



Gautam Duggad

✉ Gautam.Duggad@motilaloswal.com

Anshul Agarawal

✉ Aanshul.Agarawal@motilaloswal.com

Deven Mistry

✉ Deven@motilaloswal.com

Abhishek Saraf

✉ Abhishek.Saraf@motilaloswal.com

The Eagle Eye

March 2025

CONTENTS

GLOBAL MARKETS

- ❖ India experiences a falloff during the month—the weakest among peers in CY25YTD
- ❖ MSCI China rebounds from the lows; MSCI India underperforms
- ❖ US indices extend their outperformance; Indian markets decline further
- ❖ Equities underperformed gold since Sep'24 highs

DOMESTIC MARKETS

- ❖ Market-caps shrink; valuations dip further
- ❖ More stocks fall sharply than reach highs
- ❖ Broad-based weakness continues, with all sectoral indices reporting a decline MoM
- ❖ 3QFY25 earnings growth remains modest across indices

FLOWS AND VOLUMES

- ❖ DII inflows strong, while FII selling continues
- ❖ Monthly average cash volumes hit a 15-month low, while F&O volumes dip marginally
- ❖ India's VIX below its average despite sharp drawdowns

KEY RESEARCH REPORTS

- ❖ MOFSL Review: A modest 3QFY25; earnings downgrade ratio worst since 1QFY21!
- ❖ Logistics: Anchoring solutions | Navigating success

MULTI-YEAR HIGHS/LOWS

- ❖ Current bout of correction in line with historical median
- ❖ Nifty recoups the peak-to-trough loss in ~200 days on average
- ❖ Private banks' weights increase, while those of Technology dip sharply on a MoM basis
- ❖ Forex reserves rise after a decline for four consecutive months

VALUATIONS

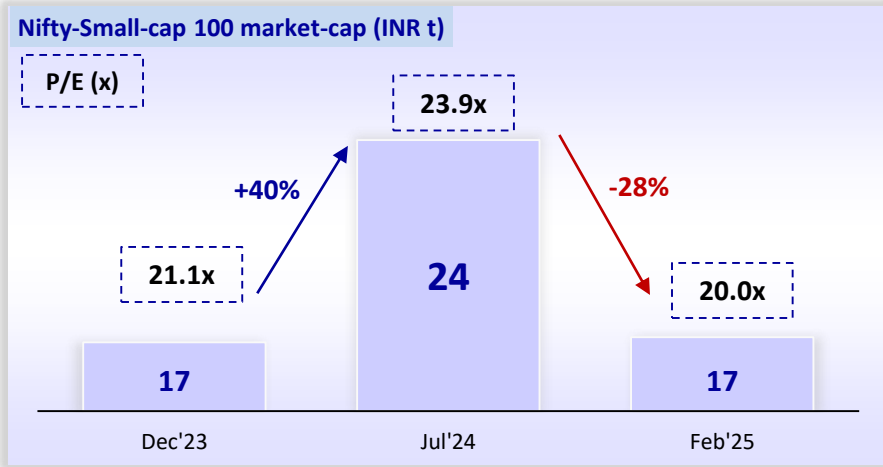
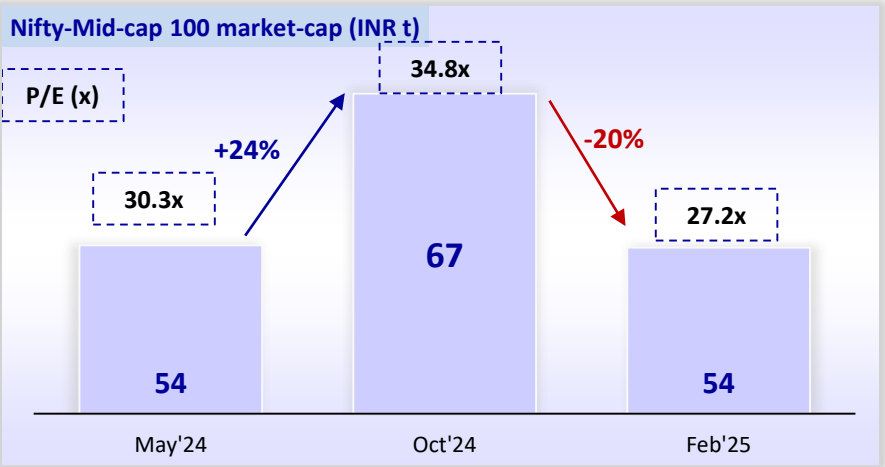
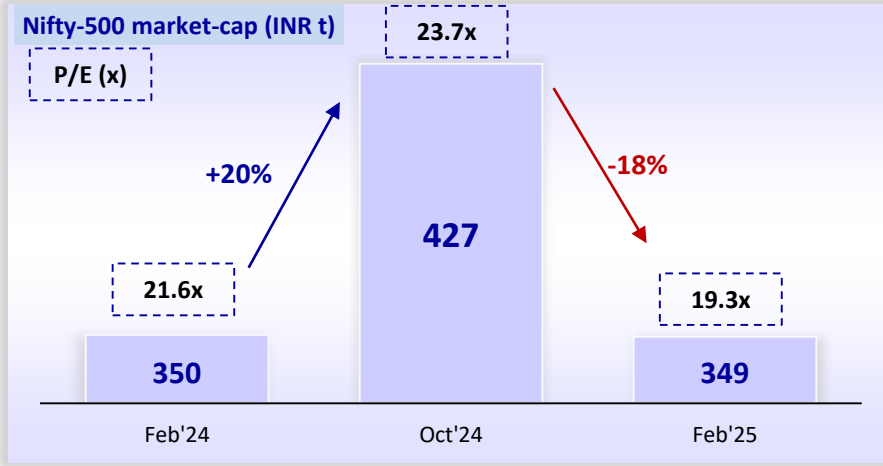
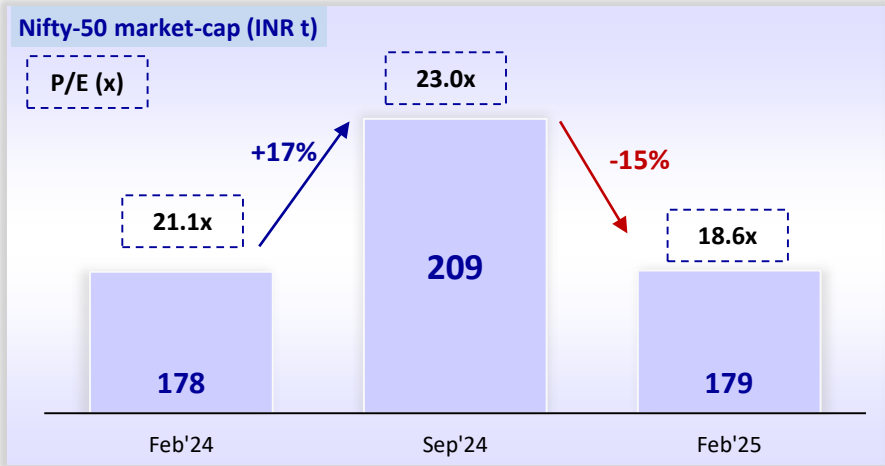
- ❖ Valuations across sectors moderate from the highs; large caps trade at a discount, while broader markets still at a premium
- ❖ Nifty's 12-month forward P/E trades at 18.6x, 9% below its LTA.
- ❖ India's market capitalization-to-GDP ratio down from an all-time high on a year-end basis

A view from the EAGLE'S EYE!

KEY EXHIBITS Market-caps shrink; valuations dip further

❖ Nifty-50/Nifty-500/Nifty Mid-cap 100/Nifty Small-cap 100 indices' market-caps declined 15%/18%/20%/28% from their peaks, bringing them to levels seen at the beginning of CY24. Additionally, their respective valuations have dipped 19%/19%/20%/16% from the highs and are even lower than the levels of CY24.

Market-caps and valuations of key indices declined 15-30% from their peaks



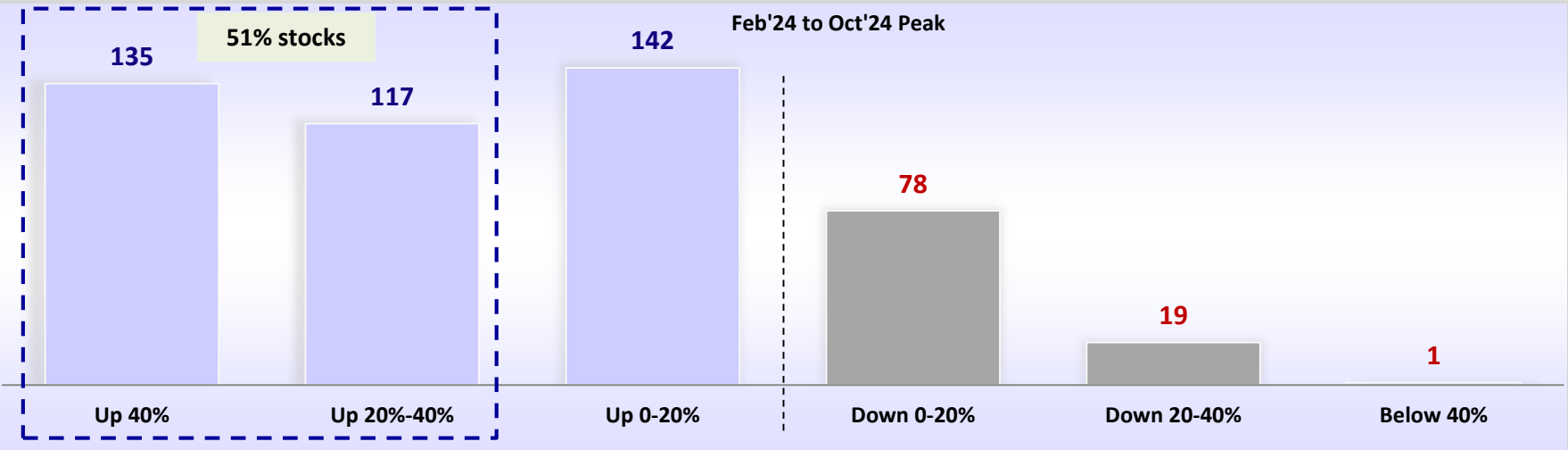
Note: The 12m forward P/E (x) has been considered.

KEY EXHIBITS

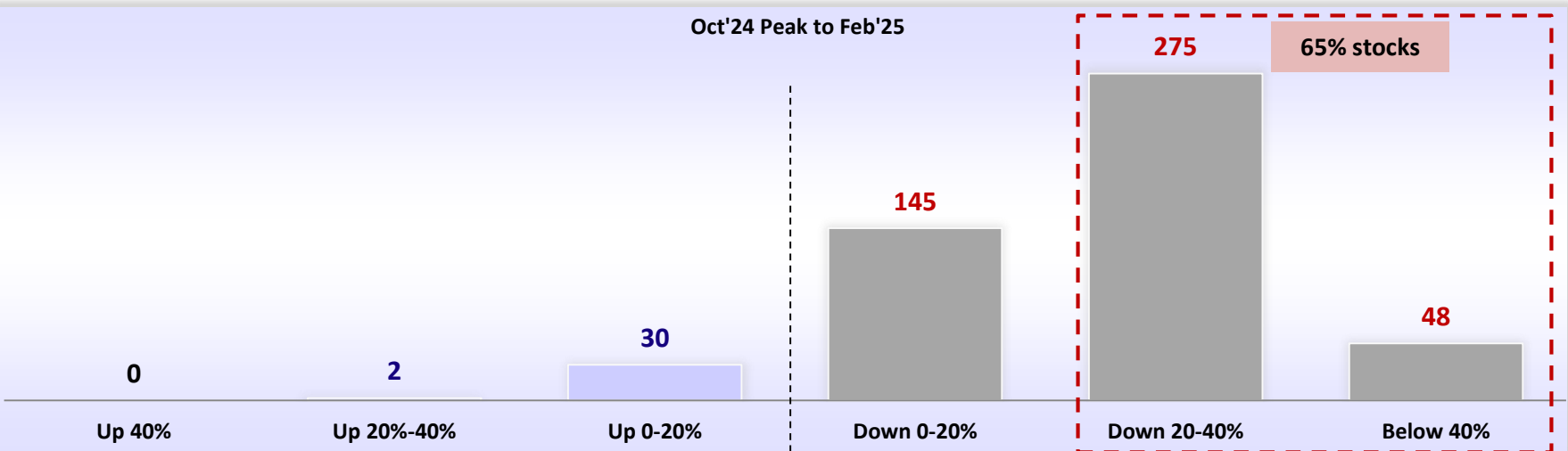
More stocks fall sharply than reach highs, while the index turns flat YoY

- ❖ About 51% of Nifty-500 stocks had gained more than 20% between Feb'24 and the index's peak in Oct'24.
- ❖ While Nifty-500 market caps fell to Feb'24 levels, about 65% of stocks have dropped more than 20% from the index's peak to the present level.

Nifty-500 stock performance – Feb'24 to Oct'24 peak

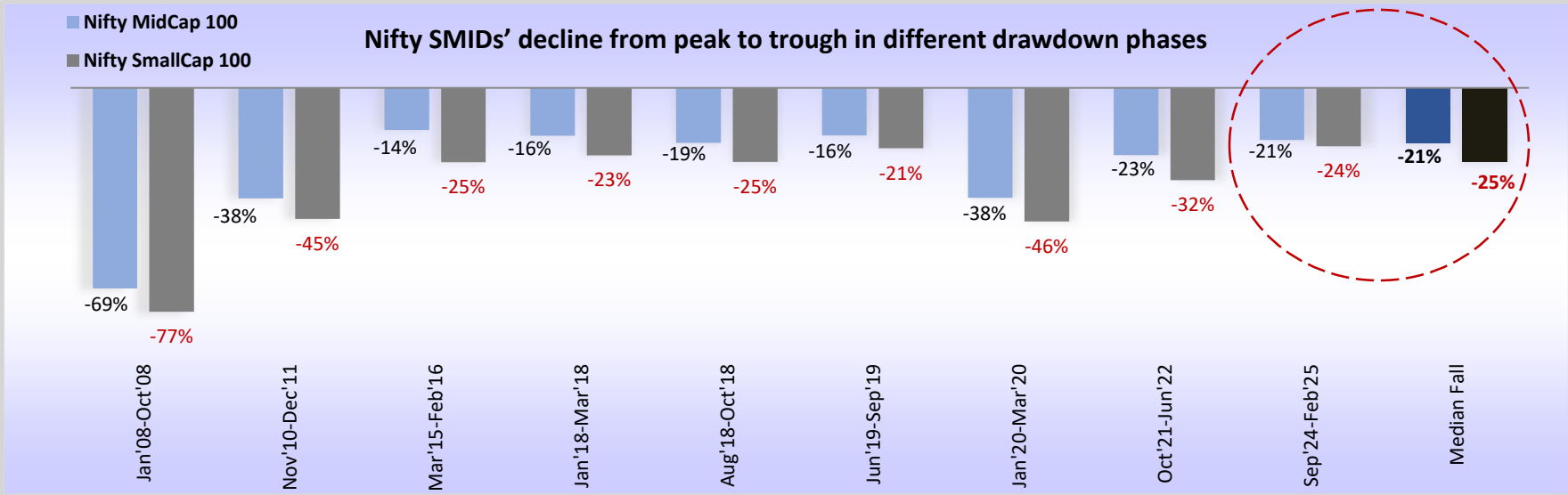
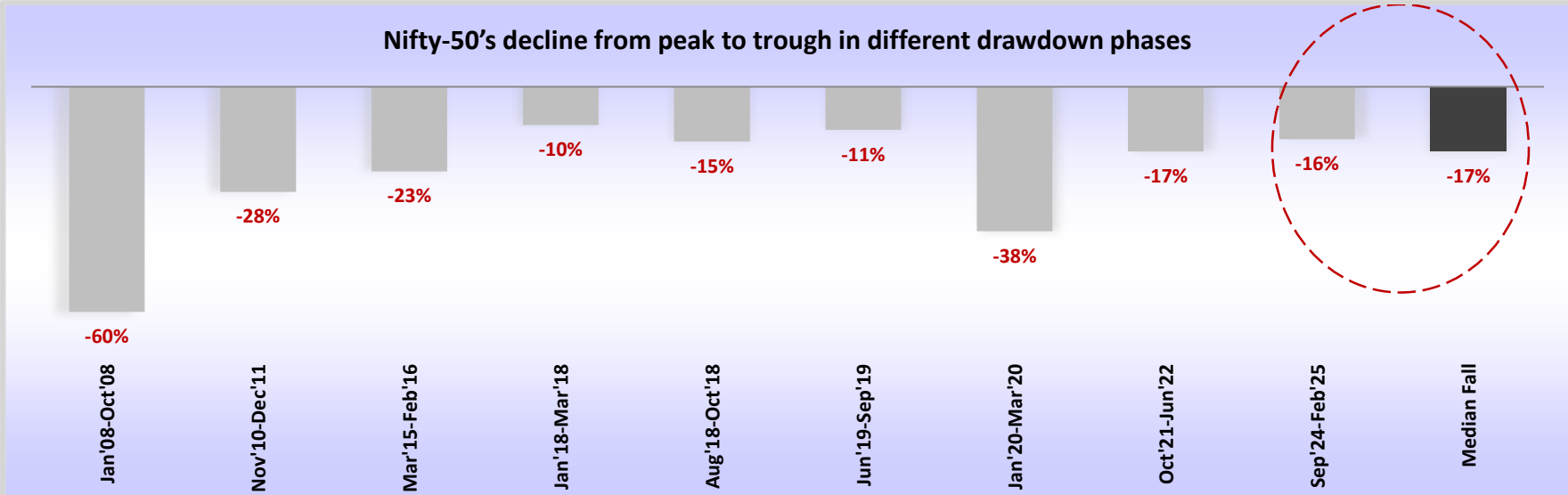


Nifty-500 stock performance Oct'24 peak to Feb'25



KEY EXHIBITS

Current market falloff is close to the historical median



- ❖ It has historically taken approximately 200 days for Nifty-50 to recover to the previous peak levels.
- ❖ Markets may be in the latter stages of correction; the current correction phase has already lasted about six months.

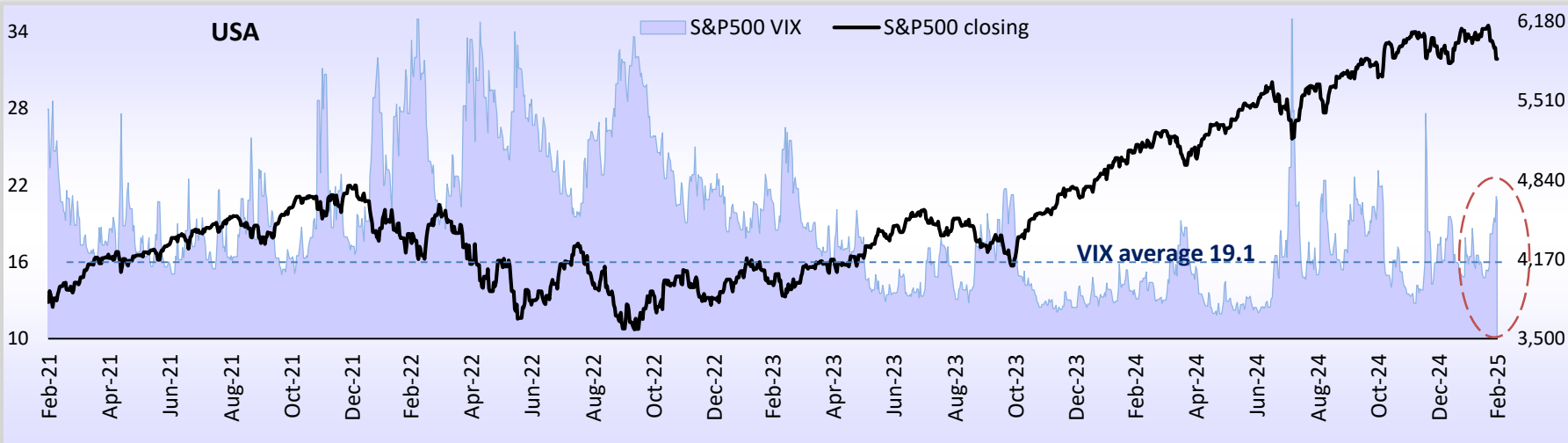
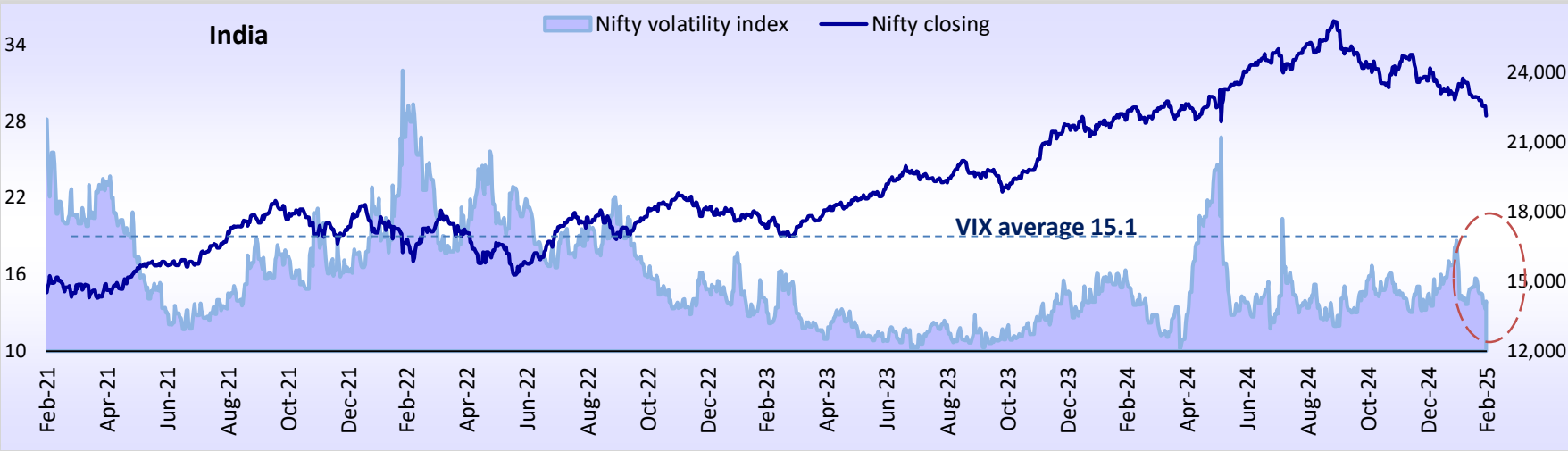
Phases of more than 10% Nifty correction

Nifty 50 drawdown					Total decline during drawdown	Recovery from trough to next peak		
Period	All-time high date	All-time high	Trough date	Nifty 50 trough value	Nifty 50 max decline	Date of Nifty 50 new all-time high	Nifty 50 % recovery from trough	No of days taken for Nifty 50 recovery from the trough date
1	8-Jan-08	6,288	27-Oct-08	2,524	-60%	5-Nov-10	150%	739
2	5-Nov-10	6,312	20-Dec-11	4,544	-28%	3-Nov-13	39%	684
3	3-Mar-15	8,996	25-Feb-16	6,971	-23%	14-Mar-17	30%	383
4	29-Jan-18	11,130	23-Mar-18	9,998	-10%	24-Jul-18	11%	123
5	28-Aug-18	11,739	26-Oct-18	10,030	-15%	16-Apr-19	18%	172
6	3-Jun-19	12,089	19-Sep-19	10,705	-11%	27-Nov-19	13%	69
7	14-Jan-20	12,362	23-Mar-20	7,610	-38%	9-Nov-20	64%	231
8	18-Oct-21	18,477	17-Jun-22	15,294	-17%	24-Nov-22	21%	160
9	26-Sep-24	26,216	28-Feb-25	22,126	-16%	-	-	-
Median Value					-17%		26%	202

Note: Each drawdown phase is identified when the Nifty 50 index experiences a decline of 10% or more from its previous all-time high. This phase is considered complete once a new all-time high is reached. For consistency, we have maintained a fixed reference point for both the previous all-time high and the subsequent new all-time high dates. Based on this framework, we have analyzed the maximum drawdown and the subsequent recovery from the lows for the **Nifty 50, Nifty Mid-Cap, and Small-Cap indices**, respectively.

KEY EXHIBITS India's VIX below its average despite sharp drawdowns

- ❖ Historically, market drawdowns have seen increased volatility; however, this has not been the case in the current drawdown phase.
- ❖ India's VIX continues to trade below its four-year average of 15.1x, while that of the US remains above its average of 19.1x.

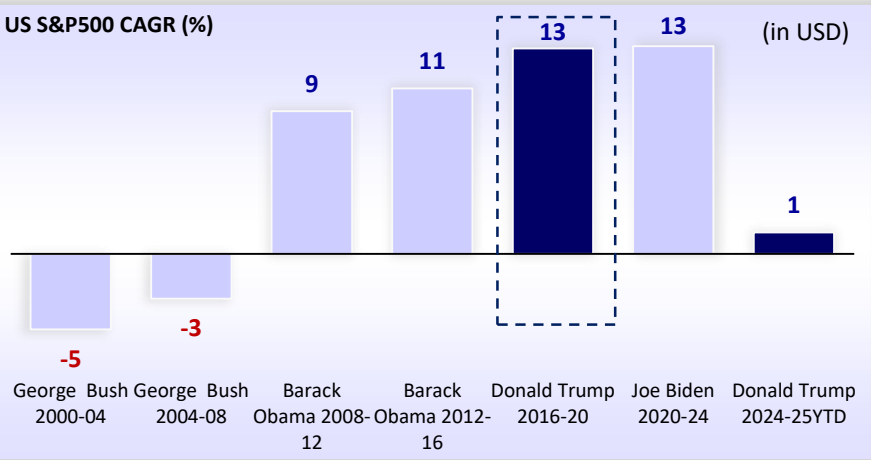


KEY EXHIBITS

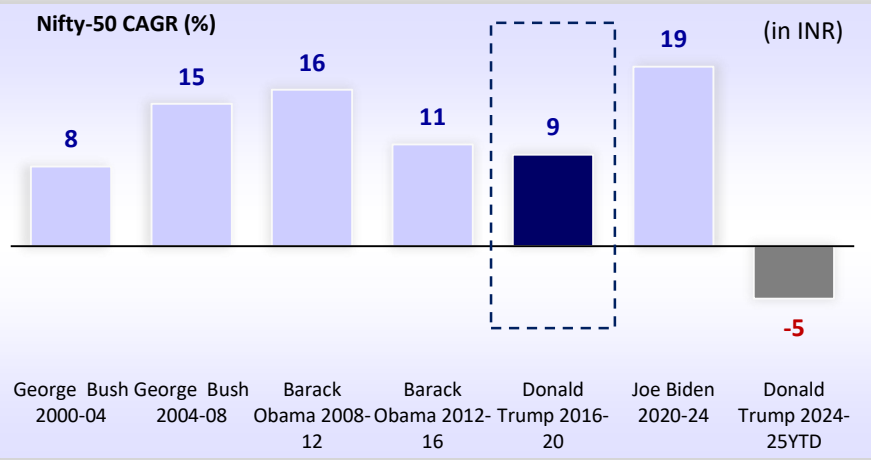
Indian markets have stayed healthy across all the terms of the US presidents

- ❖ Indian markets have remained volatile since Donald Trump took charge and have underperformed in the past 4-5 months.
- ❖ However, the Indian markets (Nifty-50) delivered decent growth across the US presidents' terms.
- ❖ While the correlation remains low, Nifty IT significantly outperformed Nifty Pharma during the same period.

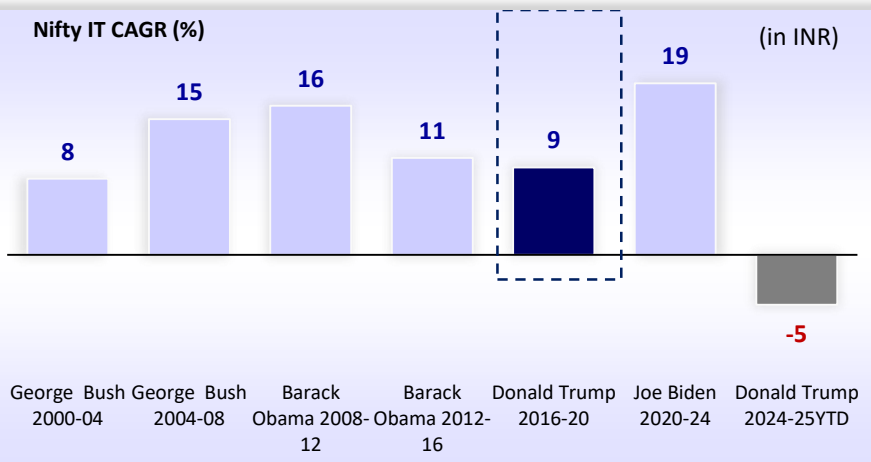
USA S&P500 performance



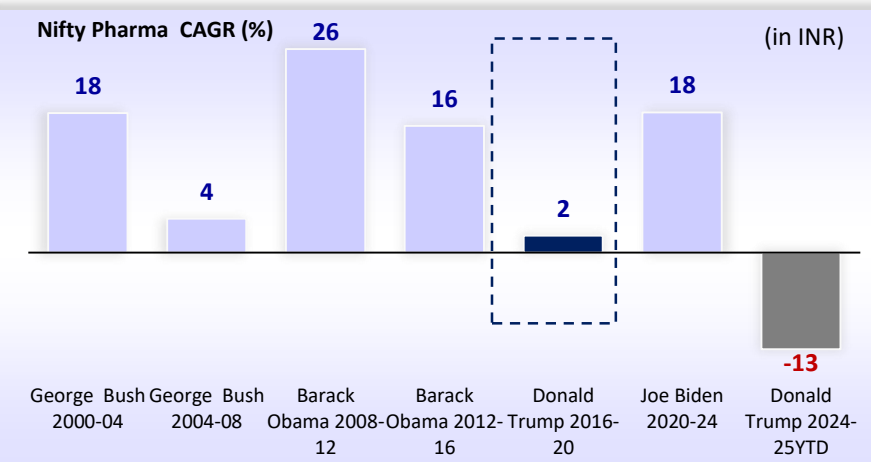
India Nifty-50 performance



India Nifty IT performance



India Nifty Pharma performance



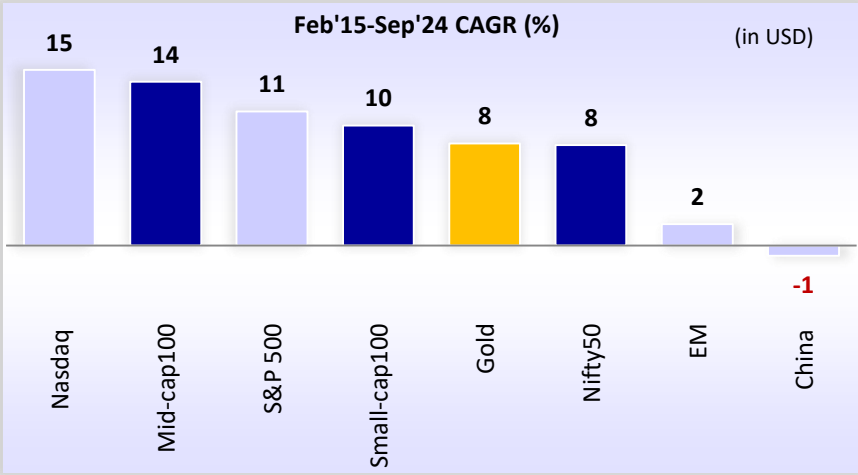
Note: Returns have been considered between the announcement of election results for two Presidential terms.

KEY EXHIBITS

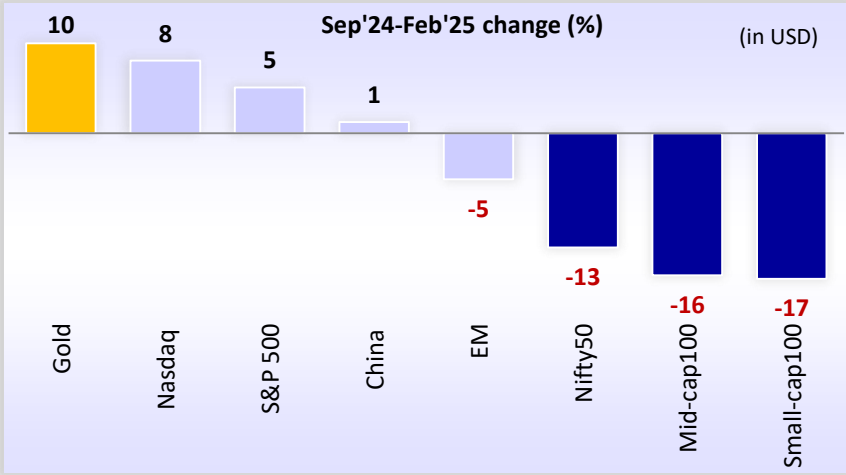
Equities have underperformed gold since the Sep'24 highs

- ❖ Gold prices have spiked in recent years as the EM central banks boosted demand to reduce USD reliance and hedge geopolitical risks.
- ❖ While US and Indian equities outperformed gold over the past decade, gold has outpaced global equities in the past six months.

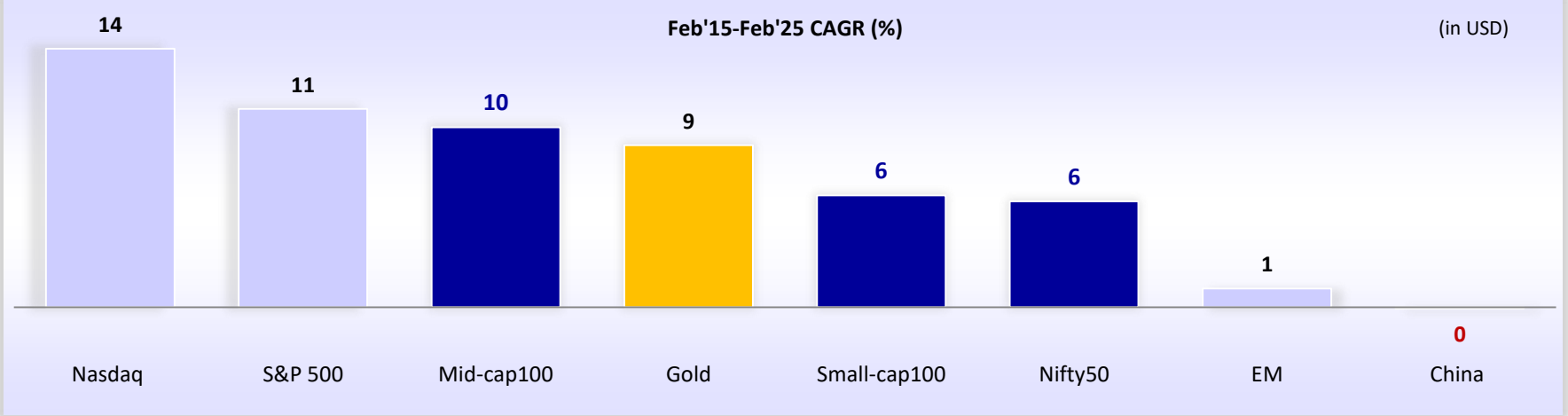
Equities outperformed gold during Feb'15-Sep'24



Gold outperformed key equity markets over the past six months



Gold vs global equity market performance over the past decade

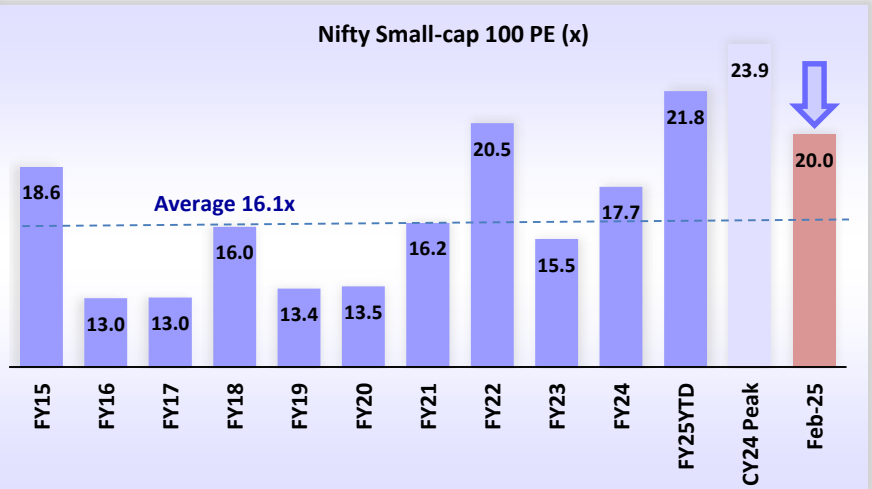
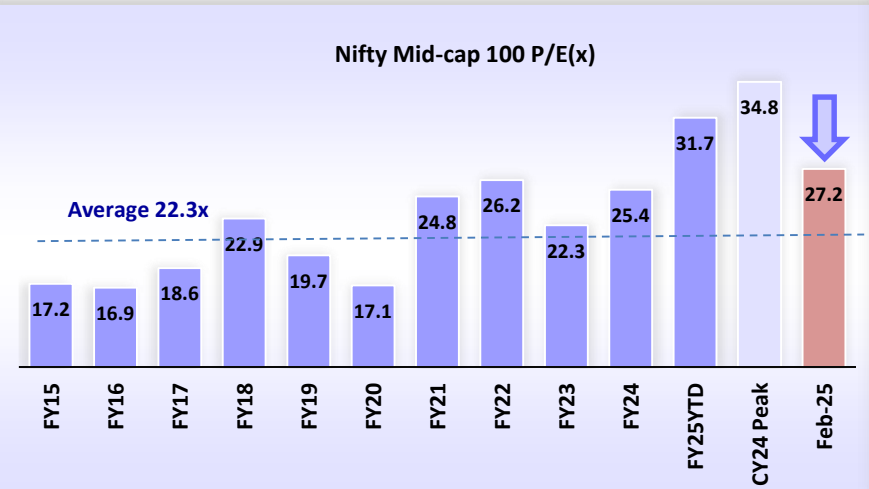
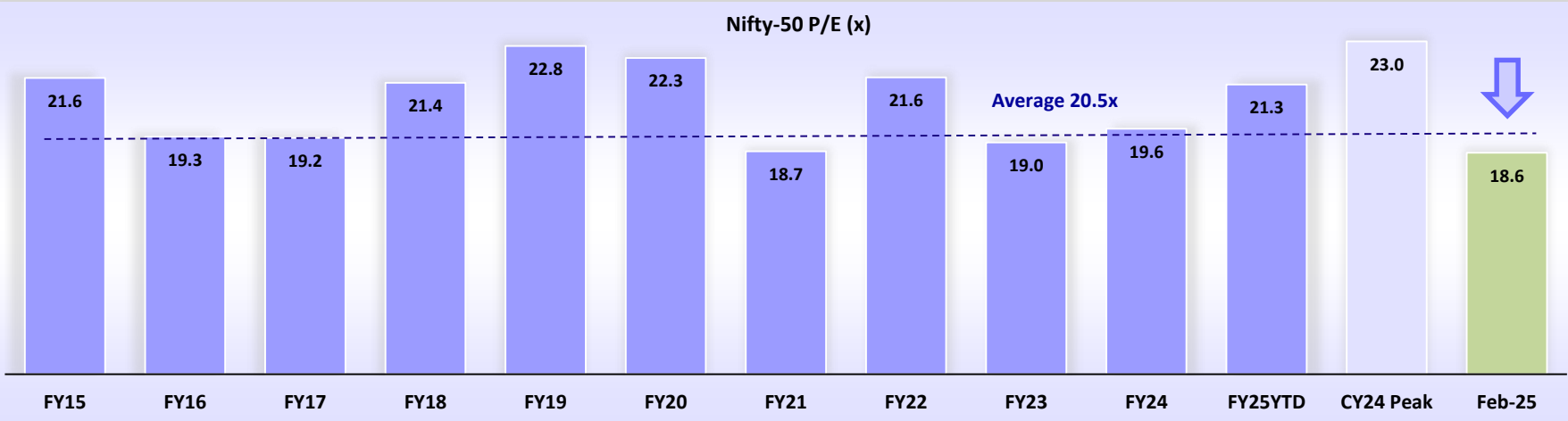


KEY EXHIBITS

Large-caps trade at a discount to history; broader markets still at a premium

- ❖ Nifty-50 valuations have dropped 16% from their Sep'24 highs, while mid- and small-cap valuations have fallen 22% and 25%, respectively, over the same period.
- ❖ Nifty-50 is trading at a 9% discount to its LPA, while mid- and small-cap indices are trading at 22% and 25% premiums to their LPA, respectively.

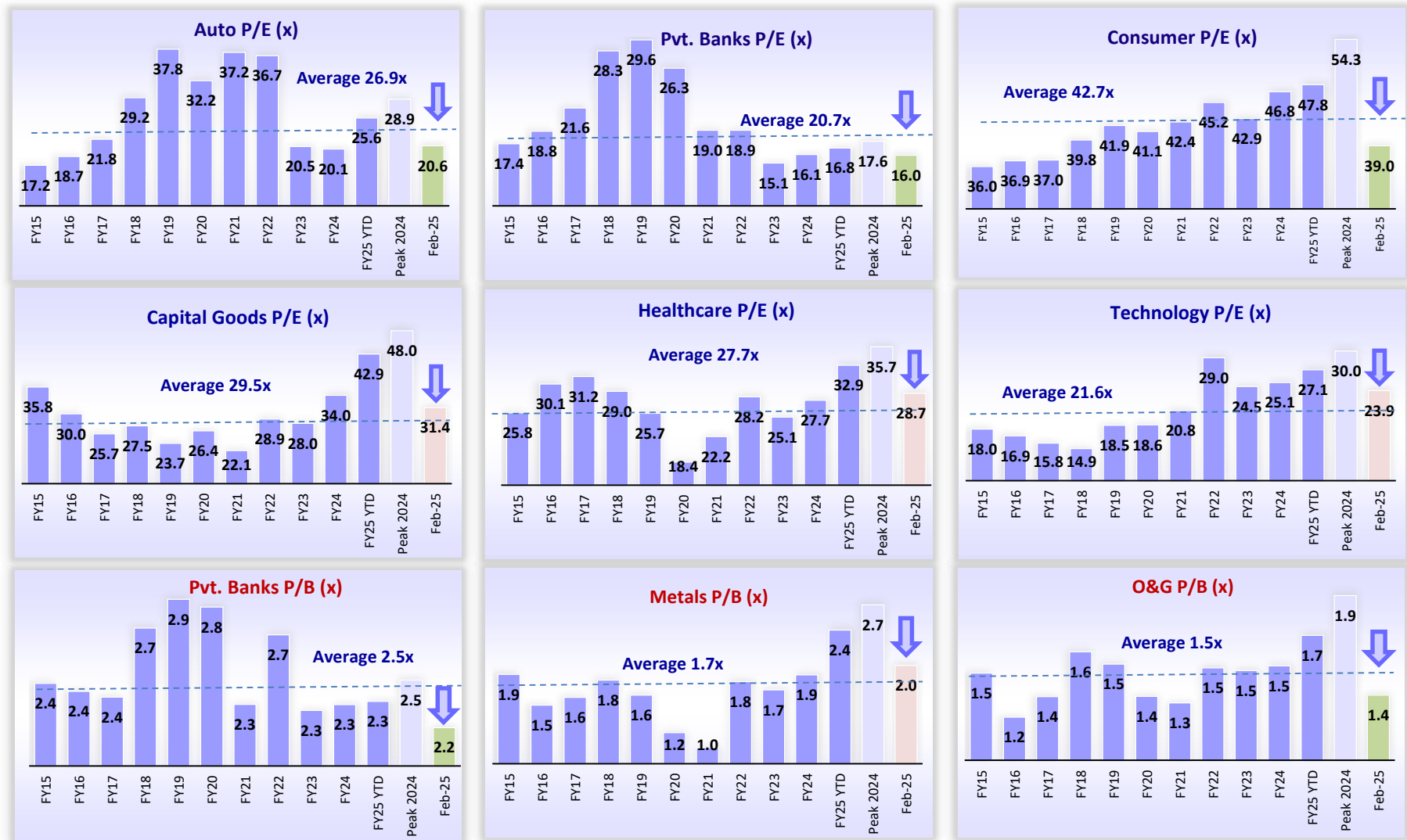
Valuation trend across Nifty-50, Nifty Mid-cap 100 and Nifty-Small-cap 100 indices



The 12-month average of one-year fwd P/E has been considered for the year across indices

KEY EXHIBITS Valuations across sectors moderate from the highs

❖ Valuations of key sectors have moderated from their 2024 highs, trading below the 10-year average for Auto, Private Banks, Consumer, and Oil & Gas. However, they remain above the 10-year average for Capital Goods, Healthcare, Technology, and Metals following the recent market falloff.



Note: The 12-month average of one-year fwd P/E and P/B has been considered for the year across sectoral indices

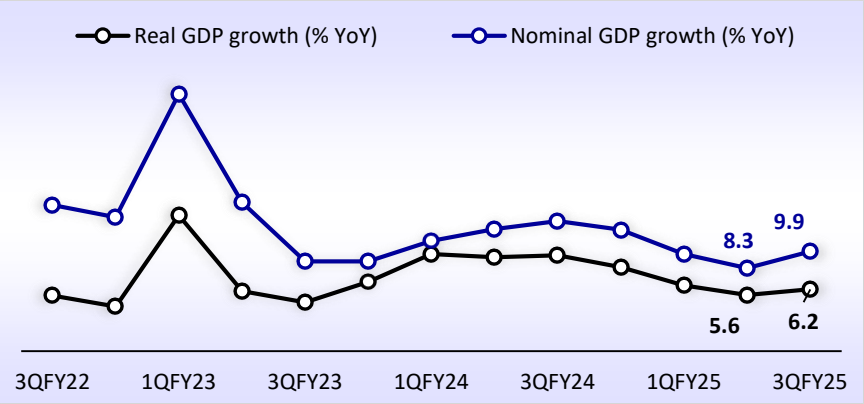
KEY EXHIBITS

Real GDP growth improves in 3QFY25

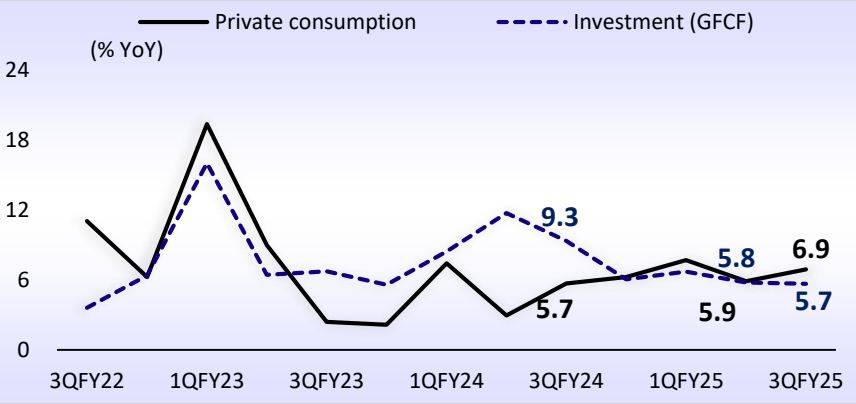
Real GDP growth projected at 6.5% in FY25

- ❖ Real GDP grew 6.2% in 3QFY25, better than MOFSL forecast of 5.7% and in line with the consensus of 6.2%.
- ❖ The improvement in real GDP growth was mainly led by the six-quarter highest growth in final consumption expenditure (7.1% in 3QFY25 vs. 5.3%/5.6% in 3QFY24/2QFY25). Both private and government consumption witnessed an improvement during the quarter. Additionally, real net exports added 2.5pp to real GDP growth in 3QFY25 (the highest contribution in seven quarters).
- ❖ Nominal GDP growth was 9.9% in 3QFY25, lower than 12.9% in 3QFY24 but better than 8.3% in 2QFY25. [Report link](#)

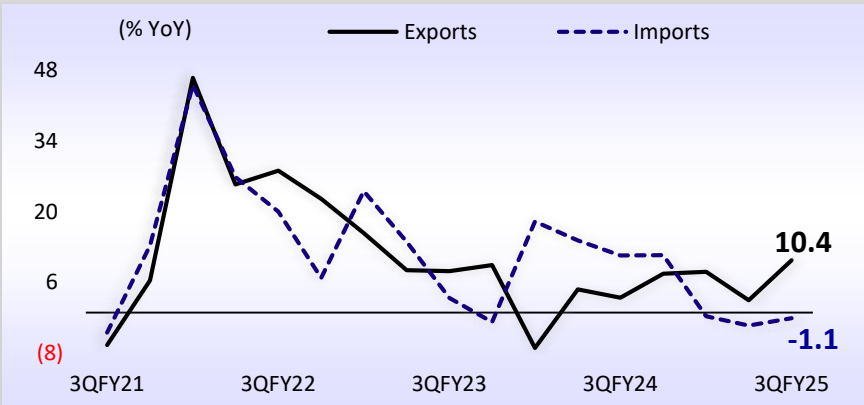
Real GDP growth improved to 6.2% YoY in 3QFY25



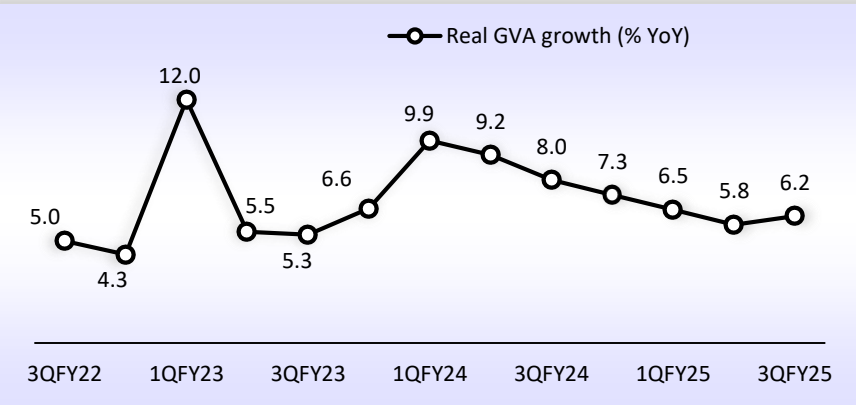
Private consumption growth accelerated while investment growth weakened



Imports contracted while exports grew 10.4%, leading to a higher contribution of net exports



Real GVA growth improved to 6.2% YoY in 3QFY25



KEY EXHIBITS MOFSL Review: A modest 3QFY25; earnings downgrade ratio worst since 1QFY21!

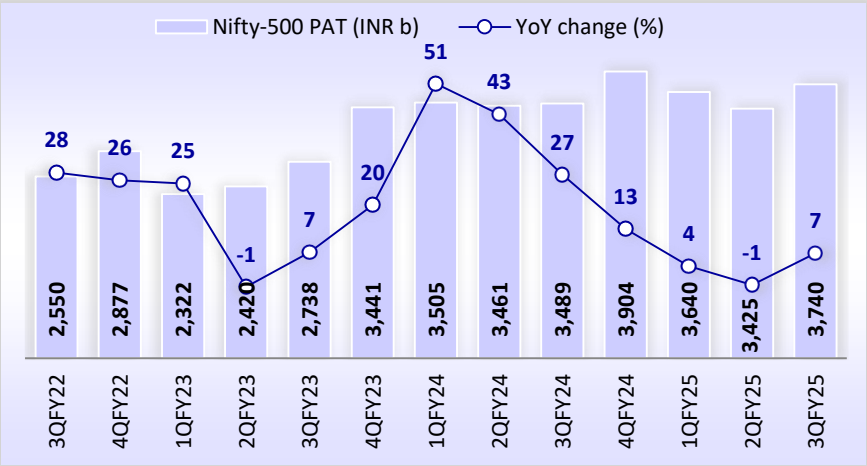
- ❖ The aggregate earnings of the MOFSL universe companies were in line with our estimates, with earnings of Nifty-50 growing 5% YoY.
- ❖ Large-cap and mid-cap earnings in the MOFSL universe grew 5% and 26%, respectively, while small-cap earnings declined 24% in 3QFY25. [Report link](#)

Sector	Sales (INR b)	Growth (%)		Sales		EBITDA (INR b)	Growth (%)		EBITDA		PAT (INR b)	Growth (%)		PAT	
	Dec-24 (actual)	Actual YoY	QoQ	Var. over Exp. (%)	Vs Exp	Dec-24 (actual)	actual YoY	QoQ	Var. over Exp. (%)	Vs Exp	Dec-24 (actual)	Actual YoY	QoQ	Var. over Exp. (%)	Vs Exp
Automobiles (25)	3,195	7	6	-1	In Line	406	-1	5	-5	In Line	234	-2	4	-6	Below
Capital Goods (11)	946	17	5	-2	In Line	106	17	0	-3	In Line	65	20	0	-4	In Line
Cement (11)	561	2	10	0	In Line	70	-31	28	-11	Below	22	-55	2	-17	Below
Chemicals (12)	159	6	-5	-3	In Line	27	-1	-12	-8	Below	14	-12	-24	-15	Below
Consumer (20)	878	6	-1	-1	In Line	202	-1	-2	-3	In Line	141	-5	-2	-6	Below
Consumer Durables (5)	175	16	4	1	In Line	17	25	15	2	In Line	11	23	5	-6	Below
EMS (7)	150	87	-3	1	In Line	8	77	7	-1	In Line	4	76	4	-18	Below
Financials (60)	3,032	10	3	-2	In Line	1,700	13	-4	-1	In Line	1,056	11	-2	2	In Line
Banks-Private (12)	922	9	1	0	In Line	694	10	1	0	In Line	420	2	-3	-1	In Line
Banks-PSU (6)	887	4	0	-2	In Line	579	12	-12	-4	In Line	378	24	-4	9	Above
Insurance (6)	715	14	9	-4	In Line	36	9	15	2	In Line	23	29	7	5	In Line
NBFC - Lending (22)	437	16	3	1	In Line	352	15	1	0	In Line	205	5	2	-3	In Line
NBFC - Non Lending (14)	71	39	0	1	In Line	39	54	-2	1	In Line	30	32	-11	-5	Below
Healthcare (24)	879	11	1	1	In Line	211	22	1	4	In Line	131	25	2	5	In Line
Infrastructure (3)	42	-10	19	-1	In Line	13	4	27	11	Above	5	14	32	5	In Line
Logistics (8)	167	12	8	2	In Line	64	14	7	5	Above	37	17	11	4	In Line
Media (3)	45	0	-1	-4	In Line	10	0	-5	-11	Below	7	13	7	-4	In Line
Metals (10)	2,844	4	5	-1	In Line	552	9	19	11	Above	245	3	24	11	Above
Oil & Gas (15)	7,785	0	7	-1	In Line	952	2	23	1	In Line	417	-11	13	-7	Below
Oil Ex OMCs (12)	3,609	3	2	3	In Line	720	4	9	2	In Line	319	-8	-9	-4	In Line
Real Estate (13)	154	35	10	-8	Below	44	34	20	-7	Below	35	60	24	2	In Line
Retail (21)	669	21	17	-1	In Line	77	15	29	-2	In Line	35	15	46	-6	Below
Staffing (4)	125	14	5	3	In Line	4	8	4	-2	In Line	3	50	24	-3	In Line
Technology (12)	1,967	6	1	0	In Line	448	7	3	2	In Line	309	9	3	0	In Line
Telecom (4)	696	13	6	0	In Line	374	30	16	5	In Line	9	LP	LP	LP	Above
Utilities (5)	694	3	0	-9	Below	249	8	4	-7	Below	98	3	0	-5	In Line
Others (19)	688	17	12	0	In Line	126	33	57	-12.8	Below	50	28	2,023	-21	Below
MOFSL Universe (292)	25,851	6.1	5.0	-1.2	In Line	5,661	9.2	7.1	-0.1	In Line	2,927	6.0	6.6	-0.7	In Line
MOFSL Ex Financials (232)	22,819	5.6	5.2	-1.1	In Line	3,961	7.8	12.7	0.4	In Line	1,872	3.6	12.4	-2.3	In Line
MOFSL Ex Metals & Oil (267)	15,222	9.9	4.2	-1.2	In Line	4,156	10.8	2.7	-1.7	In Line	2,265	10.1	3.9	-0.6	In Line
MOFSL Ex OMCs (289)	21,675	7.8	3.9	-0.4	In Line	5,429	9.8	5.0	-0.1	In Line	2,829	7.1	3.7	-0.2	In Line
Nifty (50)	14,952	5.9	4.3	0.8	In Line	3,655	8.4	5.1	-0.2	In Line	1,964	4.7	2.2	-0.3	In Line
Large Cap (84)	19,616	5.9	5.2	-2.1	In Line	4,423	7.9	6.3	-0.7	In Line	2,394	4.9	5.1	-0.9	In Line
Mid Cap (87)	4,564	7.0	5.0	2.8	In Line	963	17.8	10.0	4.6	In Line	424	26.1	17.8	7.4	Above
Small Cap (121)	1,671	6.9	2.3	-1.3	In Line	276	2.6	9.6	-6.2	Below	109	-23.6	0.8	-19.8	Below

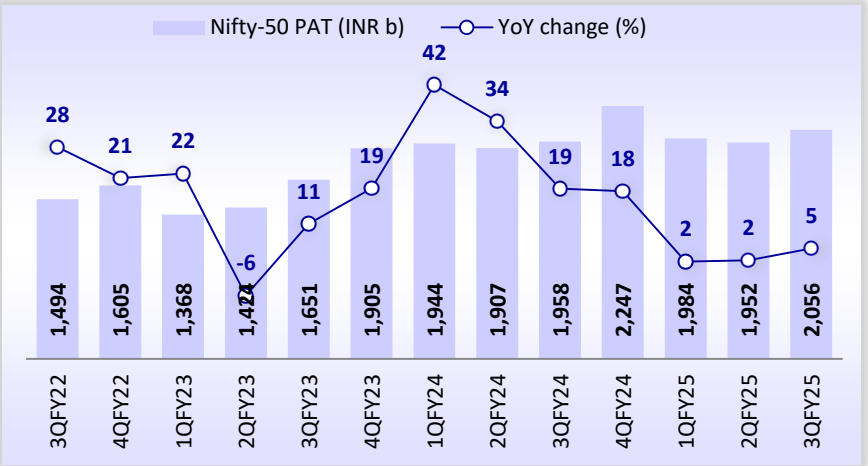
KEY EXHIBITS Nifty-500 3QFY25 earnings review: Growth modest across indices

❖ Key indices reported moderate earnings growth in 3QFY25. Financials, Healthcare, Technology, and Telecom drove aggregate earnings, while commodities weighed on Nifty-500 earnings in 3QFY25.

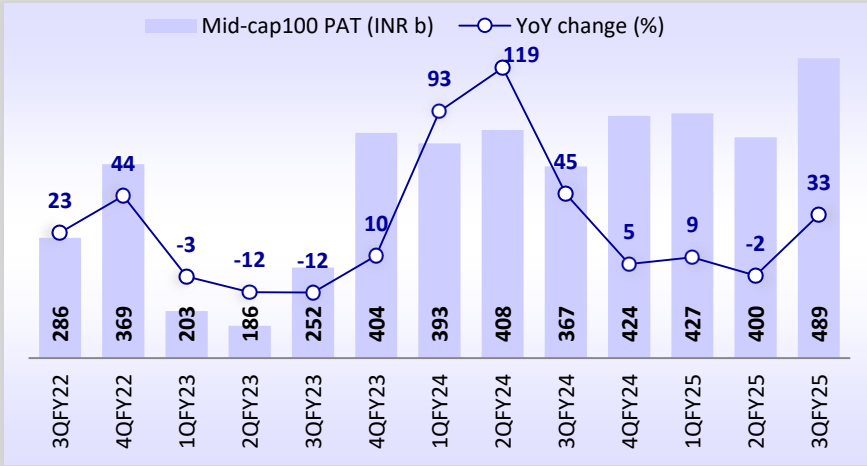
Financials, Telecom, and Healthcare drove Nifty-500 earnings in 3QFY25



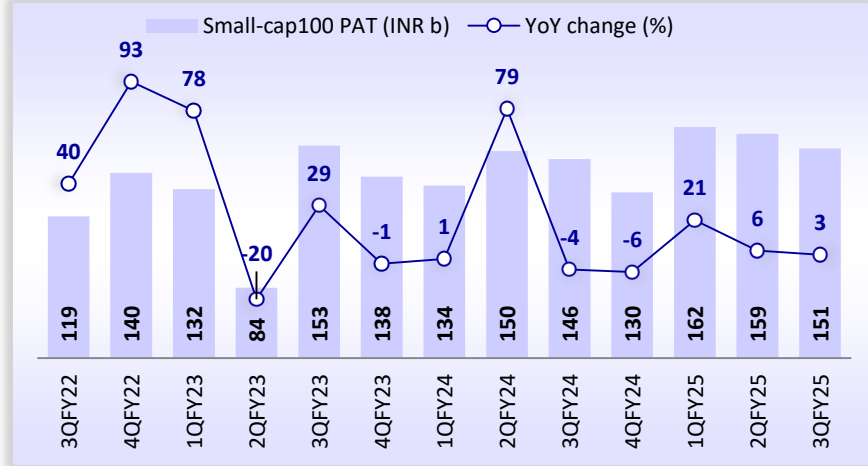
Telecom, Financials, and O&G drove Nifty-50 earnings in 3QFY25



PSBs and Telecom drove Nifty Mid-cap 100 earnings in 3QFY25



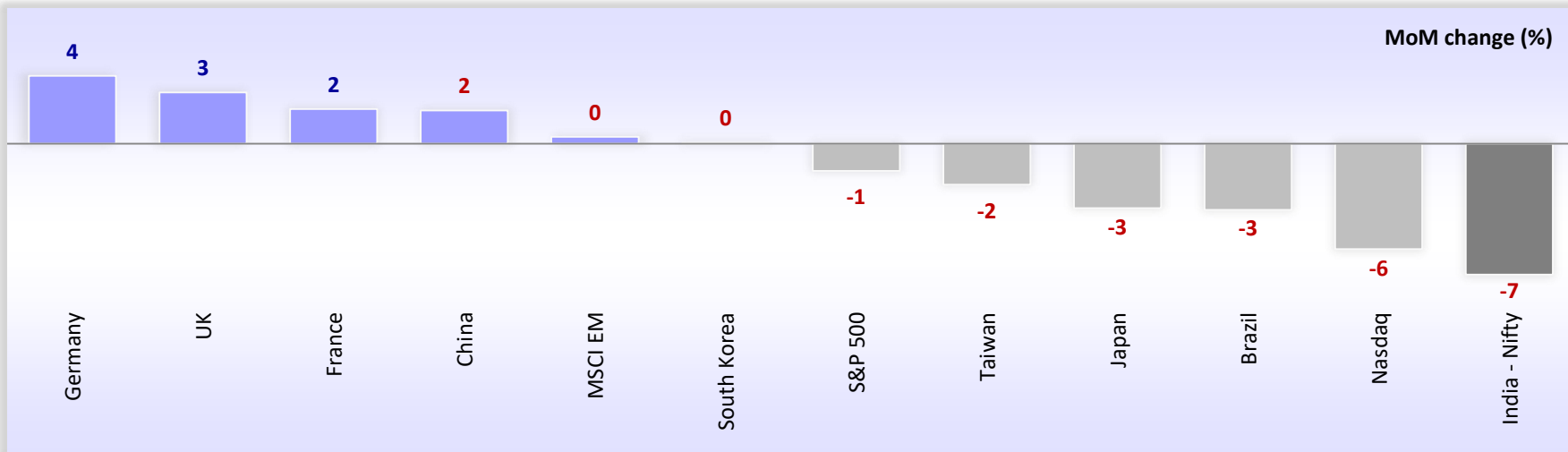
PSBs, Healthcare, and Telecom drove Nifty Small-cap100 earnings in 3QFY25



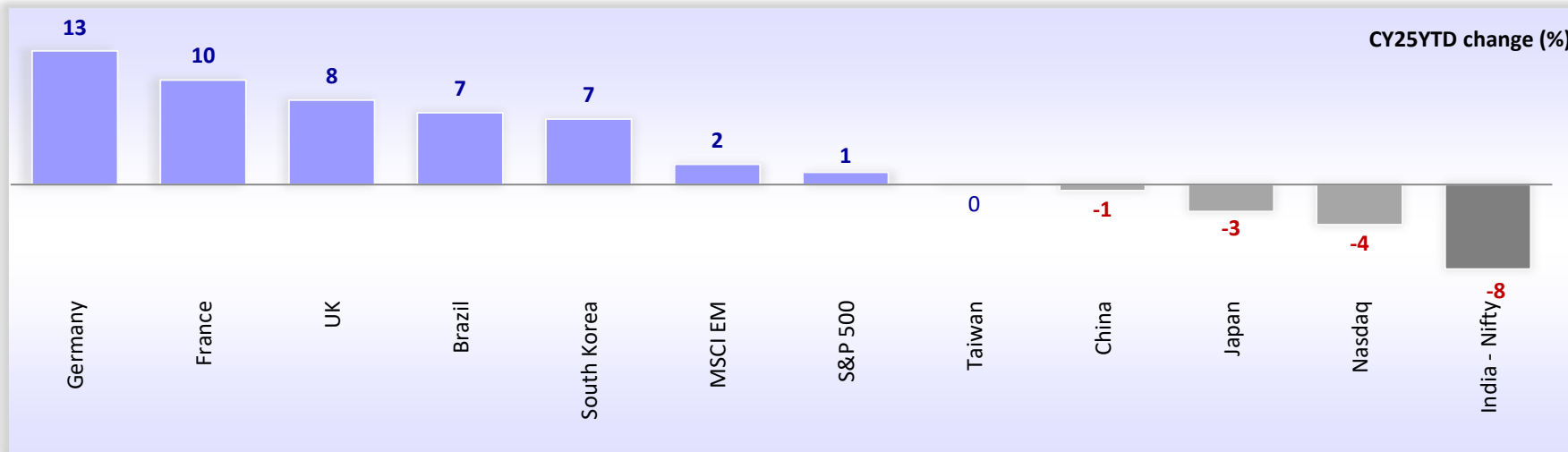
Macro, Markets, and More...

India experiences a falloff during the month, the weakest among peers in Feb'25/CY25YTD

MoM performance of global equity indices in USD terms (%)



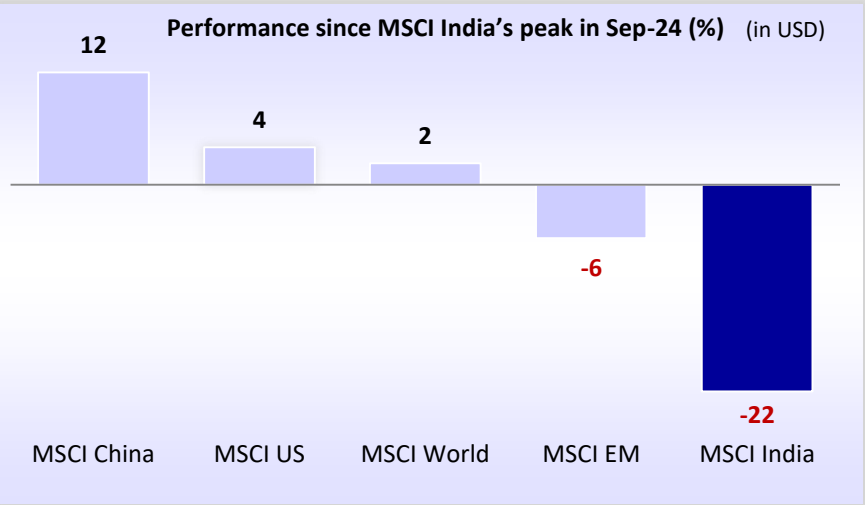
CY25YTD performance of global equity indices in USD terms (%)



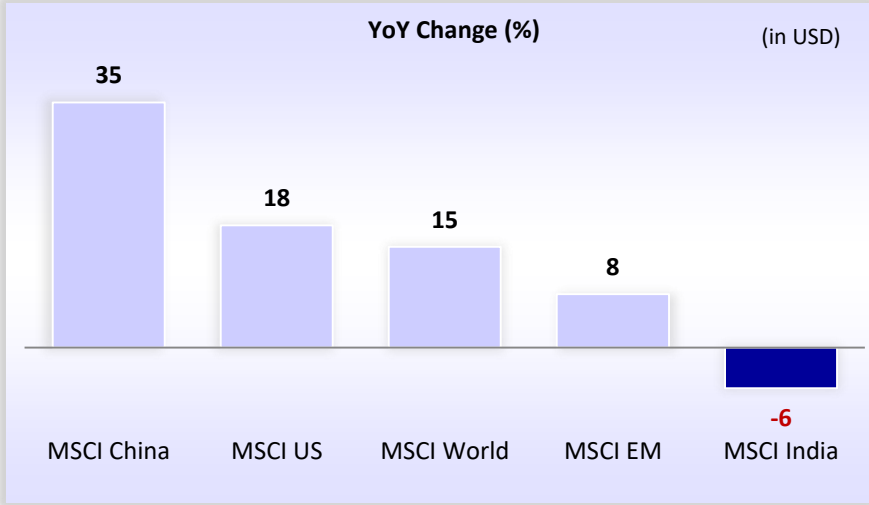
MSCI China rebounds from the lows; MSCI India underperforms since its Sep'24 highs

Performance of MSCI India vs. MSCI US, MSCI World, MSCI Emerging Market, and MSCI China in USD terms

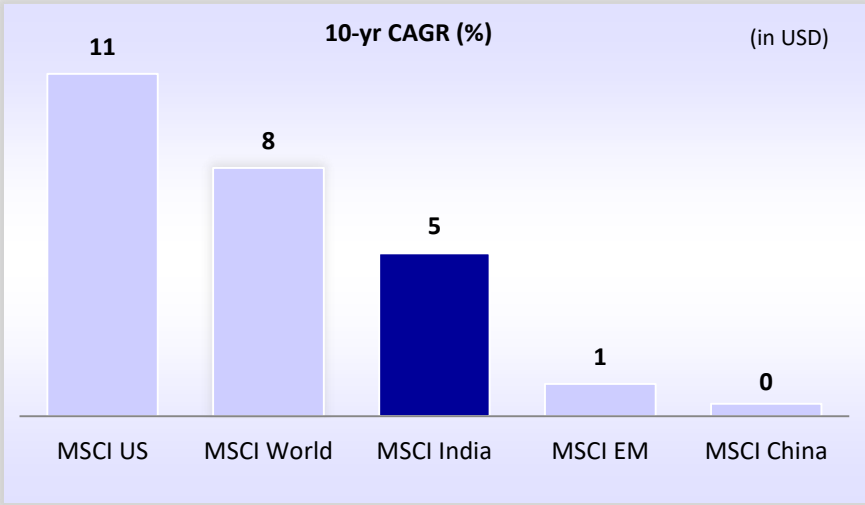
MSCI China outshone global indices over the past 5 months



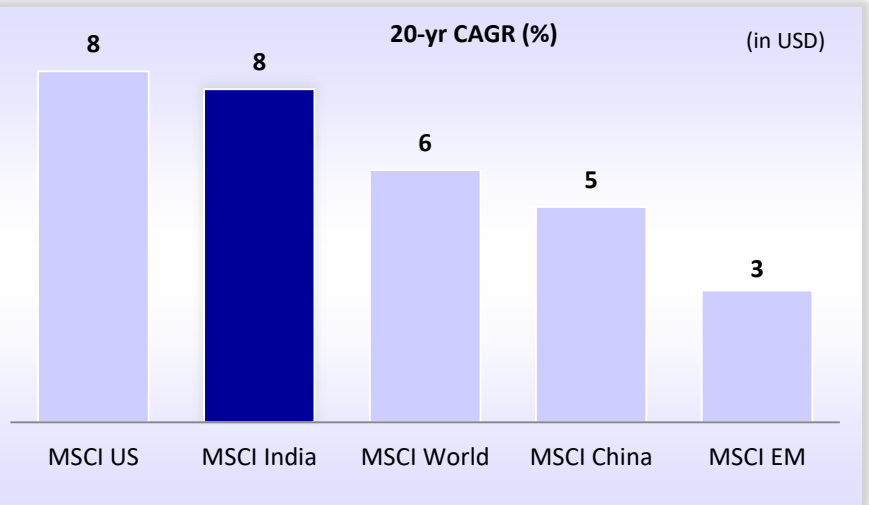
MSCI China outpaced global indices over past one year



MSCI US outdid peers over the past 10 years



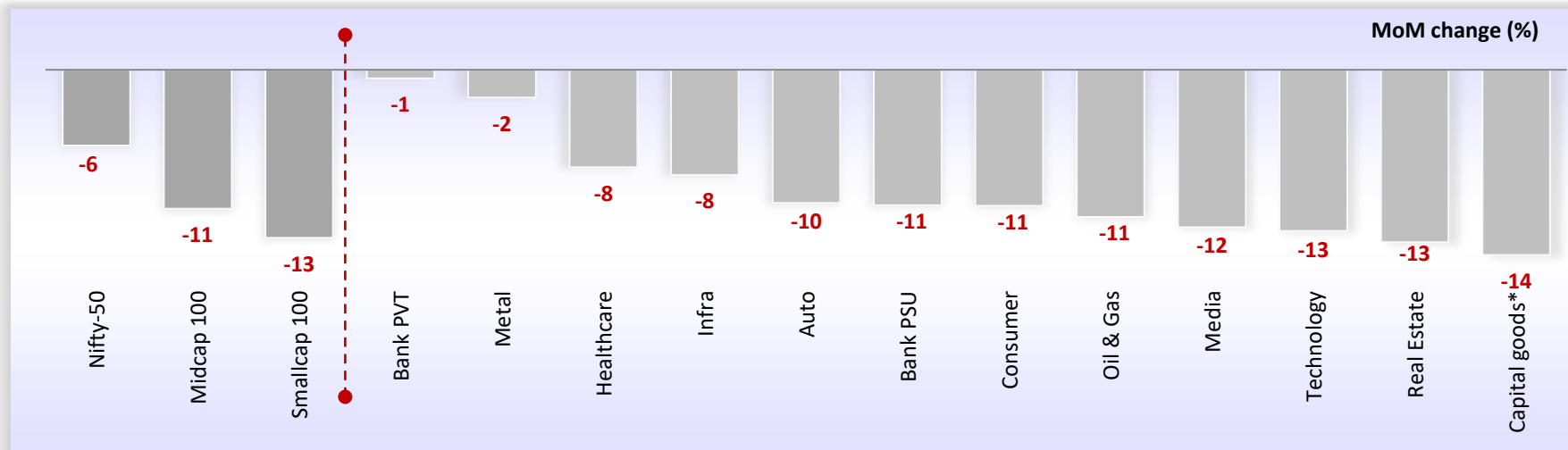
MSCI US/MSCI India outperformed MSCI World over the past 20 years



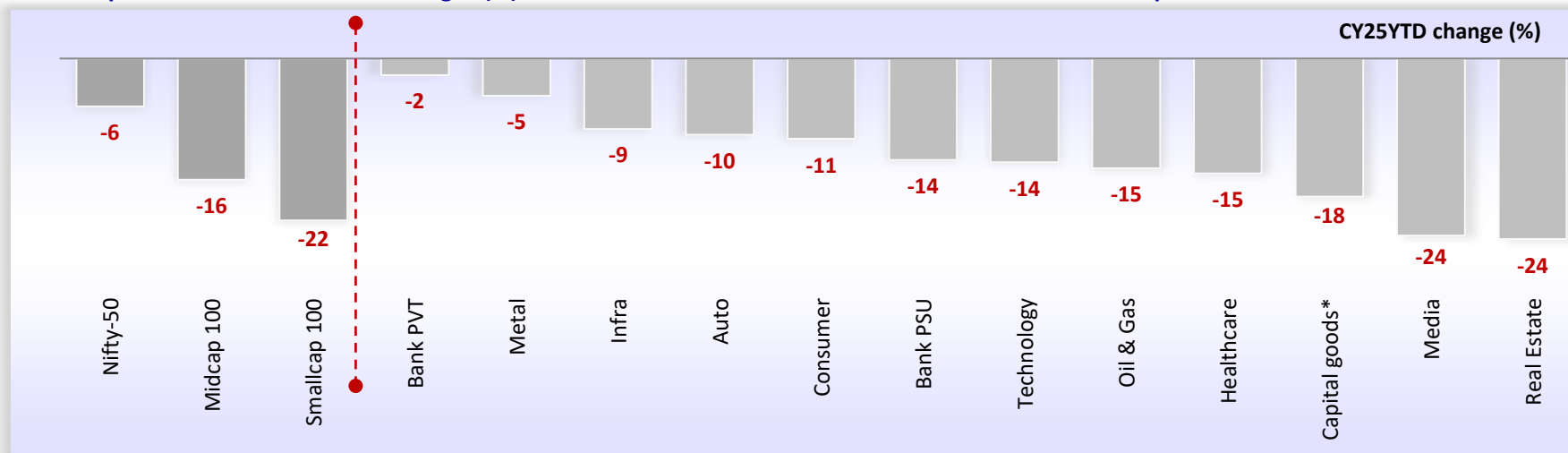
Data as of 28th Feb'25

Most sectors suffer a sharp MoM dip; private banks outperform

Sectoral performance MoM (%): Mid-caps and small-caps fell sharply MoM



Sectoral performance since CY25YTD highs (%): Private Banks and Metals indices declined less than their peers in CY25YTD

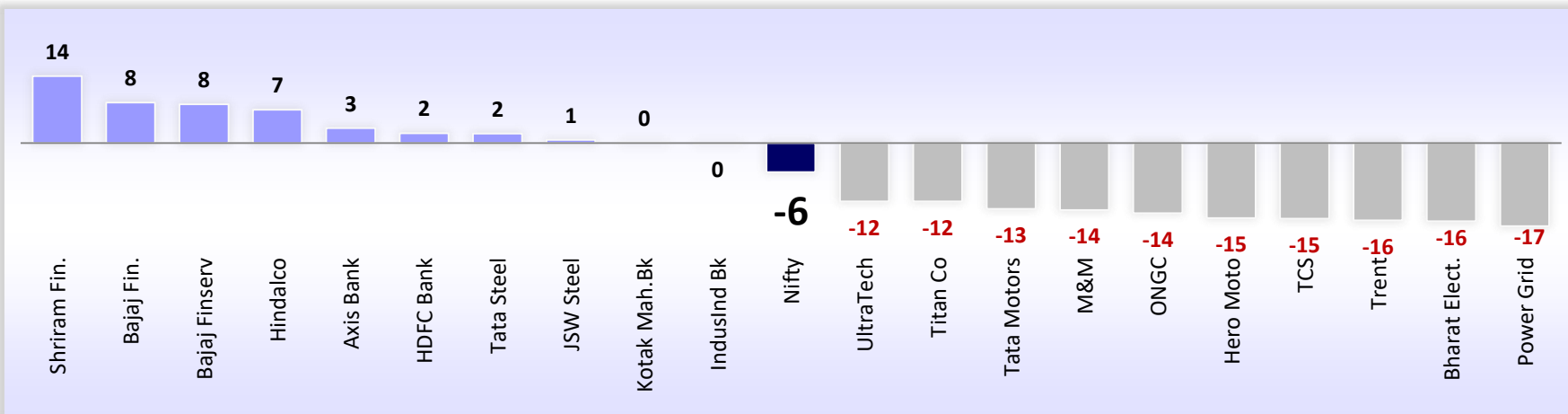


Note: (*) represents BSE capital goods index.

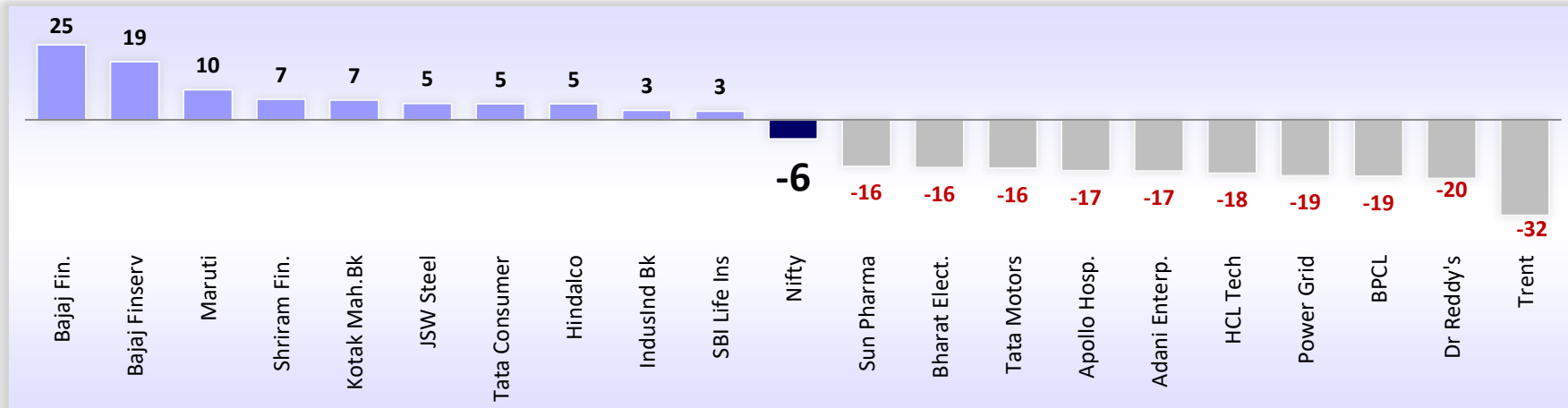
About 82% of Nifty constituents end lower in Feb'25

- ❖ Among Nifty constituents, 41 stocks closed lower MoM and 29 underperformed the benchmark. Shriram Finance, Bajaj Finance, Bajaj Finserv, and Hindalco posted notable gains, whereas Trent, BHEL, and Power Grid were the key laggards.
- ❖ About 39 Nifty constituents traded lower in CY25YTD. Bajaj Finance, Bajaj Finserv, and Maruti Suzuki were the top gainers, whereas Trent, Dr. Reddy's, and BPCL were the key laggards.

Best and worst Nifty performers on MoM basis (%)



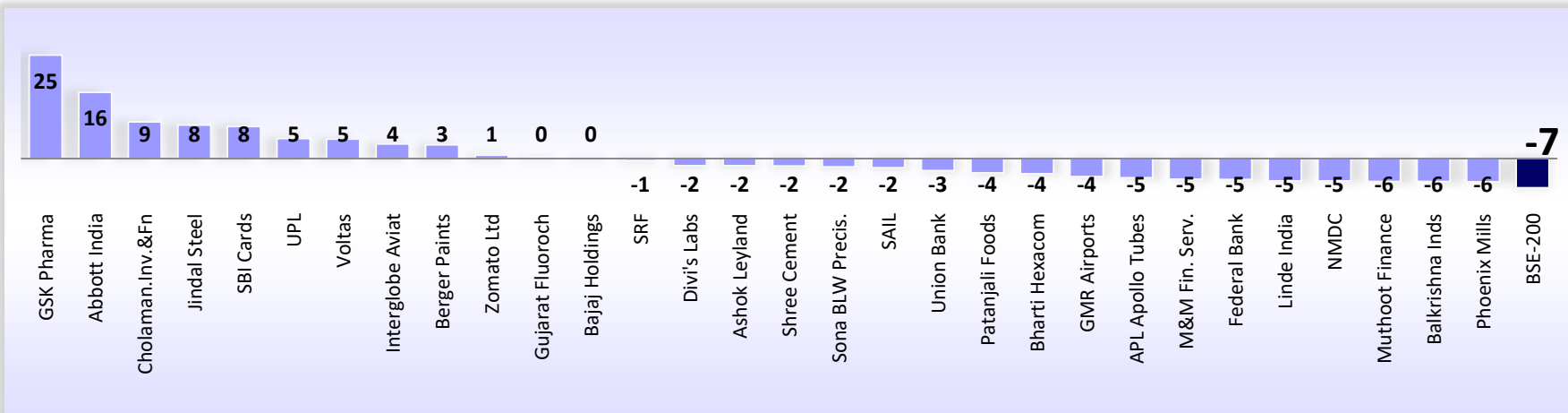
Best and worst Nifty performers in CY25YTD (%)



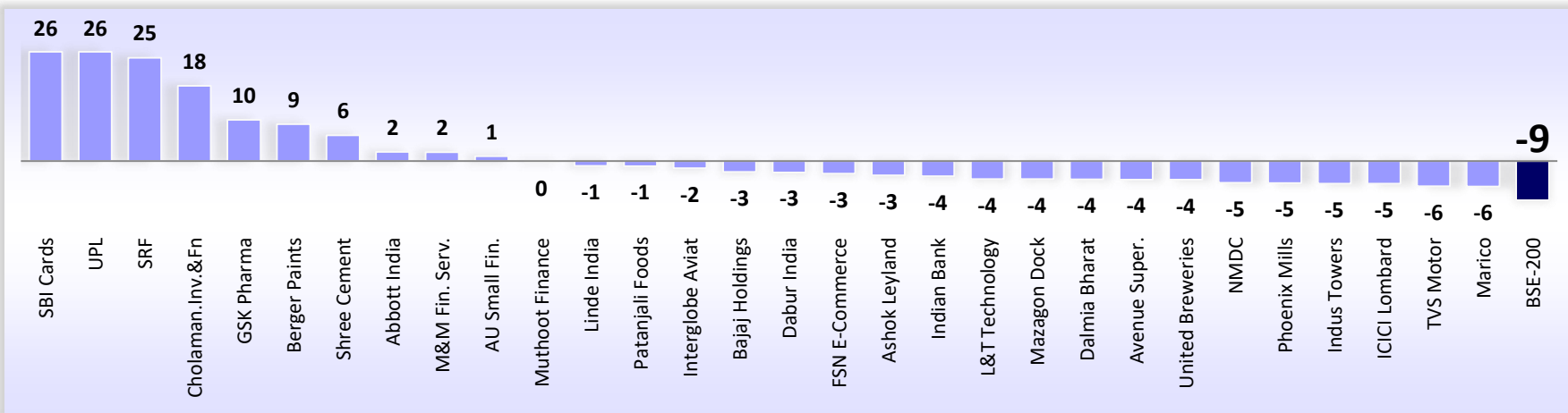
About 10% of BSE-200 constituents end higher in Feb'25

- ❖ In Feb'25, 10% of BSE-200 stocks closed higher. GSK Pharma, Abbott India, and Cholamandalam Fin. gained the most during the month.
- ❖ 21 BSE-200 constituents traded higher in CY25YTD. SBI Cards, UPL, and SRF were the top gainers.

Top gainers from the BSE-200 pack on MoM basis (%)*



Top gainers from the BSE-200 pack 'CY25YTD (%)*

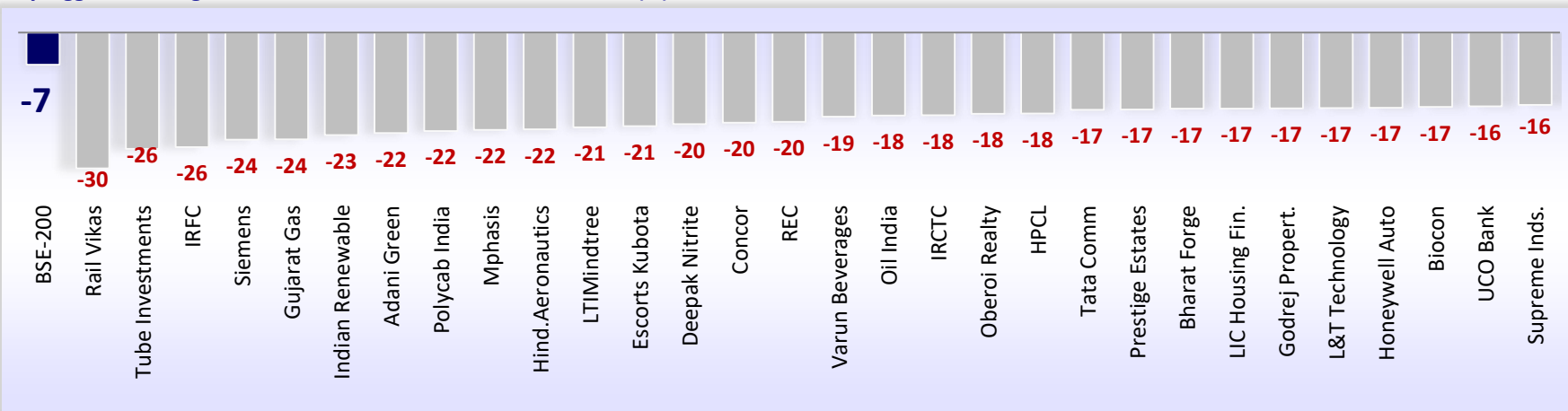


*The list excludes Nifty constituents.

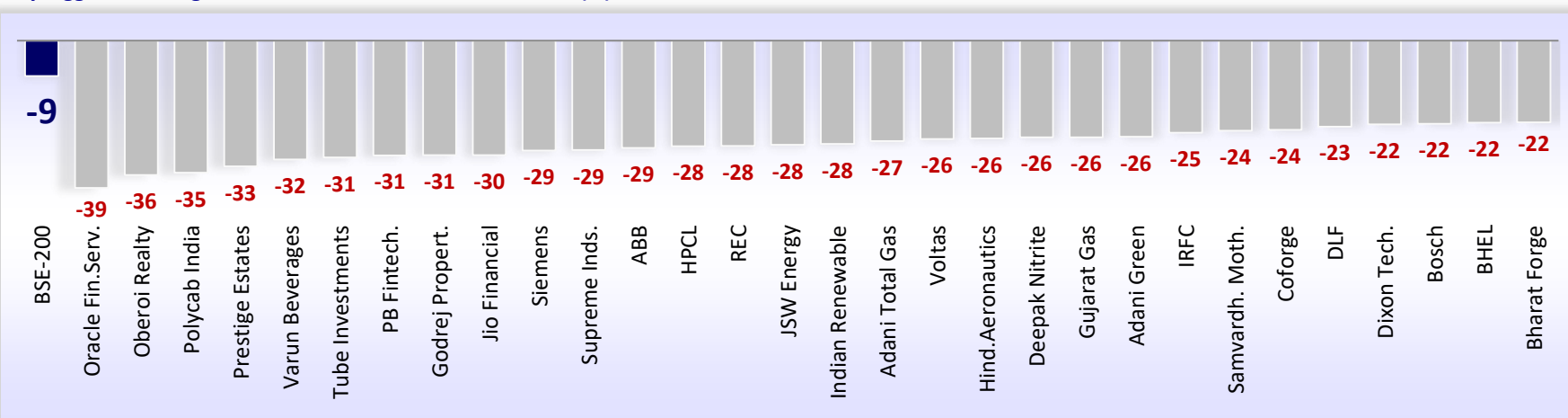
About 90% of BSE-200 constituents end lower in Feb'25

- ❖ In Feb'25, 180 companies closed lower. RVNL, Tube Investments, and IRFC were among the key laggards.
- ❖ About 179 of BSE-200 companies traded lower in CY25YTD. Oracle Finance, Oberoi Realty, and Polycab India were the key laggards in CY25YTD.

Key laggards among the BSE-200 constituents on an MoM basis (%)*



Key laggards among the BSE-200 constituents in CY24YTD (%)*



*The list excludes Nifty constituents.

Private banks' weights increase, while those of Technology dip sharply on a MoM basis

❖ In Feb'25, the weights of Pvt. Banks, NBFCs, and Metals rose, while weights of Technology, Autos, Consumer, and Capgoods declined MoM.

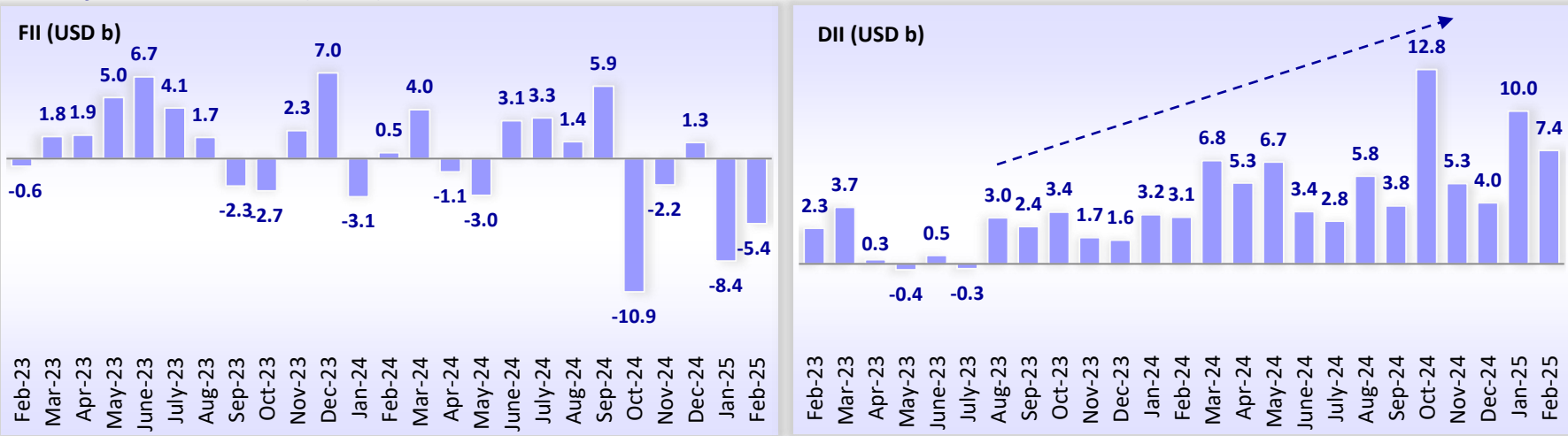
	Weightage in the Nifty (%)							
	Dec'08	Dec'12	Dec'20	Dec'21	Dec'22	Dec'23	Jan'25	Feb'25
Automobiles	2.5	8.8	5.4	5.0	5.3	6.5	7.6	7.2
Banks – Private	5.0	16.9	24.7	21.9	24.2	28.2	26.5	28.2
Banks – Public	5.4	4.7	1.8	2.3	2.9	2.6	2.8	2.7
NBFC + Insurance	2.3	7.9	12.3	11.4	10.6	4.5	5.0	5.6
Capital Goods	7.7	5.9	2.6	3.0	3.1	4.4	5.0	4.6
Cement	1.7	4.2	2.2	2.4	1.8	2.1	2.1	2.0
Consumer	6.5	12.3	10.4	9.4	10.3	10.8	9.0	8.6
Healthcare	2.6	5.0	3.6	3.4	3.8	4.0	3.9	3.8
Metals	4.8	3.8	2.0	2.9	2.9	3.0	2.7	3.0
Oil and Gas	24.5	12.3	12.5	12.3	12.1	10.5	9.6	9.6
Reliance	10.6	7.4	10.7	10.8	11.0	9.2	8.1	8.2
Retail	0.0	0.0	1.1	1.4	1.4	1.6	2.6	2.4
Telecom	11.6	2.0	2.0	2.1	2.5	2.7	4.1	4.2
Technology	9.0	11.4	16.3	19.1	14.0	13.6	14.0	13.1
Utilities	13.3	4.5	2.1	2.1	2.5	3.6	3.6	3.5
Miscellaneous	3.3	0.5	1.0	1.2	2.6	1.9	1.3	1.3
Nifty	100	100	100	100	100	100	100	100

Note: The merger of HDFC Bank and HDFC Ltd. resulted in a shift in weightage from NBFCs to private banks in CY23.

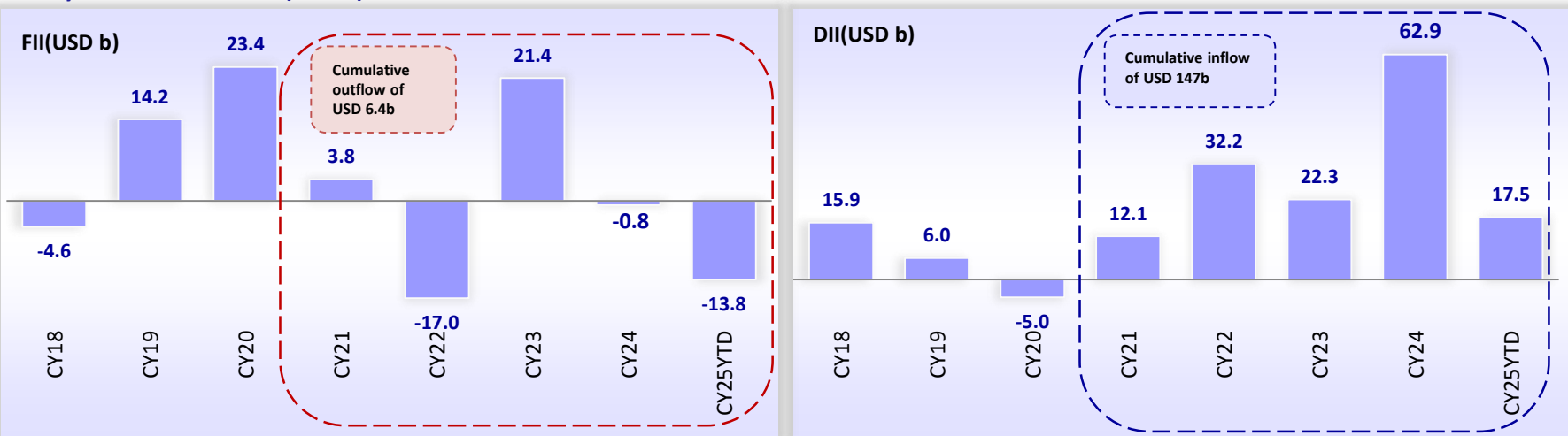
DII inflows remain strong, while FII selling continues

- ❖ FIIs' selling bout extended, offloading USD5.4b in Feb'25; DIIs invested USD7.4b, marking the 19th consecutive month of inflows.
- ❖ DII inflows during CY21-25YTD reached USD147b, while FII flows were negative during the same period.

Monthly institutional flows (USD b)

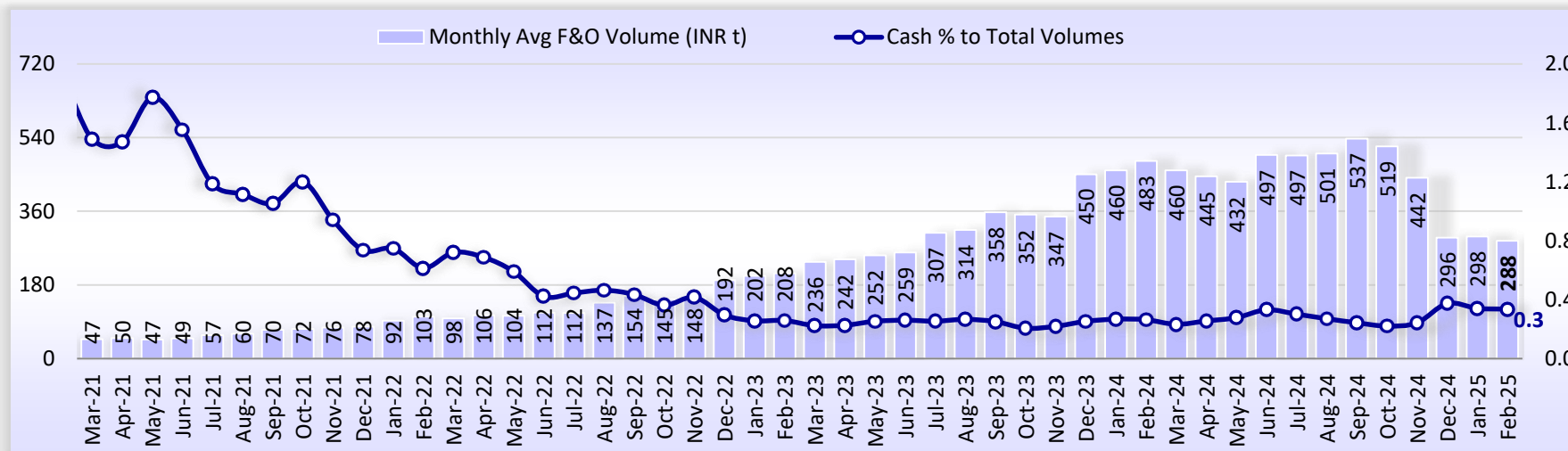
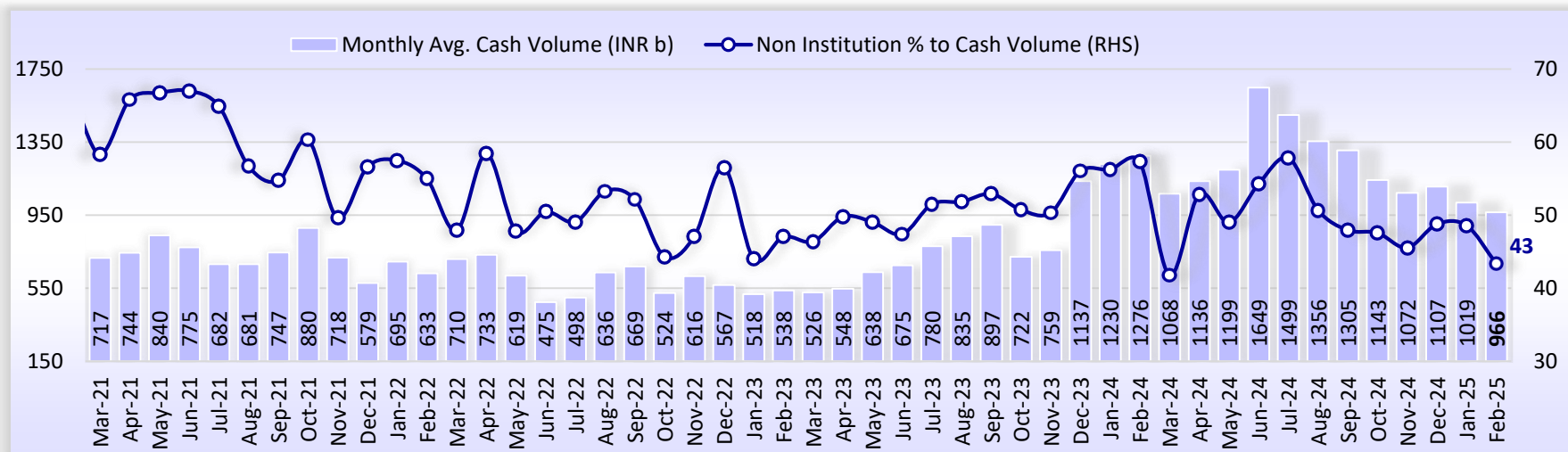


Yearly institutional flows (USD b)



Monthly average cash volumes hit a 15-month low, while F&O volumes dip marginally

- ❖ Monthly average cash volumes declined 5% MoM in Feb'25 to a 15-month low of INR966b (down 41% from the highs of Jun'24).
- ❖ Non-institutional participation accounted for 43% of the total cash volumes (lowest since Jul'18 barring Mar'24)
- ❖ Monthly average F&O volume was down 4% MoM at INR288t (down 46% from the Sep'24 highs).



The 10-year yield spread between India and the US remains flat MoM

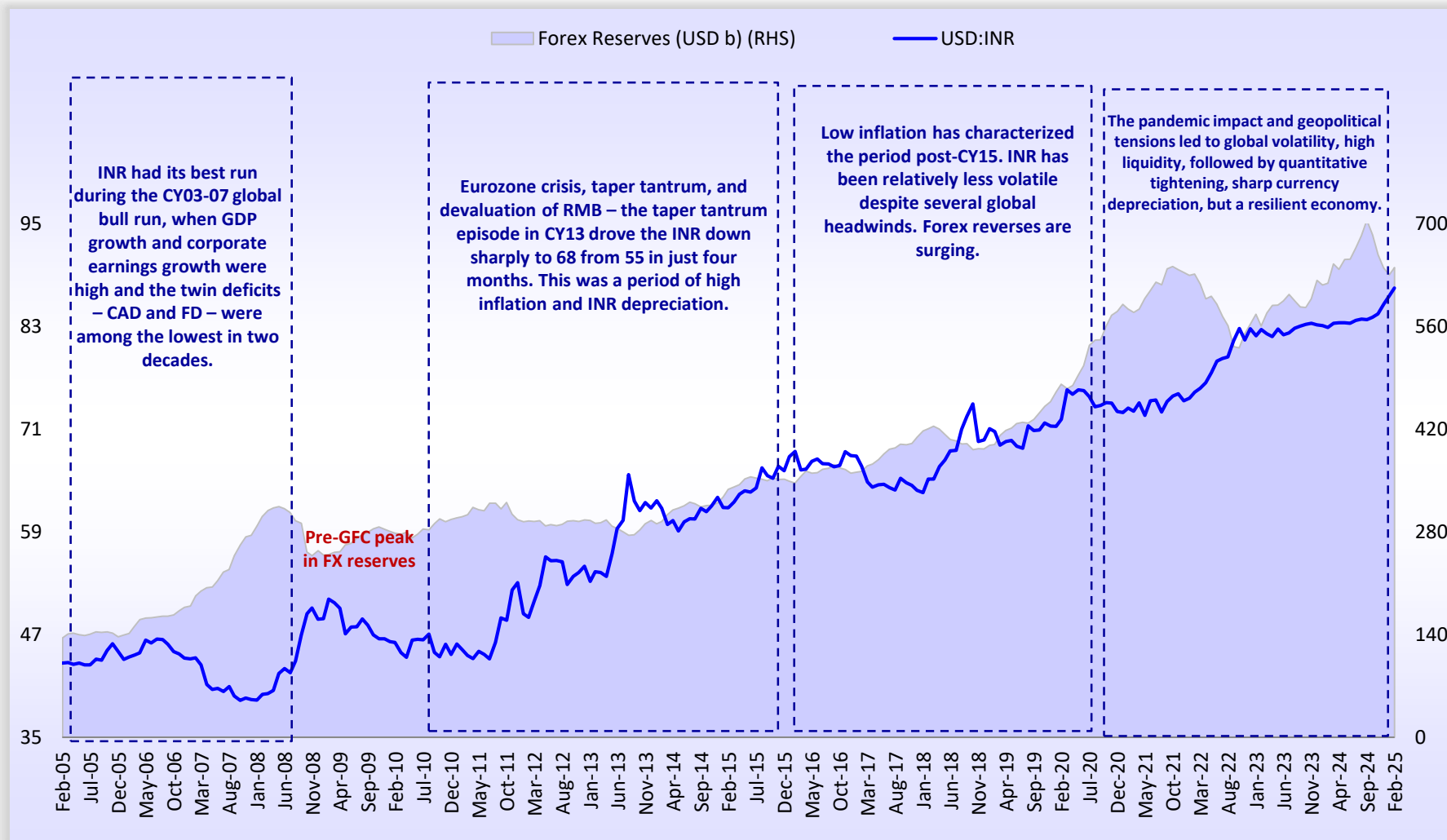
- ❖ The GoI 10-year bond yield was steady at 6.7% during the month, while that of the US fell 30bp MoM to 4.2% in Feb'25. Consequently, the yield spread expanded 30bp MoM to 2.5%.



Source: Bloomberg, MOFSL

Forex reserves rise after declining for the fourth consecutive month

- ❖ India's forex reserves increased 2% MoM to USD640b in Feb'25 (down ~9% from the Sep'24 highs of USD705b).
- ❖ On the currency front, INR:USD declined 1% MoM to an all-time low of INR87.5 (down 5.5% YoY).



Source: Bloomberg, MOFSL

Key reports from MOFSL's research desk in Feb'25

Earnings review – A modest 3QFY25; Earnings downgrade ratio worst since 1QFY21!

- ❖ The aggregate earnings of MOFSL universe companies were in line with our estimates and increased 6% YoY. Earnings for Nifty 50 rose 5% YoY.
- ❖ The aggregate performance was hit by global commodities (i.e. Metals and O&G). Excluding the same, the MOFSL universe and Nifty posted 10% and 7% earnings growth, respectively.
- ❖ The MOFSL universe delivered a 2.3% YoY earnings growth in 9MFY25. Excluding Metals and O&G, it reported an 11.8% YoY earnings growth.
- ❖ The earnings upgrade/downgrade ratio of 0.3x was the worst since 1QFY21.
- ❖ The MOFSL universe is likely to deliver sales/EBITDA/PAT growth of 7%/15%/19% YoY in FY26, mainly led by Financials, Oil & Gas, and Metals.

[Report link>>](#)



Logistics: Anchoring solutions | Navigating success

- ❖ The Indian ports sector is poised for significant growth. Between FY23 and FY28, the country's ports are projected to add 500-550MTPA of capacity annually, driven by increased handling of petroleum, oil, lubricants, coal, and containerized cargo. Cargo traffic is expected to grow at a steady annual rate of 3-6%, stabilizing utilization levels at ~55% over the medium term.
- ❖ Container traffic growth is anticipated to report an annual growth rate of 4-7% over the next five years. Transshipment, which accounts for roughly 25% of India's container throughput, continues to be a crucial segment, with ports like Chennai playing a significant role.
- ❖ While the industry growth rate is expected to be 4-7% over the next five years, both APSEZ and JSWINFRA are poised for sustained growth of 2-3x the industry, supported by continued organic and inorganic expansions and integrated logistics solutions. Both these companies are likely to gain market shares.
- ❖ We reiterate our BUY rating on APSEZ and JSWINFRA. JSWINFRA is our top pick in the ports domain.

Report link>>

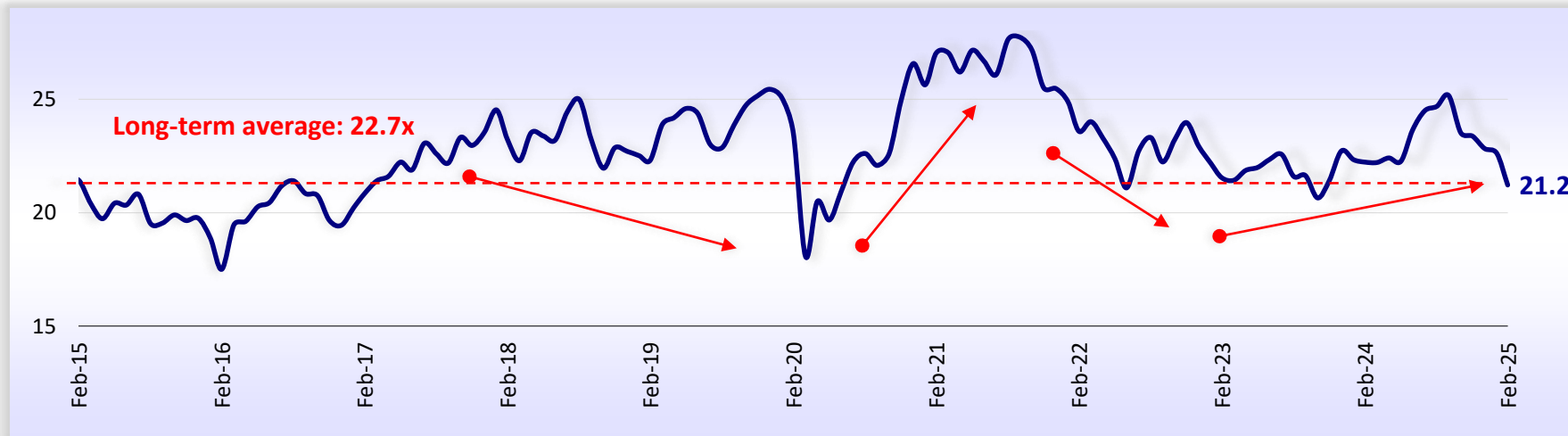


Valuations: Key observations

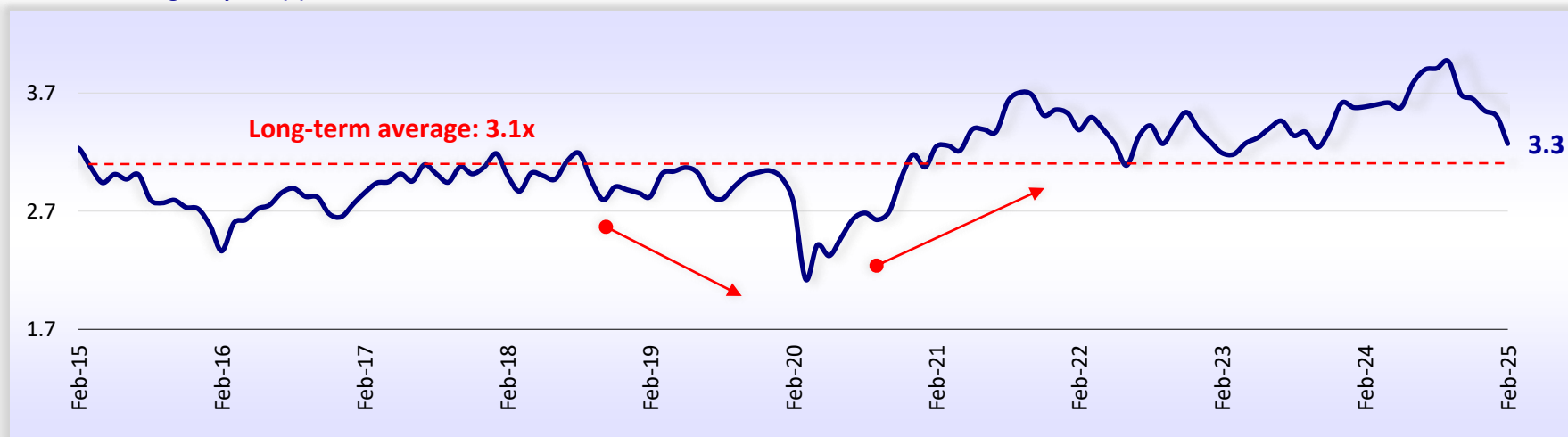
Valuations: Nifty's 12-month trailing P/E declines from its highs

- ❖ The 12-month trailing P/E for Nifty moderated 6% MoM (down 16% from Sep-24 high) and stood at 21.2x at a 6% discount to its LTA.
- ❖ At 3.3x, the 12-month trailing P/B was 5% above its historical average of 3.1x.

12-month trailing Nifty P/E (x)



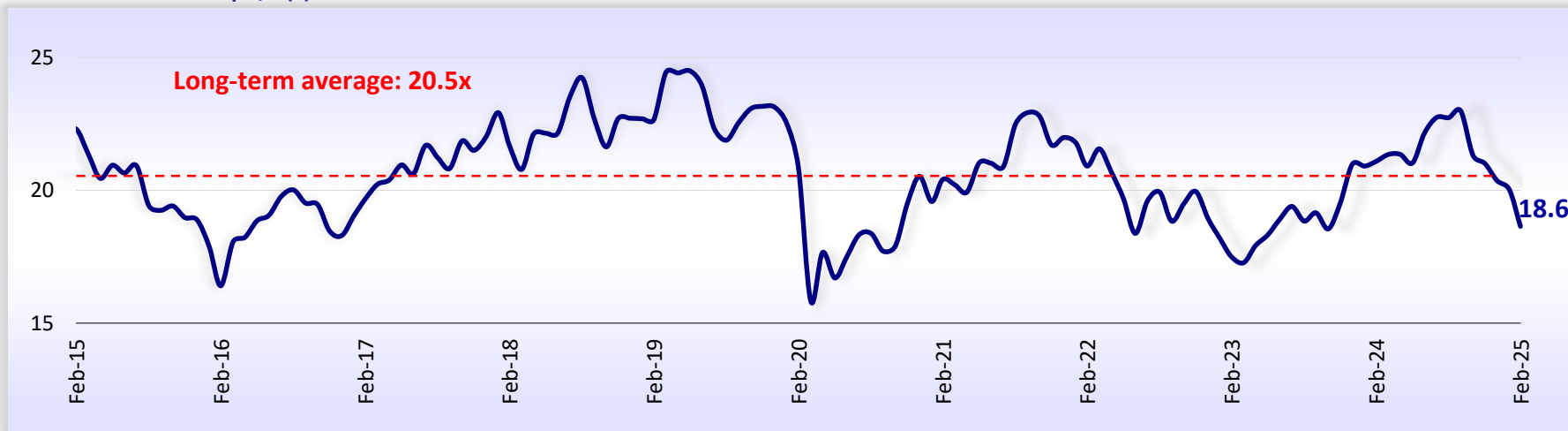
12-month trailing Nifty P/B (x)



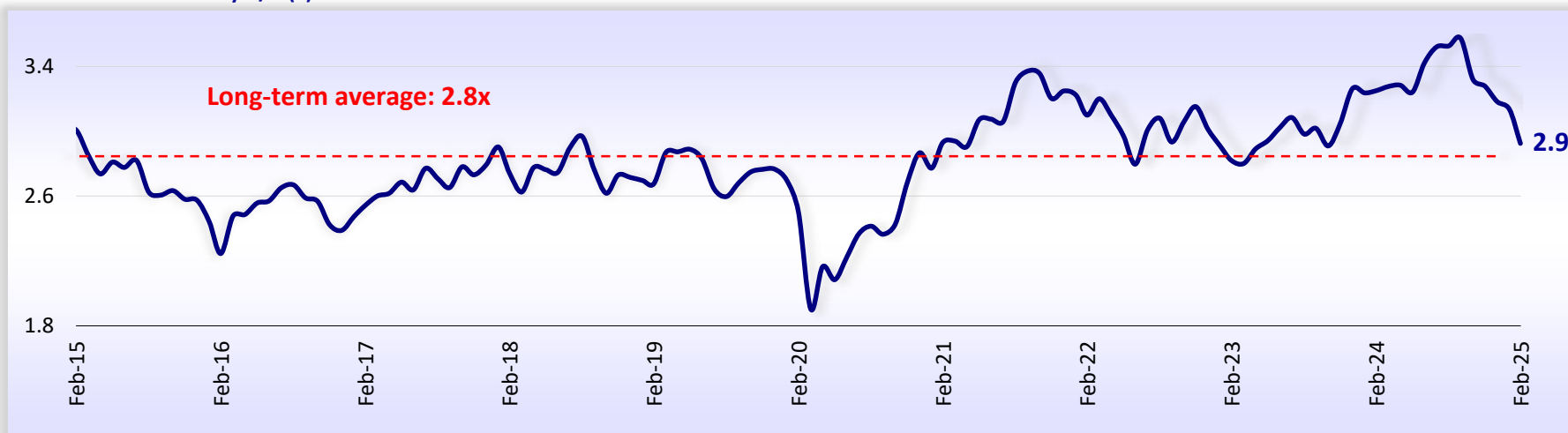
Valuations: Nifty's 12-month forward P/E dips from its highs

- ❖ Nifty's 12-month forward P/E traded at 18.6x, 9% below its LTA and down 19% from Sep-24 high.
- ❖ At 2.9x, the 12-month forward P/B was trading at a premium of 3% to Nifty's historical average of 2.8x.

12-month forward Nifty P/E (x)



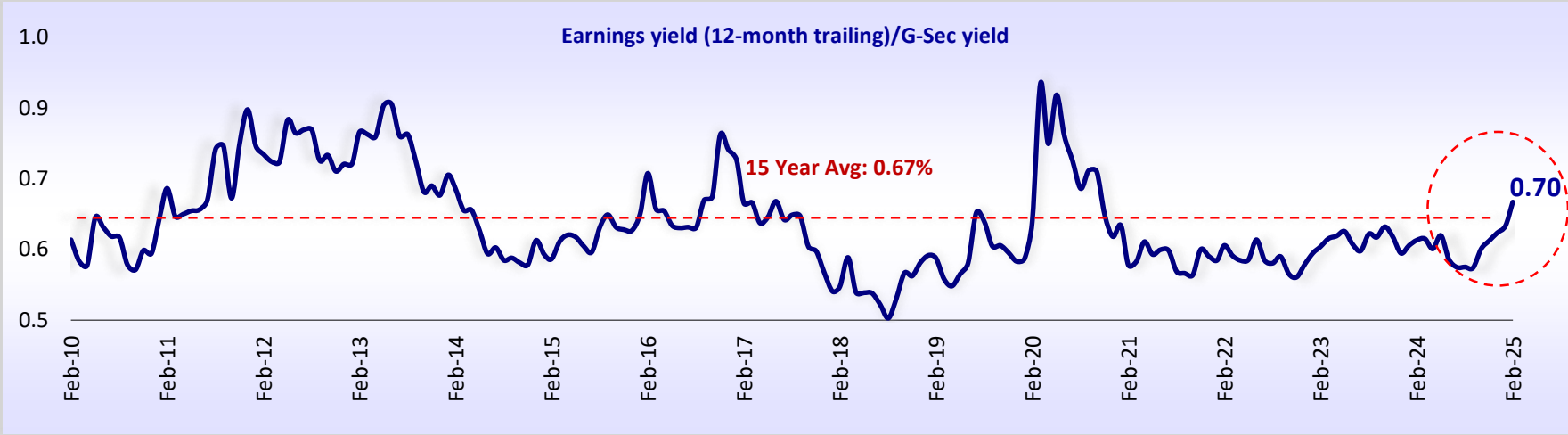
12-month forward Nifty P/B (x)



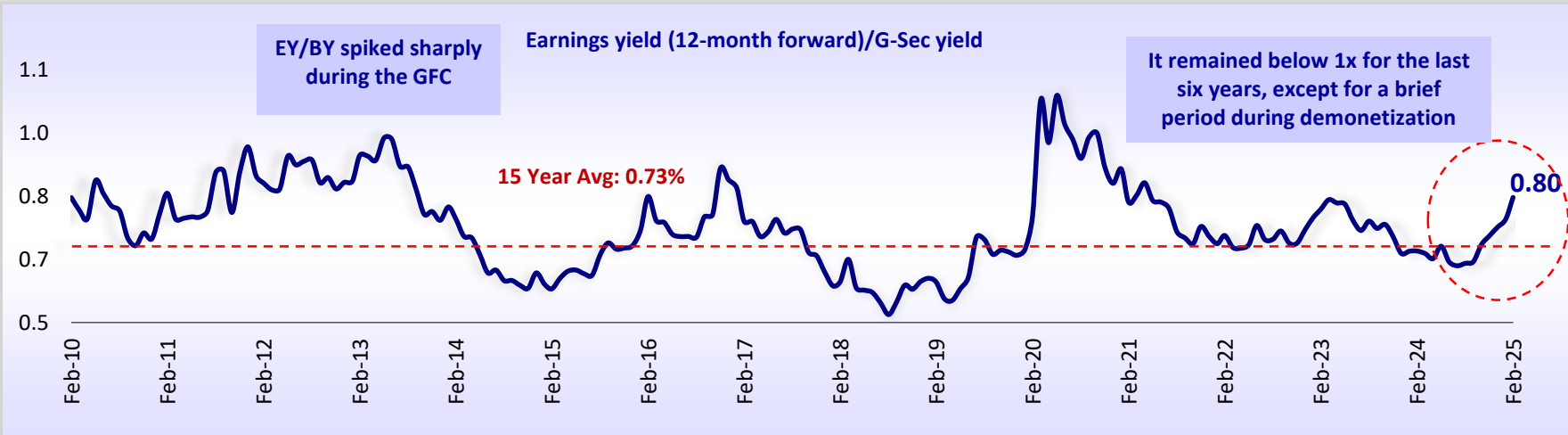
EY/BY spikes MoM, reaching its highest level since Nov'20 on a trailing basis

❖ India's 10-year bond yield stood at 6.7% (flat MoM). As a result, EY/BY jumped above its LPA on a trailing and forward basis.

Trailing Earnings Yield/G-Sec Yield (x)



Forward Earnings Yield/G-Sec Yield (x)



Valuation snapshot – Indices erase yearly gains, while broader market valuations stay high

- ❖ While mid-caps and small-caps have declined sharply from their Sep'24 highs, their valuations continue to trade at a premium to the averages.
- ❖ Barring large-caps and banks, most sectors continue to trade at a premium to their LPA.

NSE indices: Valuation snapshot

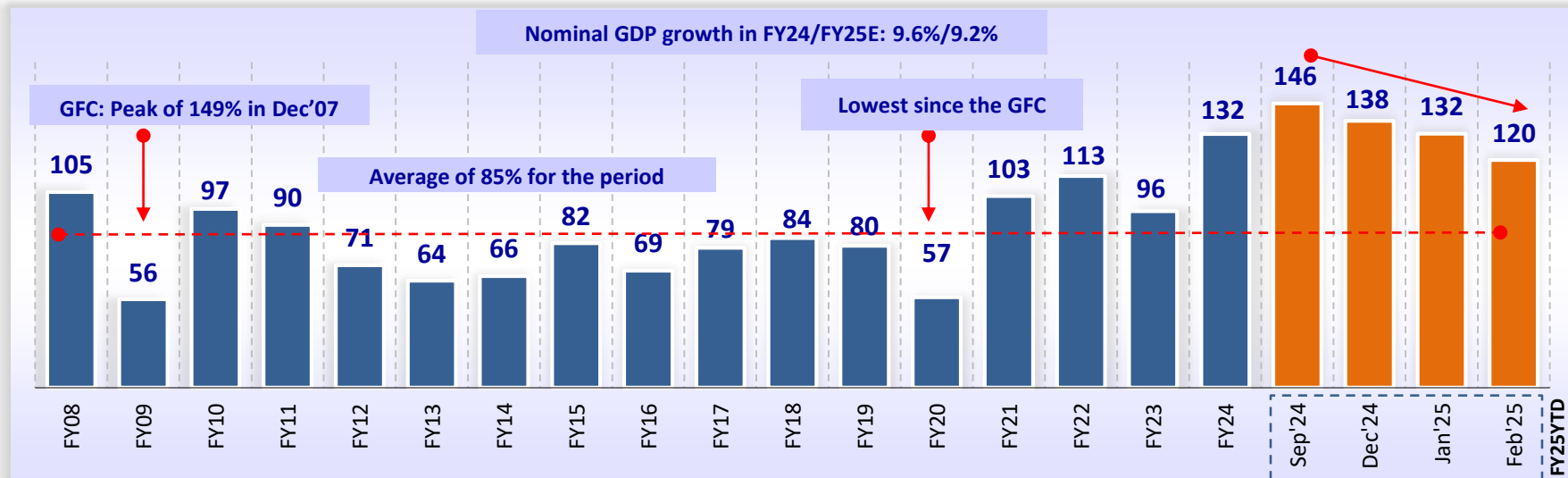
Indices	Nifty 50	Nifty mid-cap 100	Nifty small-cap 100	Nifty 500	Auto	BANK	Capital Goods	FMCG	IT	Metal	Energy
Feb'25 closing	22,125	47,915	14,700	19,881	20,499	48,345	55,241	50,689	37,318	8,219	30,018
YoY change (%)	1	-1	-8	-1	0	5	-4	-6	-1	4	-23
EPS (12m fwd)	1,049	1,741	729	1,007	1,033	4,099	1,805	1,421	1,472	605	2,326
P/E (12m fwd)	18.6	28.2	20.8	20.2	20.6	11.9	31.3	36.6	26.5	13.8	13.2
P/E (10 yr average)	20.5	22.4	16.0	19.4	19.4	15.9	25.4	33.5	20.9	11.0	11.5
P/B (12m fwd)	2.9	4.1	2.8	3.1	3.4	2.0	5.5	8.1	6.9	2.0	1.9
P/B (10 yr average)	2.8	2.6	2.0	2.8	2.9	2.1	3.4	8.5	5.0	1.3	1.4
RoE (%)	15.7	13.5	13.2	14.4	16.4	15.3	17.7	22.1	27.2	14.1	14.2

Source: Bloomberg, MOFSL; as of 28th Feb'25 | LPA: Long Period Average, i.e. 10-year average

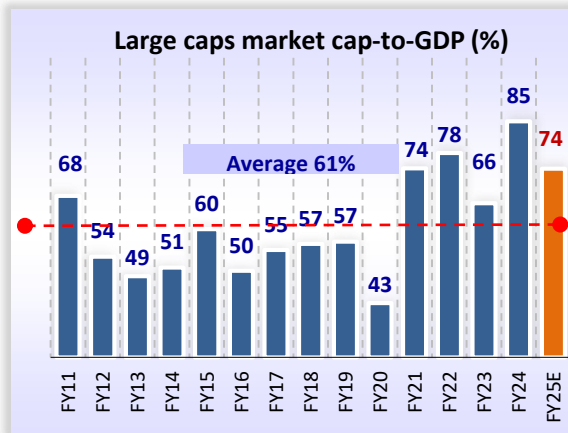
India's market cap-to-GDP ratio down from an all-time high on a year-end basis

- ❖ India's market cap-to-GDP ratio stood at 120%, down ~26% from the Sep'24 highs of 146%; it is trading above its long-term average of ~85%.
- ❖ The market cap-to-GDP ratio for large-caps declined sharply, while mid-caps and small-caps continue to trade near their highs.

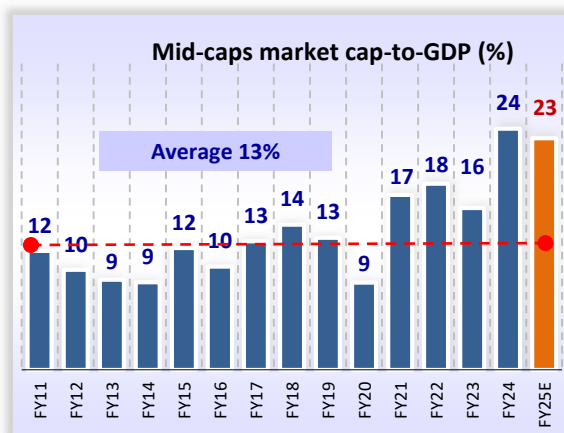
Market cap-to-GDP ratio (%)



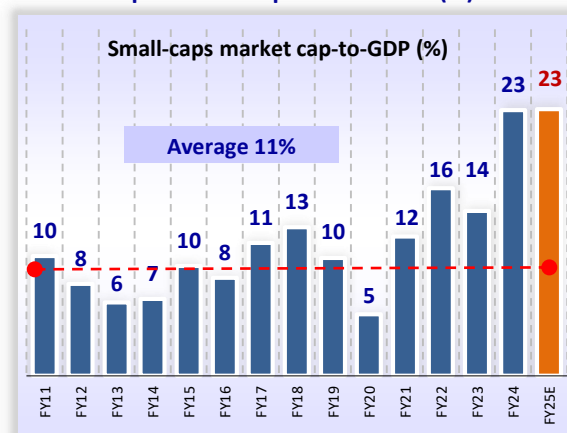
Large-caps market cap-to-GDP ratio (%)



Mid-caps market cap-to-GDP ratio (%)



Small-caps market cap-to-GDP ratio (%)

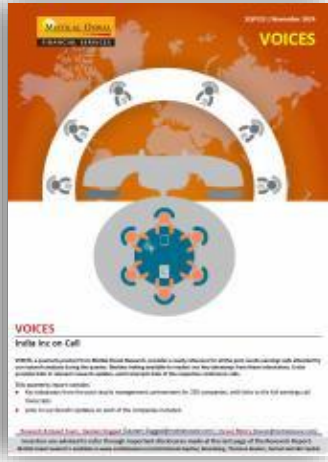


Note: Large, mid, and small market cap-to-GDP ratios represent the breakdown of the aggregate market cap-to-GDP ratio.

	MCap (USDb)	CMP (INR)	EPS (INR)			EPS CAGR (%)	PE (x)			PB (x)			ROE (%)		
			FY24	FY25E	FY26E	FY24-26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E
Preferred large-cap stocks															
Reliance Inds.	186.6	1,200	50.6	61.0	67.9	15.9	23.7	19.7	17.7	1.9	1.7	1.6	8.3	9.3	9.5
Bharti Airtel	114.8	1,570	36.9	44.9	62.0	29.6	42.5	35.0	25.3	8.9	7.0	6.3	23.5	24.2	28.2
ICICI Bank	98.5	1,203	66.3	71.7	82.0	11.2	18.1	16.8	14.7	3.1	2.6	2.3	18.3	17.0	16.8
St Bk of India	71.8	688	89.2	97.3	112.6	12.4	7.7	7.1	6.1	1.3	1.1	1.0	18.8	17.2	16.8
Hind. Unilever	60.3	2,192	44.1	49.3	54.1	10.8	49.7	44.5	40.5	10.0	9.9	9.7	20.2	22.4	24.2
Larsen & Toubro	50.4	3,165	106.2	135.4	156.5	21.4	29.8	23.4	20.2	4.5	3.9	3.4	15.9	17.8	17.9
Sun Pharma.Inds.	45.2	1,594	49.2	59.5	66.6	16.4	32.4	26.8	23.9	5.2	4.4	3.8	17.2	17.9	17.1
Maruti Suzuki	44.5	11,945	462.3	512.4	573.4	11.4	25.8	23.3	20.8	4.0	3.6	3.2	14.8	15.3	15.2
M & M	37.4	2,584	99.3	124.6	145.1	20.8	26.0	20.7	17.8	5.0	4.2	3.6	21.0	22.2	21.7
Titan Company	32.8	3,075	42.8	53.4	63.8	22.1	71.8	57.6	48.2	22.7	17.8	14.1	35.5	34.6	32.7
Trent	19.5	4,853	45.0	61.4	78.2	31.9	107.9	79.1	62.1	28.5	20.5	15.2	32.9	32.3	30.1
LTIMindtree	16.5	4,668	158.7	182.1	212.8	15.8	29.4	25.6	21.9	6.1	5.3	4.7	22.0	22.2	22.8
Preferred mid-cap/small-cap stocks															
Indian Hotels	11.8	716	11.8	15.3	18.1	23.7	60.5	46.9	39.5	9.0	7.6	6.4	16.2	17.7	17.7
Dixon Tech.	9.4	13,950	130.8	174.2	250.6	38.4	106.6	80.1	55.7	33.9	24.0	16.8	37.7	35.1	35.5
JSW Energy	9.1	464	13.7	17.2	18.2	15.4	33.9	26.9	25.4	3.6	3.2	2.9	11.0	12.5	12.0
BSE	8.0	4,634	88.5	137.9	167.7	37.6	52.4	33.6	27.6	17.1	14.9	12.8	32.7	44.2	46.3
Godrej Properties	6.7	1,936	51.3	64.4	64.8	12.4	37.7	30.1	29.9	3.1	2.8	2.6	10.4	9.8	9.0
JSW Infra	6.2	255	6.7	7.7	9.8	20.9	38.1	33.0	26.1	5.9	5.2	4.5	16.4	16.7	18.5
Coforge	5.7	7,364	133.9	227.1	282.3	45.2	55.0	32.4	26.1	11.6	9.9	8.3	22.2	32.8	34.5
Page Industries	5.3	40,393	613.6	709.4	841.0	17.1	65.8	56.9	48.0	25.7	22.1	19.0	39.0	38.8	39.5
IPCA Labs.	4.0	1,353	34.3	45.8	56.5	28.3	39.4	29.6	24.0	4.9	4.3	3.7	13.0	15.4	16.5
Metro Brands	3.6	1,120	13.7	17.1	21.8	26.3	82.0	65.4	51.4	13.9	11.8	9.9	18.5	19.9	21.4
Angel one	2.3	2,168	148.5	160.7	214.6	20.2	14.6	13.5	10.1	3.2	2.8	2.4	28.6	22.2	25.4

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

Quant Research & India Strategy Gallery



NOTES

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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

MOFSL, its associates, Research Analyst or their relatives may have any financial interest in the subject company. MOFSL and/or its associates and/or Research Analyst or their relatives may have actual beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance. MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may have any other potential conflict of interests at the time of publication of the research report or at the time of public appearance, however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

In the past 12 months, MOFSL or any of its associates may have:

- received any compensation/other benefits from the subject company of this report
- managed or co-managed public offering of securities from subject company of this research report,
- received compensation for investment banking or merchant banking or brokerage services from subject company of this research report,
- received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report.

- MOFSL and its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.
- Subject Company may have been a client of MOFSL or its associates during twelve months preceding the date of distribution of the research report.
- Research Analyst may have served as director/officer/employee in the subject company.
- MOFSL and research analyst may engage in market making activity for the subject company.
- MOFSL and its associate company(ies), and Research Analyst and their relatives from time to time may have:

a) a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein.

(b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

To enhance transparency, MOFSL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report. MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclosure of Interest Statement

Analyst ownership of the stock

Companies where there is interest

No

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Financial Services Limited (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

MOTILAL Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under

applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.