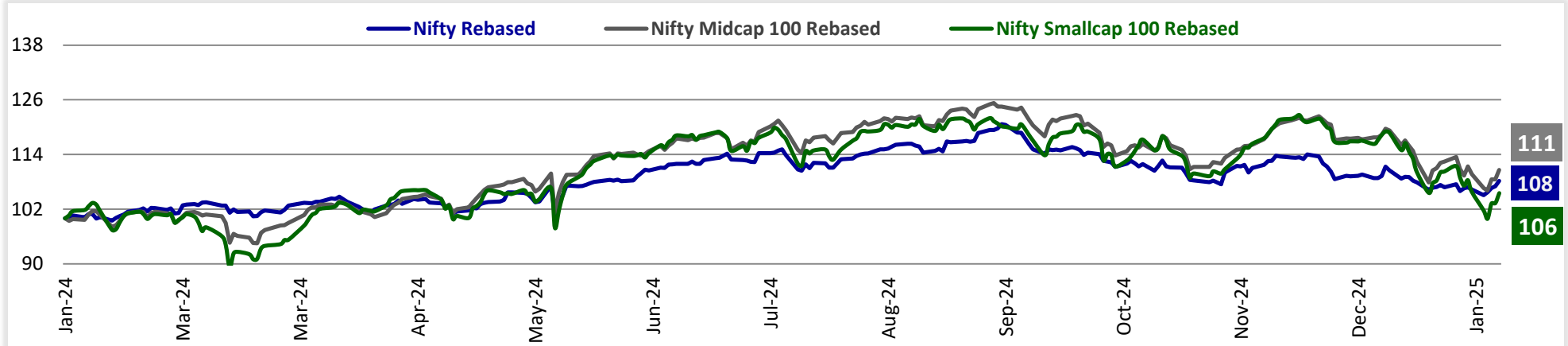


Best and worst Nifty performers in CY24 (%) – 64% of the constituents end higher

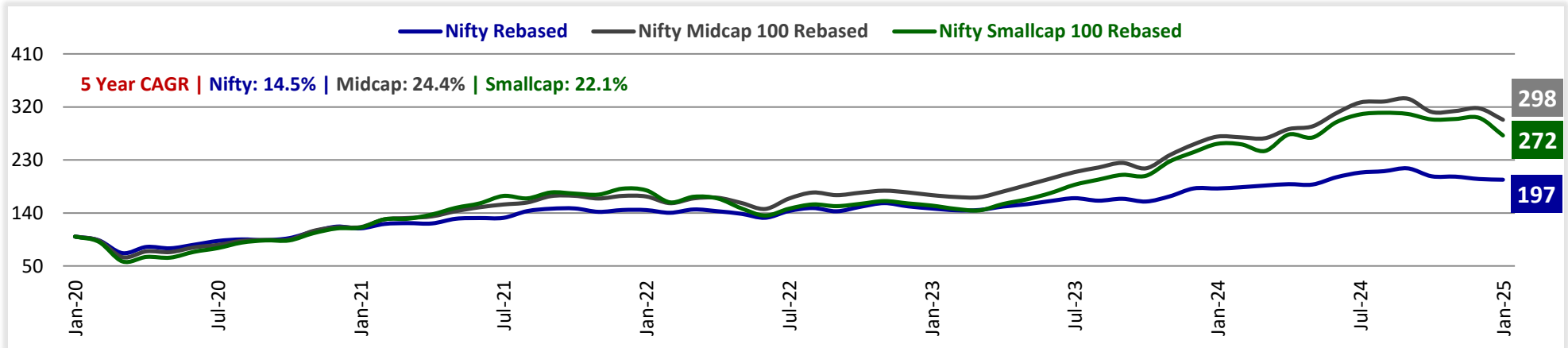


- During the last 12 months, largecaps and smallcaps have gained 8% and 6%, respectively, underperforming midcaps, which have risen 11%. During the last five years, midcaps have significantly outperformed largecaps by 101%, while smallcaps have outperformed largecaps by 75%.

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

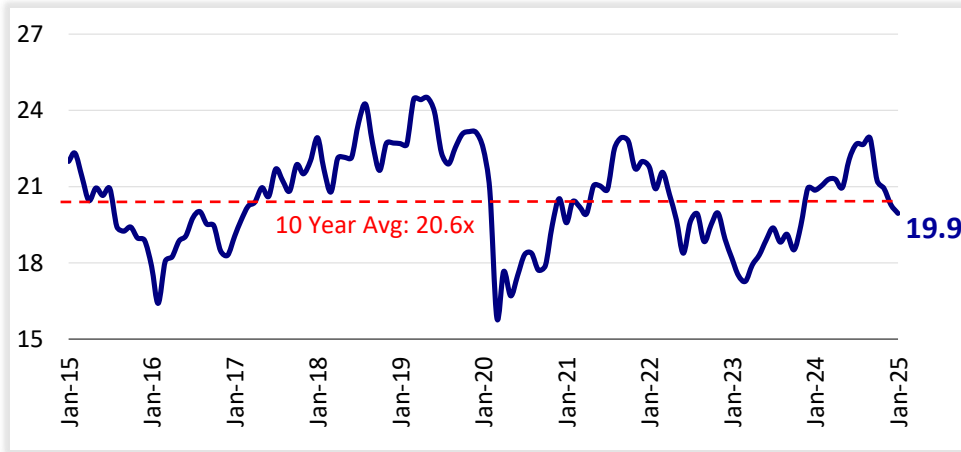


Performance of midcaps and smallcaps vs. largecaps over the last five years

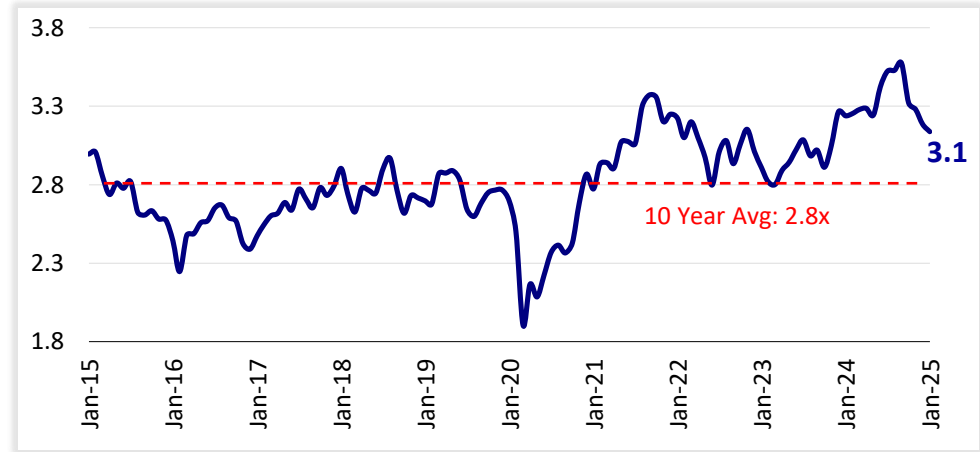


- The Nifty is trading at a 12-month forward P/E ratio of 19.9x below its LPA of 20.6x (at a 3% discount). Conversely, its P/B of 3.1x represents a 11% premium to its historical average of 2.8x.
- The 12-month trailing P/E for the Nifty, at 22.6x, is near its LPA of 22.7x (at a 1% discount). At 3.5x, the 12-month trailing P/B ratio for the Nifty is above its historical average of 3.1x (at a 13% premium).

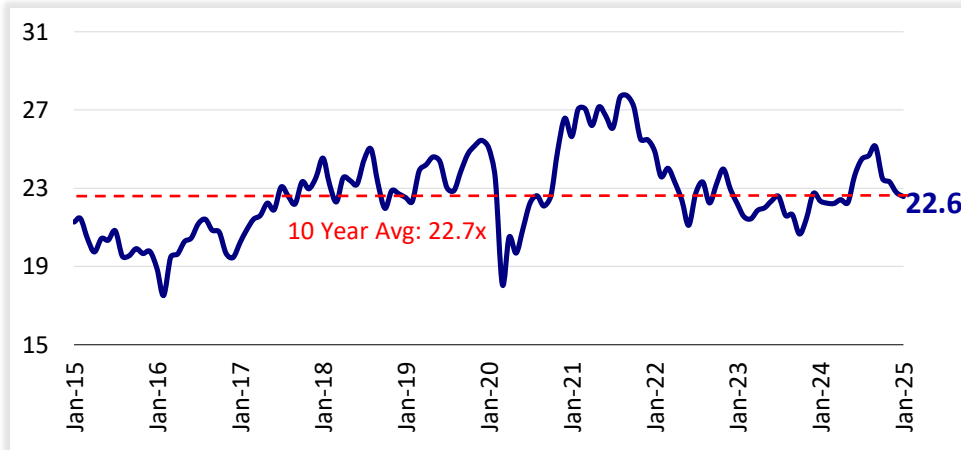
12-month forward Nifty P/E ratio (x)



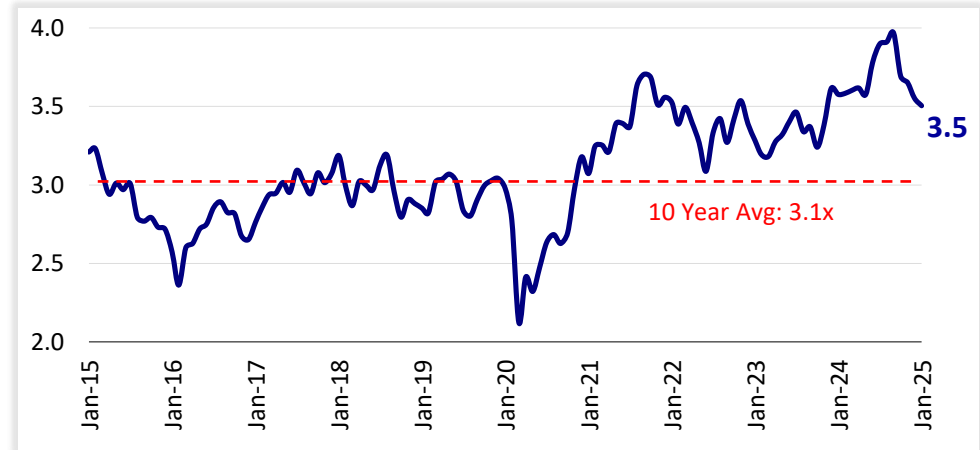
12-month forward Nifty P/B ratio (x)



Trailing Nifty P/E ratio (x)

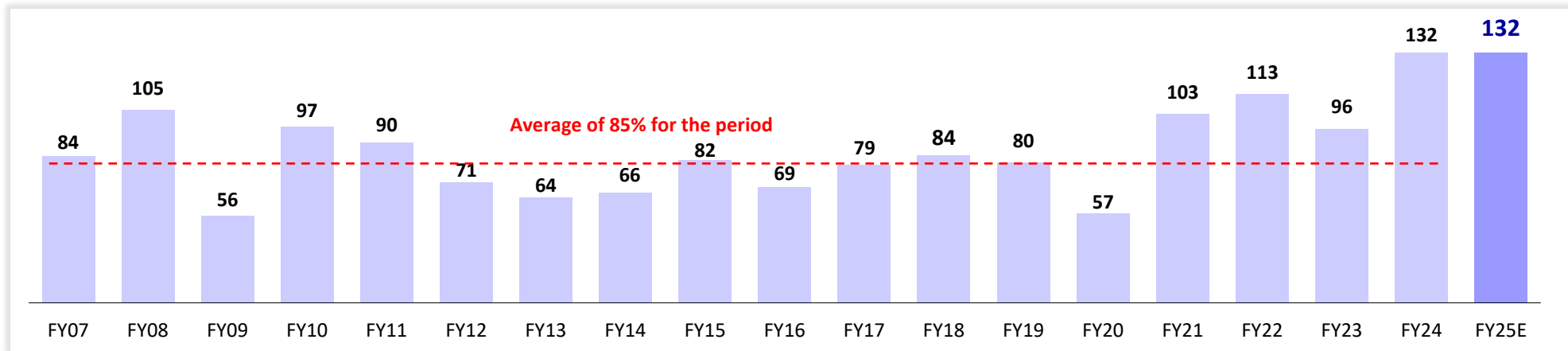


Trailing Nifty P/B ratio (x)

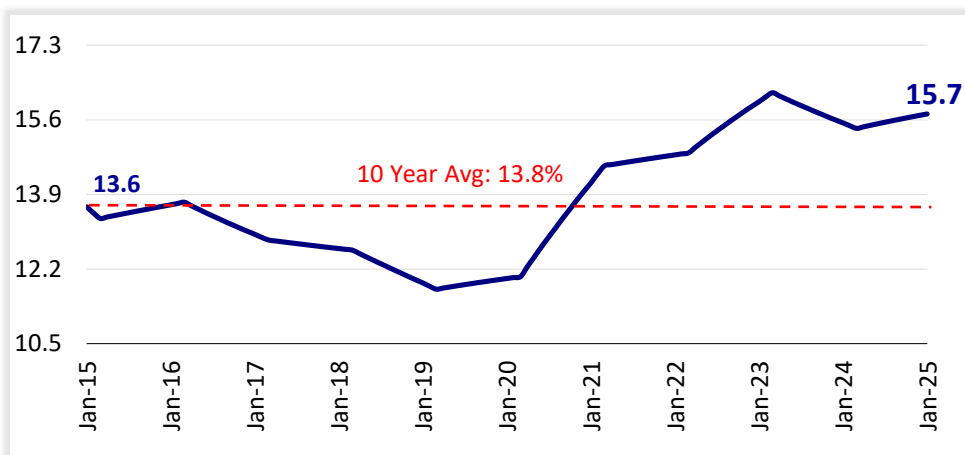


- India's market capitalization-to-GDP ratio has been volatile, plummeting to 57% (of FY20 GDP) in Mar'20 from 80% in FY19 and then sharply reviving to 132% in FY24. It is now at 132% of FY25E GDP (9.2% YoY), above its long-term average of 85%.
- The Nifty is trading at a 12-month forward RoE of 15.7%,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

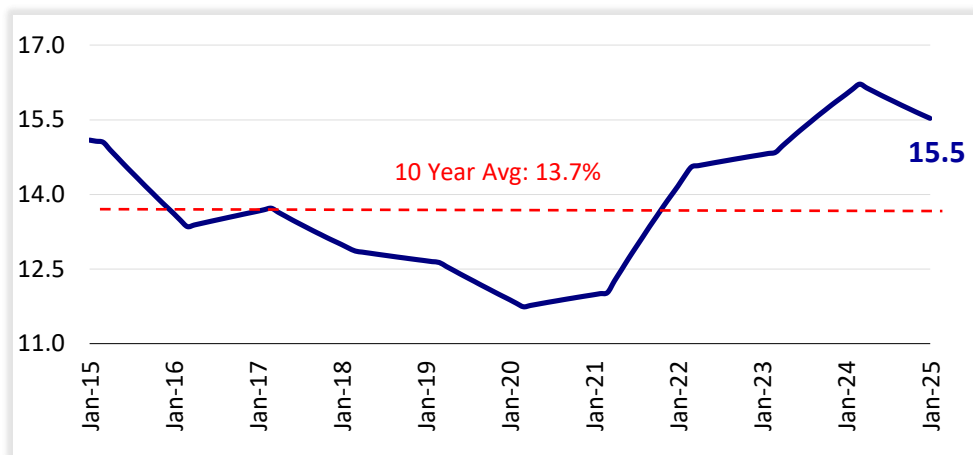
India's market capitalization-to-GDP ratio (%)



12-month forward Nifty RoE (%)



Trailing Nifty RoE (%)

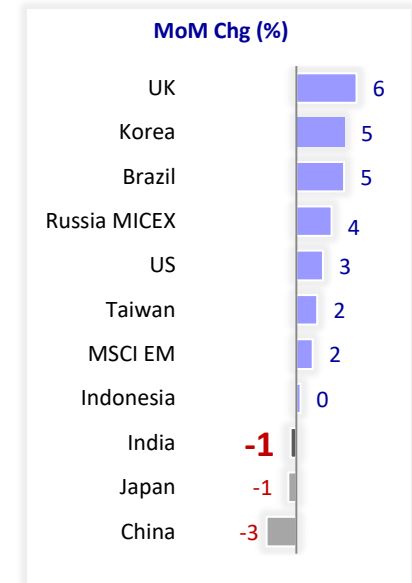


- Among the key global markets, the UK (+6%), Korea (+5%), Brazil (+5%), Russia MICEX (+4%), the US (+3%), Taiwan (+2%), and MSCI EM (+2%) ended higher in local currency terms. Conversely, China (-3%), Japan (-1%), and India (-1%) ended lower MoM in Jan'25.
- Indian equities have been trading at 22.4x FY25E earnings. The key markets continued to trade at a discount to India.

India (Nifty) vs. other markets

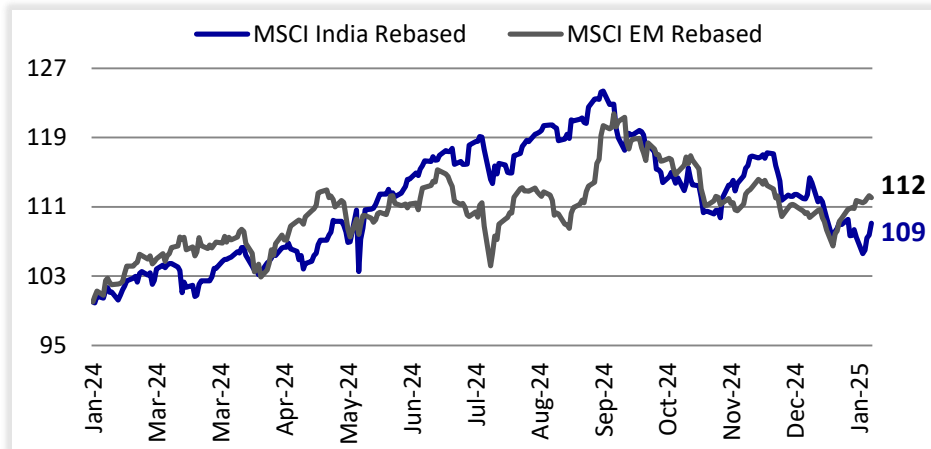
	Index Value	Mkt Cap (USD T)	MoM Chg (%)		PE (x)		Prem / Disc to India PE (%)		PB (x)		RoE (%)	
			Local Currency	In USD	CY23 / FY24	CY24E / FY25E	CY23 / FY24	CY24E / FY25E	CY23 / FY24	CY24E / FY25E	CY23 / FY24	CY24E / FY25E
US	6,041	64.2	3	3	27.3	24.8	17	11	5.7	5.1	17.9	17.9
MSCI EM	1,093	21.2	2	2	15.3	13.7	-34	-39	1.8	1.8	11.3	12.6
China	3,251	9.9	-3	-2	14.4	13.2	-38	-41	1.4	1.3	9.3	10.0
Japan	39,572	6.5	-1	1	30.7	20.8	31	-7	2.2	2.1	7.1	10.1
India	23,508	4.9	-1	-2	23.4	22.4			3.8	3.5	16.2	15.4
UK	8,674	3.2	6	6	11.7	12.8	-50	-43	2.0	1.9	16.4	12.6
Taiwan	23,525	2.5	2	2	27.6	19.1	18	-15	2.8	2.9	10.1	14.9
Korea	2,517	1.6	5	7	15.6	10.6	-33	-52	0.9	0.9	5.0	8.5
Indonesia	7,109	0.8	0	0	18.3	12.7	-22	-43	1.9	1.6	10.6	12.6
Brazil	1,26,135	0.7	5	11	9.0	8.4	-61	-63	1.5	1.2	16.7	14.4
Russia	5,650	0.7	4	7	7.6	6.0	-68	-73	0.8	0.9	14.6	14.9

Source: Bloomberg/CEIC/MOFSL

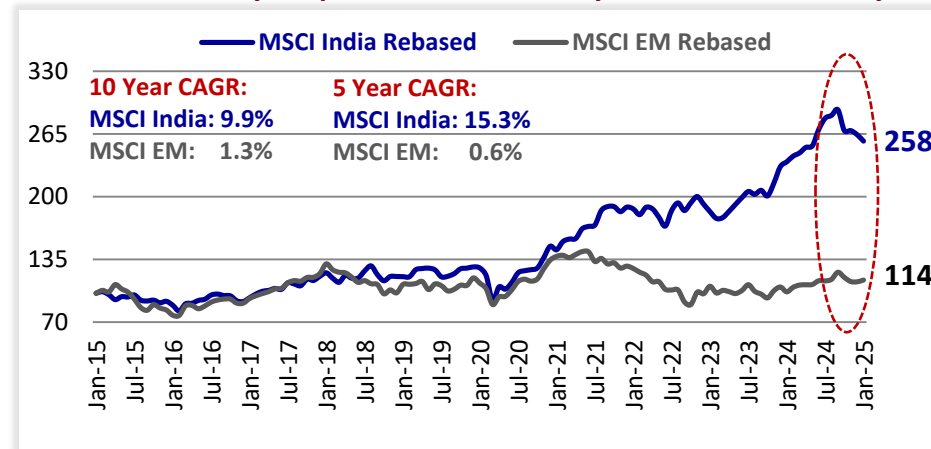


- Over the last 12 months, the MSCI India Index (+9%) has underperformed the MSCI EM Index (+12%). Over the last 10 years, the MSCI India Index has notably outperformed the MSCI EM index by a robust 144%.
- In P/E terms, the MSCI India Index is trading at a 78% premium to the MSCI EM Index, near its historical average premium of 79%.

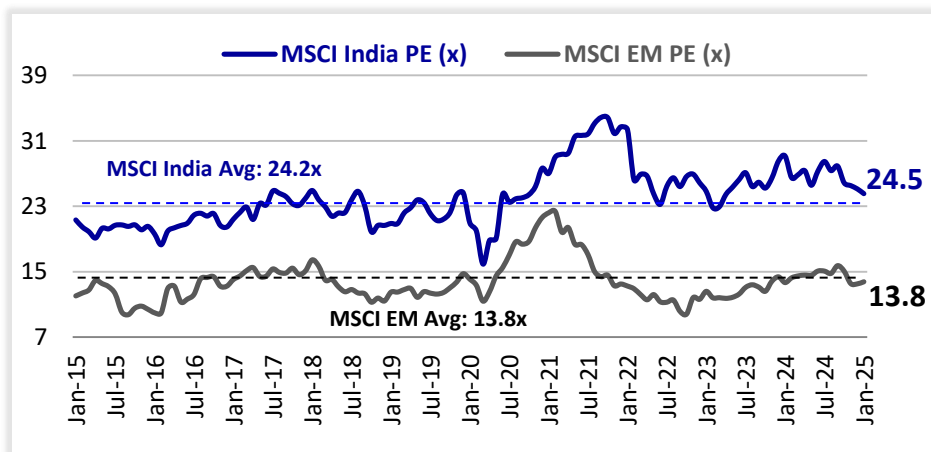
Performance of MSCI EM vs. MSCI India over the last 12 months



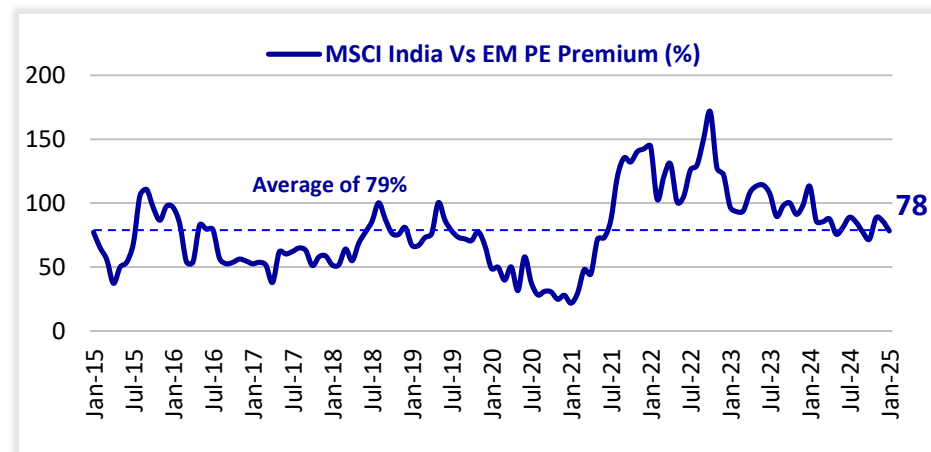
MSCI India notably outperforms MSCI EM by 144% in the last 10 years



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



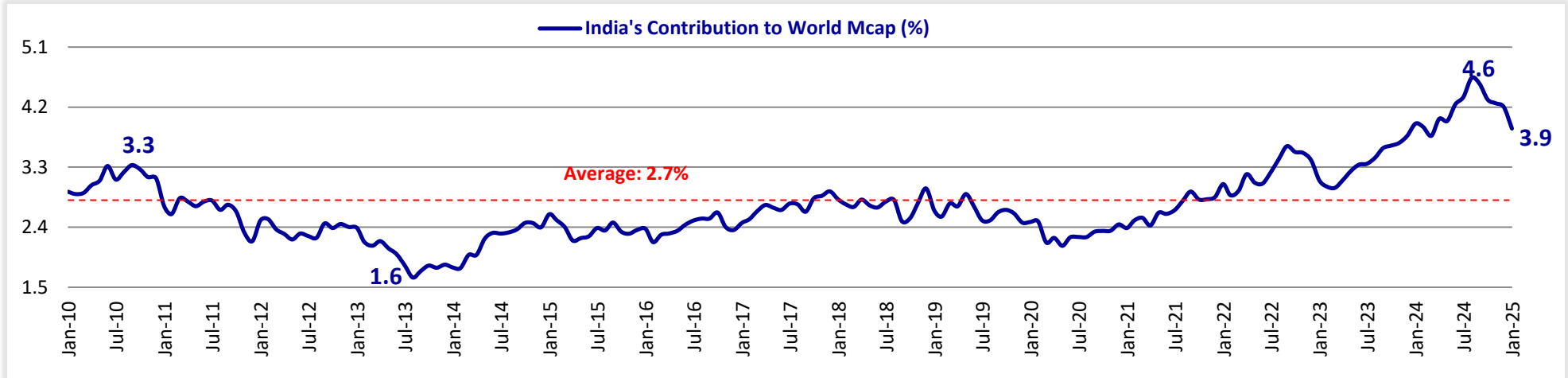
In P/E terms, MSCI India trades at a premium (%) to MSCI EM



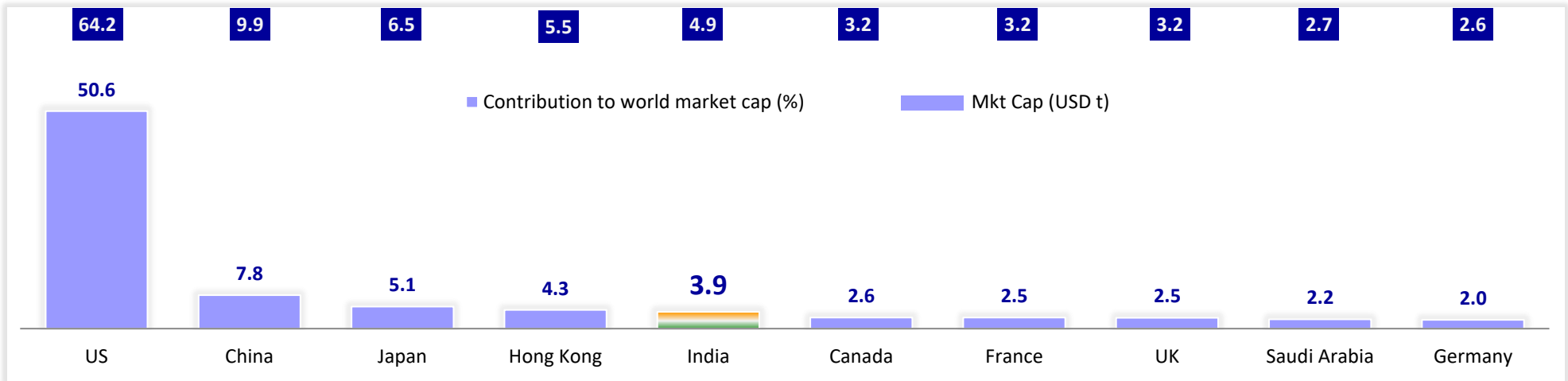
Source: Bloomberg

- India's share of the global market cap stood at 3.9%, a 10-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 Jan'25.

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



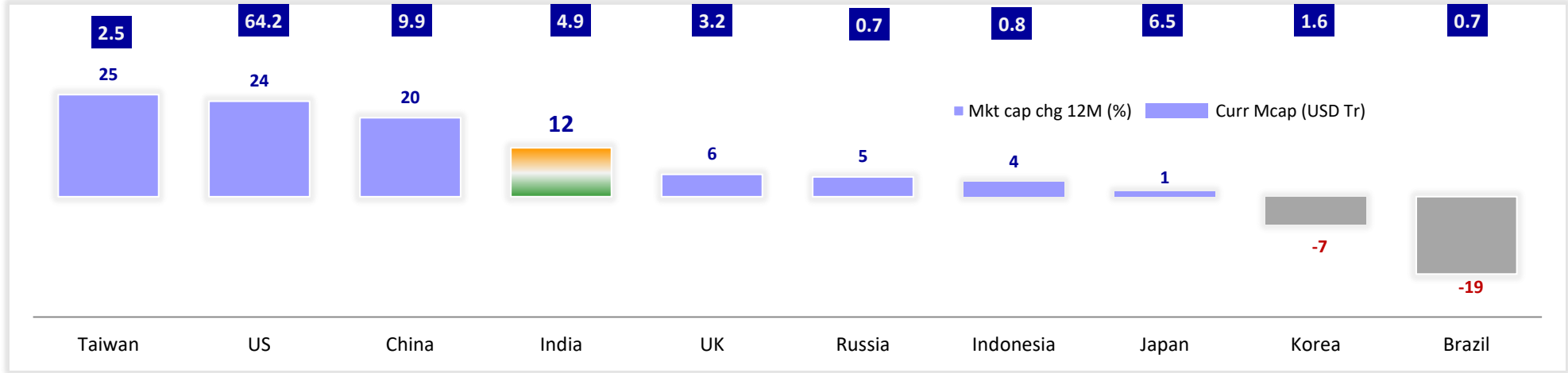
Top 10 countries constituted ~83% of the global market cap as of Jan'25



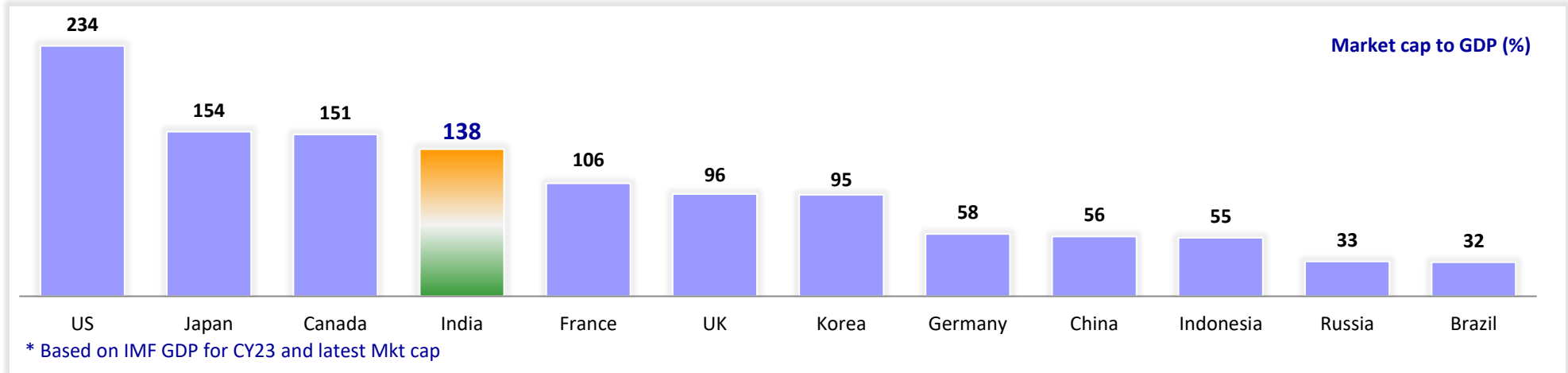
Source: Bloomberg\CEIC

- Over the last 12 months, global market cap increased 14.3% (USD15.9t), whereas India's market cap surged 12.2%.
- Barring Brazil and Korea, 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, CEIC, IMFs

- Companies trading at a significant premium to their historical average: Bharat Electronics (+215%), Power Grid Corp. (+71%), Grasim Industries (+69%), Tech Mahindra (+53%), and Bajaj Auto (+45%).
- Companies trading at a significant discount to their historical average: Coal India (-36%), Dr Reddy's Labs (-34%), Apollo Hospitals (-31%), Maruti Suzuki (-21%), and Asian Paints (-20%).

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	27.5	19.0	45	38	-8	8.3	4.7	74	163	67
Eicher Motors	Auto	30.0	31.5	-5	50	53	6.1	7.0	-14	93	148
Hero MotoCorp	Auto	18.2	18.3	-1	-9	-11	4.3	4.4	-4	36	56
Mahindra & Mahindra	Auto	25.5	18.7	36	28	-9	5.0	2.8	78	61	0
Maruti Suzuki	Auto	24.4	30.9	-21	22	51	3.7	4.1	-9	19	44
Tata Motors	Auto	NA	17.6	NA	NA	-14	2.1	2.1	0	-33	-26
Axis Bank	BFSI - Pvt Banks	11.1	38.3	-71	-44	86	1.5	2.0	-23	-51	-30
HDFC Bank	BFSI - Pvt Banks	18.0	20.7	-13	-10	0	2.4	3.2	-24	-24	12
ICICI Bank	BFSI - Pvt Banks	17.7	21.7	-18	-11	5	2.8	2.2	30	-10	-23
IndusInd Bank	BFSI - Pvt Banks	9.4	18.9	-50	-53	-8	1.0	2.4	-56	-67	-17
Kotak Mahindra Bank	BFSI - Pvt Banks	17.7	26.4	-33	-11	28	2.3	3.3	-31	-28	16
State Bank	BFSI - PSU Banks	8.0	12.0	-34	-60	-42	1.3	1.1	13	-59	-60
Bajaj Finance	BFSI - NBFC	23.8	31.2	-24	19	52	4.3	5.2	-18	37	85
Shriram Finance	BFSI - NBFC	10.6	10.4	2	-47	-49	1.6	1.4	10	-50	-50
HDFC Life Ins	BFSI - Insurance	68.1	86.6	-21	242	321	2.2	4.1	-47	-31	46
SBI Life Ins	BFSI - Insurance	62.2	60.6	3	212	195	1.8	2.4	-24	-42	-16
Bharat Electronics	Capital Goods	38.5	12.2	215	93	-41	8.8	2.7	226	180	-5
Larsen & Toubro	Capital Goods	27.3	23.5	17	37	14	4.5	3.0	48	43	7
Grasim Inds	Cement	25.8	15.3	69	30	-26	3.0	1.9	60	-4	-34
Ultratech Cement	Cement	40.2	34.9	15	102	70	4.4	3.6	24	42	26
Asian Paints	Consumer	44.7	56.1	-20	124	173	11.0	14.3	-23	252	405
Britannia Inds.	Consumer	49.9	47.7	5	150	132	25.4	20.9	21	711	639
Hind. Unilever	Consumer	51.0	53.2	-4	156	159	11.2	21.2	-47	257	649
ITC	Consumer	24.9	22.6	10	25	10	6.9	5.4	29	121	89
Nestle India	Consumer	64.1	60.0	7	222	192	47.6	49.0	-3	1416	1628
Tata Consumer	Consumer	59.6	48.5	23	199	136	4.0	3.2	23	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	56.1	81.8	-31	181	298	9.8	6.9	41	212	145
Cipla	Healthcare	24.1	26.8	-10	21	30	3.4	3.3	3	9	17
Dr Reddy' s Labs	Healthcare	16.7	25.3	-34	-16	23	2.7	3.4	-22	-15	21
Sun Pharma	Healthcare	30.2	29.7	2	51	44	5.0	3.9	27	58	38
Adani Ports	Logistics	19.4	18.8	3	-3	-9	3.4	3.3	1	7	17
Coal India	Metals	6.0	9.4	-36	-70	-54	2.1	4.4	-52	-33	55
Hindalco	Metals	9.3	9.1	2	-53	-56	1.3	1.2	9	-60	-59
JSW Steel	Metals	17.4	16.4	6	-13	-20	2.5	1.9	32	-21	-33
Tata Steel	Metals	13.7	16.5	-17	-32	-20	1.9	1.3	52	-39	-56
BPCL	Oil & Gas	9.9	9.7	2	-50	-53	1.3	1.9	-30	-59	-34
ONGC	Oil & Gas	5.9	6.8	-13	-70	-67	0.8	0.9	-3	-73	-70
Reliance Inds.	Oil & Gas	21.3	17.6	21	7	-14	1.9	1.5	21	-40	-46
Titan Co	Retail	67.7	61.1	11	239	197	21.0	15.2	38	568	436
Trent	Retail	92.9	89.7	4	366	336	25.0	10.2	144	695	262
HCL Technologies	Technology	24.2	16.9	43	21	-18	7.0	4.0	76	124	41
Infosys	Technology	27.3	20.7	32	37	1	8.8	5.7	56	180	99
TCS	Technology	27.5	24.2	14	38	18	14.8	10.1	46	371	258
Tech Mahindra	Technology	27.8	18.2	53	40	-11	5.3	3.2	63	69	15
Wipro	Technology	25.4	18.0	42	28	-13	4.4	3.0	47	40	5
Bharti Airtel	Telecom	40.6	41.0	-1	104	100	8.1	3.9	107	158	38
NTPC	Utilities	13.2	9.7	36	-34	-53	1.7	1.1	52	-46	-60
Power Grid Corp.	Utilities	15.9	9.3	71	-20	-55	3.0	1.6	86	-5	-44
Nifty		19.9	20.6	-3			3.1	2.8	11		

- In Jan'25, the Nifty Midcap 100 was down 6.1% vs. a 0.6% MoM decline for the Nifty-50.
- The best Nifty Midcap-100 performers in Jan'25 were SRF (+26%), UPL (+21%), Vodafone Idea (+14%), Escorts Kubota (+9%), M&M Financial (+8%).

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
SRF	41.9	26.5	58	110	29	6.1	4.0	52	96	43	26
UPL	14.1	14.7	-4	-29	-28	1.1	2.2	-50	-64	-22	21
Vodafone Idea	NA	22.2	NA	NA	8	NA	1.2	NA	NA	-58	14
Escorts Kubota	32.4	18.5	76	63	-10	4.0	2.3	77	27	-21	9
M & M Fin. Serv.	12.0	17.1	-30	-40	-17	1.6	1.4	8	-50	-49	8
AU Small Finance	16.6	28.6	-42	-17	39	2.4	4.0	-41	-24	43	7
L&T Finance Ltd	11.6	14.7	-21	-42	-28	1.3	1.5	-11	-58	-48	7
Muthoot Finance	15.2	10.4	47	-24	-50	2.8	2.0	37	-11	-28	6
Colgate-Palmoliv	49.0	41.1	19	146	100	33.6	24.9	35	970	777	5
Marico	48.4	43.2	12	142	110	20.9	15.7	33	567	456	5
Indian Bank	6.7	9.8	-32	-67	-52	1.1	0.6	67	-66	-78	5
Indus Towers	14.5	18.1	-20	-27	-12	2.6	3.4	-22	-16	19	2
Hindustan Zinc	15.0	13.3	13	-25	-35	9.8	5.4	82	212	89	1
Aditya Birla Cap	10.9	18.1	-40	-45	-12	1.4	1.8	-24	-56	-35	1
Mphasis	28.7	20.1	43	44	-2	5.4	3.7	45	71	31	1
Aurobindo Pharma	16.9	16.2	5	-15	-21	1.9	2.6	-28	-40	-8	-12
H P C L	8.4	6.1	38	-58	-71	1.3	1.2	6	-58	-56	-12
M R P L	15.2	15.4	-1	-24	-25	1.6	1.4	9	-50	-49	-13
Indian Hotels Co	NA	69.9	NA	NA	240	8.4	4.7	78	167	66	-13
MRF	23.0	24.1	-5	15	17	2.4	2.4	3	-23	-17	-13
Coforge	39.1	23.6	65	96	15	11.4	5.3	117	263	86	-14
Sona BLW Precis.	47.9	69.8	-31	140	240	5.3	10.6	-50	70	275	-15
Godrej Propert.	66.1	75.1	-12	232	266	5.3	5.3	1	70	86	-16
Dixon Technolog.	89.8	58.4	54	350	184	27.1	13.3	103	763	369	-16
Polycab India	41.9	28.7	46	110	40	8.2	5.4	52	162	91	-17
Apollo Tyres	15.1	15.5	-3	-24	-24	1.4	1.1	20	-56	-60	-17
Prestige Estates	61.7	29.8	107	209	45	2.9	1.9	51	-8	-33	-20
Oberoi Realty	22.6	22.2	2	13	8	3.6	2.3	57	15	-19	-22
Voltas	42.7	49.4	-13	114	140	5.8	4.8	20	84	70	-30
Kalyan Jewellers	50.1	33.4	50	151	62	9.7	5.3	85	210	85	-34

- The Technology sector is trading at a P/E ratio of 27.6x, a 31% premium to its long-term average of 21x. In 3Q, the guidance upgrade in major companies, such as INFO (implies a QoQ decline of ~1.0% in 4Q) and HCLT (implies ~0.6% 4Q CC QoQ growth for ITB&S), was disappointing. However, the commentary in pockets turned incrementally positive, and we believe the tech spending recovery—primarily driven by BFSI over the past six months—is now expanding into other verticals such as Hi-Tech and Retail.
- The Private Banks sector is currently trading at a P/B ratio of 2.2x, corrected from its historical average of 2.5x (12% discount). Loan growth stood at 11.5%, down from its peak of 18%, as the deposits market remains competitive. Additionally, a higher CD ratio is constraining loan growth, while stress in unsecured persists. Deposits growth stood steady, while the CASA ratio is expected to see a negative bias amid faster growth in TDs.
- The Consumer sector's P/E stands at 42.9x, at par with its 10-year average of 42x. Its P/B stands at 10.4x, near its historical average of 10.3x. Demand recovery continues to face delays, with urban consumption reeling under pressure. Margins are facing pressures due to high food inflation and a rise in palm oil prices. However, companies are implementing price hikes to offset the pressure.

Sector valuations at a glance

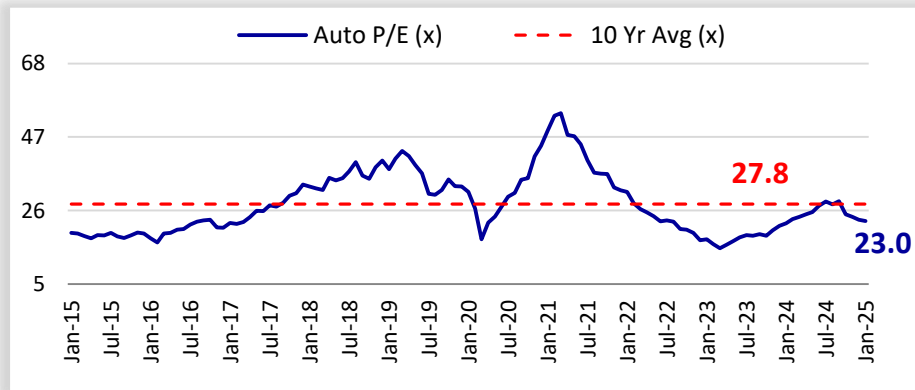
Sector	PE (x)			PE Std. Deviation		Relative to Nifty P/E (%)		PB (x)			PB Std. Deviation		Relative to Nifty P/B (%)	
	Current	10 Yr Avg	Prem/Disc (%)	+1SD	-1SD	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	+1SD	-1SD	Current	10 Yr Avg
Auto	23.0	27.8	-17.3	36.6	19.1	15	34	4.0	3.5	16.6	4.1	2.9	29	22
Banks - Private	16.1	21.1	-23.8	26.3	15.9	-19	2	2.2	2.5	-11.8	2.8	2.2	-29	-10
Banks - PSU	6.8	10.1	-32.0	40.6	-20.5	-66	-55	1.1	0.9	27.2	1.1	0.6	-65	-70
NBFC	13.0	12.5	4.2	14.7	10.2	-35	-40	2.0	1.8	10.2	2.1	1.5	-36	-36
Capital Goods	36.9	28.9	27.5	35.1	22.8	85	41	6.7	4.1	64.9	5.5	2.6	113	41
Cement	38.4	28.5	34.7	36.5	20.6	93	39	3.2	2.6	20.2	3.1	2.2	1	-7
Chemicals	32.8	24.8	32.2	35.1	14.5	64	22	3.9	3.3	18.7	4.4	2.1	24	13
Consumer	42.9	42.0	2.2	45.9	38.1	115	105	10.4	10.3	1.0	11.1	9.4	230	264
Consumer Ex ITC	50.5	52.3	-3.4	59.0	45.5	153	156	11.6	13.2	-11.9	14.4	11.9	270	369
Cons. Durables	48.0	34.3	40.1	46.7	21.9	141	67	7.8	5.4	45.4	7.3	3.5	150	86
Healthcare	31.3	27.0	15.9	31.5	22.5	57	32	4.6	3.8	19.8	4.7	3.0	47	37
Infrastructure	21.7	11.9	82.5	19.6	4.2	9	-42	1.6	1.2	34.8	1.7	0.7	-48	-58
Logistics	22.4	21.4	4.8	25.5	17.2	12	4	3.7	3.4	10.2	4.1	2.6	18	18
Media	15.4	25.2	-38.9	29.5	20.8	-23	23	1.4	3.6	-60.6	5.4	1.9	-54	32
Metals	10.4	10.9	-3.9	14.4	7.3	-48	-47	2.1	1.6	26.6	2.0	1.2	-34	-43
Oil & Gas	14.0	12.6	11.1	15.6	9.6	-30	-39	1.5	1.5	1.8	1.7	1.3	-52	-48
Oil & Gas Ex RIL	8.3	8.6	-3.6	11.4	5.7	-59	-59	1.1	1.2	-11.2	1.5	0.9	-66	-57
Real Estate	39.2	30.4	29.2	42.7	18.0	97	47	4.3	2.2	99.2	3.4	1.0	38	-26
Retail	80.6	84.2	-4.3	134.9	33.6	304	315	14.1	9.8	44.0	13.9	5.7	348	237
Technology	27.6	21.0	31.3	26.0	16.0	38	3	8.8	5.8	52.0	7.5	4.1	180	101
Telecom	Loss	123.5	-	832.3	-585.4		486	39.9	18.5	115.8	40.1	-3.1	0	267
Utilities	16.3	11.6	40.7	15.0	8.2	-18	-43	2.4	1.5	57.5	2.0	1.0	-25	-48



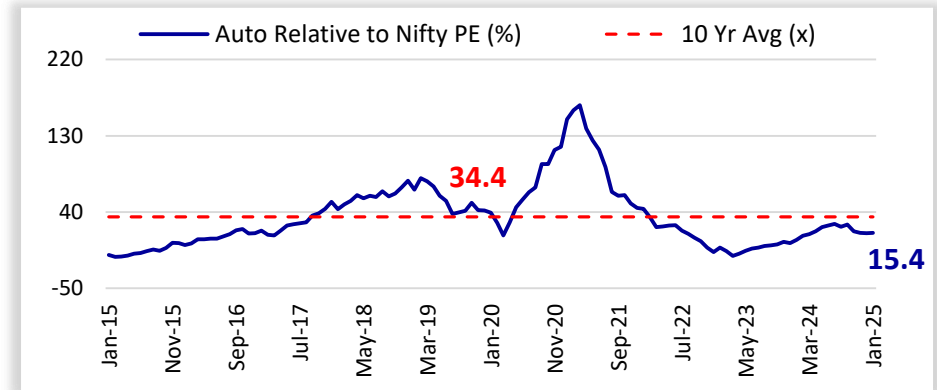
- The Auto sector is trading at a P/E of 23x, below its 10-year historical average of 27.8x (at a 17% discount). On a P/B basis, however, it is trading at a 17% premium to its 10-year average of 3.5x.
- Overall, the Jan'25 dispatches for 2Ws/PVs/CVs/tractors/3Ws are expected to have grown by ~8%/6%/4%/10%/9% YoY. Within CVs, MHCV is likely to have grown by 11%, while LCV may have declined by 6% YoY.
- A few OEMs have reported healthy dispatches in January, which we believe is largely a function of normalizing inventory, as retail demand does not seem to have picked up in any of the segments. Within PVs, MM and MSIL have outperformed other listed peers. In 2Ws, both TVS and RE have posted healthy growth and better-than-expected sales. CV OEM sales were largely in line with our estimates. In tractors, MM continued to significantly outperform Escorts.



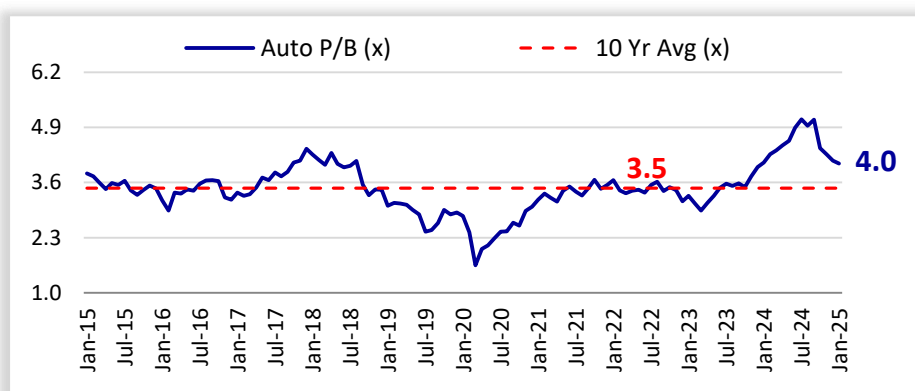
12-month forward Automobiles P/E (x)



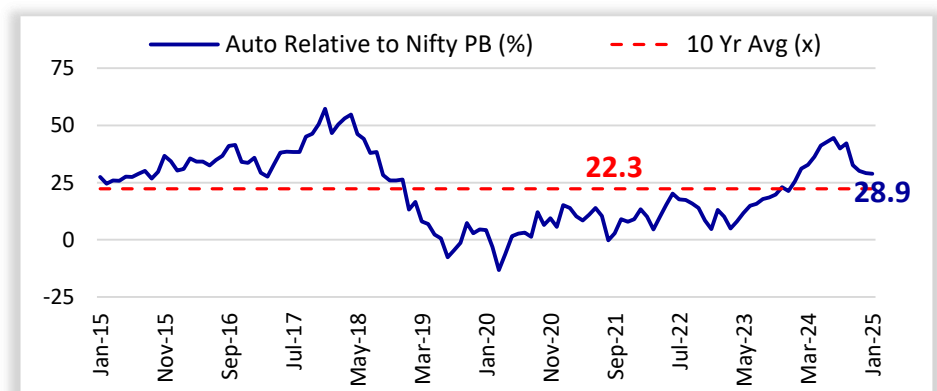
Automobile P/E relative to Nifty P/E (%)



12-month forward Automobiles P/B (x)



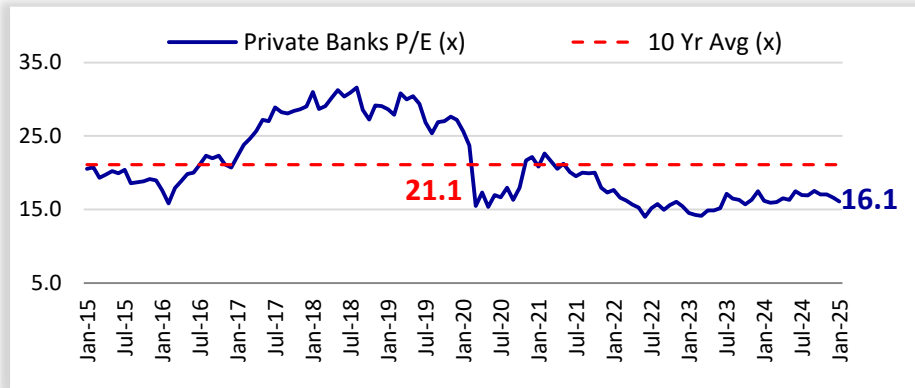
Automobile P/B relative to Nifty P/B (%)



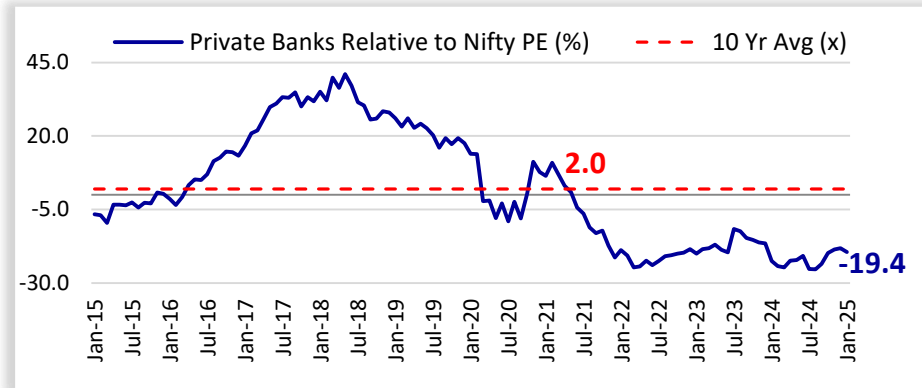


- The Private Banks sector is currently trading at a P/B ratio of 2.2x, corrected from its historical average of 2.5x (12% discount).
- Loan growth stood at 11.5%, down from its peak of 18%, as the deposits market remains competitive. Additionally, a higher CD ratio is constraining the loan growth, while stress in unsecured persists. Deposits growth stood steady, while the CASA ratio is expected to see a negative bias amid faster growth in TDs.
- With liquidity remaining tight and competition for deposits high, banks' CoF is likely to remain elevated as they are willing to grow their deposits at a higher rate. Hence, we expect NIMs to moderate at a mild pace, while rate cuts are expected in CY25, leading to further pressure.
- Asset quality woes continue in the unsecured space and are likely to peak out in 4QFY25. The trend in delinquencies is expected to remain elevated in 4Q, resulting in higher credit costs in 4Q. Further, ECL migration can lead to an elevated credit cost; hence, we maintain a higher preference for banks with a higher contingency buffer.

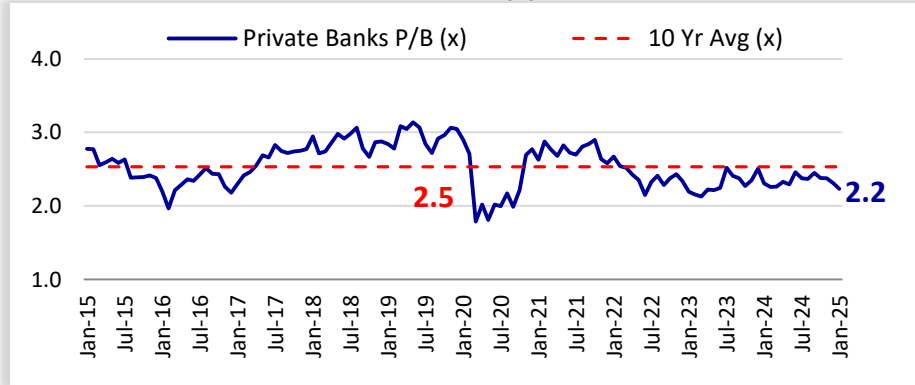
12-month forward Private Banks P/E (x)



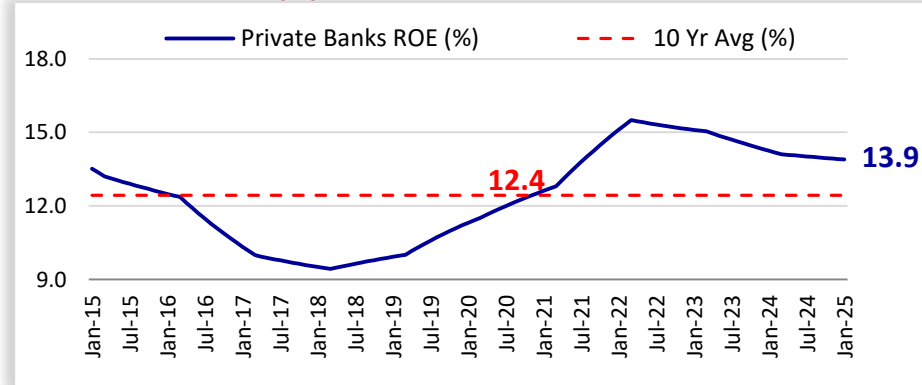
Private Banks P/E relative to Nifty P/E (%)



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



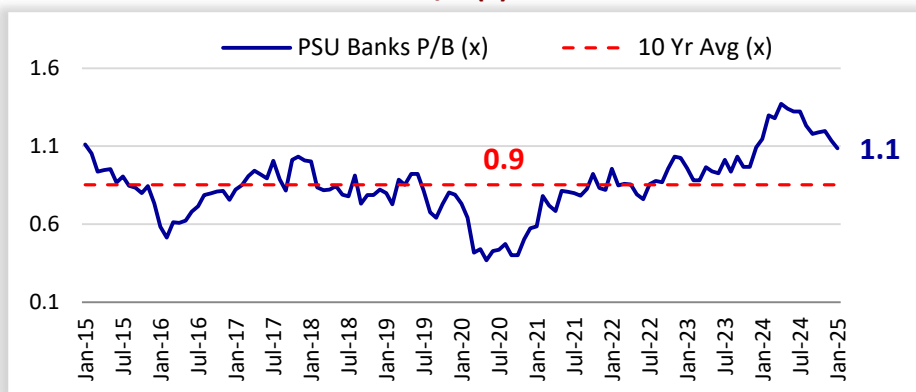
Private Banks ROE (%)



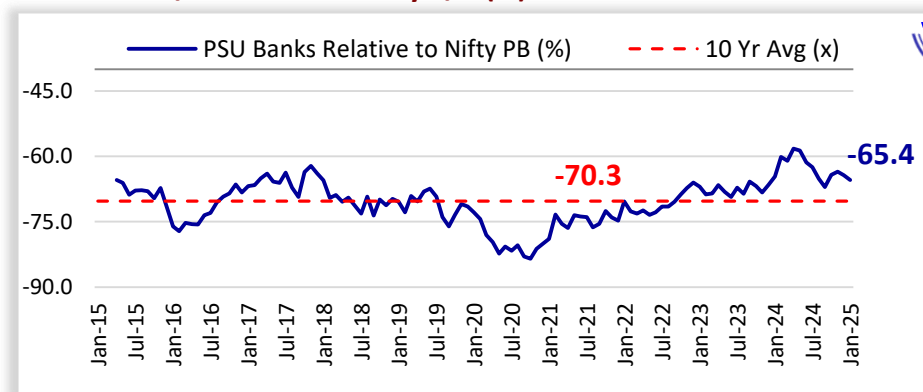


- The PSU Banks sector has seen a correction from its peak and now trades at a P/B of 1.1x, still at a 27% premium to its historical average of 0.9x.
- Systemic credit growth of ~11.5% has declined but now continues to be steady. The CD ratio for the system continues to be higher at 80.4% and at an all-time high of 80%.
- PSU banks are in a stronger position compared to their private counterparts in terms of profitability, stable NIMs, and controlled credit costs. Credit growth remains consistent, while the CD ratio remains within an optimal range. Opex growth continues to be well-managed and is expected to follow a normalized trajectory, with most costs front-loaded in FY24/FY25.
- NIMs are likely to remain stable with a slight downward bias, though a higher proportion of the MCLR book is expected to partially offset the overall impact.
- Asset quality remains resilient for most PSU banks relative to private peers, with PCR at an optimal level. We anticipate PSU banks to deliver robust growth and stable earnings compared to their private counterparts in FY25/FY26.

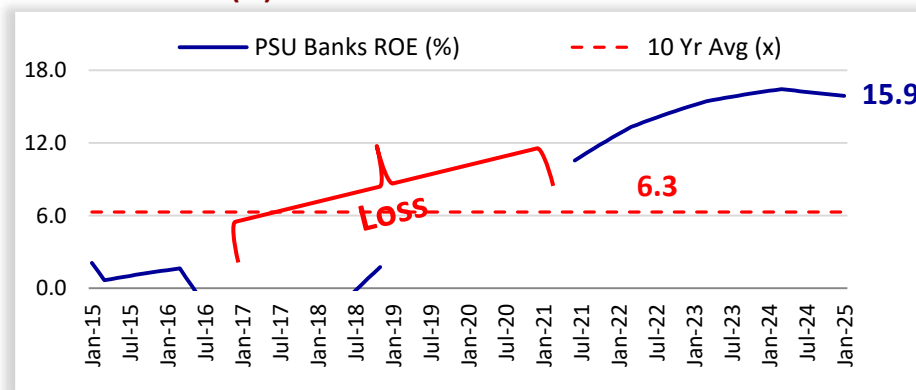
12-month forward PSU Banks P/B (x)



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



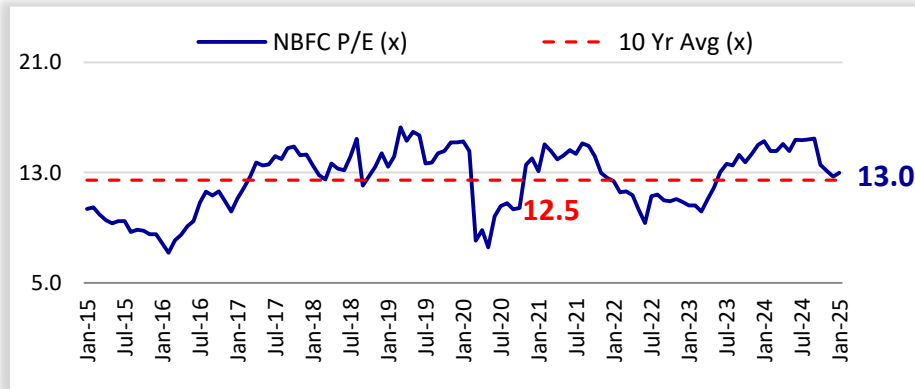
PSU Banks ROE (%)



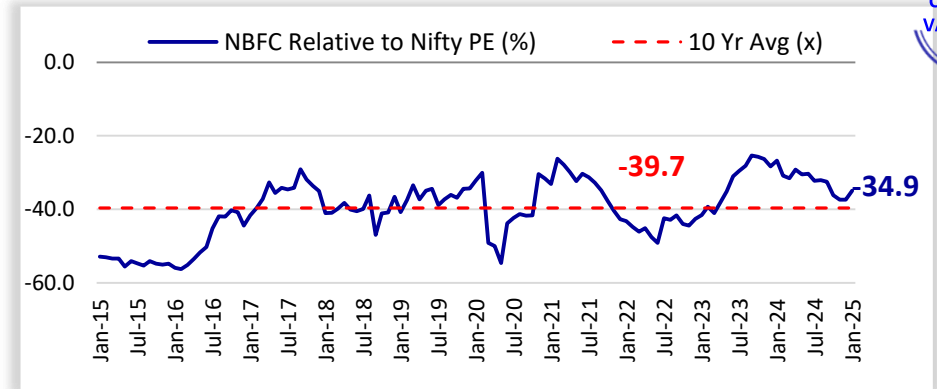


- The NBFC sector is trading at a P/B ratio of 2.0x, ~10% premium to its long-term average of 1.8x.
- Given the likelihood of interest rate cuts in 1HCY25, large HFCs could exhibit a transitory NIM contraction owing to the pressure on yields from higher competitive intensity. Unsecured notwithstanding, a minor blip has also been observed in asset quality across secured product segments.
- MFIs continued to face asset quality stress, primarily due to customer overleveraging. MFIN has deferred the implementation of three lender capping to Apr'25. However, MFIs reported early green shoots and improved collection efficiency in Dec'24 and Jan'25. That said, it would take another 2-3 quarters before the industry situation normalizes, with recovery now anticipated in 1QFY26/2QFY26.
- 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. Power financiers have a strong sanction pipeline, positioning them for healthy loan growth in 2HFY25. However, disbursement trends have been slightly weak in 3QFY25, given the slower economic activity.

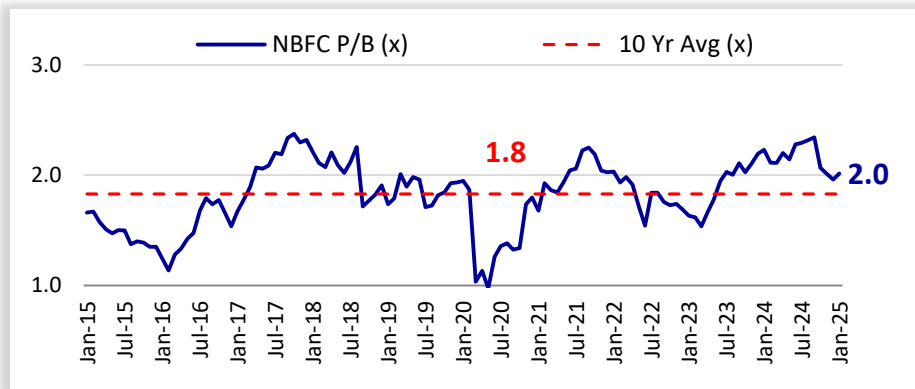
12-month forward NBFC P/E (x)



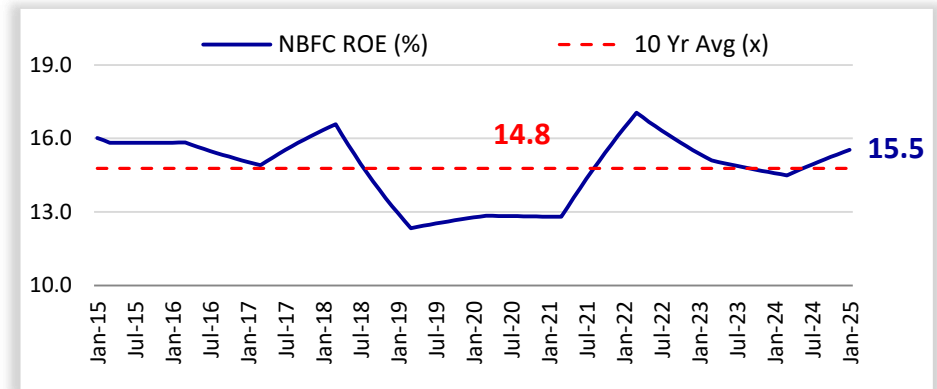
NBFC P/E relative to Nifty P/E (%)



12-month forward NBFC P/B (x)



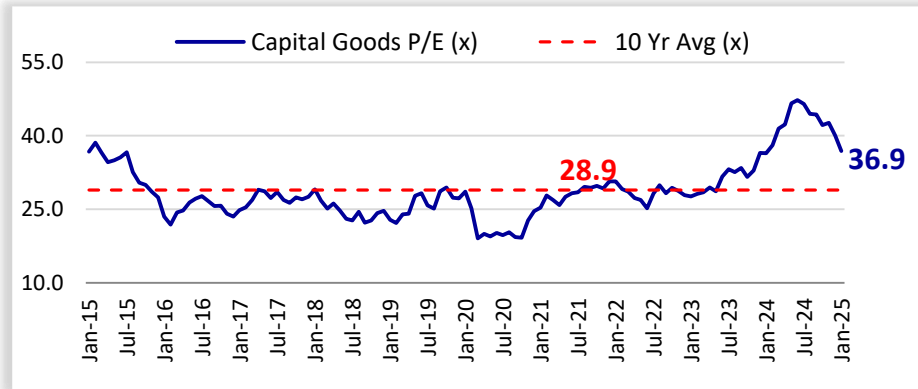
NBFC ROE (%)



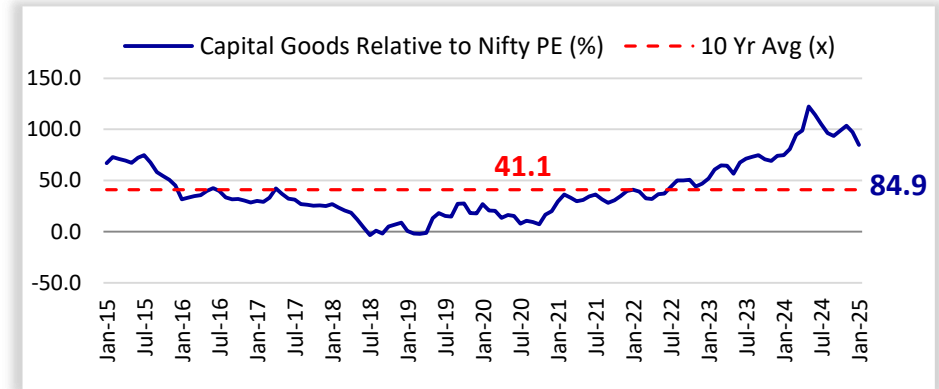


- The Capital Goods sector is trading at 36.9x one-year forward P/E, above its 10-year average of 28.9x (at a 28% premium), indicating a premium valuation, baking in the anticipated capex recovery, ordering momentum, and higher budgetary allocation.
- On a P/B basis, the sector is trading at 6.7x, a significant premium to its 10-year average multiple of 4.1x (65% premium).
- While softness in government ordering was on expected lines, private capex has also been selective, largely emanating from newer-age sectors such as data centers, renewables, power T&D, electronics, EVs, et al, while traditional sectors such as metals, cement, and railways have been sluggish. The Union Budget has seen a weaker-than-expected capex allocation, which will impact order inflows for industrial stocks, and ultimately revenue growth. We believe it would be prudent to have a selective approach towards the sector.

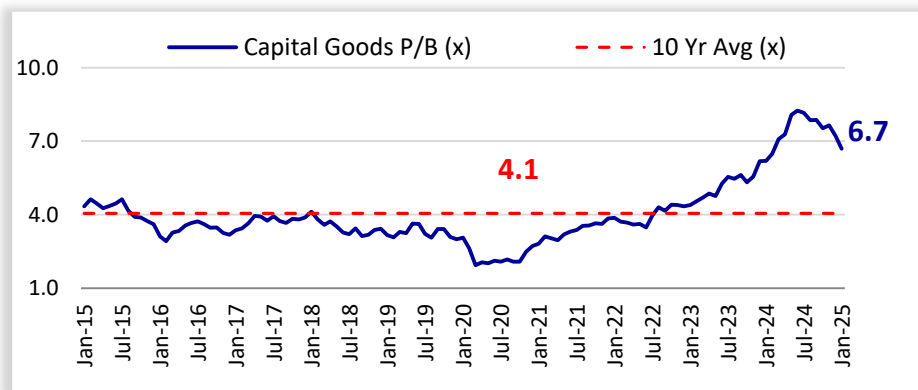
12-month forward Capital Goods P/E (x)



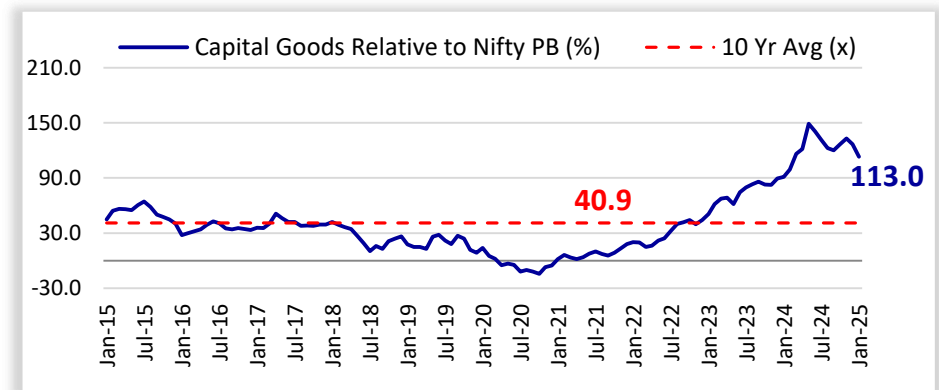
Capital Goods P/E relative to Nifty P/E (%)



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



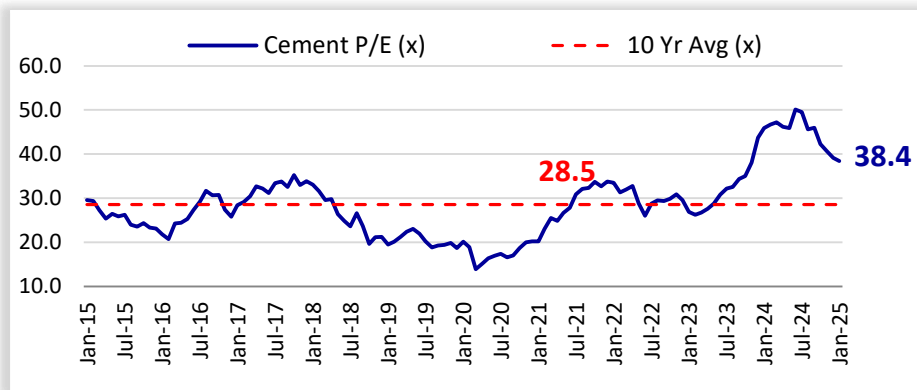
Capital Goods P/B relative to Nifty P/B (%)



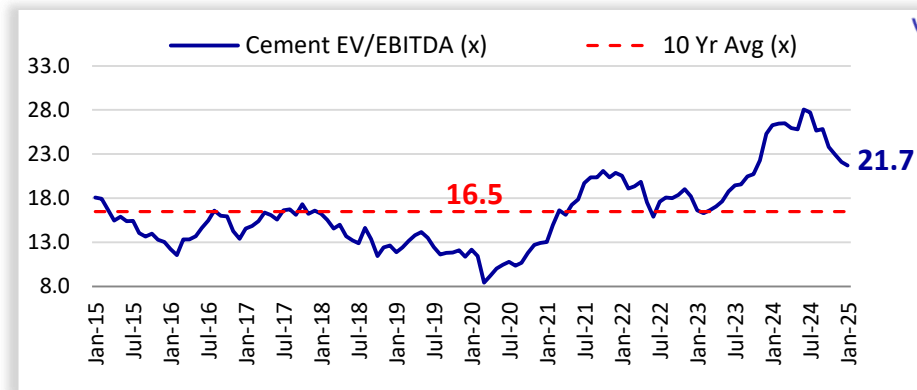


- The Cement sector is trading at a one-year forward EV/EBITDA of 21.7x, at a 32% premium to its historical average of 16.5x.
- Cement demand started improving from Dec'24 across all sectors, individual housing, infrastructure development, and real estate. We believe cement demand will rebound in 1HCY25, led by the start of the peak construction period, demand recovery in rural markets, increase in government spending, and sustained real-estate demand.
- After a price hike in Dec'24 across regions, cement prices further increased in certain markets (West, North, and Central India) by INR5-10/bag in Jan'25. Meanwhile, cement prices in the East and South regions declined by INR10-15/bag in Jan'25. Secondly, the spot price for imported (South African) coal was down ~7% MoM, while imported (US and Saudi Arabia) petcoke price was up ~5-7% MoM. Currently, we do not see any material upside risk to power and fuel costs for the industry.

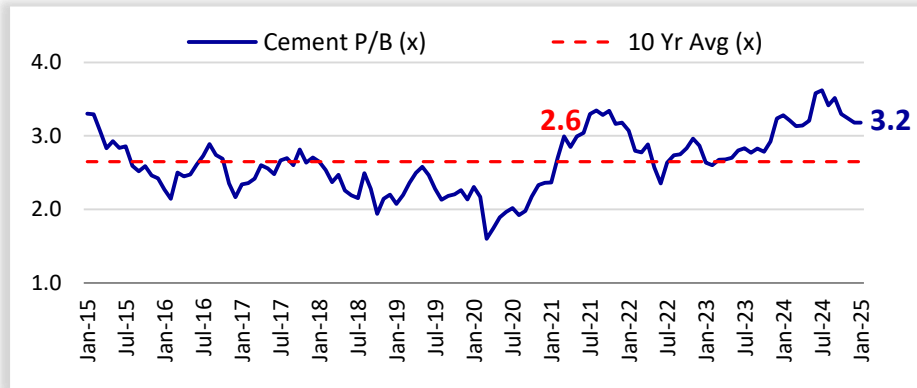
12-month forward Cement P/E (x)



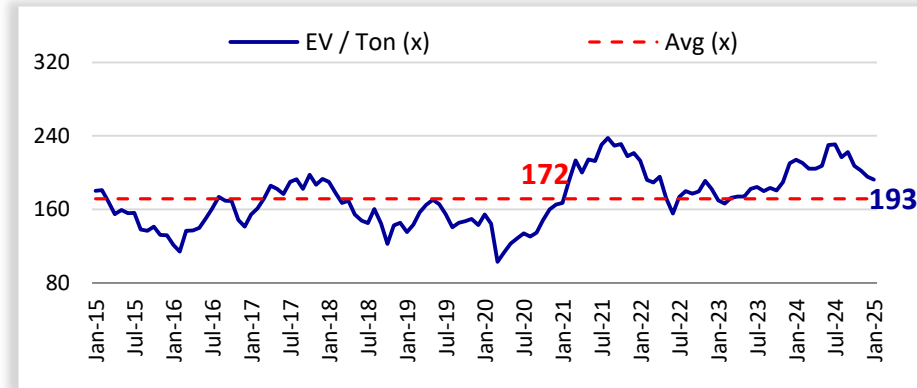
12-month forward Cement EV/EBITDA (x)



12-month forward Cement P/B (x)



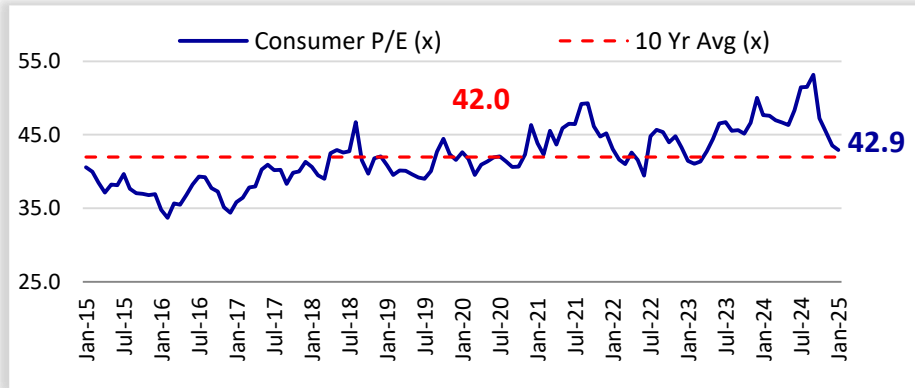
12-month forward Cement EV/Ton (x)



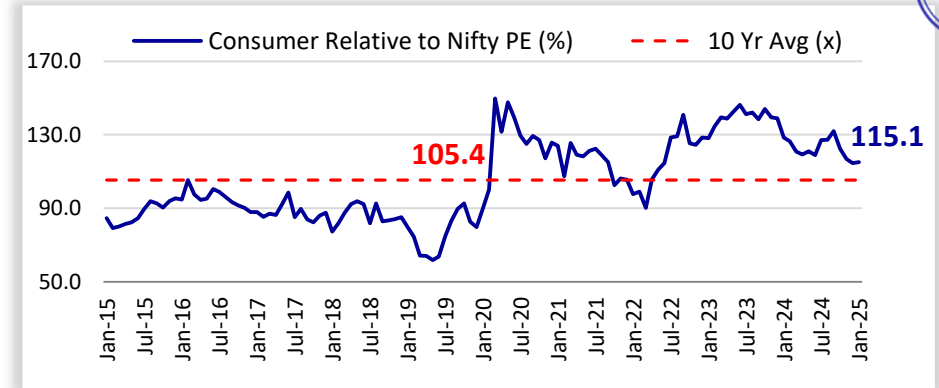


- The Consumer sector's P/E stands at 42.9x, at par with its 10-year average of 42x. Its P/B stands at 10.4x, near its historical average of 10.3x.
- Demand recovery continues to face delays, with urban consumption reeling under pressure.
- Margins are facing pressures due to high food inflation and a rise in palm oil prices. However, companies are implementing price hikes to offset the pressure.
- Companies are focusing on new innovations and premiumization to drive value growth.

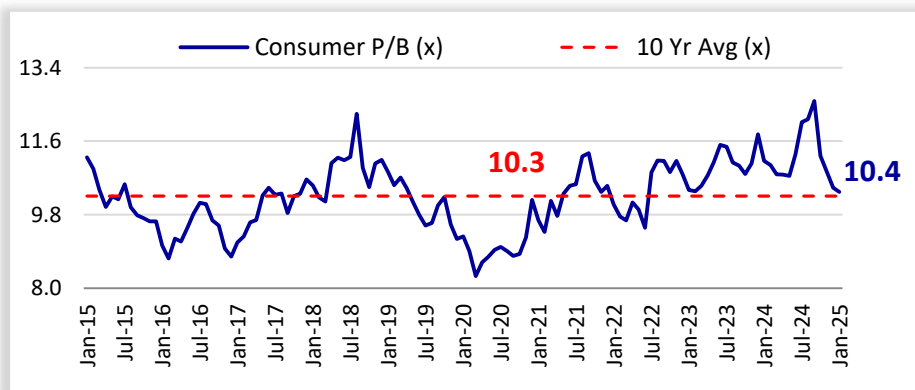
12-month forward Consumer P/E (x)



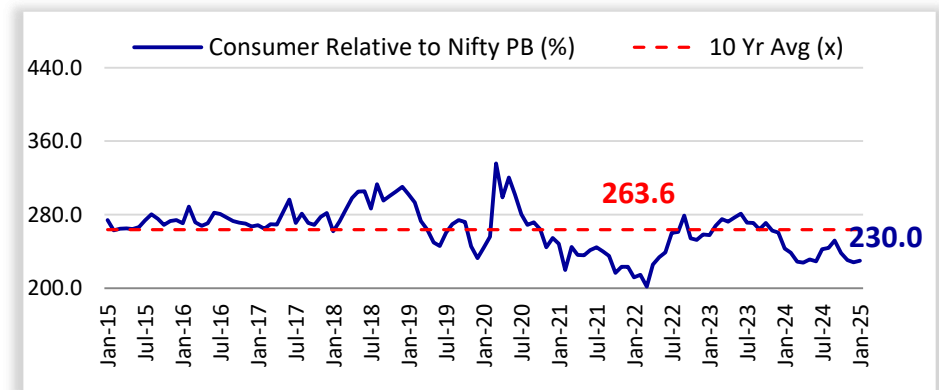
Consumer P/E relative to Nifty P/E (%)



12-month forward Consumer P/B (x)



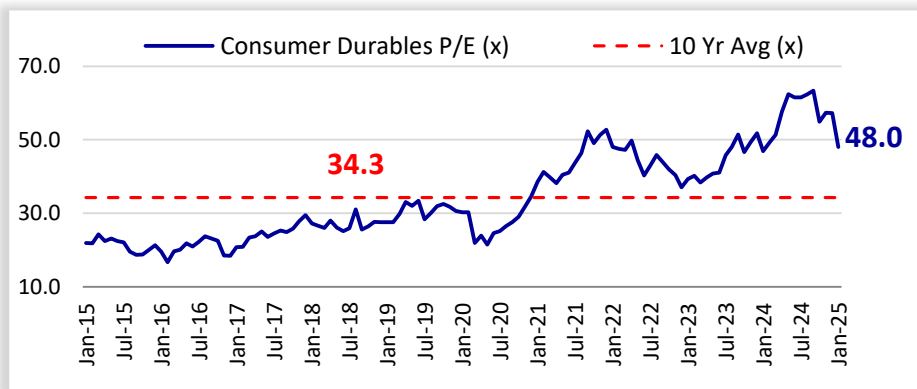
Consumer P/B relative to Nifty P/B (%)



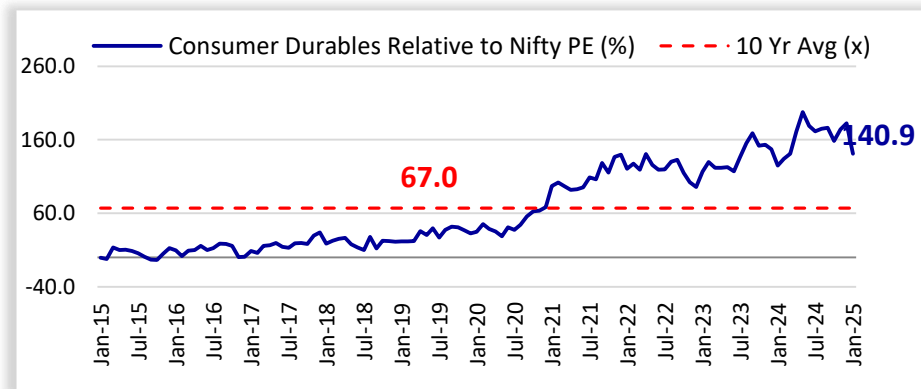


- The Consumer Durables sector trades at a one-year forward P/E multiple of 48x, a 40% premium to its 10-year average P/E of 34.3x.
- On a P/B basis, the sector trades at 7.8x at a 45% premium to its 10-year average multiple of 5.4x.
- Demand for small appliances, lighting, refrigerators, and washing machines was subdued due to a slowdown in consumption across various sales channels, including general trade, modern retail, and E-commerce. Demand for cooling products (mainly RACs) is rising due to an anticipated strong summer season.
- The Cables and Wires segment continues to deliver strong growth, with strong demand in domestic markets and a pickup in international demand. Channel inventory in wires has returned to normal, and given the commodity price trend, distributors are now stocking up on products.

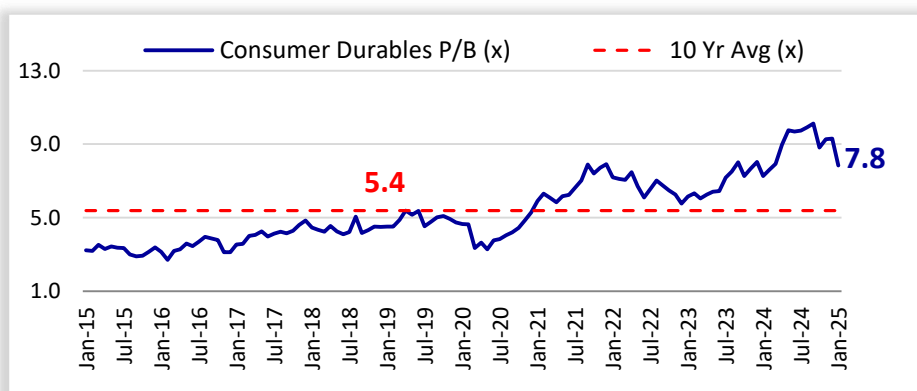
12-month forward Consumer Durables P/E (x)



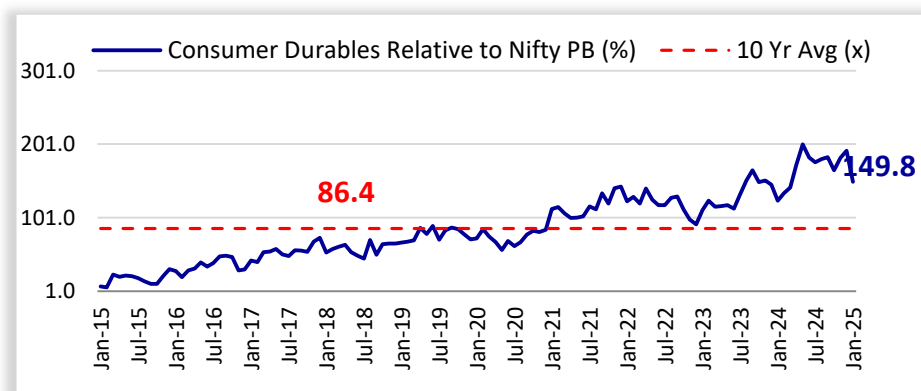
Consumer Durables P/E relative to Nifty P/E (%)



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



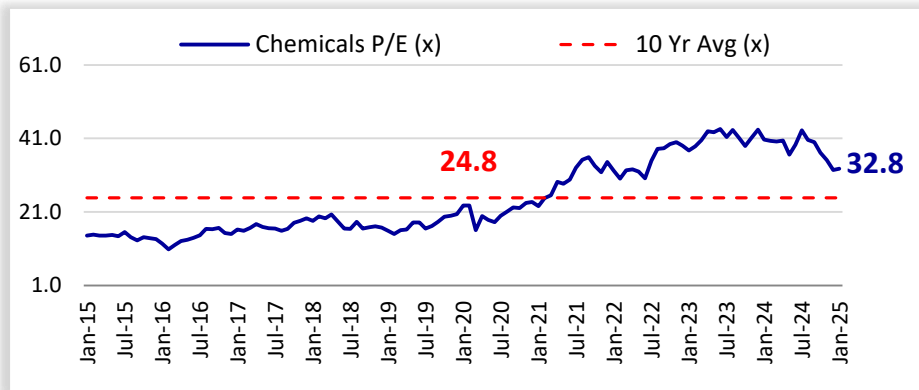
Consumer Durables P/B relative to Nifty P/B (%)



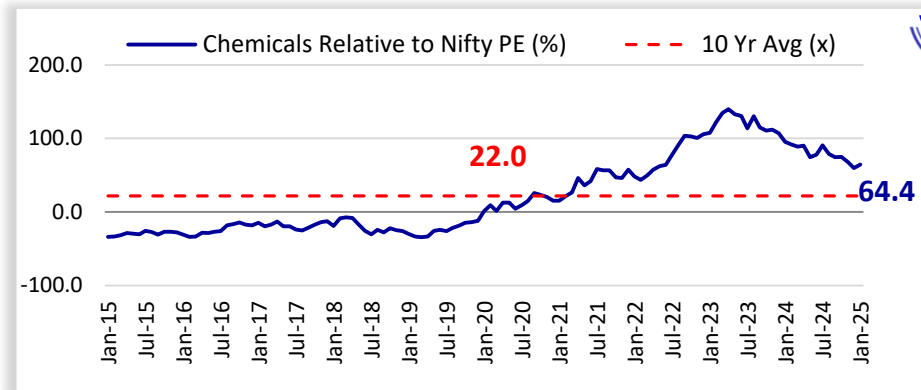


- The sector is trading at a P/B of 3.9x (at a 19% premium) and a P/E of 32.8x (32% premium) vs. its historical average of 3.3x and 24.8x, respectively.
- Brent crude oil price averaged USD79.3/bbl in Jan'25 (vs. USD73.8/bbl in Dec'24). It increased 7% MoM but declined 1% on a YoY basis.
- Toluene/Benzene prices increased 5%/1% MoM, while Butadiene prices increased 17% MoM. Propylene/Styrene prices were up 4%/ 2% MoM. Acetonitrile price was flat MoM, while Methanol price increased 3% MoM. Phenol price declined 2%, while Acetone price was flat MoM. IPA price dipped 3% MoM, while Aniline price increased 2%. Acetic Acid price was 6% up MoM.
- Managements are skeptical about how Trump's imposition of tariffs on China will play out in CY25, but are gung ho about the prospects of their respective companies going forward. Prices seem to have bottomed out with demand recovering on a gradual basis, which should continue going forward as well.

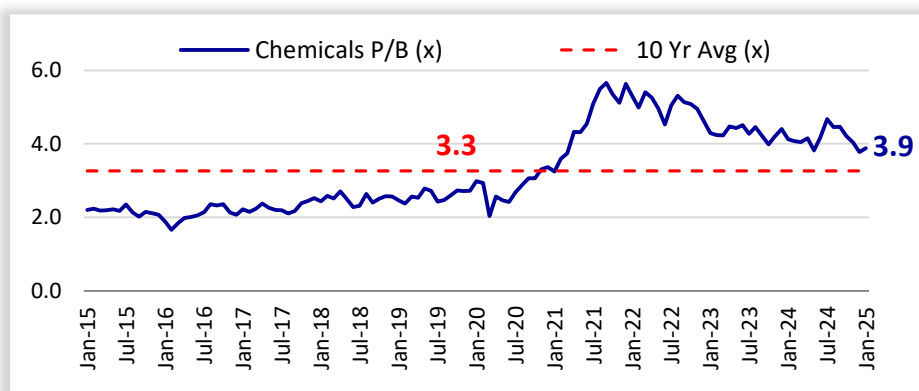
12-month forward Chemicals P/E (x)



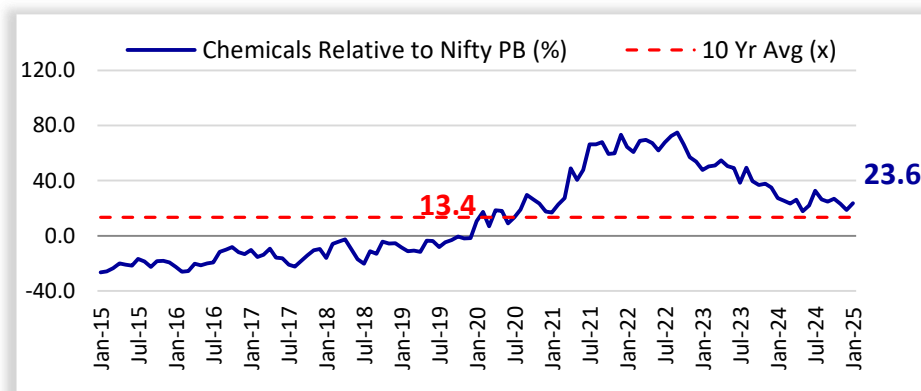
Chemicals P/E relative to Nifty P/E (%)



12-month forward Chemicals P/B (x)



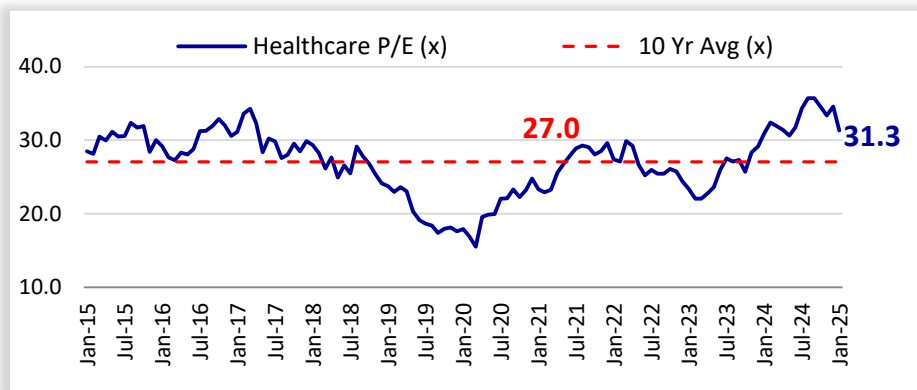
Chemicals P/B relative to Nifty P/B (%)



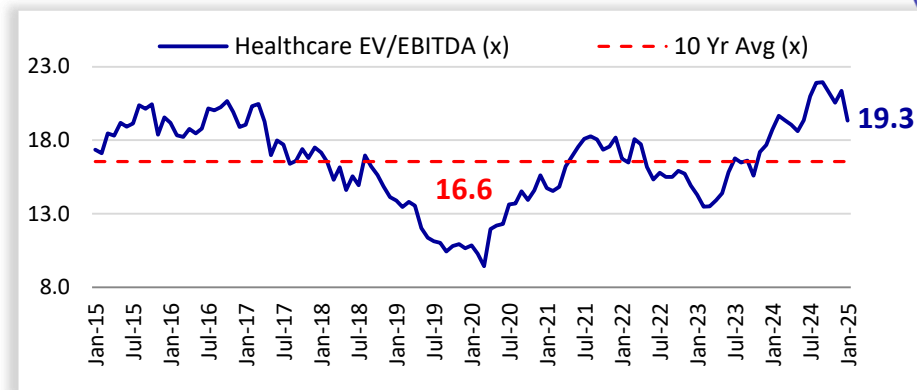


- The Healthcare sector's valuation witnessed some moderation since Sep'24 and is now trading at a 16% premium to its 10-year average at a P/E of 31.3x.
- The US generics outlook is expected to soften due to limited visibility of niche product launches and price erosion kicking in for niche products over FY25-27. Interestingly, the pace of approvals has also been lower in the recent past compared to its two-year quarterly avg. of 53.
- The domestic formulation segment witnessed healthy growth, supported by moderate growth in acute therapy. Companies remain focused on adding products in the chronic category, partly through in-licensing, to gain exclusivity.
- CDMO prospects remain encouraging, given the inclination of innovator customers to diversify the supplier base to China+1. However, the benefits are yet to materialize in business opportunities. Hospitals are expected to sustain growth momentum, primarily driven by volume growth from new capacity additions and changes in the payor mix.

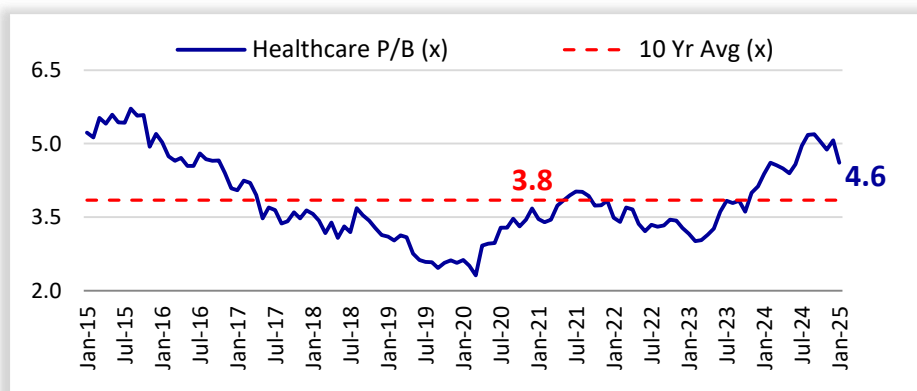
12-month forward Healthcare P/E (x)



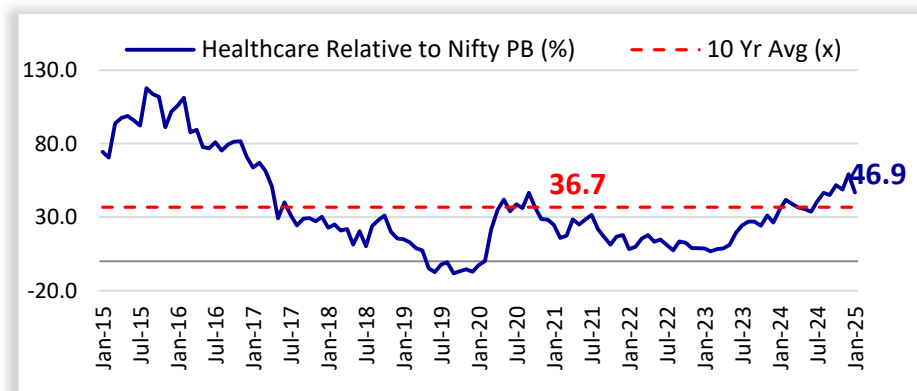
12-month forward Healthcare EV/EBITDA (x)



12-month forward Healthcare P/B (x)



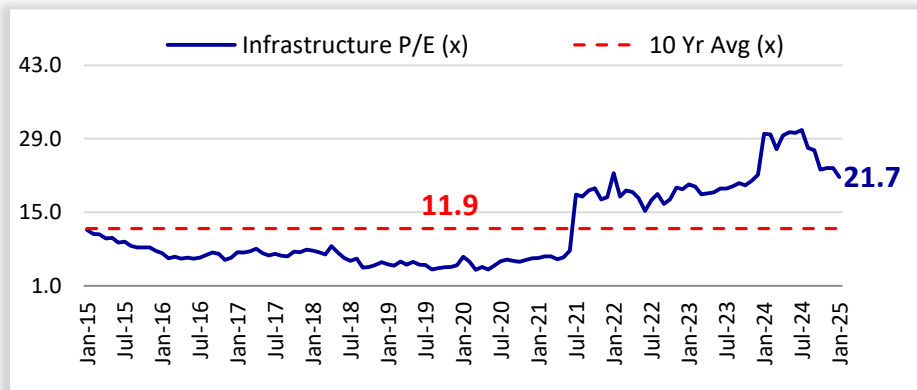
Healthcare P/B relative to Nifty P/B (%)



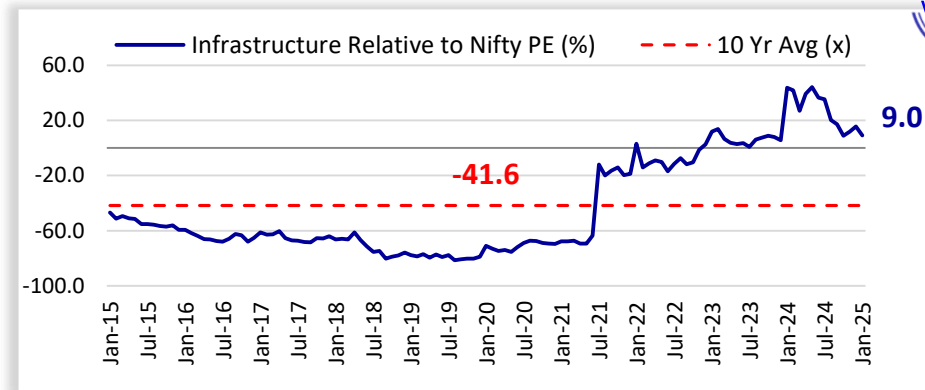


- The Infrastructure sector is trading at a P/B of 1.6x, a 35% premium to its long-term historical average.
- NHAI's project awarding picked up in Jan'25, with ~900kms awarded during the months. However, YTFY25 awarding has been sluggish, with 1,580kms awarded. The muted awarding activity by NHAI over 10 months of FY25, coupled with fierce competition in NHAI projects from new and inexperienced players, has resulted in a hit to order inflows for large players. Project awarding and an uptick in execution are expected to pick up only from FY26 onwards.
- Toll collections improved ~9% MoM in Dec'24 at INR66b, with a daily run rate of ~INR2.1b (up 6% MoM).

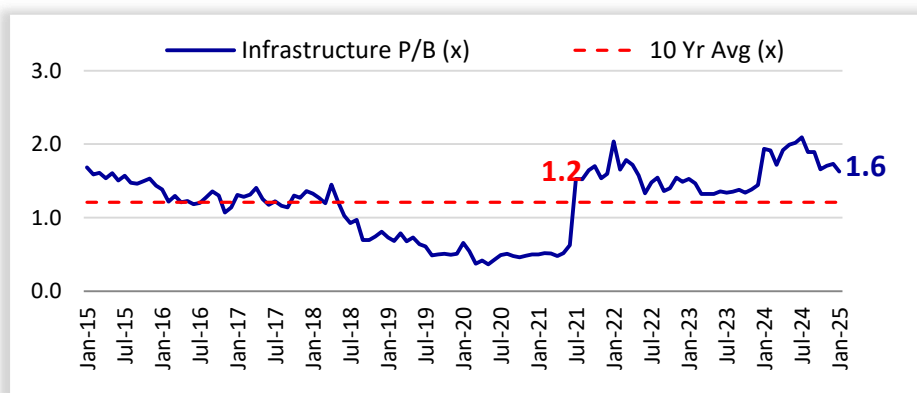
12-month forward Infrastructure P/E (x)



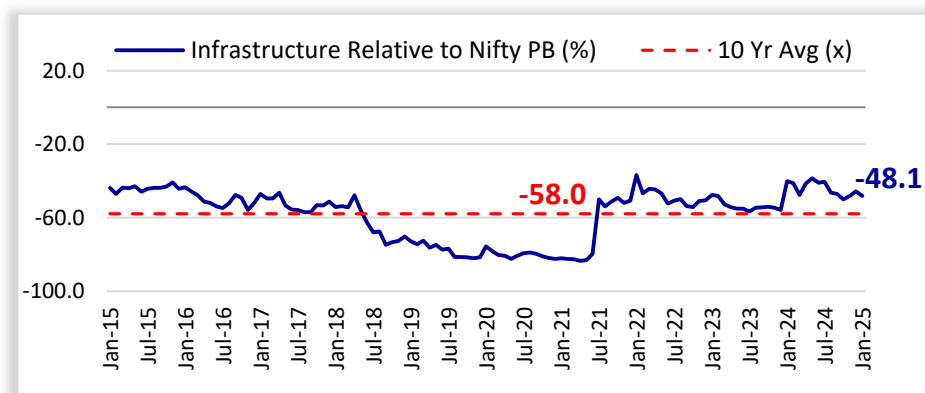
Infrastructure P/E relative to Nifty P/E (%)



12-month forward Infrastructure P/B (x)



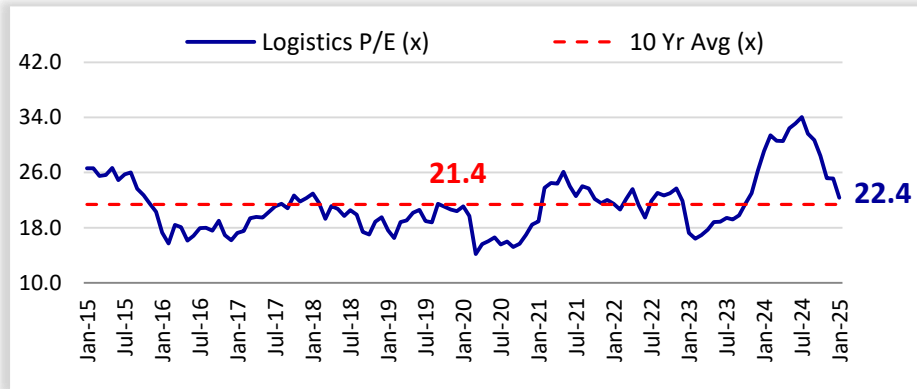
Infrastructure P/B relative to Nifty P/B (%)



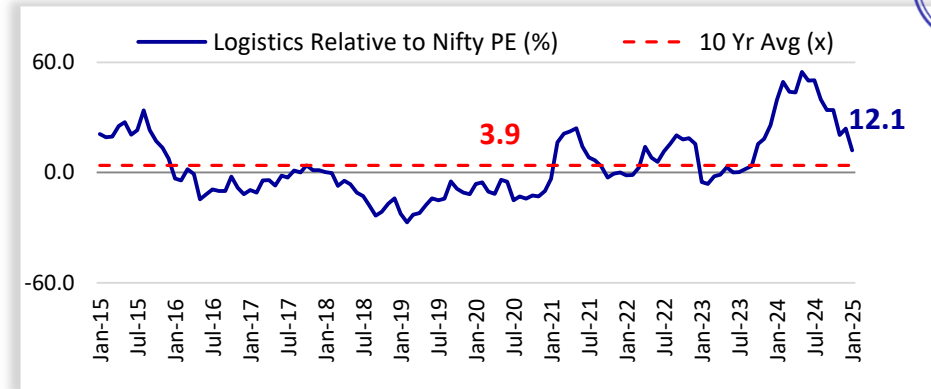


- The Logistics sector is trading at a P/E ratio of 22.4x, near its historical average of 21.4x (at a 5% premium).
- Logistics operations picked up in Oct'24-Jan'25 with the onset of the festive season. Fleet utilization was ~80%. Daily avg. FASTag toll collections rose ~13% YoY in Dec'24 (+6% MoM).
- 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 the 2025 budget, which should lead to overall margin expansion for fleet operators.
- With a structural shift in the formalization of the sector (~85% of the logistics sector is unorganized), supported by the stricter implementation of GST and mandatory e-invoicing, the addressable market size for organized operators will improve going forward.

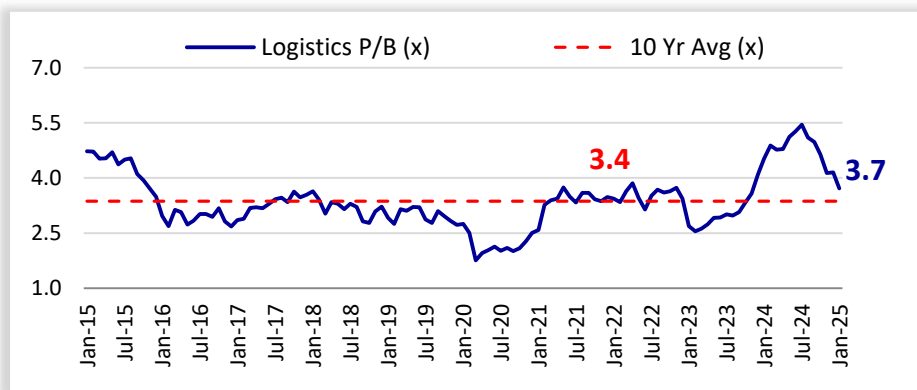
12-month forward Logistics P/E (x)



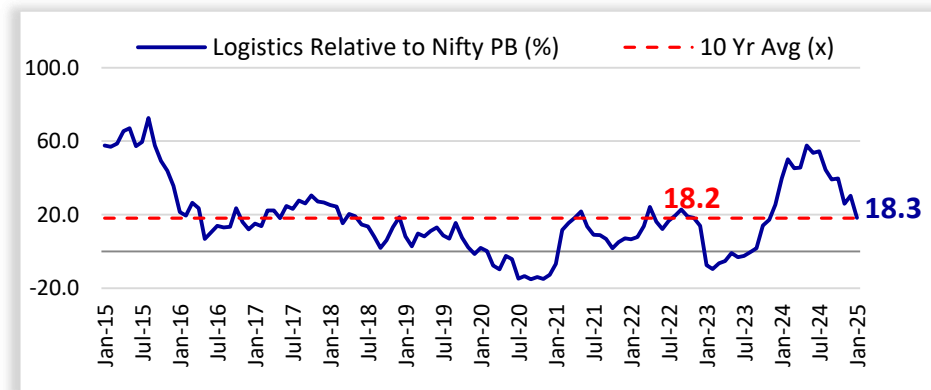
Logistics P/E relative to Nifty P/E (%)



12-month forward Logistics P/B (x)



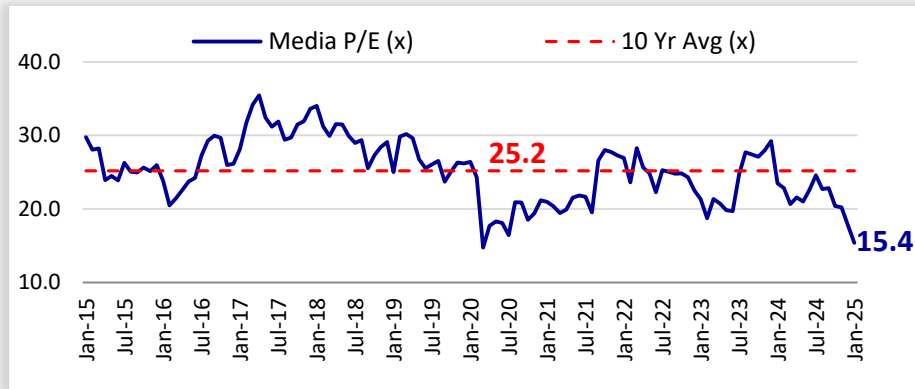
Logistics P/B relative to Nifty P/B (%)



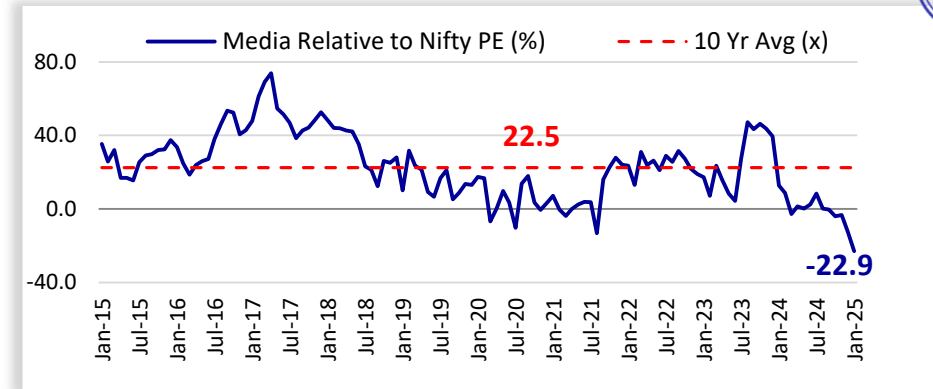


- The P/E ratio for the Media sector, at 15.4x, is at a 39% discount to its 10-year historical average of 25.2x.
- Consumer goods companies increased their advertising and marketing spends by up to 20% YoY during the quarter, with some even surpassing the ad spends of the high-demand Diwali quarter.
- TV broadcasters like SPNI and ZEEL are increasing channel bouquet rates by over 10% due to rising content costs and a challenging advertising environment. This comes as the pay TV industry faces subscriber loss to OTT platforms and free alternatives like DD Free Dish.

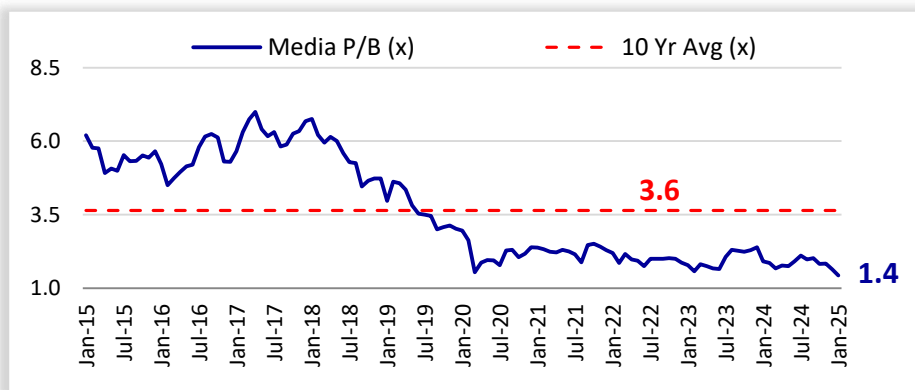
12-month forward Media P/E (x)



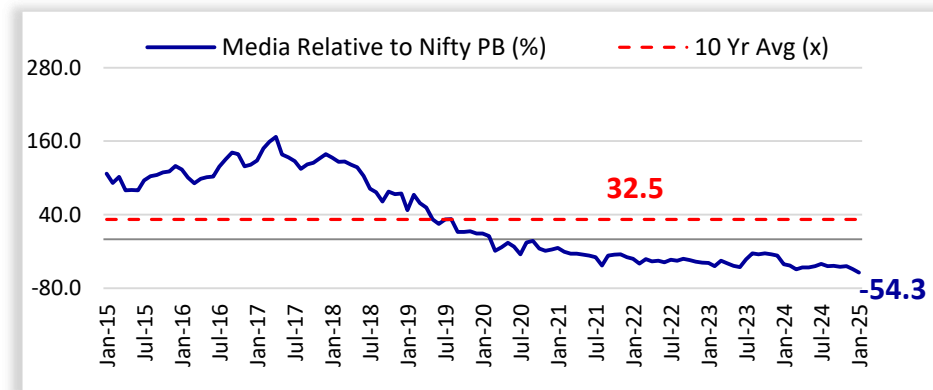
Media P/E relative to Nifty P/E (%)



12-month forward Media P/B (x)



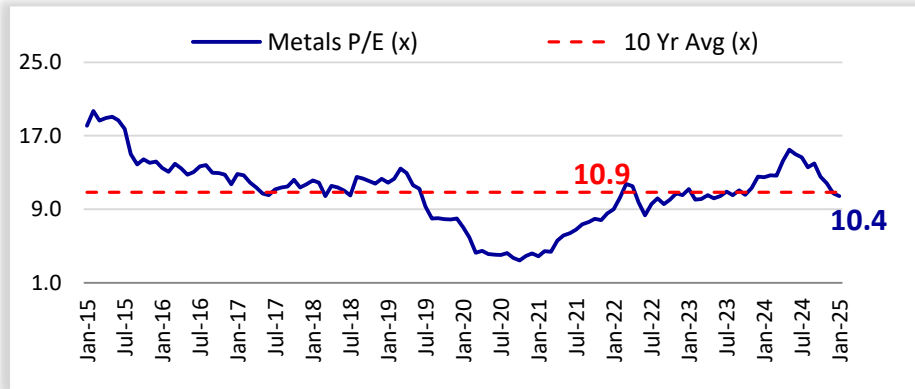
Media P/B relative to Nifty P/B (%)



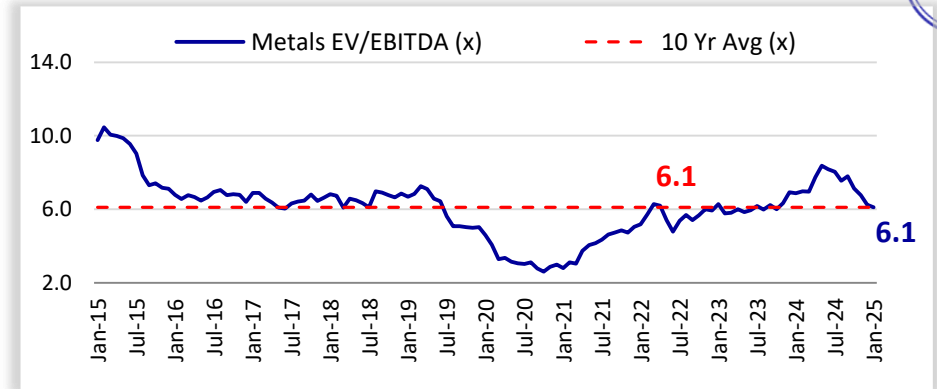


- The Metals sector's EV/EBITDA is hovering close to its 10-year historical average of 6.1x amid weakness in global demand and pricing.
- Flat steel prices increased to INR48,100/t by Jan'25 exit vs INR46,500/t MoM in Dec'24, driven by a reduction in cheap imports and anticipation of safeguard duties. Rebar prices continue to trade at a premium to flat steel prices and remain close to INR53,000/t in Jan'25.
- Coking coal prices remained range-bound between USD200-220/t over the last 6 months on account of muted demand.
- Non-ferrous metal prices remain at a healthy level MoM in Jan'25.

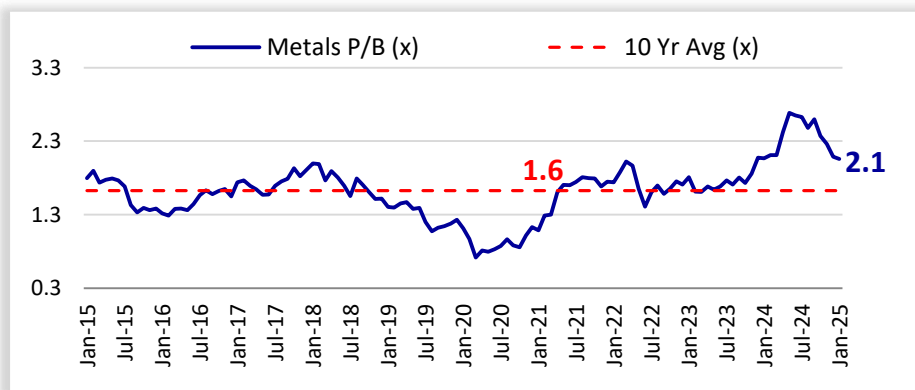
12-month forward Metals P/E (x)



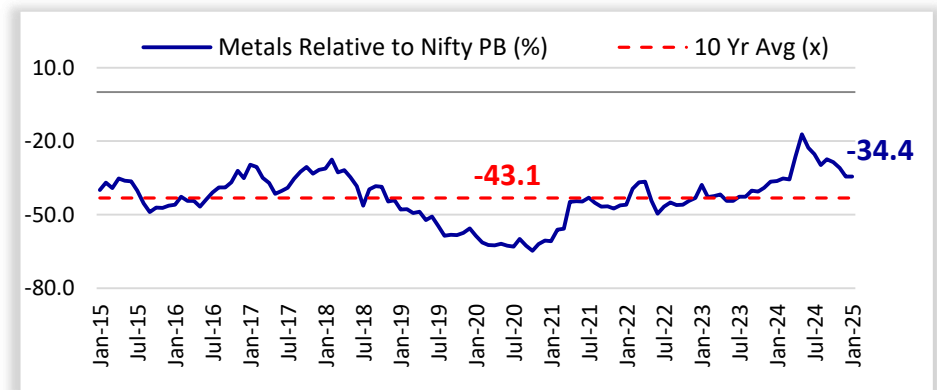
12-month forward Metals EV/EBITDA (x)



12-month forward Metals P/B (x)



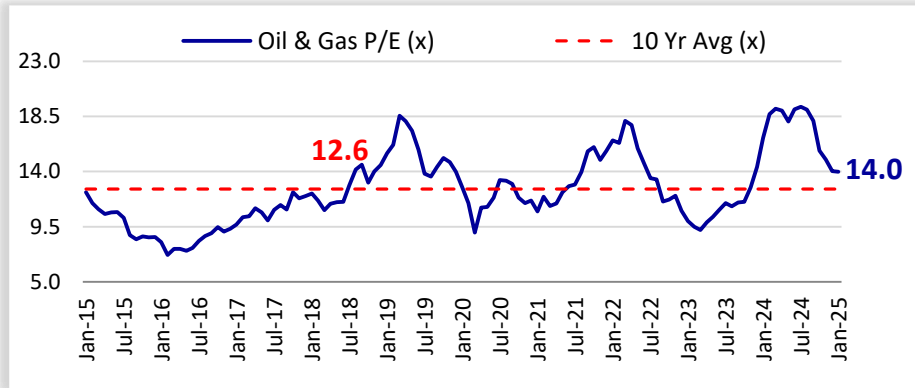
Metals P/B relative to Nifty P/B (%)



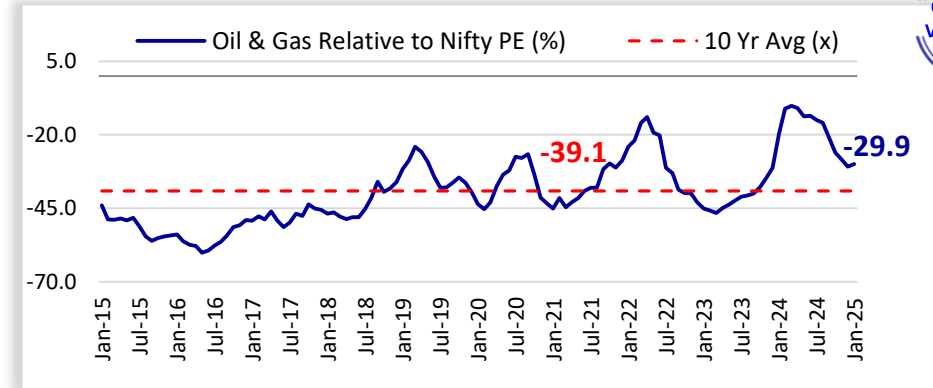


- The sector is trading at a P/B of 1.5x (at par) and a P/E of 14x (at an 11% premium) vs. its historical average of 1.5x P/B and 12.6x P/E.
- Brent crude oil price averaged USD79.3/bbl in Jan'25 (vs. USD74/bbl in Dec'24). Tighter U.S. sanctions on Russian and Iranian oil exports and elevated seasonal energy demand led to a significant rise in oil prices.
- SG GRM declined to USD2.1/bbl in Jan'25 from USD5.3/bbl in Dec'24. Diesel cracks stood at USD9.4/bbl in Jan'25 (vs. USD9.4/bbl in Dec'24). Gasoline cracks decreased to USD7.58/bbl in Jan'25 from USD12.67/bbl in Dec'24.
- Gross marketing margin for petrol declined to INR10.6/lit in Dec'24 from INR12.5/lit in Dec'24. Gross marketing margin for diesel also declined to INR6.8/lit vs. INR10/lit in Dec'24. Spot LNG price was USD14.2/mmBtu in Jan'25 (vs. USD14.3/mmBtu in Dec'24).

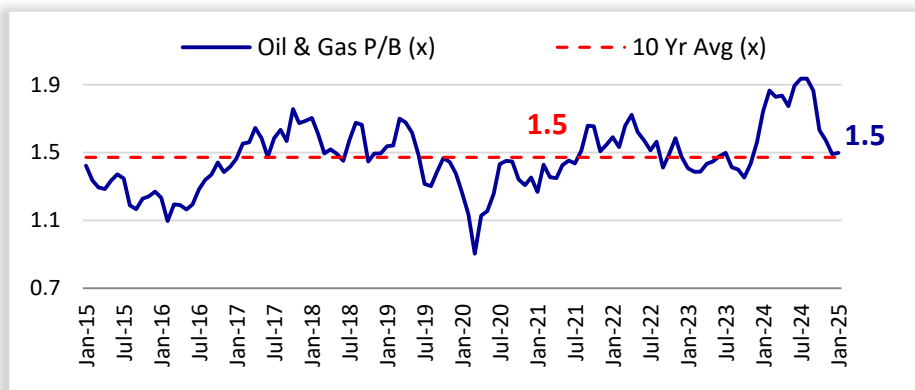
12-month forward Oil & Gas P/E (x)



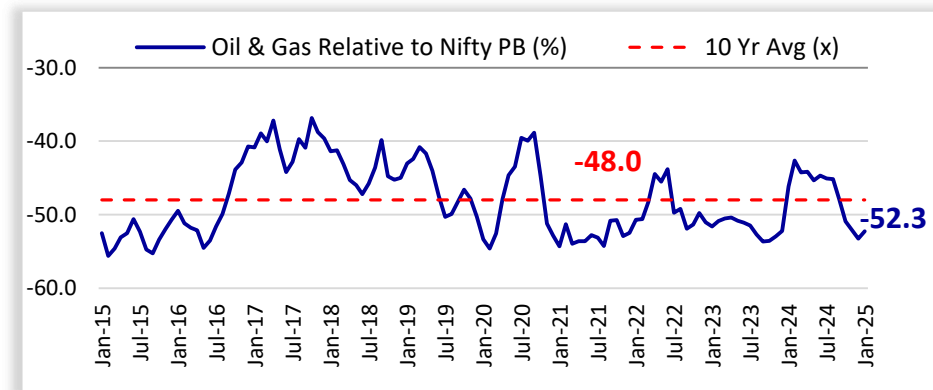
Oil & Gas P/E relative to Nifty P/E (%)



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



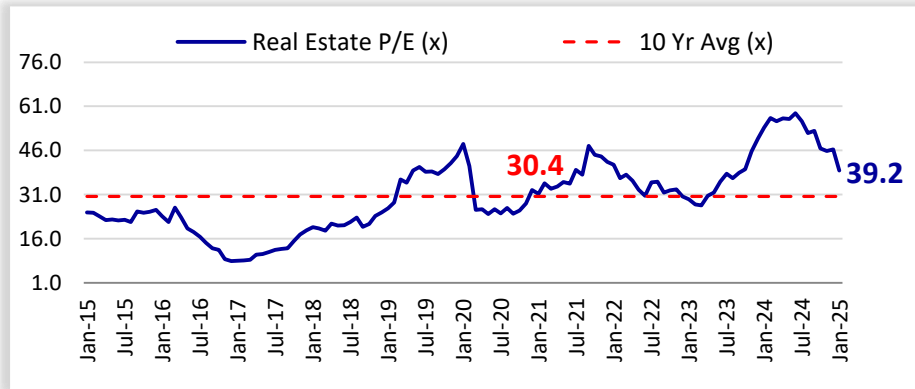
Oil & Gas P/B relative to Nifty P/B (%)



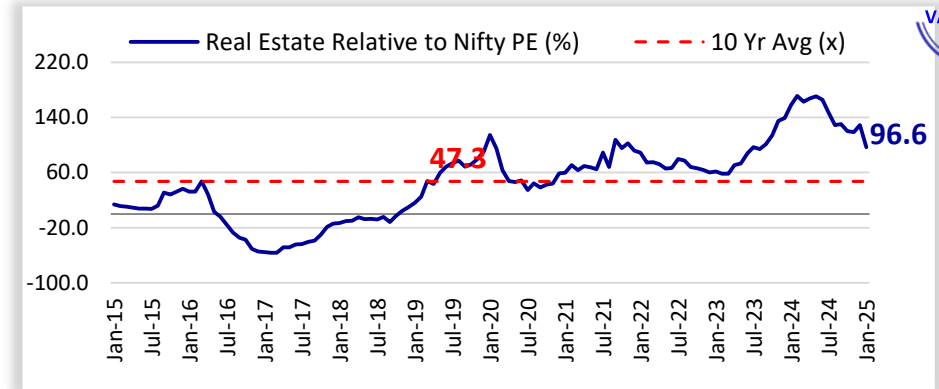


- The sector is trading at a P/E of 39.2x, a 29% premium to its 10-year historical average of 30.4x.
- According to Knight Frank, gross leasing for CY24 reached a new high of 72msf, while supply was 50.3msf across the top seven cities. Bengaluru has taken the lion's share with 18.1msf of transactions, while NCR contributed 12.7msf and MMR contributed 10.4msf to the total gross leasing.
- According to Anarock, housing volumes faced a marginal 4% drop during CY24, after growing 71%, 54%, and 31% in CY21, CY22, and CY23, respectively. The inventory overhang remains resilient at 14 months for the top seven cities.

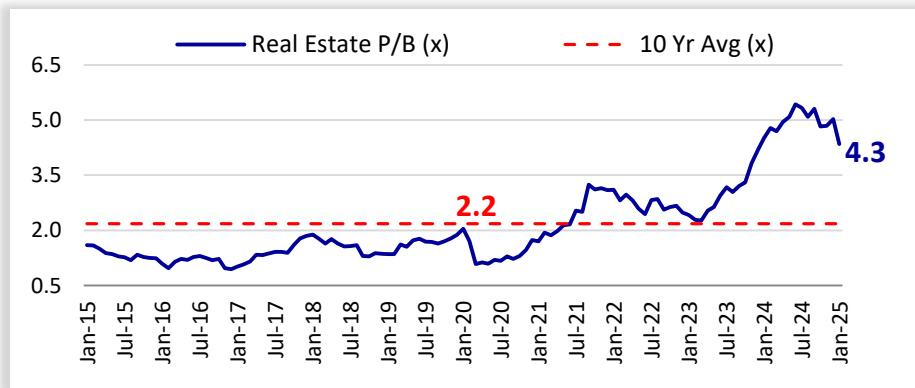
12-month forward Real Estate P/E (x)



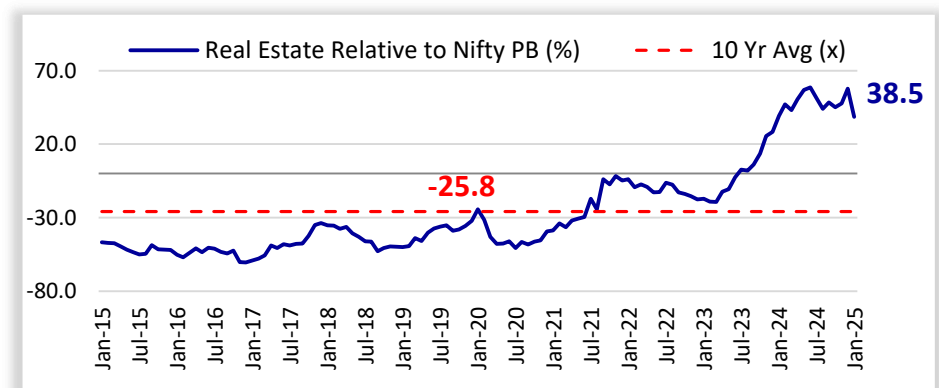
Real Estate P/E relative to Nifty P/E (%)



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



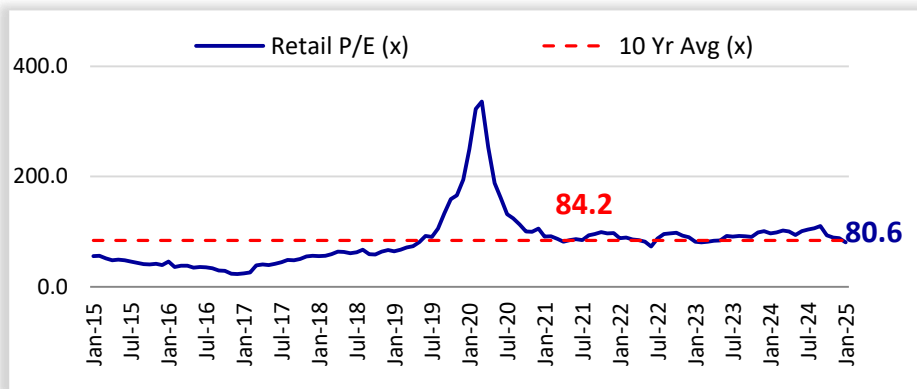
Real Estate P/B relative to Nifty P/B (%)



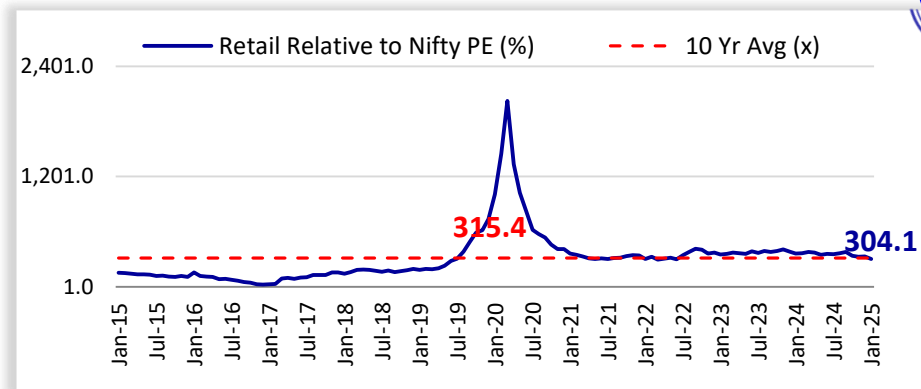


- The sector is trading at a P/E ratio of 80.6x, which is just at a 4% discount, with its 10-year historical average of 84.2x.
- The retail sector witnessed a sales growth of 5% in Dec'24, compared to the same festive period last year, according to the Retailers Association of India (RAI). South India experienced the highest sales growth at 6%, while West and North India each recorded a 5% increase. East India sales grew 4%.
- Discounts across categories such as apparel, footwear, and household products are soaring to clear high unsold inventory amid subdued demand and a delayed winter season.

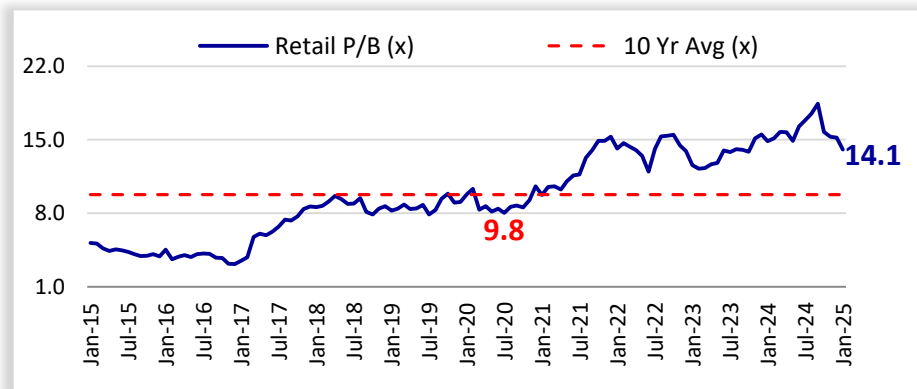
12-month forward Retail P/E (x)



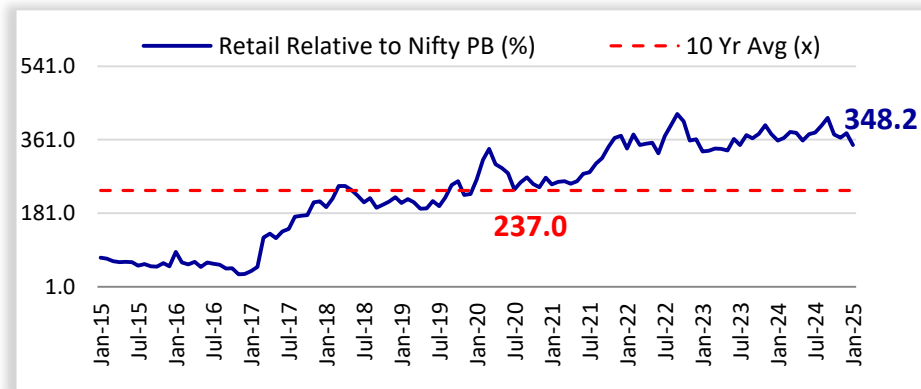
Retail P/E relative to Nifty P/E (%)



12-month forward Retail P/B (x)



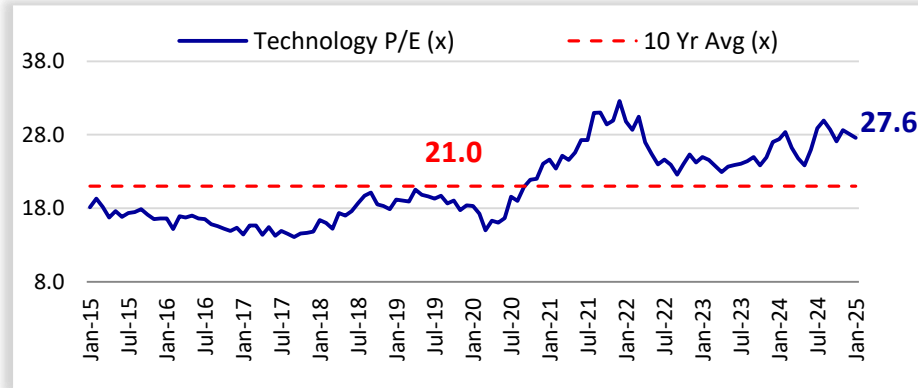
Retail P/B relative to Nifty P/B (%)



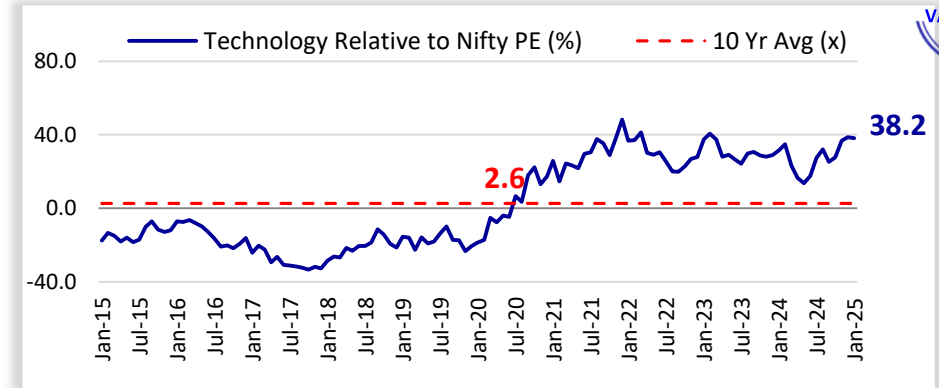


- The sector is trading at a P/E ratio of 27.6x, a 31% premium to its long-term average of 21x.
- In 3Q, the guidance upgrade in major companies, such as INFO (implies a QoQ decline of ~1.0% in 4Q) and HCLT (implies ~0.6% 4Q CC QoQ growth for ITB&S), was disappointing. However, the commentary in pockets turned incrementally positive, and we believe the tech spending—primarily driven by BFSI over the past six months—is now expanding into other verticals such as Hi-Tech and Retail.
- Margins across the sector are expected to inch up for select companies, as wage hikes are now behind them, and the impact of furlough reversals should further support margin expansion. Revenue growth, SG&A efficiencies for select companies, and pyramid optimization will be key drivers for margin expansion, and currency movements should benefit Indian IT services companies.

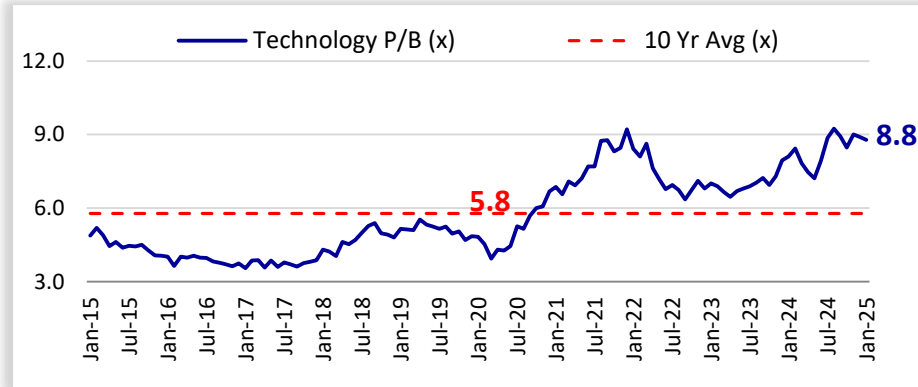
12-month forward Technology P/E (x)



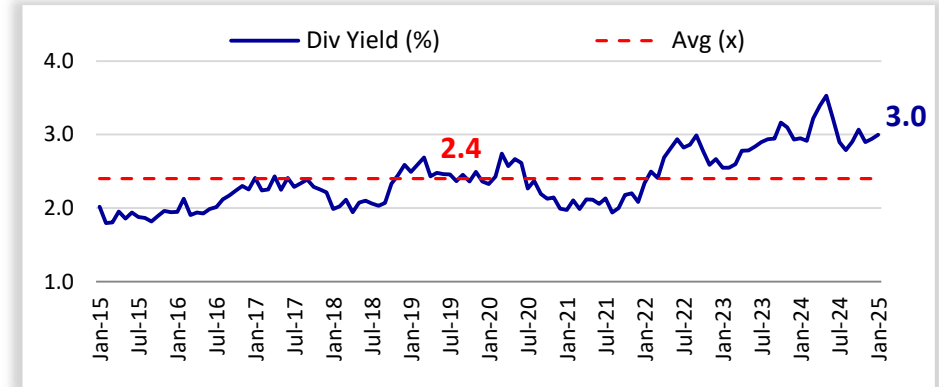
Technology P/E relative to Nifty P/E (%)



12-month forward Technology P/B (x)



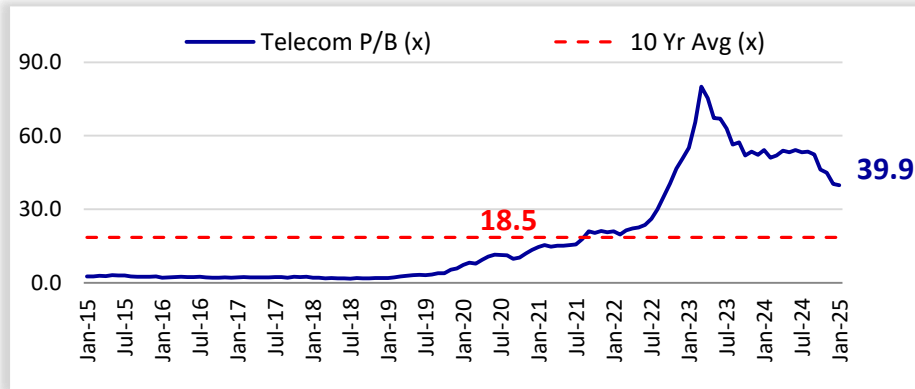
Technology Div Yield (%)



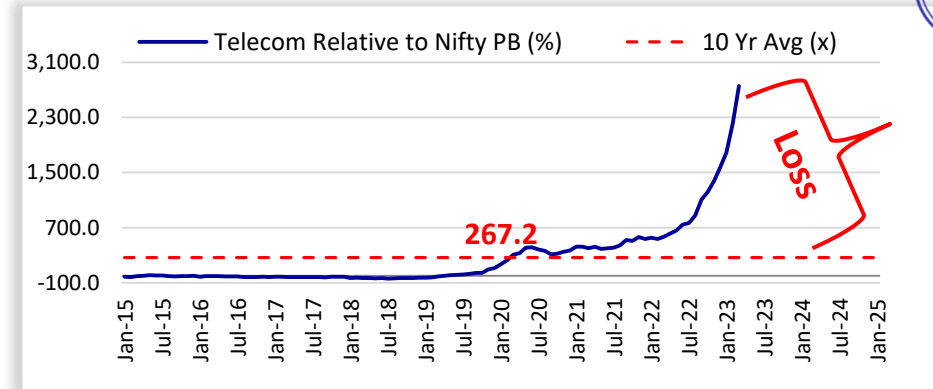


- The sector is trading at an EV/EBITDA ratio of 8.9x, near its 10-year historical average of 8.8x.
- Leading telecom operators, including Reliance Jio, Bharti Airtel, and Vodafone Idea, continued to lose active subscribers in November due to tariff hikes and a churn among low-paying users. However, the data user base increased, especially for RJio, indicating greater acceptance of higher tariffs.
- Complying with TRAI's directives, telcos have revised their voice and SMS-only recharge plans to make them more affordable. However, they are still not lucrative enough to cause a large-scale downtrading among their non-data-using subscribers.

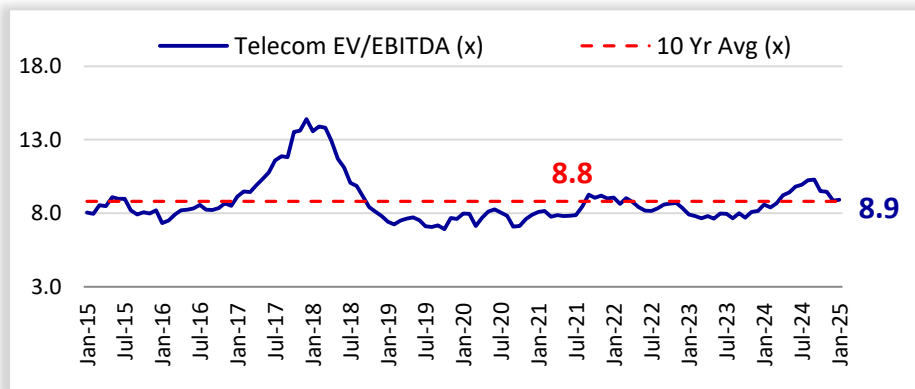
12-month forward Telecom P/B (x)



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



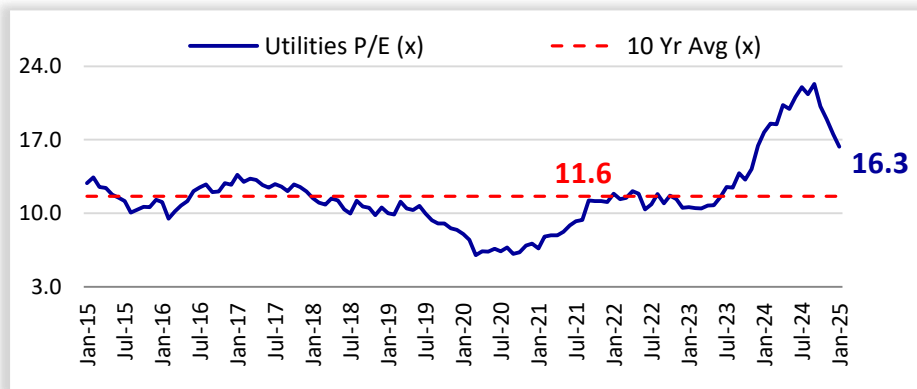
12-month forward Telecom EV/EBITDA (x)



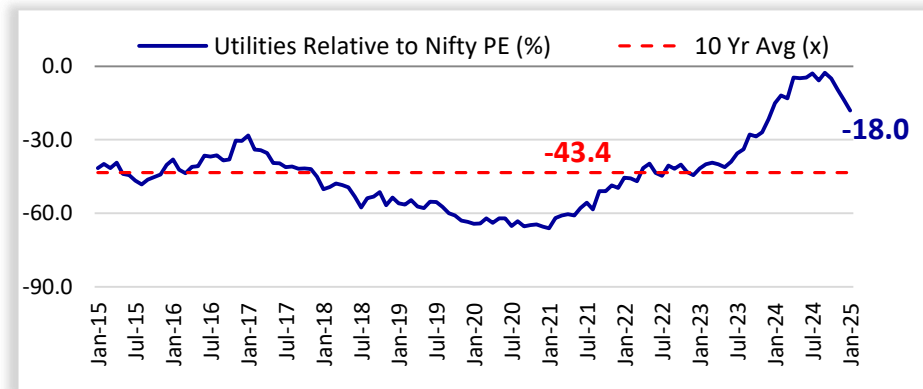


- The sector is trading at a P/B of 2.4x (at a 58% premium) and a P/E of 16.3x (at a 41% premium) vs. its historical average of 1.5x P/B and 11.6x P/E, respectively.
- India's power generation increased to 141BU in Dec'24, up from 133BU in Dec'23. Total power consumption rose by ~6%, reaching 130BU in Dec'24 compared to 123BU in Dec'23. Transmission lines of 843ckm were added in Dec'24.
- Peak power demand experienced substantial growth, reaching 224GW in Dec'24, (Dec'23: 214GW), continuing the upward trend observed in recent years.
- India added 5,308MW of power generation capacity in Dec'24, with renewable energy sources contributing 3,924MW (74% of total additions), while thermal power contributed the remaining 1,384MW.

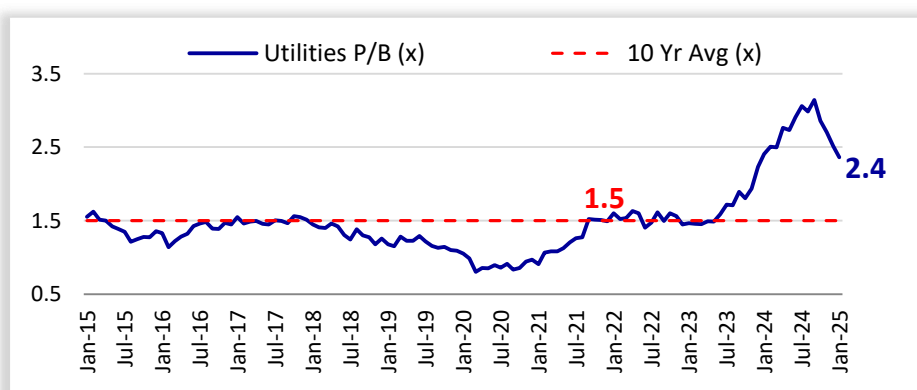
12-month forward Utilities P/E (x)



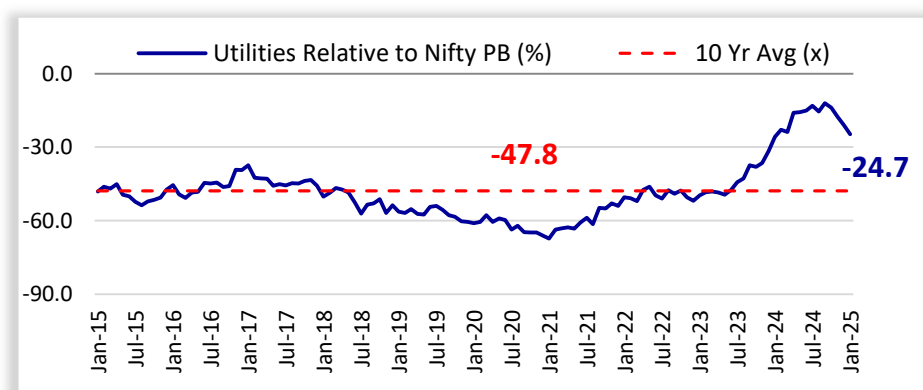
Utilities P/E relative to Nifty P/E (%)



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
Automobiles	23.0	27.8	-17	36.6	19.1	15	35	4.0	3.5	17	4.1	2.9	29	22
Amara Raja Energy	17.6	22.5	-22	30.2	14.9	-12	10	2.3	3.6	-36	5.2	1.9	-28	25
Ashok Leyland	19.8	21.9	-10	28.4	15.4	-1	7	5.6	4.4	28	5.4	3.3	79	55
Apollo Tyres	15.1	15.5	-3	20.7	10.4	-24	-24	1.4	1.1	20	1.5	0.8	-56	-60
Balkrishna Inds	27.6	22.8	21	31.6	13.9	38	11	4.7	4.0	16	5.3	2.7	49	42
Bajaj Auto	27.5	19.0	45	23.8	14.2	38	-8	8.3	4.7	74	6.4	3.0	163	67
Bharat Forge	32.6	43.9	-26	68.4	19.4	63	114	6.5	5.4	20	6.9	3.9	107	91
Bosch	37.3	39.1	-5	46.2	32.0	87	90	6.0	5.6	6	7.1	4.1	90	99
CEAT	17.7	19.0	-7	30.6	7.4	-11	-8	2.4	1.8	33	2.3	1.3	-24	-37
Craftsman Auto	29.5	31.8	-7	45.1	18.4	48	54	3.0	3.9	-21	4.5	3.2	-3	36
Eicher Motors	30.0	31.5	-5	37.2	25.8	50	53	6.1	7.0	-14	9.6	4.5	93	148
Endurance Tech.	27.3	33.0	-17	39.9	26.1	37	61	4.4	5.0	-12	6.1	3.9	40	77
Escorts Kubota	32.4	18.5	76	27.7	9.2	63	-10	4.0	2.3	77	3.3	1.2	27	-21
Exide Inds.	26.7	21.7	23	27.5	15.8	34	5	2.1	2.4	-9	3.2	1.5	-32	-17
Hero MotoCorp	18.2	18.3	-1	21.5	15.2	-9	-11	4.3	4.4	-4	5.6	3.2	36	56
CIE Automotive	19.4	24.0	-19	33.2	14.9	-3	17	2.4	2.2	12	3.0	1.4	-22	-23
Mahindra & Mahindra	25.5	18.7	36	22.5	14.9	28	-9	5.0	2.8	78	3.7	2.0	61	0
Maruti Suzuki	24.4	30.9	-21	41.5	20.4	22	51	3.7	4.1	-9	4.8	3.3	19	44
MRF	23.0	24.1	-5	35.0	13.2	15	17	2.4	2.4	3	2.8	1.9	-23	-17
Samvardhana	21.3	43.9	-52	68.3	19.5	7	113	2.6	3.2	-16	4.4	1.9	-16	12
Sona BLW Precis.	47.9	69.8	-31	86.7	52.9	140	240	5.3	10.6	-50	14.4	6.8	70	275
Tata Motors	11.4	17.6	-35	26.6	8.5	-43	-14	2.1	2.1	0	2.9	1.2	-33	-26
Tube Investments	54.3	43.6	24	68.4	18.9	172	112	9.4	7.2	29	10.7	3.8	198	155
TVS Motor	39.3	32.2	22	40.5	24.0	97	57	9.8	7.0	40	9.0	5.0	212	146
Banks-Private	16.1	21.1	-24	26.3	15.9	-19	3	2.2	2.5	-12	2.8	2.2	-29	-11
AU Small Finance	16.6	28.6	-42	38.4	18.8	-17	39	2.4	4.0	-41	5.2	2.9	-24	43
Axis Bank	11.1	38.3	-71	90.1	-13.6	-44	86	1.5	2.0	-23	2.3	1.7	-51	-30
Bandhan Bank	7.0	22.3	-69	32.2	12.5	-65	9	0.9	3.0	-69	4.7	1.4	-70	7
DCB Bank	5.1	12.2	-58	17.7	6.7	-74	-41	0.6	1.2	-49	1.8	0.7	-80	-57
Equitas Small Fin.	11.5	16.5	-30	23.9	9.1	-42	-20	1.2	1.4	-18	1.7	1.1	-63	-51
Federal Bank	10.1	11.8	-15	16.6	6.9	-50	-43	1.3	1.2	8	1.4	0.9	-60	-59
HDFC Bank	18.0	20.7	-13	23.2	18.2	-10	0	2.4	3.2	-24	3.6	2.7	-24	12
ICICI Bank	17.7	21.7	-18	31.6	11.7	-11	5	2.8	2.2	30	2.7	1.6	-10	-23
IDFC First Bank	15.7	20.8	-25	28.3	13.3	-21	1	1.1	1.3	-14	1.6	1.0	-64	-54
IndusInd Bank	9.4	18.9	-50	26.1	11.7	-53	-8	1.0	2.4	-56	3.4	1.3	-67	-17
Kotak Mah. Bank	17.7	26.4	-33	31.6	21.1	-11	28	2.3	3.3	-31	3.8	2.7	-28	16
RBL Bank	8.6	25.4	-66	40.5	10.3	-57	24	0.6	1.6	-61	2.6	0.6	-80	-44



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
Banks-PSU	6.8	8.3	-18	12.4	4.3	-66	-59	1.1	0.9	27	1.1	0.6	-65	-70
Bank of Baroda	5.7	5.6	2	7.1	4.1	-72	-73	0.8	0.8	2	1.0	0.6	-74	-72
Canara Bank	5.0	4.5	11	5.5	3.5	-75	-78	0.8	0.6	27	0.8	0.4	-74	-77
Indian Bank	6.7	9.8	-32	19.8	-0.2	-67	-52	1.1	0.6	67	0.9	0.3	-66	-78
Punjab Natl.Bank	6.2	10.4	-40	14.3	6.5	-69	-49	0.9	0.7	14	1.1	0.4	-73	-74
St Bk of India	8.0	12.0	-34	20.1	3.9	-60	-42	1.3	1.1	13	1.4	0.9	-59	-60
Union Bank (I)	5.1	5.9	-14	9.0	2.8	-75	-71	0.7	0.6	24	0.8	0.4	-77	-79
NBFC	13.0	12.5	4	14.7	10.2	-35	-39	2.0	1.8	10	2.1	1.5	-36	-35
360 ONE WAM	31.6	24.3	30	31.2	17.4	59	18	5.8	4.3	34	5.3	3.3	85	53
AAVAS Financiers	19.8	35.5	-44	47.5	23.5	-1	73	2.7	4.5	-39	6.0	3.0	-13	59
Aditya Birla Cap	10.9	18.1	-40	25.8	10.4	-45	-12	1.4	1.8	-24	2.7	1.0	-56	-35
Angel One	14.8	13.0	14	17.8	8.1	-26	-37	3.1	4.0	-23	5.3	2.8	-1	43
Bajaj Fin.	23.8	31.2	-24	40.9	21.4	19	52	4.3	5.2	-18	6.9	3.5	37	85
Cams Services	33.2	37.2	-11	46.0	28.4	67	81	14.2	15.2	-6	18.7	11.6	354	435
Can Fin Homes	9.8	13.8	-29	18.0	9.6	-51	-33	1.5	2.4	-36	3.2	1.6	-51	-15
Cholaman.Inv.&Fn	20.1	18.9	6	22.8	15.0	1	-8	3.7	3.3	13	4.0	2.5	17	15
CreditAccess	13.3	26.3	-49	41.5	11.1	-33	28	2.1	2.6	-20	3.2	2.1	-33	-7
Five-Star Business	19.4	20.3	-5	22.2	18.5	-3	-1	3.2	3.4	-5	3.7	3.0	1	18
Fusion Finance	12.1	17.1	-29	32.0	2.2	-39	-17	0.7	1.8	-59	2.4	1.2	-77	-37
Home First Fin.	19.5	24.2	-19	27.8	20.6	-2	18	3.1	3.4	-7	3.7	3.0	0	19
IndoStar Capital	29.3	23.2	26	33.2	13.3	47	13	1.0	1.0	4	1.3	0.7	-67	-65
L&T Finance	11.6	14.7	-21	18.0	11.5	-42	-28	1.3	1.5	-11	2.0	0.9	-58	-48
LIC Housing Fin.	6.3	9.5	-34	13.0	5.9	-69	-54	0.8	1.3	-36	1.9	0.7	-73	-53
M & M Fin. Serv.	12.0	17.1	-30	24.1	10.1	-40	-17	1.6	1.4	8	1.7	1.2	-50	-49
Manappuram Finance	6.9	7.5	-8	9.9	5.1	-65	-63	1.1	1.4	-23	1.9	0.9	-65	-50
MAS Financial	12.1	21.0	-42	26.9	15.0	-39	2	1.6	3.0	-45	3.8	2.2	-48	6
Muthoot Finance	15.2	10.4	47	13.2	7.5	-24	-50	2.8	2.0	37	2.6	1.5	-11	-28
PFC	7.6	3.9	97	5.9	1.8	-62	-81	1.4	0.7	108	1.0	0.3	-56	-77
Piramal Enterprises	22.7	19.8	15	28.7	10.8	14	-4	0.8	0.8	8	0.9	0.6	-73	-73
PNB Housing	10.2	11.1	-8	16.5	5.7	-49	-46	1.2	1.2	-1	2.0	0.5	-61	-56
Poonawalla Fincorp	26.4	72.1	-63	315.7	-171.5	32	251	2.7	2.1	26	3.3	1.0	-14	-24
REC	6.6	3.7	78	5.7	1.7	-67	-82	1.3	0.7	93	1.0	0.3	-59	-77
Repco Home Fin	5.6	12.0	-53	20.2	3.7	-72	-42	0.7	1.8	-62	3.1	0.4	-79	-38
Shriram Finance	10.6	10.4	2	13.4	7.5	-47	-49	1.6	1.4	10	1.8	1.0	-50	-50
Spandana Sphoorty	na	48.7	na	88.3	9.2	na	137	0.8	1.5	-45	2.1	1.0	-73	-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
Capital Goods	36.9	28.9	27	35.1	22.8	85	41	6.7	4.1	65	5.5	2.6	113	43
ABB India	58.6	79.6	-26	98.9	60.3	194	287	13.3	9.2	45	13.0	5.3	325	224
Bharat Electronics	38.5	12.2	215	23.1	1.3	93	-41	8.8	2.7	226	5.4	0.0	180	-5
Cummins India	34.8	30.2	15	38.2	22.3	75	47	10.5	6.4	65	9.1	3.6	234	124
Hitachi Energy	97.2	82.4	18	119.7	45.2	387	301	24.3	11.9	104	19.3	4.6	675	321
KEC International	22.7	24.3	-6	37.8	10.8	14	18	3.7	3.0	26	3.7	2.2	19	5
Kalpataru Proj.	18.0	15.6	16	19.6	11.6	-10	-24	2.2	1.7	32	2.2	1.2	-29	-41
Kirloskar Oil	21.9	19.3	14	27.3	11.3	10	-6	3.9	2.3	71	3.6	1.0	24	-19
Larsen & Toubro	27.3	23.5	17	28.1	18.8	37	14	4.5	3.0	48	3.9	2.1	43	7
Siemens	74.8	63.2	18	81.9	44.5	275	207	12.6	7.2	74	10.2	4.3	302	156
Thermax	49.3	44.8	10	54.9	34.8	147	118	7.7	4.9	58	6.9	2.9	147	73
Triveni Turbine	48.2	34.3	41	43.5	25.1	142	67	14.2	8.8	61	12.4	5.2	352	210
Zen Technologies	37.7	39.5	-4	59.0	19.9	89	92	7.5	4.7	59	6.5	2.9	138	65
Cement	38.4	28.5	35	36.5	20.6	93	39	3.2	2.6	20	3.1	2.2	1	-7
ACC	23.1	28.5	-19	36.4	20.6	16	39	2.0	2.7	-26	3.1	2.2	-37	-5
Ambuja Cem.	50.7	33.4	52	48.4	18.4	154	63	2.2	2.3	-4	2.8	1.8	-29	-19
Birla Corpn.	21.9	29.1	-25	58.4	-0.1	10	42	1.3	1.3	1	1.6	0.9	-60	-56
Grasim Inds	25.8	15.3	69	21.5	9.1	30	-26	3.0	1.9	60	2.5	1.3	-4	-34
India Cements	na	44.1	na	73.1	15.2	na	115	1.8	1.0	83	1.5	0.5	-43	-66
J K Cements	39.7	30.7	30	45.1	16.2	99	49	5.7	3.6	59	4.8	2.4	81	27
JK Lakshmi Cem.	22.0	35.3	-38	67.5	3.1	10	72	2.6	2.6	-2	3.3	1.9	-19	-8
Shree Cement	93.1	48.8	91	65.4	32.2	367	137	4.6	5.3	-12	6.2	4.4	48	86
The Ramco Cement	44.3	35.6	24	51.5	19.7	122	73	2.7	3.1	-13	3.7	2.5	-14	9
UltraTech Cem.	40.2	34.9	15	42.6	27.1	102	70	4.4	3.6	24	4.2	3.0	42	26
Consumer	42.9	42.0	2	45.9	38.1	115	104	10.4	10.3	1	11.1	9.4	230	262
Consumer Ex ITC	50.5	52.3	-3	59.0	45.5	153	154	11.6	13.2	-12	14.4	11.9	270	365
Asian Paints	44.7	56.1	-20	67.3	44.9	124	173	11.0	14.3	-23	17.0	11.6	252	405
Britannia Inds.	49.9	47.7	5	55.3	40.1	150	132	25.4	20.9	21	28.0	13.9	711	639
Colgate-Palm.	49.0	41.1	19	47.1	35.1	146	100	33.6	24.9	35	30.7	19.0	970	777
Dabur India	45.5	46.6	-2	54.9	38.3	128	127	8.4	10.5	-20	11.6	9.4	167	270
Emami	27.1	28.4	-5	36.9	20.0	36	38	8.4	8.5	-2	10.5	6.6	168	202
Godrej Consumer	48.4	46.3	4	55.7	36.9	143	125	7.9	7.1	12	9.4	4.7	153	149
Hind. Unilever	51.0	53.2	-4	61.2	45.2	156	159	11.2	21.2	-47	33.1	9.4	257	649
Indigo Paints	36.8	66.3	-45	99.9	32.8	84	223	5.3	9.6	-44	13.8	5.3	70	237
ITC	24.9	22.6	10	27.3	18.0	25	10	6.9	5.4	29	6.5	4.3	121	89
Jyothy Lab.	34.6	34.1	1	43.8	24.4	74	66	7.1	5.3	35	7.0	3.6	128	86
Marico	48.4	43.2	12	48.9	37.5	142	110	20.9	15.7	33	18.3	13.2	567	456



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	64.1	60.0	7	71.4	48.6	222	192	47.6	49.0	-3	72.7	25.3	1416	1628
P & G Hygiene	52.4	65.3	-20	75.2	55.3	163	217	43.1	41.5	4	55.1	28.0	1274	1366
Page Industries	63.7	66.7	-5	80.1	53.4	219	225	25.0	27.9	-11	33.9	22.0	697	886
Pidilite Inds.	60.1	59.7	1	78.2	41.1	201	190	14.0	13.2	6	15.8	10.6	347	366
Tata Consumer	59.6	48.5	23	64.7	32.4	199	136	4.0	3.2	23	4.5	2.0	26	14
United Breweries	72.2	93.3	-23	125.6	61.1	262	354	11.7	9.6	22	11.0	8.2	273	239
United Spirits	67.0	63.9	5	76.3	51.5	236	211	10.6	13.1	-19	18.6	7.6	237	363
Varun Beverages	54.0	47.1	15	58.8	35.3	171	129	9.6	8.0	19	10.9	5.2	204	184
Consumer Durables	48.0	34.3	40	46.7	21.9	141	67	7.8	5.4	45	7.3	3.5	150	90
Havells India	60.0	51.5	17	66.7	36.4	201	151	10.6	9.2	16	11.6	6.8	238	224
KEI Industries	50.4	20.5	145	35.1	6.0	152	0	6.0	3.3	80	5.0	1.7	92	18
Polycab India	41.9	28.7	46	40.6	16.8	110	40	8.2	5.4	52	8.0	2.9	162	91
Voltas	42.7	49.4	-13	76.4	22.3	114	140	5.8	4.8	20	6.3	3.4	84	70
Chemicals	32.8	24.8	32	35.1	14.5	64	21	3.9	3.3	19	4.4	2.1	24	15
Alkyl Amines	34.8	35.3	-1	64.6	6.0	75	72	5.7	6.6	-13	11.3	1.9	81	132
Atul	31.0	30.8	1	47.0	14.6	55	50	3.1	3.7	-15	4.7	2.6	-1	30
Deepak Nitrite	30.9	22.3	38	33.6	11.1	55	9	5.0	3.9	28	6.1	1.8	60	39
Fine Organic	35.4	33.1	7	41.9	24.3	78	61	5.3	7.6	-29	9.1	6.0	70	166
Galaxy Surfactants	20.9	25.6	-18	31.5	19.6	5	25	3.2	4.6	-31	5.5	3.6	0	62
Navin Fluorine	53.6	36.3	48	61.6	10.9	169	76	7.2	5.1	43	7.9	2.2	131	78
NOCIL	27.3	19.3	42	28.0	10.6	37	-6	2.1	2.0	7	2.6	1.3	-33	-31
P I Inds.	28.0	32.4	-14	38.0	26.9	40	58	4.5	5.9	-24	6.8	5.0	44	108
SRF	41.9	26.5	58	40.0	13.0	110	29	6.1	4.0	52	5.8	2.3	96	43
Tata Chemicals	21.4	14.3	50	23.6	5.0	7	-30	1.1	0.8	32	1.1	0.5	-66	-71
Vinati Organics	33.2	34.9	-5	48.8	21.0	67	70	5.5	6.5	-15	8.4	4.6	75	130
EMS	66.5	40.4	65	59.0	21.8	234	96	11.8	5.3	121	8.3	2.3	275	88
Amber Enterp.	63.1	51.9	22	73.4	30.4	216	152	8.4	4.3	97	6.0	2.6	167	51
Avalon Tech	45.0	66.6	-32	84.7	48.6	126	224	6.3	6.1	4	7.2	4.9	100	114
Cyient DLM	32.1	63.8	-50	77.3	50.2	61	210	3.6	5.4	-33	6.0	4.7	14	89
Data Pattern	45.1	49.5	-9	62.8	36.1	126	141	7.0	6.8	3	9.1	4.5	123	139
Dixon Tech.	89.8	58.4	54	96.2	20.6	350	184	27.1	13.3	103	22.0	4.6	763	369
Kaynes Tech	60.6	57.3	6	75.6	38.9	204	179	9.4	6.5	46	9.9	3.0	201	128
Syrma SGS Tech.	37.0	51.4	-28	64.6	38.2	86	150	4.8	4.6	5	5.8	3.4	53	62
Healthcare	31.3	27.0	16	31.5	22.5	57	32	4.6	3.8	20	4.7	3.0	47	36
Ajanta Pharma	34.1	25.2	35	31.2	19.2	71	23	7.0	5.7	23	7.7	3.8	124	102
Alembic Pharma	25.0	23.1	8	30.3	16.0	25	13	3.1	3.9	-21	5.3	2.5	-2	38
Alkem Lab	25.2	24.5	3	30.0	19.0	26	19	4.5	4.2	6	4.8	3.6	42	49
Apollo Hospitals	56.1	81.8	-31	112.3	51.4	181	298	9.8	6.9	41	9.3	4.6	212	145
Aurobindo Pharma	16.9	16.2	5	20.0	12.3	-15	-21	1.9	2.6	-28	3.9	1.3	-40	-8



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	104.8	88.3	19	197.4	-20.7	425	330	2.1	3.5	-40	5.2	1.9	-33	24
Cipla	24.1	26.8	-10	32.9	20.8	21	30	3.4	3.3	3	3.9	2.7	9	17
Divi's Lab.	59.7	37.9	58	53.3	22.4	199	84	9.0	6.4	41	8.4	4.4	187	126
Dr Reddy's Labs	16.7	25.3	-34	34.6	16.0	-16	23	2.7	3.4	-22	4.2	2.7	-15	21
ERIS Lifescience	32.1	26.6	21	33.0	20.1	61	29	5.1	5.3	-4	7.2	3.5	63	88
Gland Pharma	27.0	41.3	-35	54.2	28.4	35	101	2.4	4.5	-46	6.6	2.5	-22	59
Glaxosmit Pharma	35.8	54.3	-34	72.4	36.2	79	164	13.0	13.1	0	15.6	10.6	315	361
Glenmark Pharma.	24.8	22.9	9	29.9	15.8	25	11	3.9	3.1	26	4.7	1.4	23	8
Granules India	21.9	16.4	34	22.3	10.5	10	-20	3.2	2.6	26	3.3	1.8	3	-10
Ipca Labs.	34.0	31.9	6	44.9	19.0	70	55	4.7	3.6	29	4.6	2.7	49	28
Laurus Labs	59.8	42.2	42	69.5	14.9	200	105	6.6	4.6	43	6.7	2.5	111	63
Lupin	27.9	38.7	-28	54.3	23.2	40	88	4.7	3.8	23	5.3	2.4	50	36
Max Healthcare	53.3	36.7	45	47.9	25.5	167	79	8.3	5.1	63	7.0	3.2	166	81
Sun Pharma.Inds.	30.2	29.7	2	38.2	21.1	51	44	5.0	3.9	27	5.2	2.6	58	38
Torrent Pharma.	45.1	33.2	36	41.1	25.4	126	62	5.8	6.3	-7	7.4	5.1	86	122
Zydus Lifesciences	20.0	20.4	-2	25.2	15.7	0	-1	3.4	3.7	-8	5.0	2.4	8	29
Infrastructure	21.7	11.9	82	19.6	4.2	9	-42	1.6	1.2	35	1.7	0.7	-48	-57
IRB Infra.Devl.	28.3	17.7	60	27.1	8.3	42	-14	1.6	1.1	43	1.6	0.7	-48	-59
KNR Construct.	17.7	14.6	22	18.9	10.3	-11	-29	2.0	2.2	-12	2.7	1.7	-38	-22
Media	15.4	25.2	-39	29.5	20.8	-23	23	1.4	3.6	-61	5.4	1.9	-54	28
PVR Inox	77.6	41.3	88	49.8	32.9	289	101	1.5	3.8	-62	5.2	2.4	-53	36
Sun TV Network	12.8	15.7	-18	21.1	10.3	-36	-24	2.0	3.4	-42	5.0	1.9	-37	22
Zee Entertainment	11.3	34.4	-67	48.5	20.4	-43	67	0.8	3.8	-78	5.9	1.6	-73	33
Logistics	22.4	21.4	5	25.5	17.2	12	4	3.7	3.4	10	4.1	2.6	18	19
Adani Ports	19.4	18.8	3	23.3	14.2	-3	-9	3.4	3.3	1	4.1	2.5	7	17
Blue Dart Expres	34.1	76.6	-56	123.2	30.0	71	273	8.4	15.3	-45	22.9	7.7	166	441
Container Corpn.	28.3	32.5	-13	38.4	26.7	42	58	3.6	3.3	7	3.9	2.7	13	17
TCI Express	21.3	35.7	-40	46.1	25.3	7	74	3.4	7.8	-56	10.0	5.6	9	176
Transport Corp.	17.4	15.0	16	18.9	11.1	-13	-27	3.0	2.4	22	3.0	1.8	-5	-15
VRL Logistics	23.1	34.0	-32	45.9	22.0	16	65	3.9	4.8	-18	6.0	3.5	24	68
Mahindra Logis.	31.6	55.7	-43	68.5	43.0	58	171	5.1	6.3	-20	7.7	4.9	62	123
Metals	10.4	10.9	-4	14.4	7.3	-48	-47	2.1	1.6	27	2.0	1.2	-34	-43
Coal India	6.0	9.4	-36	14.8	4.1	-70	-54	2.1	4.4	-52	7.0	1.8	-33	55
Hindalco Inds.	9.3	9.1	2	11.2	7.0	-53	-56	1.3	1.2	9	1.5	0.8	-60	-59
Hind.Zinc	15.0	13.3	13	16.9	9.7	-25	-35	9.8	5.4	82	9.3	1.4	212	89
Jindal Steel	11.2	9.1	24	14.5	3.6	-44	-56	1.5	0.8	80	1.3	0.3	-53	-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	17.4	16.4	6	27.2	5.5	-13	-20	2.5	1.9	32	2.4	1.3	-21	-33
Natl. Aluminium	13.8	11.0	25	19.1	2.9	-31	-46	2.0	1.1	79	1.5	0.7	-37	-61
NMDC	7.4	5.7	30	7.6	3.8	-63	-72	1.6	1.2	40	1.6	0.7	-48	-59
S A I L	12.3	17.0	-28	30.0	4.1	-39	-17	0.7	0.6	14	0.8	0.4	-77	-77
Tata Steel	13.7	16.5	-17	30.4	2.6	-32	-20	1.9	1.3	52	1.8	0.7	-39	-56
Vedanta	10.8	10.1	7	14.8	5.3	-46	-51	4.4	2.0	124	3.2	0.7	40	-31
Oil & Gas	14.0	12.6	11	15.6	9.6	-30	-39	1.5	1.5	2	1.7	1.3	-52	-48
Oil & Gas Ex RIL	8.3	8.6	-4	11.4	5.7	-59	-58	1.1	1.2	-11	1.5	0.9	-66	-57
Aegis Logistics	34.6	31.6	10	43.7	19.5	73	54	5.3	4.3	22	5.6	3.0	68	52
B P C L	9.9	9.7	2	14.5	4.8	-50	-53	1.3	1.9	-30	2.4	1.3	-59	-34
Castrol India	19.4	22.4	-13	29.6	15.2	-3	9	7.5	13.3	-44	21.8	4.8	138	369
GAIL (India)	10.2	10.7	-5	13.9	7.5	-49	-48	1.4	1.3	12	1.6	1.0	-54	-55
Gujarat Gas	28.1	25.8	9	34.9	16.6	41	25	3.7	4.7	-21	5.8	3.6	18	65
Guj.St.Petronet	29.4	15.1	94	19.7	10.6	48	-26	1.7	1.7	2	1.9	1.5	-45	-40
H P C L	8.4	6.1	38	8.9	3.3	-58	-71	1.3	1.2	6	1.6	0.8	-58	-56
I O C L	13.3	9.3	44	18.0	0.5	-33	-55	0.9	1.0	-6	1.3	0.6	-71	-66
Indraprastha Gas	17.7	21.1	-16	26.4	15.8	-11	3	2.7	4.0	-32	4.9	3.0	-14	40
Mahanagar Gas	12.6	13.8	-9	17.9	9.8	-37	-33	2.2	2.9	-26	3.8	2.0	-31	2
M R P L	15.2	15.4	-1	40.9	-10.1	-24	-25	1.6	1.4	9	2.0	0.9	-50	-49
Oil India	9.1	6.6	39	9.4	3.8	-54	-68	1.3	0.8	64	1.1	0.5	-59	-72
O N G C	5.9	6.8	-13	9.8	3.7	-70	-67	0.8	0.9	-3	1.1	0.6	-73	-70
Petronet LNG	11.1	12.3	-10	14.6	10.0	-44	-40	2.3	2.7	-15	3.3	2.1	-28	-6
Reliance Inds.	21.3	17.6	21	24.2	11.1	7	-14	1.9	1.5	21	2.0	1.1	-40	-46
Real Estate	39.2	30.4	29	42.7	18.0	97	48	4.3	2.2	99	3.4	1.0	38	-23
Brigade Enterpr.	27.2	25.2	8	35.6	14.8	36	23	3.6	2.1	77	3.0	1.1	16	-28
DLF	47.8	48.2	-1	80.4	15.9	140	134	3.0	1.5	102	2.3	0.6	-4	-48
Godrej Properties	66.1	75.1	-12	99.7	50.6	232	266	5.3	5.3	1	7.1	3.4	70	86
Macrotech Developers	37.4	37.9	-1	46.9	28.9	88	84	5.2	4.2	23	5.5	3.0	67	50
Mahindra Lifespace	na	7.1	na	11.2	3.1	na	-65	3.3	1.6	110	3.2	-0.1	5	-45
Oberoi Realty	22.6	22.2	2	26.3	18.2	13	8	3.6	2.3	57	3.0	1.6	15	-19
Prestige Estates	61.7	29.8	107	47.4	12.3	209	45	2.9	1.9	51	2.6	1.2	-8	-33
Phoenix Mills	41.6	41.5	0	69.1	13.8	109	102	5.1	2.8	83	3.7	1.8	61	-2
Sobha	21.7	32.7	-34	53.7	11.7	9	59	3.1	2.0	56	3.0	1.0	-1	-30
Sunteck Realty	17.0	48.1	-65	71.9	24.3	-15	134	1.9	1.9	-1	2.4	1.5	-39	-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
Retail	80.6	84.2	-4	134.9	33.6	304	310	14.1	9.8	44	13.9	5.7	348	245
Aditya Birla Fashion	na	134.1	na	200.3	67.8	na	552	8.1	8.3	-3	11.0	5.7	157	193
Bata India	50.9	51.9	-2	70.0	33.7	155	152	8.8	9.4	-7	13.2	5.6	179	233
Avenue Supermarts	75.2	100.0	-25	121.8	78.1	277	386	9.9	12.8	-23	15.5	10.0	215	351
Jubilant	92.3	74.1	25	106.1	42.1	363	260	20.0	13.3	50	19.3	7.3	536	370
Kalyan Jewellers	50.1	33.4	50	53.2	13.5	151	62	9.7	5.3	85	9.5	1.1	210	85
Relaxo Footwear	71.0	79.0	-10	122.9	35.1	256	284	6.1	10.1	-40	12.8	7.3	94	255
Senco Gold	24.7	26.6	-7	32.5	20.6	24	29	4.1	4.2	-4	5.3	3.2	30	50
Shoppers Stop	na	85.7	na	139.5	31.9	na	317	14.1	14.9	-5	23.5	6.2	350	424
Trent	92.9	89.7	4	112.7	66.7	366	336	25.0	10.2	144	17.8	2.7	695	262
Titan	67.7	61.1	11	78.0	44.2	239	197	21.0	15.2	38	21.5	8.9	568	436
Vedant Fashions	47.9	68.2	-30	77.8	58.6	140	232	11.6	17.9	-35	20.7	15.0	271	530
V-Mart Retail	na	47.9	na	81.2	14.5	na	133	8.0	6.6	21	9.1	4.0	154	131
Technology	27.6	21.0	31	26.0	16.0	38	2	8.8	5.8	52	7.5	4.1	180	104
Coforge	39.1	23.6	65	35.5	11.8	96	15	11.4	5.3	117	8.5	2.0	263	86
Cyient	19.1	18.3	4	24.8	11.9	-4	-11	3.5	2.9	19	4.0	1.9	10	3
HCL Technologies	24.2	16.9	43	21.1	12.7	21	-18	7.0	4.0	76	5.3	2.7	124	41
Infosys	27.3	20.7	32	25.9	15.6	37	1	8.8	5.7	56	7.7	3.6	180	99
LTI Mindtree	32.5	24.2	34	34.3	14.1	63	18	6.9	9.6	-28	12.4	6.8	120	238
L&T Technology	37.3	27.4	36	37.2	17.6	87	33	8.4	6.6	27	8.7	4.5	168	134
Mphasis	28.7	20.1	43	28.0	12.2	44	-2	5.4	3.7	45	5.5	1.9	71	31
Persistent Sys	55.0	25.4	117	37.6	13.2	176	24	13.9	4.9	185	8.3	1.5	343	72
TCS	27.5	24.2	14	28.9	19.4	38	18	14.8	10.1	46	13.7	6.6	371	258
Tech Mahindra	27.8	18.2	53	24.6	11.9	40	-11	5.3	3.2	63	4.2	2.3	69	15
Wipro	25.4	18.0	42	22.5	13.4	28	-13	4.4	3.0	47	3.7	2.3	40	5
Zensar Tech.	27.4	16.8	63	22.4	11.2	37	-18	4.4	2.5	74	3.3	1.8	40	-11
Telecom	na	39.3	na	50.5	28.1	na	91	39.9	18.5	116	40.1	-3.1	1171	552
Bharti Airtel	40.6	41.0	-1	52.9	29.1	104	100	8.1	3.9	107	6.0	1.8	158	38
Indus Towers	14.5	18.1	-20	26.0	10.2	-27	-12	2.6	3.4	-22	4.4	2.4	-16	19
Vodafone Idea	na	22.2	na	30.5	13.9	na	8	na	1.2	na	2.3	na	na	-58
Tata Comm	31.7	31.1	2	46.2	16.0	59	51	13.9	25.5	-46	39.4	11.6	342	800
Utilities	16.3	11.6	41	15.0	8.2	-18	-43	2.4	1.5	58	2.0	1.0	-25	-47
Indian Energy Exchange	33.6	27.7	21	47.0	8.4	68	35	11.6	10.6	10	17.7	3.4	268	272
JSW Energy	30.6	23.4	31	35.0	11.9	53	14	3.6	1.8	98	3.1	0.6	14	-36
NTPC	13.2	9.7	36	12.7	6.6	-34	-53	1.7	1.1	52	1.5	0.8	-46	-60
Power Grid Corpn	15.9	9.3	71	12.3	6.2	-20	-55	3.0	1.6	86	2.2	1.0	-5	-44
Tata Power Co.	23.1	18.8	23	24.8	12.8	16	-9	2.9	1.8	61	2.6	1.0	-9	-37

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Explanation of Investment Rating	
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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