MOTILAL OSWAL
FINANCIAL SERVICES

BULLS & BEARS
INDIA VALUATIONS HANDBOOK

HIGHLIGHTS – MAY'23 EDITION

- Nifty ends higher MoM for third consecutive month
- India among the top performing markets
- FIIs net buyers for the third straight month; DIIs turn net sellers

- Major sectors end higher
- Autos, Real Estate, Consumer, Tech, and Telecom top gainers; PSU Banks the only laggard
- Midcaps/Smallcaps outperform largecaps

- Over the last 12 months, the MSCI India index (+7%) has outperformed the MSCI EM index (-11%)
- Nifty P/E ratio below its historical average; P/B ratio above its average

Sectors trading at a premium

- Infrastructure
- Sp. Chemicals
- Real Estate
- PSU Banks
- Technology
- Cement
- Consumer
- Oil & Gas
- Private Banks
- NBFC
- Healthcare
- Logistics
- Retail
- Metals
- Automobiles
- Media
- Telecom

Sectors trading at a discount

Deven Mistry – Research Analyst (Deven@MotilalOswal.com)

Contents

BULLS & BEARS
INDIA VALUATIONS HANDBOOK

About the product

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

- Valuations of Indian market v/s 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 May'23
- **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 MOSL coverage companies
- Data on global equities is sourced from Bloomberg; Nifty valuations are based on MOFSL estimates

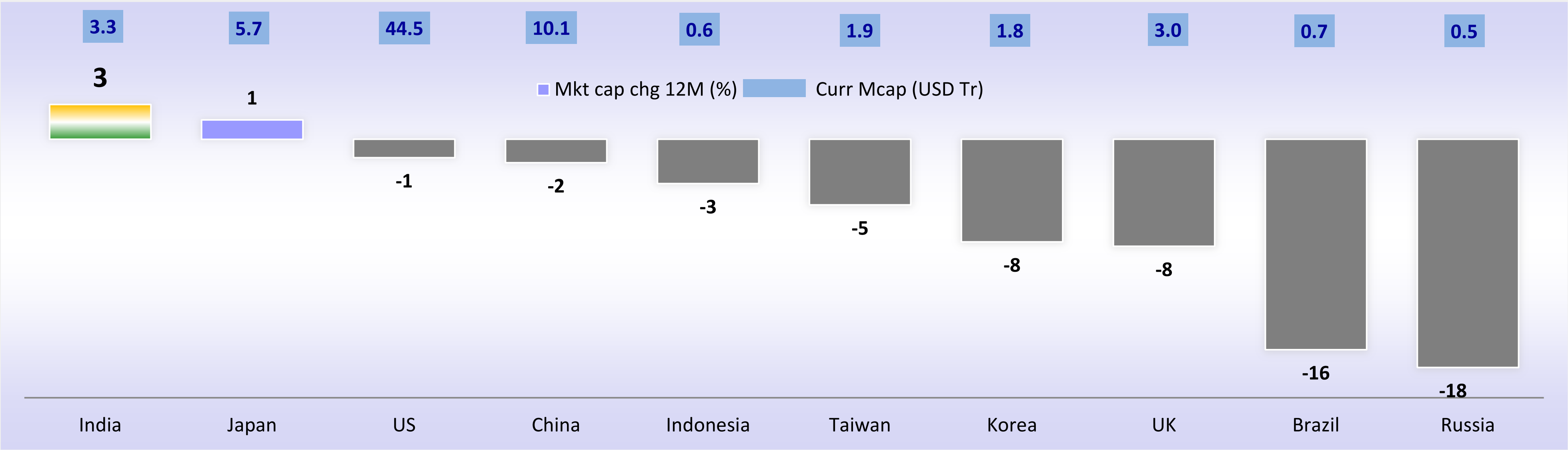
Investors are advised to refer to the important disclosures appended at the end of this report.

Nifty near its record peak; strong FII flows continue; midcaps/smallcaps outperform

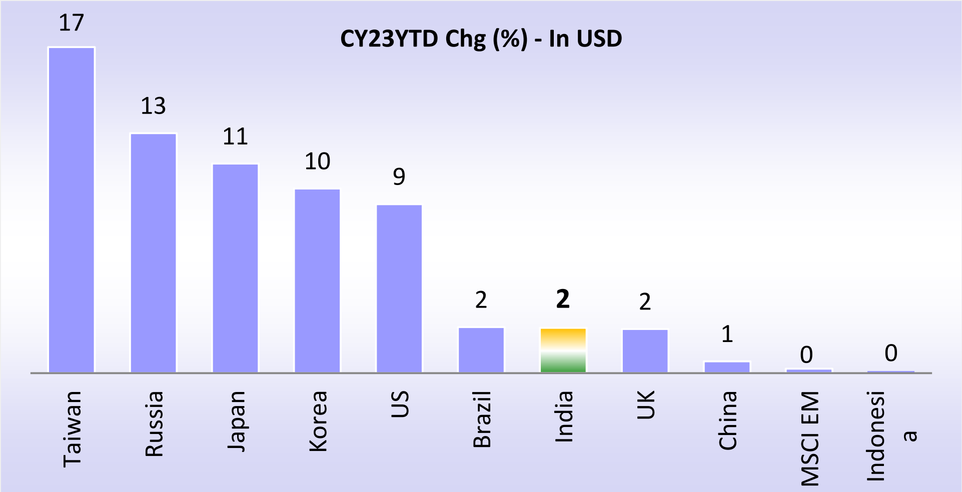
- **Nifty maintains its winning streak:** The Nifty gained 2.6% MoM to 18,534 in May'23, closing higher for the third consecutive month. The Nifty is up 2.4% in CY23YTD. The benchmark is now 1.9% away from its all-time high of 18,888 recorded in Dec'22. The Nifty Midcap 100 (+6.2% MoM) and the Nifty Smallcap 100 (+5.1%) outperformed the Nifty-50 during the month.
- **FIIs record inflows for the third consecutive month:** FIIs remained net buyers for the third straight month at USD5b in May'23 (highest since Sep'22); YTD inflows stood at USD4.4b. DIIs turned net seller in May'23 at USD0.4b, with YTD inflows at USD10b.
- **All major sectors end higher in May'23:** Automobiles (+8%), Real Estate (+8%), Consumer (+7%), Technology (+6%), and Telecom (+4%) were the top gainers, while PSU Banks (-3%) was the only laggard.
- **India among the top performing markets in May'23:** Among the key global markets, Japan (+7%), Taiwan (+6%), Brazil (+4%), Korea (+3%), India (+3%), Russia (+2%), and the US (+0%) ended higher in May'23, while the UK (-5%), Indonesia (-4%), China (-4%), and MSCI EM (-2%) ended lower in local currency terms. Over the last 12 months, the MSCI India index (+7%) has outperformed the MSCI EM index (-11%). Over the last 10 years, it has outperformed the MSCI EM index by 173%.
- **India market stands out over last 12 months:** Global market cap declined 2.9% (USD3t) over the last 12 months, while India's market cap rose 2.7%. Barring India and Japan, all key global markets witnessed a decline in market cap over the last 12 months.
- **Earnings review 4QFY23: Financials reprises its role; Auto shines!** Earnings of the MOFSL Coverage Universe jumped to a four-quarter high of 15% YoY (est. +14% YoY) in 4QFY23, while the Nifty's earnings growth stood at 16% YoY (est. +14% YoY). The overall performance was driven by BFSI/Auto that posted 43%/115% YoY earnings growth. Conversely, a weaker-than-expected performance of Metals that clocked 45% YoY earnings decline (PAT of all companies in our coverage declined YoY with Tata Steel's profit plunging 83% YoY) dragged down overall growth.
- **Our view:** The Nifty ended FY23 with 11% EPS growth on a high base of 34% growth in FY22. Earnings, though, remained lopsided, with BFSI driving almost entire incremental earnings in FY23. With healthy macros, range-bound oil prices, a robust fiscal balance sheet and moderating inflation, the outlook for the market looks optimistic. In contrast to the market consensus of 5% growth and our forecast of 5.3% growth, India's real GDP growth surprised with a 6.1% print in 4QFY23. As a result, FY23 growth came in at 7.2%, beating the consensus of 7%. On the expenditure side, investments and external trade provided cushion to real GDP growth. However, weak consumption growth and lower savings are worrisome. We maintain our OW stance on Financials, Capex, Autos and Consumption. In our model portfolio, we are Neutral on IT and Healthcare and UW on Metals, Energy and Utilities.
- **Top ideas: Largecaps –** ICICI Bank, ITC, L&T, M&M, HCL Tech, Ultratech and ONGC
  Midcaps and Smallcaps – Ashok Leyland, Vedant Fashion, Metro Brands, MMFS, APL Apollo, Godrej Properties, and Lemon Tree

India market stands out over last 12 months

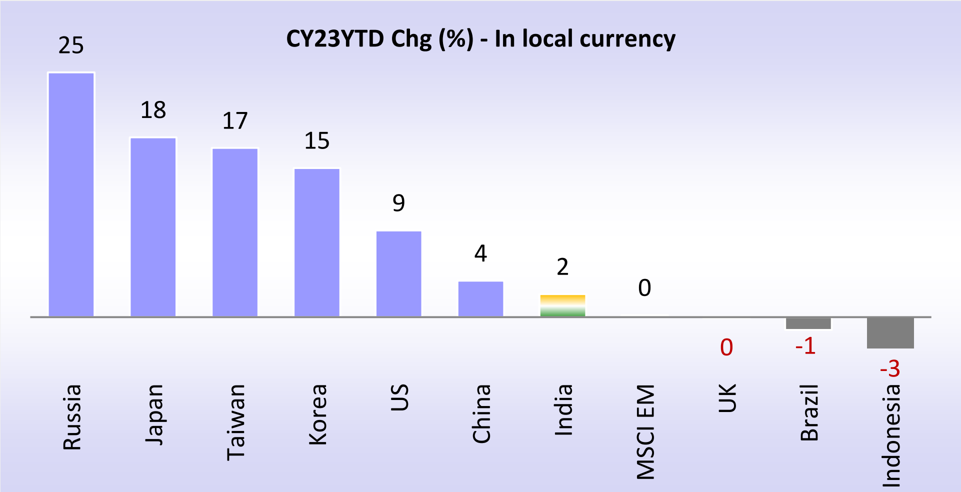
INDIA STANDS OUT: Over the last 12 months, global market cap fell 2.9% (USD3t), India's market cap grew 2.7%



World equity indices in CY23YTD in USD terms (%)

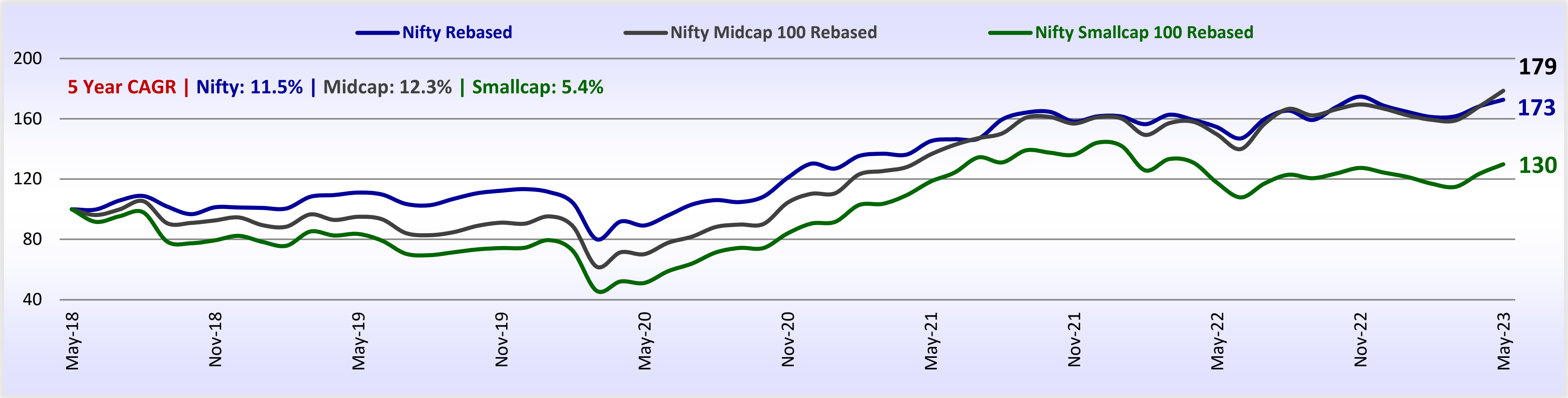


World equity indices in local currency terms in CY23YTD (%)

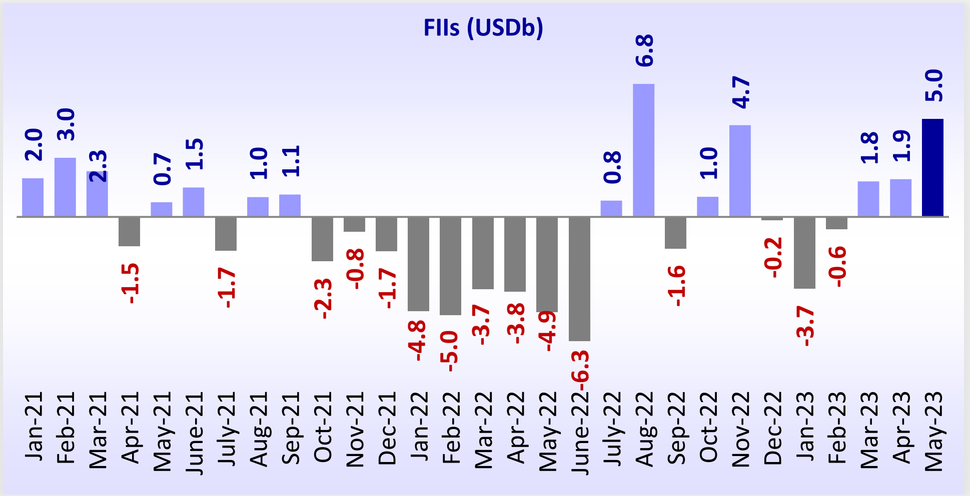


Midcaps outperform largecaps; FII flows remain strong

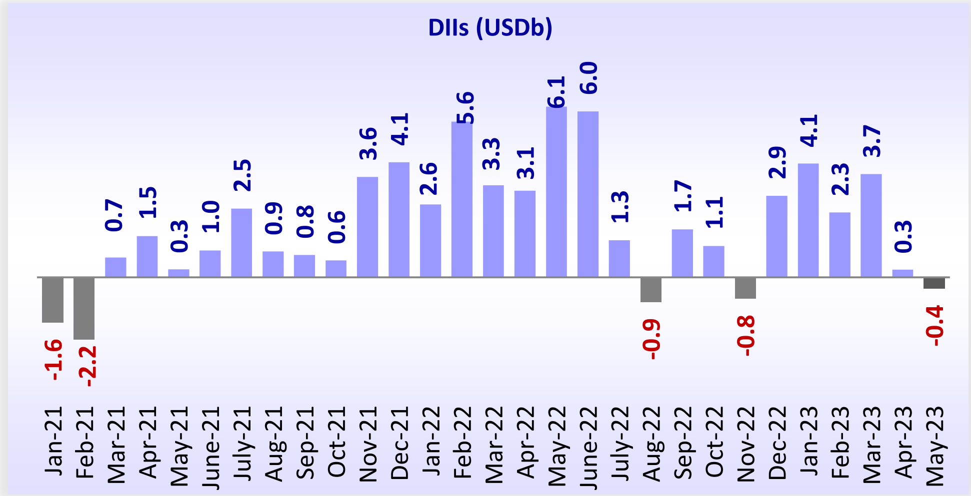
Performance of midcaps and smallcaps v/s largecaps over the last five years



FIIs record strong inflows in May'23 – highest since Sep'22



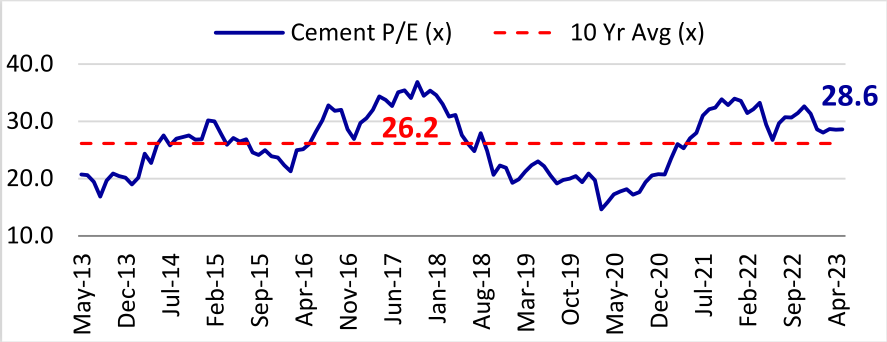
DIIs clock outflows – the first in the past six months



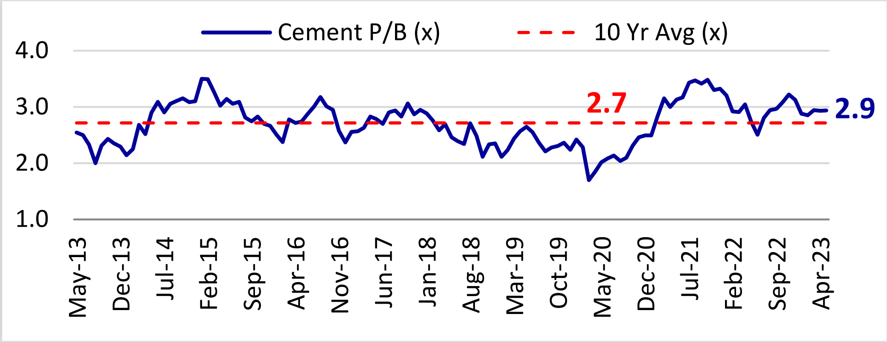
Cement: Decline in fuel price and strong demand should drive earnings

- Cement companies' earnings were under pressure in FY22/23 and they saw significant downgrades in earnings estimates as the industry was not able to pass on the entire cost hikes to consumers. We had reduced our coverage EBITDA estimate by 13%/7% for FY23/FY24 in Mar'22 and further by ~10% after 1QFY23 results. The downgrades continued every quarter due to volatile/continued rise in fuel prices and FY23 ended with 11.5% lower EBITDA v/s estimates in beginning of Mar'22.
- Although we have seen favorable fuel prices in the last few months (as Imported coal prices have corrected ~40-58% in past six months and petcoke prices corrected ~23-32%), the full benefits do not yet reflect in the earnings of cement companies. Though we will watch out for stability in coal and cement prices in the next few months, we believe that potential upside risks to earnings estimates in FY24 could not be negated given a steep reduction in fuel prices. Also, cement prices have remained largely stable since Mar'23-exit, which in our view was due to expected benefits from lower input costs.
- The sector's current valuation stands at 18.4x EV/EBITDA, at 9% premium to its long-term average driven by strong demand (volumes are estimated to grow in double digits YoY in Apr-May'23) and softening of fuel prices (current imported and domestic petcoke prices are down 11%-15% MoM).
- We are positive on the cement industry for the next few years, given: 1) a better demand outlook, led by the government's push for infrastructure development and increasing demand in the housing sector; 2) increased consolidation in the industry; 3) cost efficiency measures such as installation of green power plants (WHRS and solar plants), raising AFR and blended cement share; and 4) focus on product premiumization.

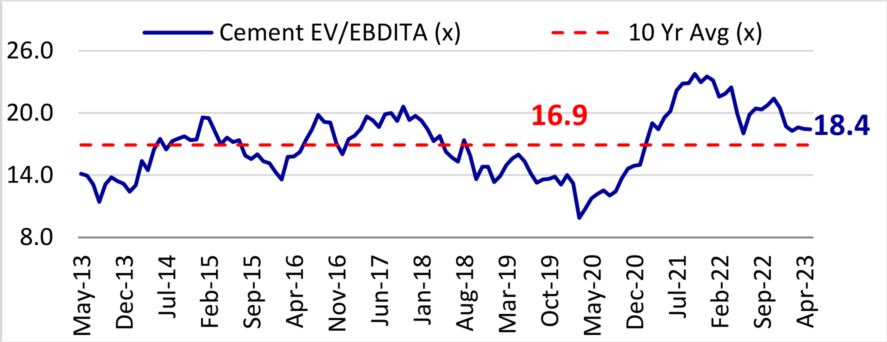
Cement: Trend in P/E (x) – one-year forward



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



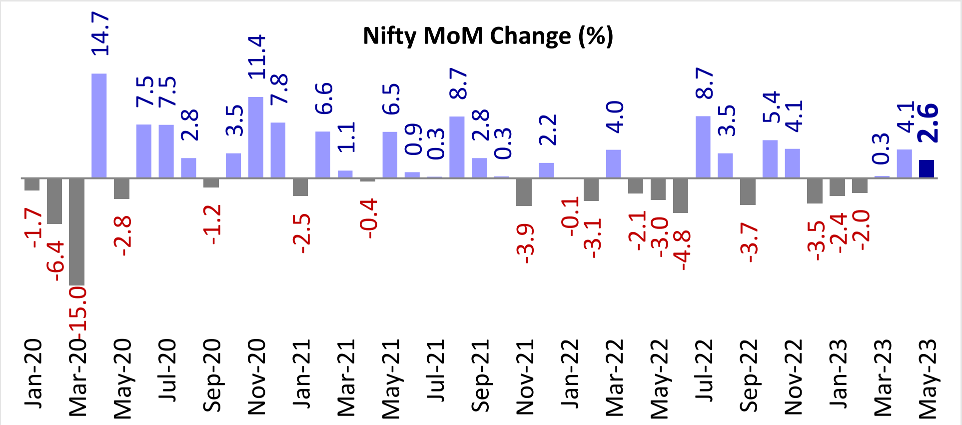
Cement: Trend in EV/EBITDA – one-year forward



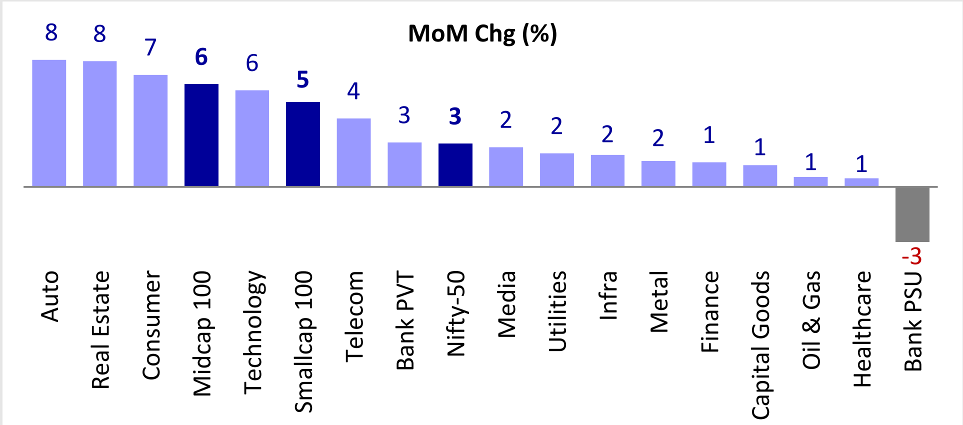
Market rallies for the third consecutive month, up 2.6% in May'23

- The Nifty gained 2.6% MoM to 18,534 in May'23, closing higher for the third consecutive month. The Nifty is up 2.4% in CY23YTD. The benchmark is now 1.9% away from its all-time high of 18,888 recorded in Dec'22.
- All major sectors ended higher – Automobiles (+8%), Real Estate (+8%), Consumer (+7%), Technology (+6%), and Telecom (+4%) were the top gainers, while PSU Banks (-3%) was the only laggard.

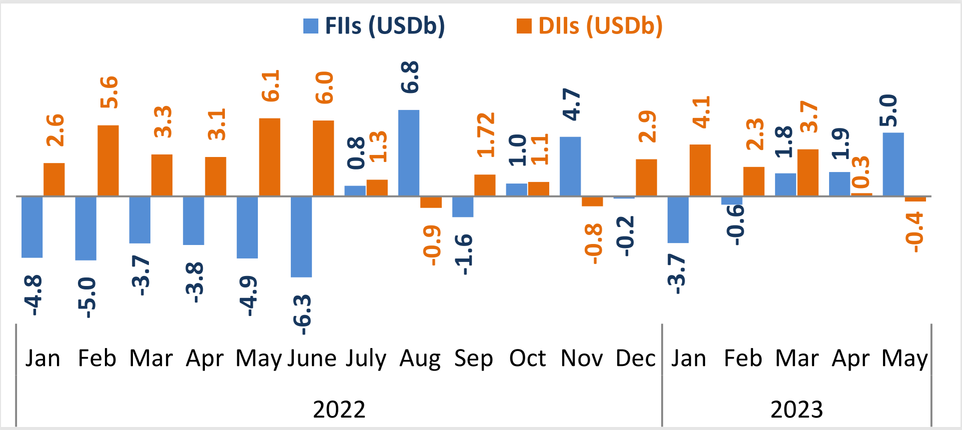
Nifty MoM change (%) — third consecutive month of positive return



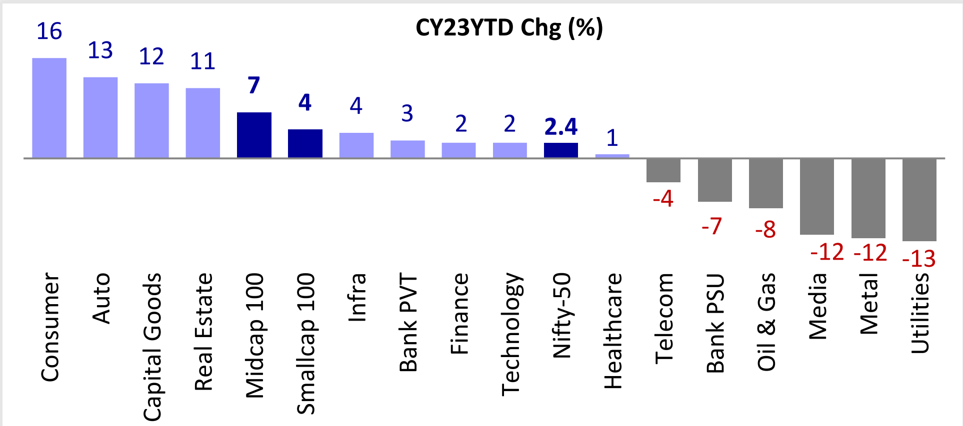
Sectoral MoM change (%) – Autos, Real Estate, Consumer top gainers



Institutional flows (USD b) – FIIs saw inflows for third consecutive month; DII turned sellers in May'23



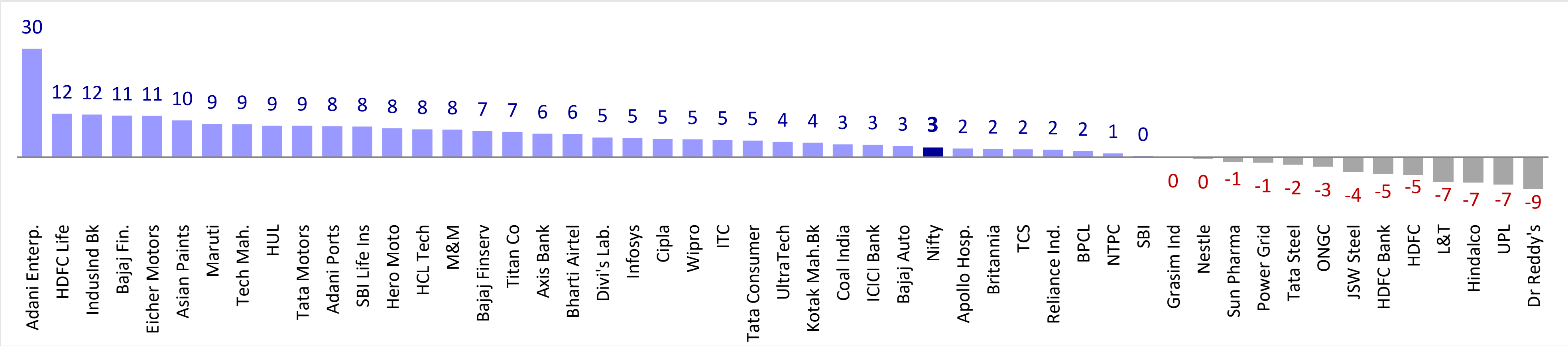
Sectoral CY23YTD change (%) – Consumer, Autos, and Capital Goods top gainers, while Utilities, and Metals key laggards



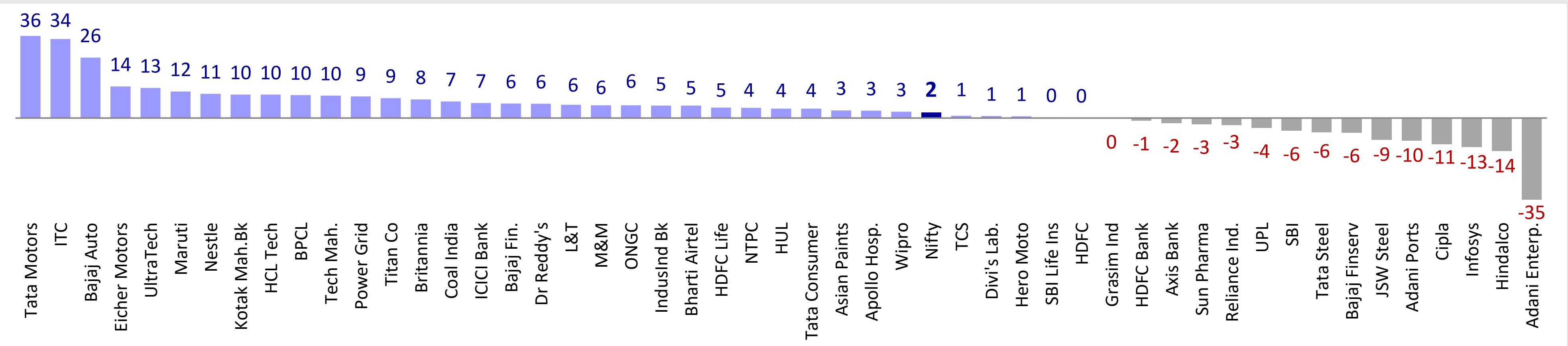
Breadth favorable in May'23; 37 Nifty companies end higher MoM

- **Best and worst Nifty performers in May'23:** Adani Enterprises (+30%), HDFC Life (+12%), Indusind Bank (+12%), Bajaj Finance (+11%), and Eicher Motors (+11%) were the top performers, while Dr Reddy's Lab (-9%), UPL (-7%), Hindalco (-7%), L&T (-7%), and HDFC (-5%) were the key laggards.
- **Best and worst Nifty performers in CY23YTD:** Tata Motors (+36%), ITC (+34%), Bajaj Auto (+26%), Eicher Motors (+14%), and Ultratech (+13%) were the top performers, while Adani Enterprises (-35%), Hindalco (-14%), Infosys (-13%), Cipla (-11%), and Adani Ports (-10%) were the major laggards.

Best and worst Nifty performers (MoM) in May'23 (%) – Breadth favourable; 37 Nifty companies end higher



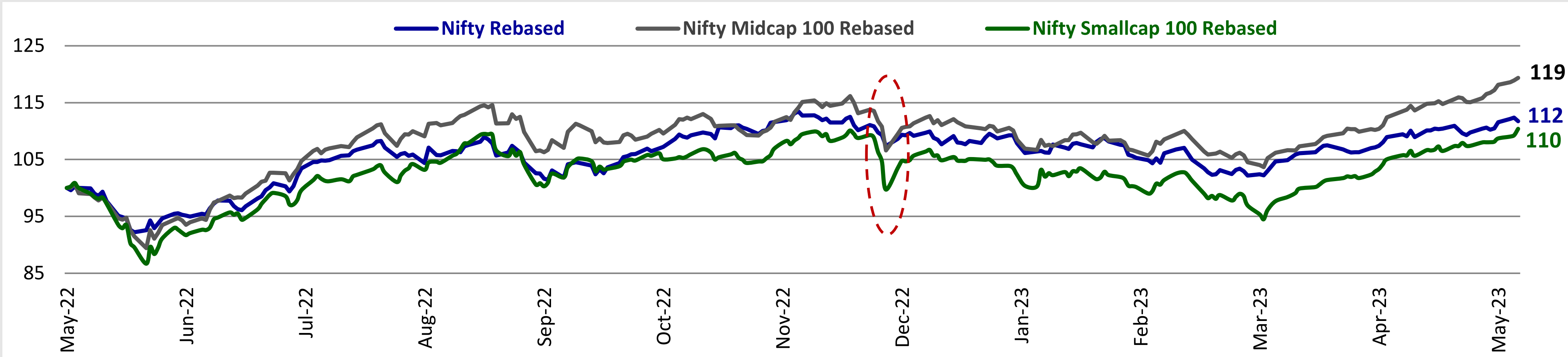
Best and worst Nifty performers in CY23YTD (%) – 70% of the constituents trading higher



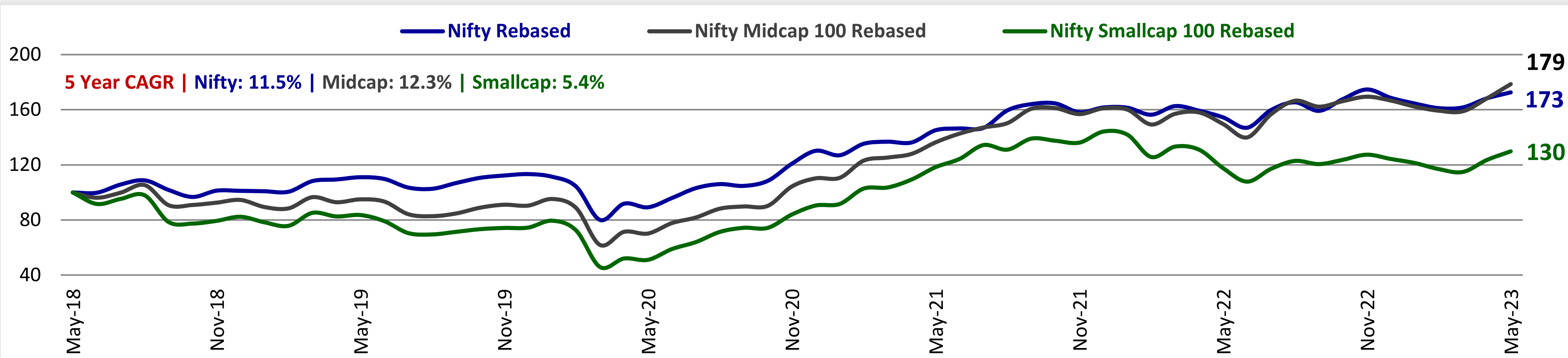
Smallcaps underperform over the last 12 months

- Over the last 12 months, largecaps and midcaps have gained 12% and 19%, respectively, while smallcaps have increased 10%. In the last five years, midcaps have outperformed by 6%, while smallcaps have underperformed largecaps by 43%.

Performance of midcaps and smallcaps v/s largecaps over the last 12 months



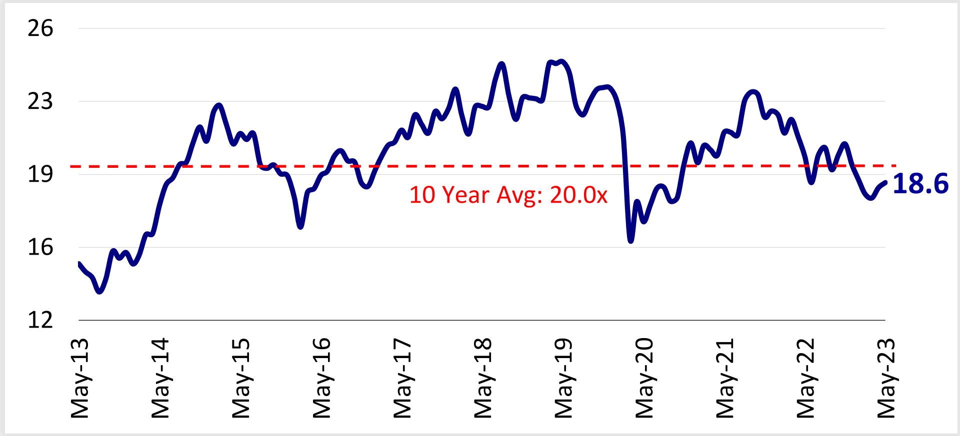
Performance of midcaps and smallcaps v/s largecaps over the last five years



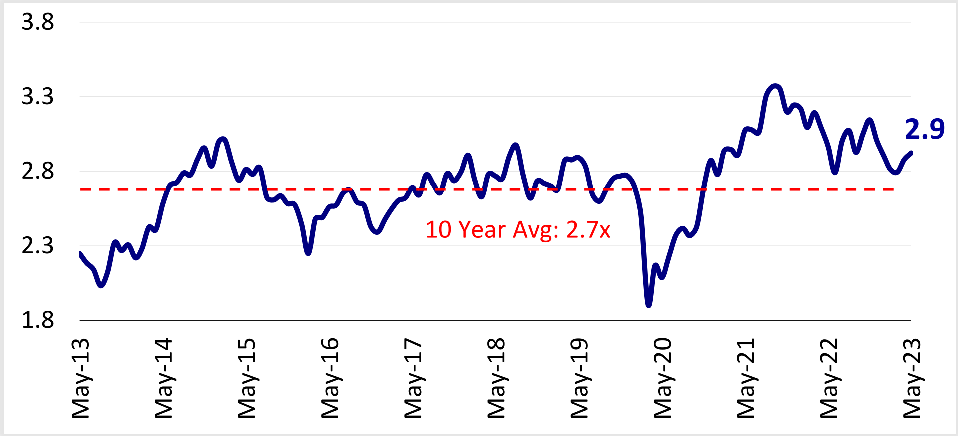
Nifty P/E ratio below its historical average; P/B above its average

- The Nifty is trading at a 12-month forward P/E ratio of 18.6x, below its LPA of 20x (7% discount). The P/B ratio, at 2.9x, is at an 8% premium to its historical average.
- The 12-month trailing P/E for the Nifty, at 22.2x, is near to its LPA of 21.8x (2% premium). At 3.3x, the 12-month trailing P/B ratio for the Nifty is above its historical average of 3x (12% premium).

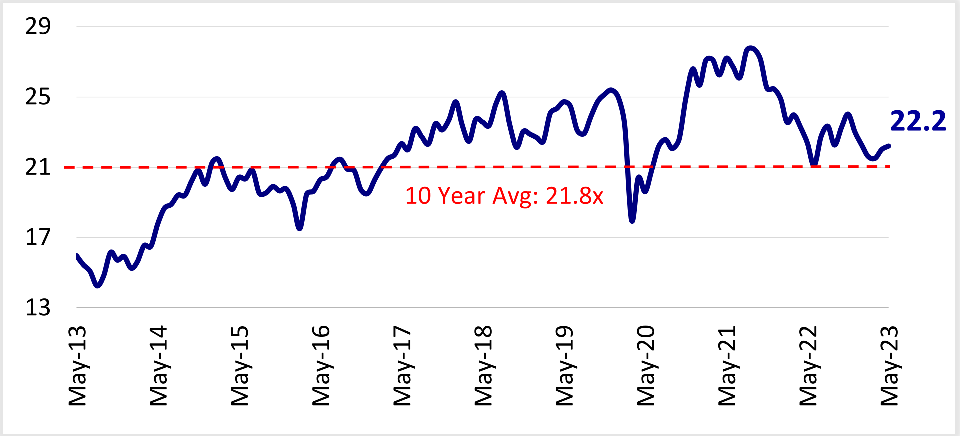
12-month forward Nifty P/E ratio (x)



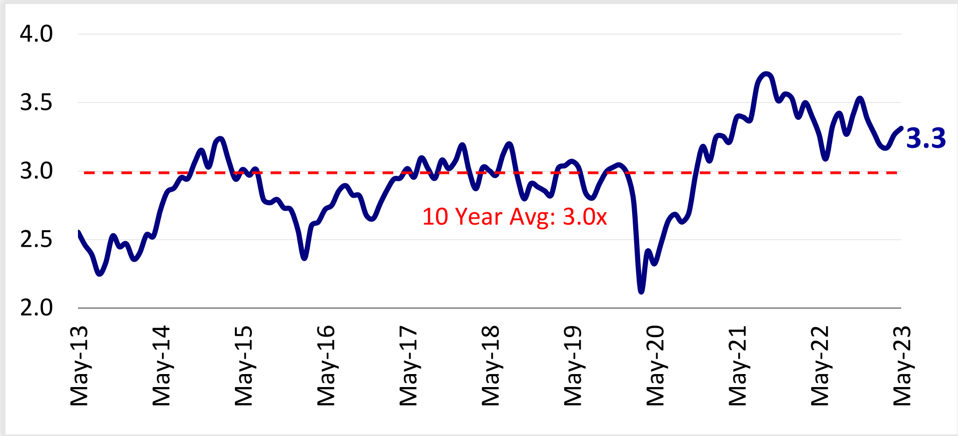
12-month forward Nifty P/B ratio (x)



Trailing Nifty P/E ratio (x)



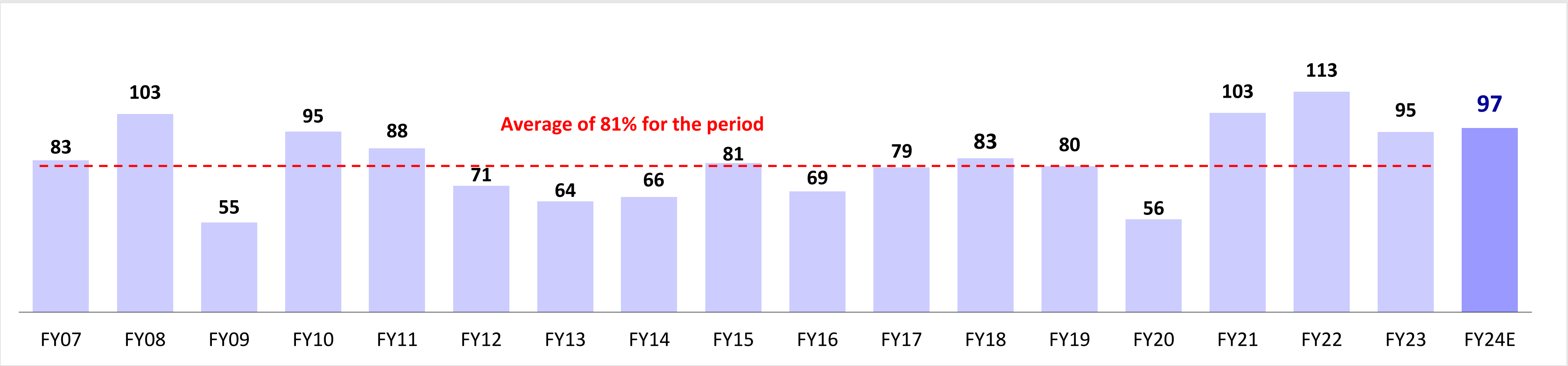
Trailing Nifty P/B ratio (x)



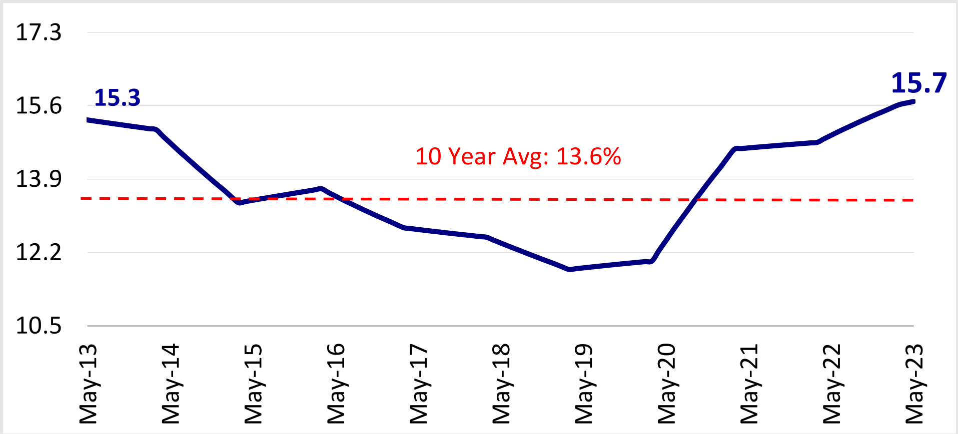
Market capitalization-to-GDP above its LPA

- India’s market capitalization-to-GDP ratio has been volatile, plummeting to 56% (of FY20 GDP) in Mar’20 from 80% in FY19 and then sharply recovering to 113% in FY22. The ratio currently stands at 95% (of FY23 GDP), above its long-term average of 81%.
- The Nifty is trading at a 12-month forward RoE of 15.7%, above its long-term average.

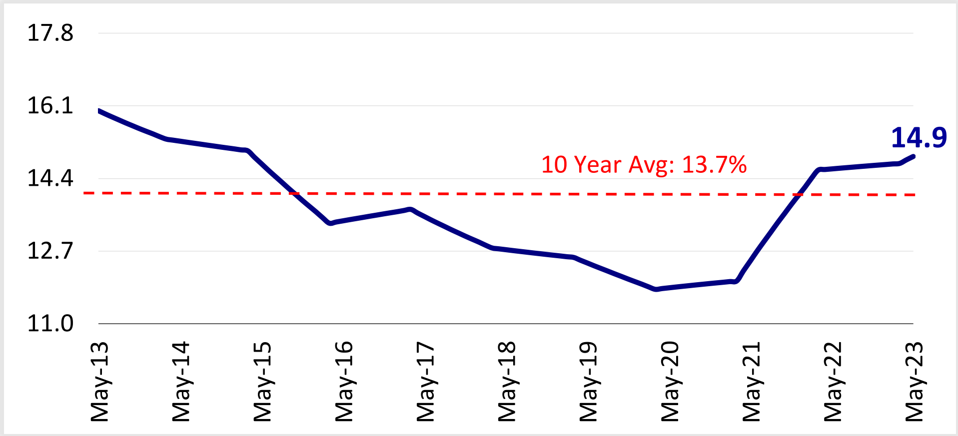
India’s market capitalization-to-GDP ratio (%) above its LPA



12-month forward Nifty RoE (%)



Trailing Nifty RoE (%)

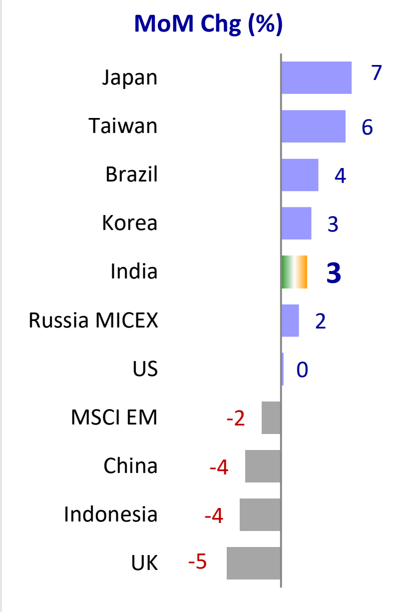


India among the top performing markets in May'23

- Among the key global markets, Japan (+7%), Taiwan (+6%), Brazil (+4%), Korea (+3%), India (+3%), Russia (+2%), and the US (+0%) ended higher in May'23, while the UK (-5%), Indonesia (-4%), China (-4%), and MSCI EM (-2%) ended lower in local currency terms.
- Indian equities have been trading at 23x FY23 earnings. All key markets continue to trade at a discount to India.

India (Nifty) v/s other markets

`			CY23YTD Chg (%)		PE (x)		Prem / Disc to India PE (%)		PB (x)		RoE (%)	
	Index Value	Mkt Cap (USD T)	Local Currency	In USD	CY21 / FY22	CY22 / FY23	CY21 / FY22	CY22 / FY23	CY21 / FY22	CY22 / FY23	CY21 / FY22	CY22 / FY23
US	4,180	44.5	9	9	21.0	19.1	-77	-77	4.3	3.8	18.5	18.0
MSCI EM	959	19.1	0	0	10.3	12.1	-89	-86	1.4	1.4	13.0	11.7
China	3,205	10.1	4	1	13.0	11.0	-86	-87	1.5	1.3	10.7	11.5
Japan	30,888	5.7	18	11	17.4	18.6	-81	-78	2.1	1.8	11.9	9.6
India	**18,534**	**3.3**	**2**	**2**	**25.4**	**23.0**			**3.7**	**3.4**	**14.6**	**14.8**
UK	7,446	3.0	0	2	15.5	10.4	-83	-88	1.9	1.6	10.1	14.6
Taiwan	16,579	1.9	17	17	13.6	16.8	-85	-80	2.2	2.1	15.9	12.4
Korea	2,577	1.8	15	10	10.4	14.7	-89	-83	1.0	1.0	9.0	6.4
Brazil	1,08,335	0.7	-1	2	6.8	7.5	-93	-91	1.8	1.3	25.4	18.3
Indonesia	6,633	0.6	-3	0	26.7	13.3	-71	-84	2.2	1.8	8.3	13.3
Russia	5,048	0.5	25	13	4.6	3.8	-95	-96	0.8	0.6	16.9	13.8

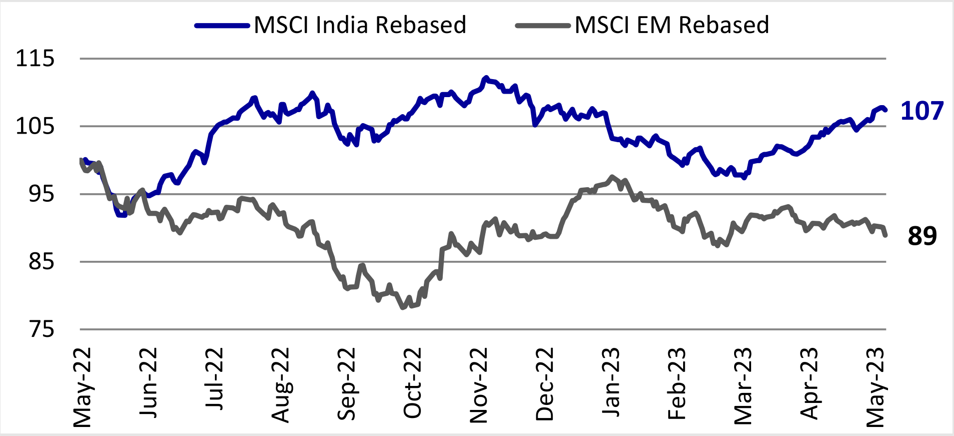


Source: Bloomberg/MOFSL

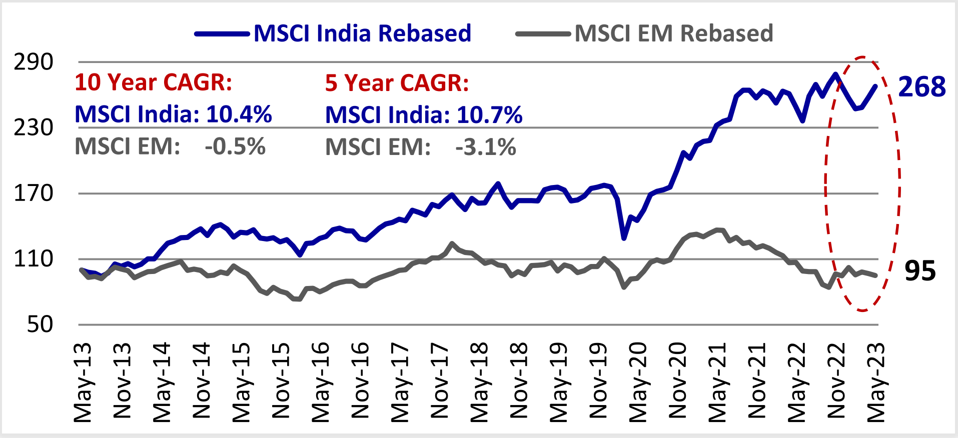
MSCI India continues to outperform MSCI EM

- Over the last 12 months, the MSCI India index (+7%) has outperformed the MSCI EM index (-11%). Over the last 10 years, it has outperformed the MSCI EM index by 173%.
- In P/E terms, the MSCI India index is trading at a 100% premium to the MSCI EM index, above its historical average of 70%.

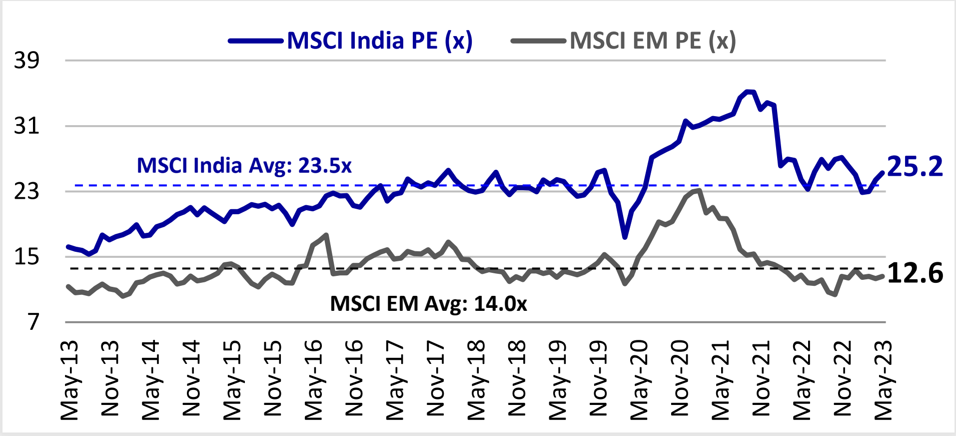
Performance of MSCI EM v/s MSCI India over the last 12 months



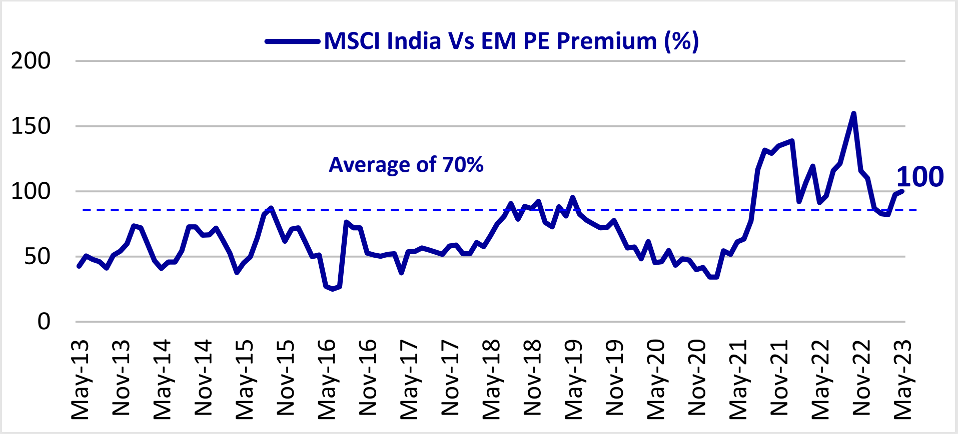
MSCI India outperforms MSCI EM by 173% over the last 10 years



Trailing P/E ratio (x) for MSCI India v/s MSCI EM



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

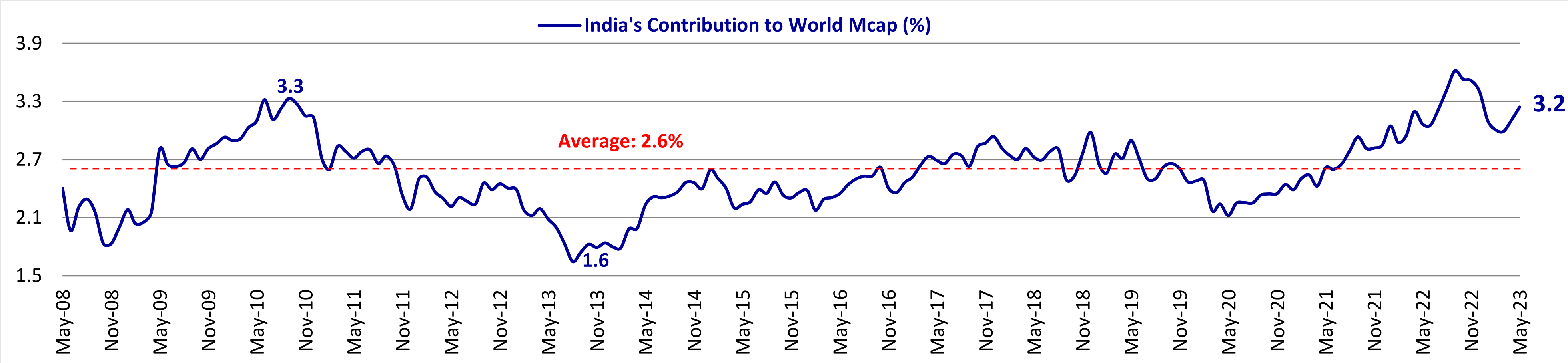


Source: Bloomberg

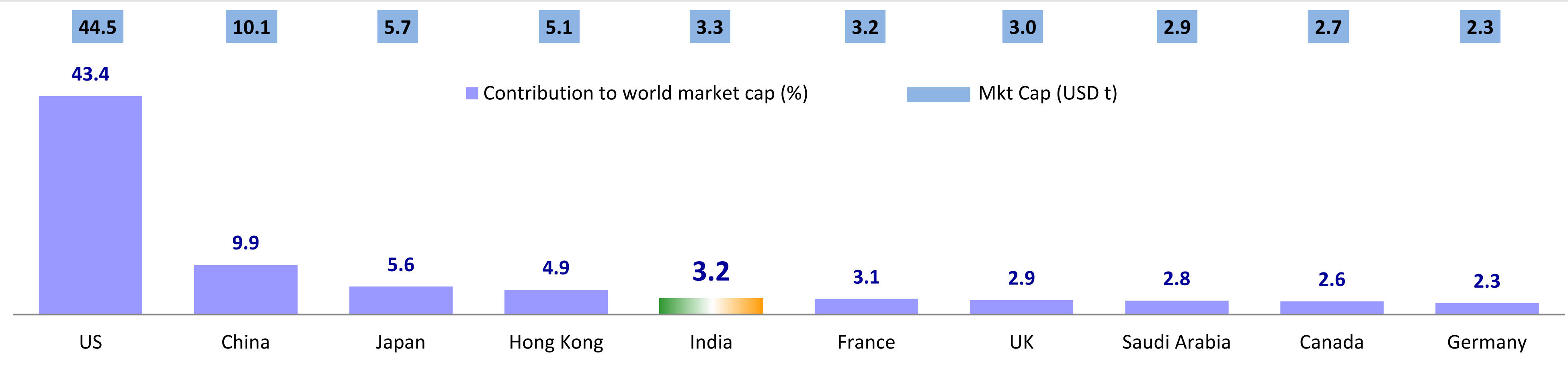
India's share in the global market cap at 3.2% in May'23, above its historical average

- India's share in global market cap stood at 3.2%, above its historical average of 2.6%.
- India is among the top 10 contributors to global market cap. The top 10 contributors accounted for ~80% of global market cap in May'23.

Trend in India's contribution to global M-cap (%)



Top 10 countries constitute ~80% of global M-cap

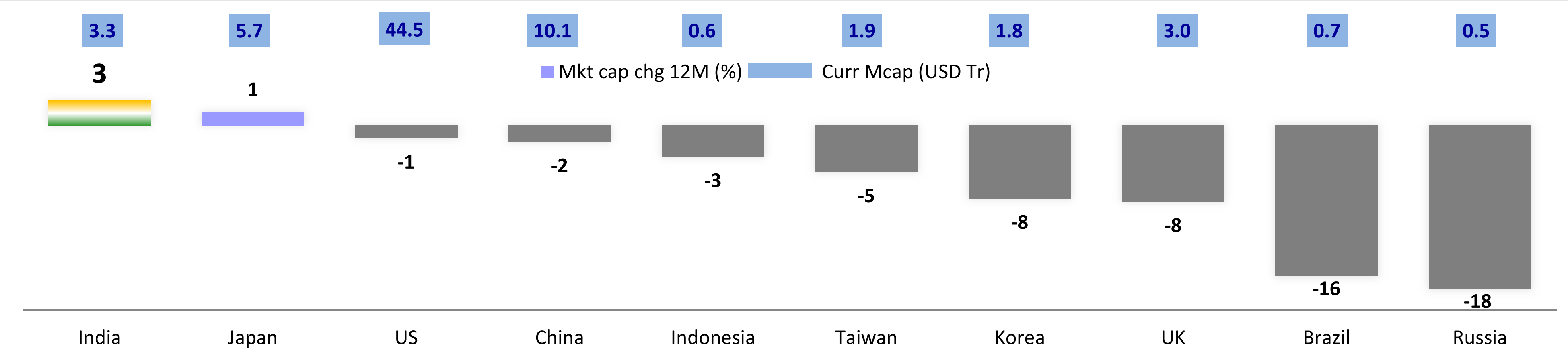


Source: Bloomberg

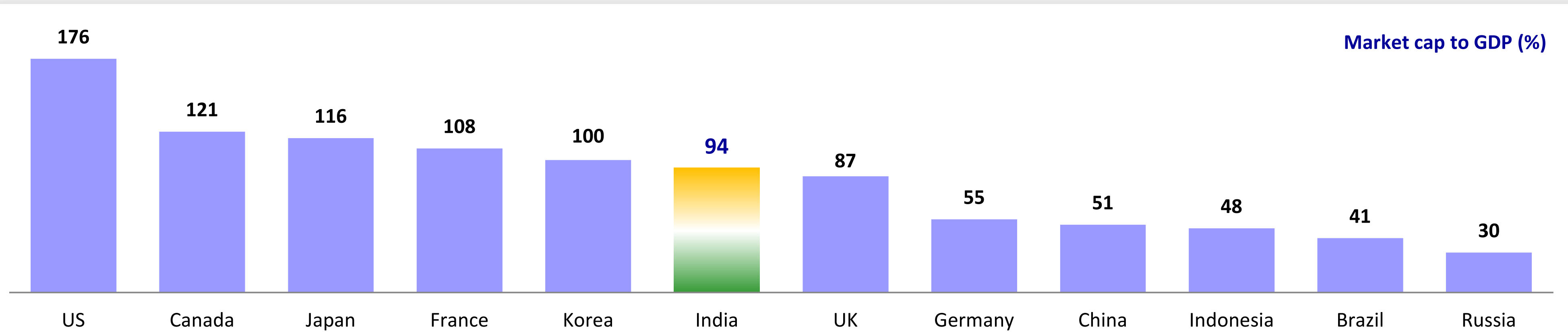
India's market cap increases over the last 12 months

- Over the last 12 months, while global market cap declined 2.9% (USD3t), India's market cap increased 2.7%.
- Barring India and Japan, all key global markets witnessed a decline in market cap over the last 12 months.

Change in M-cap over the last 12 months (%)



Global market capitalization-to-GDP ratio (%)



* Based on IMF GDP est for CY22 and latest Mkt cap

Source: Bloomberg, IMF's GDP estimates for CY22

Half of the constituents trade at a discount to their historical average

- **Companies trading at a significant premium to their historical average:** Divi's Labs (+51%), Grasim Industries (+47%), Reliance Industries (+45%), Nestle (+24%), and Tech Mahindra (+23%).
- **Companies trading at a significant discount to their historical average:** ONGC (-56%), Tata Steel (-52%), Coal India (-33%), Apollo Hospital (-29%), and Dr Reddy's (-28%).

Valuations of Nifty constituents

		PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)	
Name	Sector	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg
Bajaj Auto	Auto	18.3	17.6	4	-2	-12	4.9	4.3	13	68	60
Eicher Motors	Auto	25.3	31.4	-19	36	57	5.6	7.2	-23	90	166
Hero MotoCorp	Auto	15.3	18.2	-16	-18	-9	3.0	4.8	-37	3	77
Mahindra & Mahindra	Auto	16.6	18.5	-10	-11	-7	3.0	2.7	13	3	-1
Maruti Suzuki	Auto	26.1	29.3	-11	40	46	4.1	3.9	4	39	45
Tata Motors	Auto	NA	16.1	NA	NA	-19	3.5	2.1	70	20	-24
Axis Bank	Banks - Private	10.6	37.7	-72	-43	89	1.8	1.9	-9	-39	-28
HDFC Bank	Banks - Private	16.5	20.4	-19	-11	2	2.7	3.3	-18	-9	20
ICICI Bank	Banks - Private	17.2	21.1	-18	-8	5	2.8	2.0	41	-4	-27
IndusInd Bank	Banks - Private	10.1	18.9	-47	-46	-5	1.5	2.5	-39	-47	-8
Kotak Mahindra Bank	Banks - Private	22.4	27.0	-17	20	35	3.0	3.3	-10	3	23
State Bank	Banks - PSU	7.5	13.2	-43	-60	-34	1.2	1.1	13	-58	-60
Bajaj Finance	Banks - NBFC	29.1	28.6	2	56	43	6.2	5.0	24	112	85
HDFC	Banks - NBFC	32.4	36.2	-11	74	81	3.4	4.0	-15	16	47
HDFC Life Ins	Banks - Insurance	76.6	85.1	-10	311	326	2.6	4.1	-36	-10	52
SBI Life Ins	Banks - Insurance	60.2	57.8	4	224	189	2.1	2.5	-14	-28	-9
Grasim Inds	Cement	19.0	12.9	47	2	-35	2.3	1.7	35	-20	-36
Ultratech Cement	Cement	31.9	32.4	-2	72	62	3.7	3.4	11	27	24
Asian Paints	Consumer	57.5	52.4	10	209	162	17.7	13.7	29	507	408
Britannia Inds.	Consumer	50.5	42.0	20	171	110	36.3	18.3	98	1143	578
Hind. Unilever	Consumer	54.2	49.7	9	191	149	12.9	25.4	-49	341	839
ITC	Consumer	24.9	24.0	4	34	20	7.7	6.0	29	163	120
Nestle India	Consumer	70.3	56.9	24	278	185	84.6	44.1	92	2795	1529
Tata Consumer	Consumer	50.4	42.8	18	171	114	4.2	2.8	52	44	2

Half of the constituents trade at a discount to their historical average (continued)

		PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)	
Name	Sector	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg
Apollo Hospitals	Healthcare	55.1	77.8	-29	196	289	8.6	6.0	44	194	121
Cipla	Healthcare	22.3	28.1	-20	20	41	2.9	3.3	-11	0	21
Divi's Lab.	Healthcare	47.1	31.2	51	153	56	6.4	5.9	8	119	119
Dr Reddy' s Labs	Healthcare	18.7	26.1	-28	0	30	2.7	3.6	-24	-6	34
Sun Pharma	Healthcare	23.8	30.3	-21	28	51	3.6	4.1	-14	22	53
Coal India	Metals	7.3	10.9	-33	-61	-45	2.2	4.9	-56	-26	80
Hindalco	Metals	8.4	9.3	-10	-55	-53	1.1	1.2	-5	-62	-56
JSW Steel	Metals	9.5	13.2	-28	-49	-34	2.0	1.6	20	-33	-39
Tata Steel	Metals	9.3	19.4	-52	-50	-3	1.2	1.2	0	-58	-55
BPCL	Oil & Gas	9.7	9.4	3	-48	-53	1.3	1.7	-24	-56	-37
ONGC	Oil & Gas	3.6	8.3	-56	-80	-58	0.6	1.0	-37	-79	-64
Reliance Inds.	Oil & Gas	22.4	15.5	45	21	-22	1.8	1.5	15	-39	-43
Titan Co	Retail	59.7	53.2	12	221	166	16.5	11.8	40	465	335
HCL Technologies	Technology	18.5	15.1	23	-1	-25	4.8	3.6	34	65	33
Infosys	Technology	20.4	19.1	7	10	-4	7.3	5.0	44	148	86
TCS	Technology	24.0	21.9	9	29	10	13.5	8.7	55	361	220
Tech Mahindra	Technology	18.1	14.7	23	-3	-27	3.4	2.9	17	16	7
Wipro	Technology	17.9	16.9	6	-4	-15	2.8	2.9	-5	-5	8
Bharti Airtel	Telecom	NA	32.5	NA	NA	62	4.3	2.9	46	46	8
UPL	Others	10.2	12.8	-20	-45	-36	1.0	2.4	-58	-65	-10
Nifty		**18.6**	**20.0**	**-7**			**2.9**	**2.7**	**8**		

Midcaps outperform largecaps in May'23

- In May'23, the Nifty Midcap 100 gained 6.2% as against a rise of 2.6% MoM for the Nifty.
- The best midcap performers in May'23 were The Ramco Cement (23%), AU Small Finance (17%), Bandhan Bank (17%), and IDFC First Bank (17%).

	PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)		Price Chg (%)	
Company	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	MoM	CY23YTD
The Ramco Cement	38.4	28.6	34	106	43	2.9	3.0	-2	0	10	**23**	29
AU Small Finance	27.7	29.8	-7	49	49	3.9	4.3	-9	35	60	**17**	19
Bandhan Bank	9.8	27.3	-64	-47	37	1.9	3.6	-47	-35	31	**17**	14
IDFC First Bank	13.9	20.9	-33	-25	4	1.6	1.3	26	-45	-53	**17**	22
TVS Motor Co.	29.7	28.2	5	59	41	7.6	5.9	29	160	117	**14**	20
Lupin	33.3	39.8	-16	79	99	2.7	4.0	-33	-8	49	**13**	10
Sona BLW Precis.	56.4	74.1	-24	203	271	11.4	13.4	-14	292	394	**13**	29
Apollo Tyres	13.9	13.5	3	-25	-32	1.4	1.1	25	-53	-60	**13**	21
L&T Fin.Holdings	11.9	15.2	-21	-36	-24	1.1	1.5	-28	-63	-44	**13**	19
Tube Investments	35.0	24.4	43	88	22	10.7	6.0	80	268	120	**11**	3
Max Financial	46.4	43.6	6	149	118	1.5	2.4	-39	-49	-10	**10**	4
Escorts Kubota	27.7	14.9	86	49	-26	2.9	1.7	69	-1	-36	**10**	2
Deepak Nitrite	24.8	17.5	42	33	-13	5.4	3.3	65	84	20	**10**	4
M & M Fin. Serv.	14.8	16.2	-9	-20	-19	1.9	1.4	34	-34	-47	**10**	21
Container Corpn.	28.7	30.1	-5	54	51	3.4	3.0	11	16	13	**10**	-9
Ipca Labs.	26.1	31.6	-18	40	58	2.7	3.6	-25	-7	34	**-1**	-17
Prestige Estates	36.6	22.3	64	97	12	1.7	1.7	-1	-41	-36	**-2**	4
NMDC	6.4	5.7	11	-66	-71	1.2	1.1	8	-59	-59	**-2**	-13
United Breweries	59.9	91.9	-35	222	360	8.8	9.6	-8	202	255	**-2**	-14
Hindustan Zinc	11.0	10.4	6	-41	-48	6.0	3.3	83	104	20	**-3**	-5
Indraprastha Gas	24.1	19.8	22	30	-1	4.1	3.8	8	40	40	**-3**	16
Zydus Lifesci.	18.8	20.5	-8	1	2	2.5	3.9	-36	-15	43	**-3**	20
Navin Fluo.Intl.	42.2	23.8	77	127	19	8.5	3.9	116	191	46	**-4**	15
Alkem Lab	23.5	24.2	-3	26	21	3.8	4.0	-6	30	50	**-4**	12
Petronet LNG	12.0	11.5	4	-36	-43	2.0	2.4	-14	-31	-13	**-5**	5
Union Bank (I)	4.4	6.4	-31	-76	-68	0.6	0.5	5	-80	-80	**-6**	-12
Federal Bank	7.3	11.9	-39	-61	-41	1.1	1.1	-9	-64	-58	**-7**	-10
Jindal Steel	8.0	8.9	-10	-57	-56	1.1	0.7	60	-61	-74	**-11**	-11
Indian Bank	4.5	9.9	-55	-76	-51	0.6	0.5	20	-78	-80	**-16**	-5
Gland Pharma	17.6	44.8	-61	-5	124	1.7	5.5	-69	-42	104	**-32**	-41

Half of the sectors trade at a discount to their historical average

- The Auto sector is trading at a P/E of 21.1x, below its 10-year historical average of 26.5x (21% discount). On a P/B basis, it is trading at a 13% premium to its 10-year average of 3.3x. 2W/PV/3W volumes grew 13%/10%/41% YoY, whereas tractors/CVs declined 2%/6% YoY. Growth in 2Ws indicates a gradual recovery in domestic markets. 2W export volumes too witnessed sequential growth. We believe 2W volume should continue to see sequential growth, led by a recovery in rural demand and a pickup in exports.
- The Consumer sector's P/E ratio, at 42.3x, represents a 6% premium to its 10-year average of 39.7x. On a P/B basis, it is trading at 11.4x, a premium of 12% against its historical average of 10.2x. Management commentary suggests that demand is recovering in rural markets. Unseasonal rainfall has affected beverages demand in some parts of the country. Companies have started to pass on the benefits of lower commodity costs to consumers.
- The PSU Banks sector is trading at a P/B ratio of 1.0x, a 20% premium to its historical average of 0.8x. Earnings for PSU Banks remained healthy, led by a broad-based improvement in key parameters, such as margin, operating profitability, and credit cost. Improving profitability and a reduction in risk-weight intensity have further boosted capital ratios for PSU banks.

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	21.1	26.5	-20.6	36.4	16.7	13	30	3.7	3.3	13.5	3.8	2.7	28	21
Banks - Private	15.3	20.8	-26.1	26.4	15.1	-18	3	2.5	2.5	-2.1	2.9	2.2	-16	-7
Banks - PSU	6.4	10.4	-39.0	41.0	-20.2	-66	-51	1.0	0.8	19.8	1.0	0.6	-67	-71
NBFC	19.4	20.7	-6.1	24.1	17.3	5	4	2.7	2.8	-4.5	3.2	2.5	-7	5
Cement	28.6	26.2	9.3	31.5	20.8	54	32	2.9	2.7	8.3	3.1	2.3	1	0
Consumer	42.3	39.7	6.4	43.7	35.7	127	100	11.4	10.2	12.1	10.9	9.5	291	280
Consumer Ex ITC	52.4	49.0	7.1	57.0	40.9	182	146	13.3	13.0	1.8	14.4	11.7	354	384
Healthcare	23.7	26.2	-9.3	30.6	21.8	28	32	3.1	3.9	-20.1	4.7	3.1	7	47
Infrastructure	15.2	8.9	71.2	13.4	4.3	-18	-55	1.4	1.1	29.4	1.5	0.7	-51	-60
Logistics	27.8	31.7	-12.5	38.8	24.7	49	58	4.1	3.9	5.6	4.6	3.1	39	42
Media	15.4	25.3	-39.1	29.7	20.9	-17	27	1.7	4.3	-61.6	6.1	2.5	-44	63
Metals	8.8	11.0	-19.8	15.4	6.6	-53	-45	1.5	1.2	20.8	1.5	0.9	-50	-56
Oil & Gas	12.7	12.4	2.4	14.9	9.8	-32	-38	1.4	1.4	1.0	1.6	1.3	-51	-47
Oil & Gas Ex RIL	6.4	9.5	-32.4	12.6	6.3	-66	-52	1.0	1.3	-22.7	1.5	1.0	-67	-53
Sp. Chemicals	31.7	19.2	64.6	30.5	8.0	70	-5	5.6	3.6	54.2	5.7	1.5	91	29
Real Estate	26.9	21.6	24.5	29.5	13.7	45	8	2.5	1.4	72.5	2.0	0.9	-15	-48
Retail	65.0	80.5	-19.3	131.9	29.1	249	303	12.3	9.4	30.9	13.3	5.5	321	241
Technology	21.6	19.2	12.2	23.6	14.9	16	-3	6.9	5.2	31.9	6.6	3.8	136	92
Telecom	Loss	21.2	-	88.1	-45.7		13	15.2	6.8	122.9	13.4	0.3	0	65

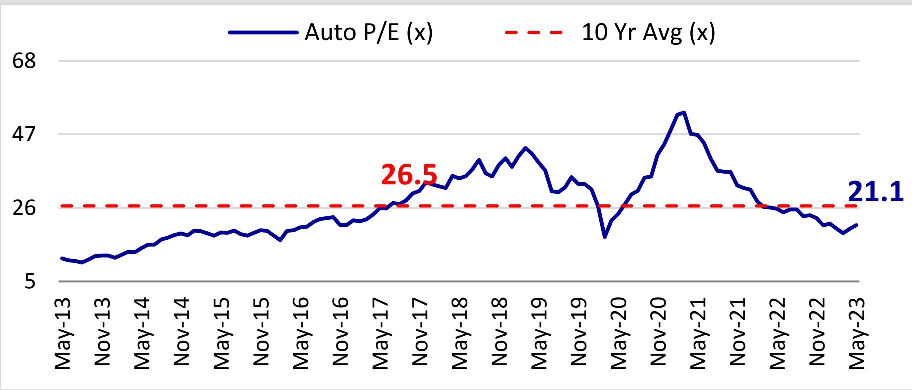
Automobiles

Strong beat for 2Ws; PVs/tractors in line; CV dispatches exceeded est, led by TTMT

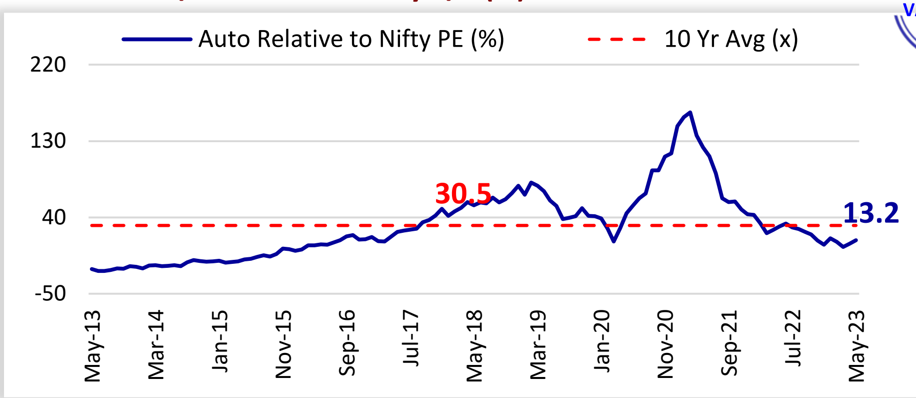
- The Auto sector is trading at a P/E of 21.1x, below its 10-year historical average of 26.5x (21% discount).
- On a P/B basis, it is trading at a 13% premium to its 10-year average of 3.3x.
- 2W/PV/3W volumes grew 13%/10%/41% YoY, whereas tractors/CVs declined 2%/6% YoY.
- Growth in 2Ws indicates a gradual recovery in domestic markets. 2W export volumes too witnessed sequential growth. We believe 2W volume should continue to see sequential growth, led by a recovery in rural demand and a pickup in exports. PV industry volume growth was led by healthy demand in UVs, while volume growth for lower-end models was largely flat. CV volumes declined mainly due to pre-buying happened in Mar'23 ahead of the transition to BS6-II norms. However, underlying demand drivers remain intact and should aid healthy growth in MHCVs. Tractor volumes declined ~2% YoY. However, healthy farm sentiment should boost volume growth in FY24 despite a high base of FY23.

COMPANY VALUATION

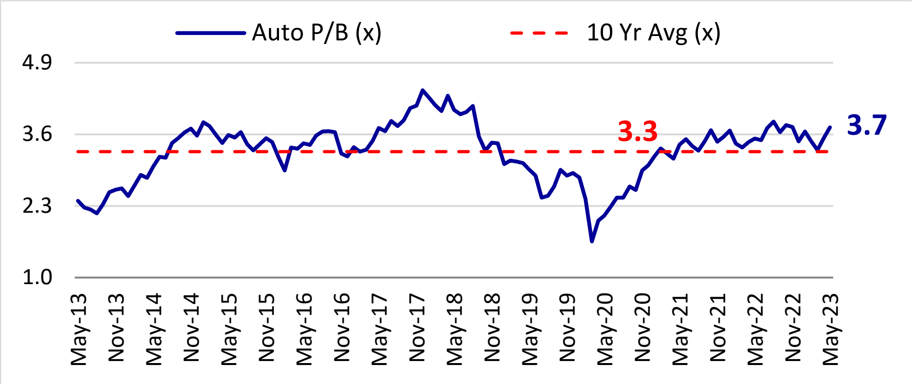
12-month forward Automobiles P/E (x)



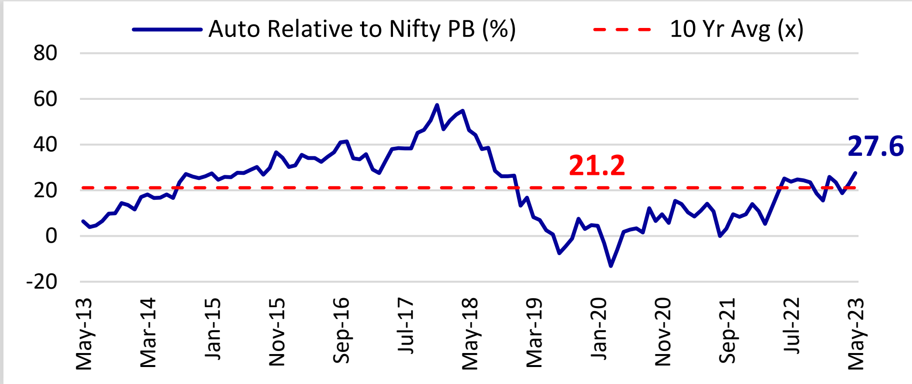
Automobile P/E relative to Nifty P/E (%)



12-month forward Automobiles P/B (x)



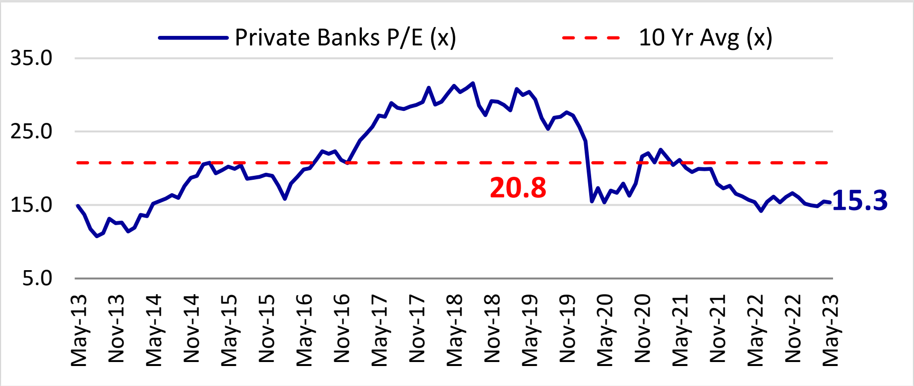
Automobile P/B relative to Nifty P/B (%)



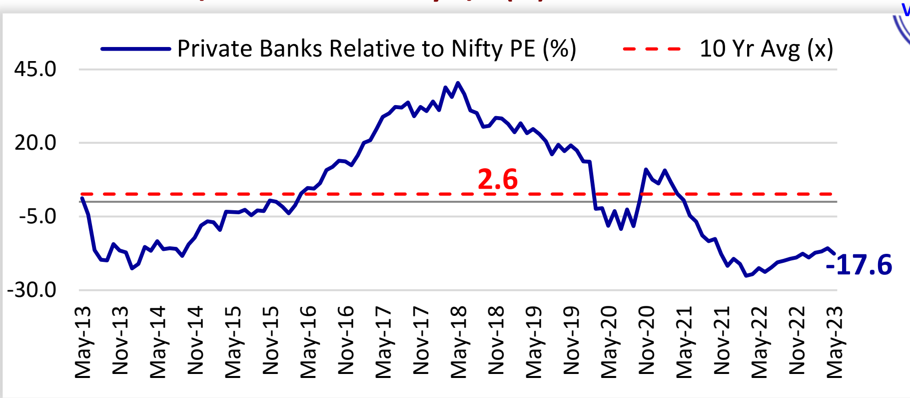
Credit growth likely to moderate; deposit growth, rising cost of funds in focus

- The Private Banks sector is trading at a P/B ratio of 2.5x, its 10-year average. ROE is at a 10-year high of 16% for private banks.
- Loan growth remains healthy, led by sustained traction in the Retail and SME segments, while the Corporate segment is also witnessing a gradual recovery. FY24 has started on a healthy note, with the systemic credit base increasing by INR1.82t in Apr'23 v/s INR0.65t in Apr'22. Systemic loan growth remained healthy at 15.9% in Apr'23. However, we remain watchful of the macro environment, which can dent demand and delay capex recovery. Nevertheless, we estimate 13% YoY loan growth in FY24 v/s 16% YoY growth in FY23.
- With the RBI keeping policy rates unchanged, the systemic interest rates have likely peaked; however, garnering deposits will be important. The rise in deposit costs (due to lag in re-pricing), along with a pause in rate hikes may keep margin under pressure in FY24.

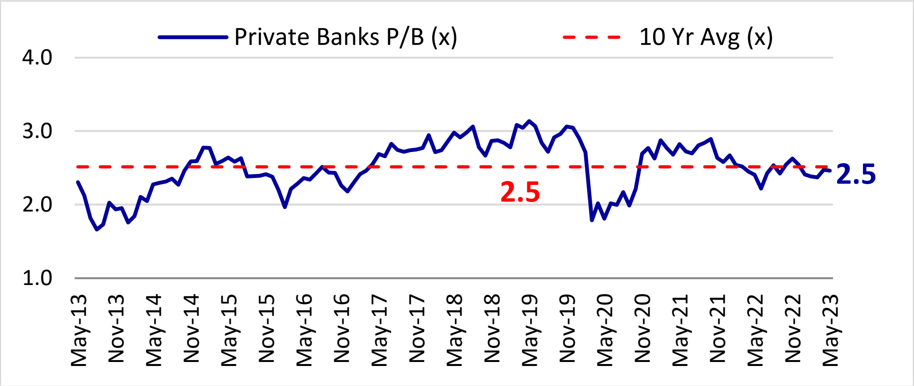
12-month forward Private Banks P/E (x)



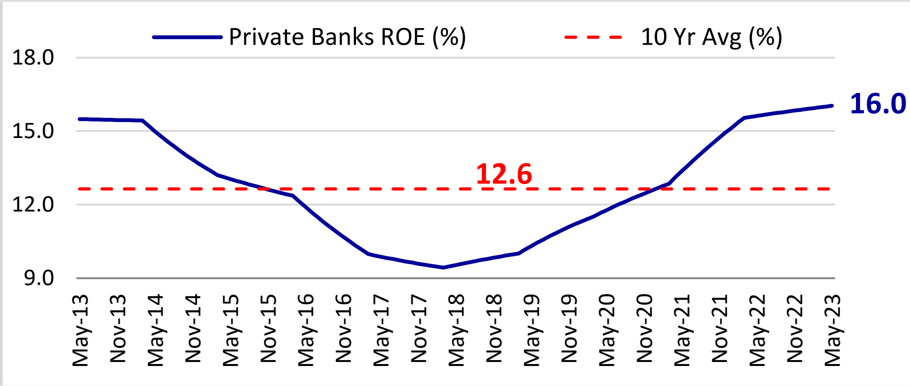
Private Banks P/E relative to Nifty P/E (%)



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



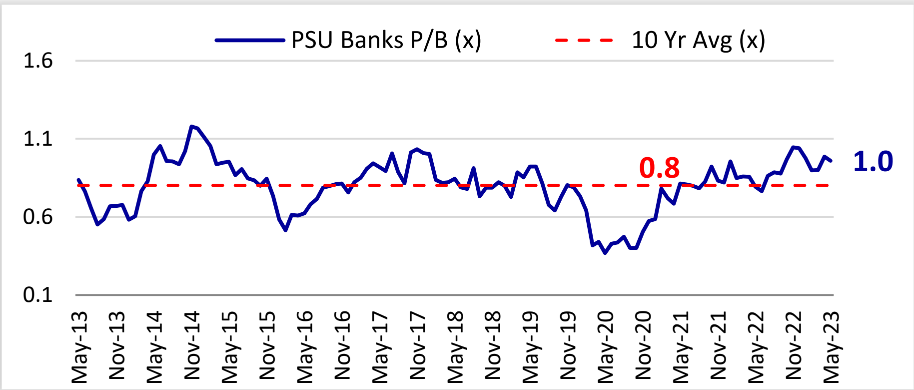
Private Banks ROE (%)



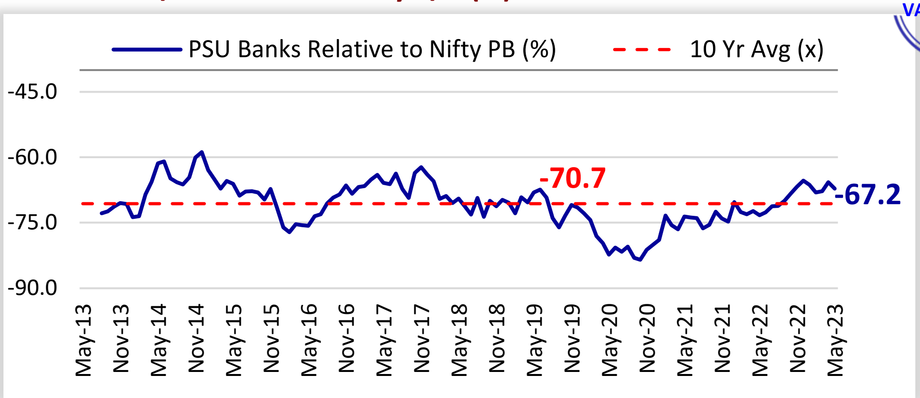
Operating performance continues to improve; asset quality outlook steady

- The PSU Banks sector is trading at a P/B ratio of 1.0x, a 20% premium to its historical average of 0.8x.
- Earnings for PSU Banks have remained healthy, led by a broad-based improvement in key parameters, such as margin, operating profitability, and credit cost. SMA pool remains benign, which, coupled with limited slippages from the restructuring and ECLGS books, augurs well for incremental slippages. This will lead to a consistent reduction in credit costs. Margins may have peaked as the liability re-pricing and intense competition for deposits may weigh on the cost of deposits; however, a gradual re-pricing of loans linked to MCLR will cushion the impact.
- Capital ratios remained healthy, which will enable steady credit growth. During FY23, key PSU banks (SBIN, BOB) reported healthy growth trends, especially in the Retail and MSME segments. Improving profitability and a reduction in risk-weight intensity have further boosted capital ratios for PSU banks.

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

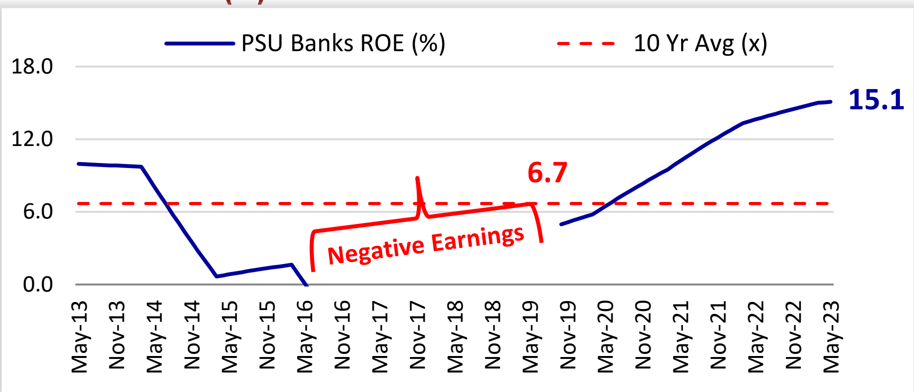


PSU Banks P/B relative to Nifty P/B (%)



COMPANY VALUATION

PSU Banks ROE (%)

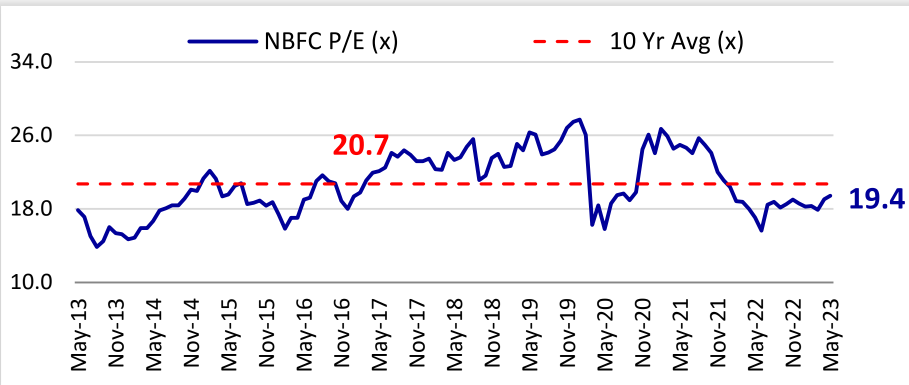


NBFCs exhibit strong loan growth despite minor margin compression

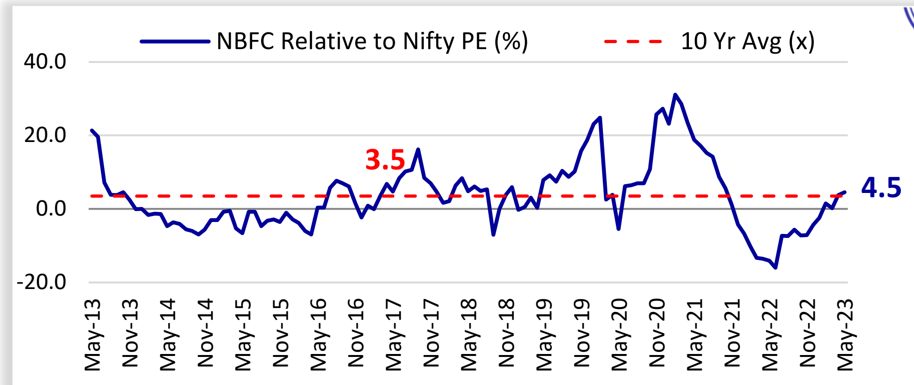
- The NBFC sector is trading at a P/B ratio of 2.7x, a 5% discount to its historical average of 2.8x.
- Against expectations of a sharp margin compression for NBFCs in general (and vehicle financiers in particular) in 4QFY23, most of the NBFCs reported only a minor compression or sequentially stable margins. Margin compression will now be lower than earlier anticipated.
- Disbursements were healthy for the cohort of vehicle financiers and the asset quality has improved for both CIFC and MMFS. Higher interest rates appeared to have a sentimental impact on demand for prime mortgages, but demand for affordable housing loans remained strong. Large HFCs are expected to witness stable/improving margins as interest rates stabilize and the lag in transmitting higher interest rates to borrowers diminishes.
- Higher gold prices and relatively lower aggression from banks enabled gold-loan NBFCs like MUTH/MGFL to deliver strong sequential growth in gold loans without any compromise on the yields and margins.

COMPANY VALUATION

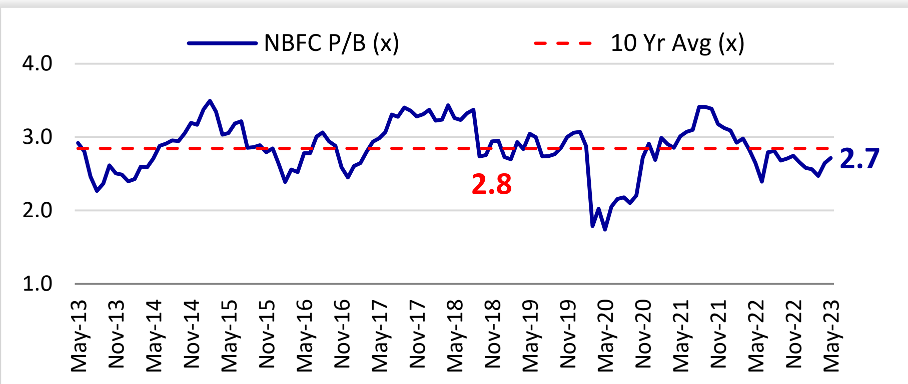
12-month forward NBFC P/E (x)



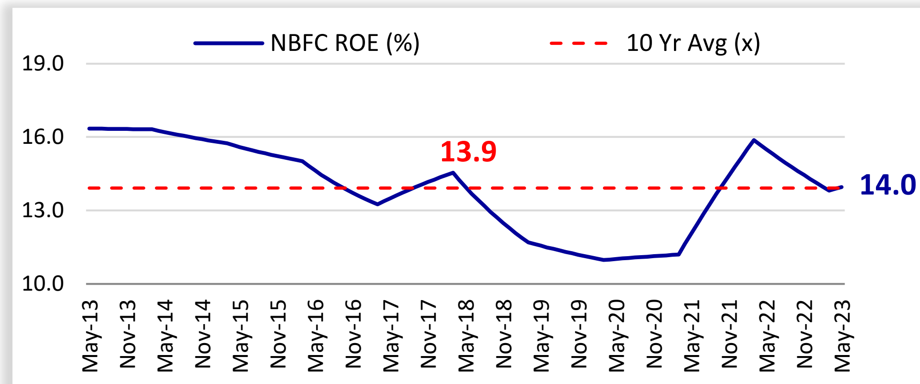
NBFC P/E relative to Nifty P/E (%)



12-month forward NBFC P/B (x)



NBFC ROE (%)

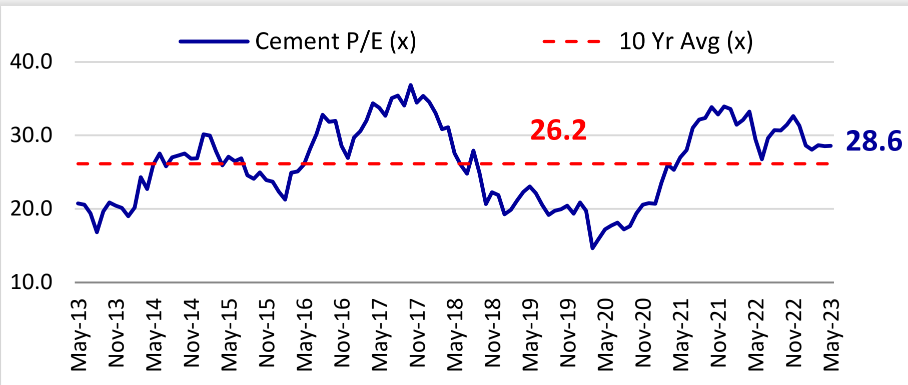


Favourable fuel price and strong demand to support earnings

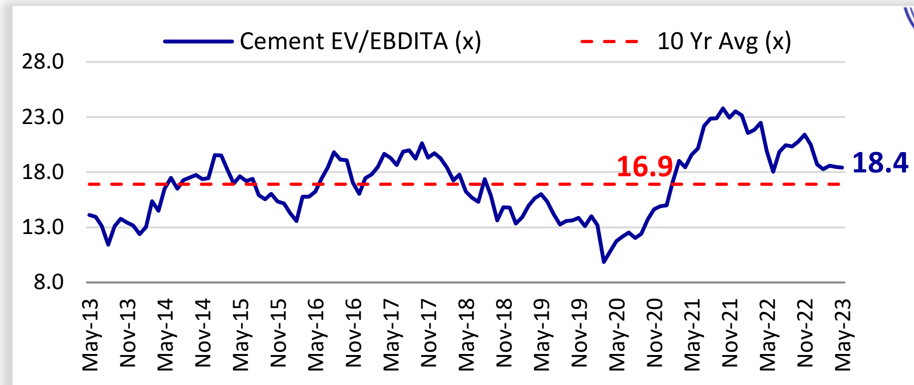
- The Cement sector is trading at a one-year forward EV/EBITDA ratio of 18.4x – at a 9% premium to its historical average of 16.9x.
- Cement demand remains strong and volumes are estimated to grow in double digits (~10%) YoY in Apr-May'23. Higher volume growth is driven by the government's thrust on infrastructure development, strong demand from private capex and real estate, and improving traction in IHB and retail.
- Cement prices have remained largely stable since Mar'23-exit, which in our view was due to expected benefits from lower input costs. Current imported and domestic petcoke prices are down 11%-15% MoM to USD117/t and INR14,639/t (Reliance petcoke price), respectively. Imported (South African and US) coal prices are down ~14%-18% MoM to USD110-USD125/t. Most of the benefits will start reflecting in Jun'23, as the companies are carrying high-cost coal inventory.

COMPANY VALUATION

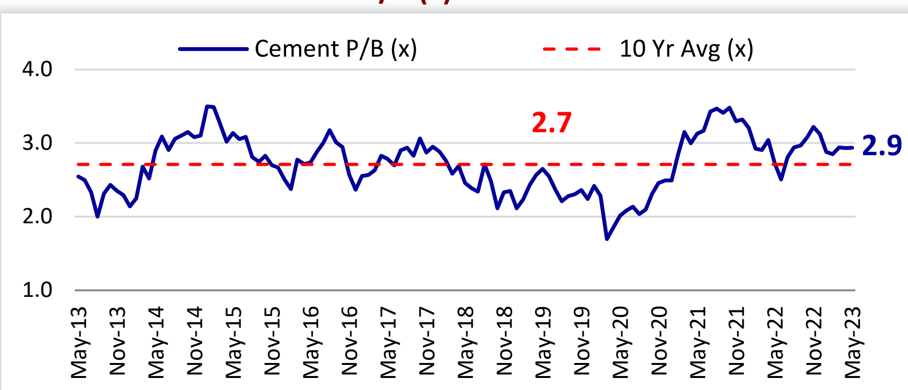
12-month forward Cement P/E (x)



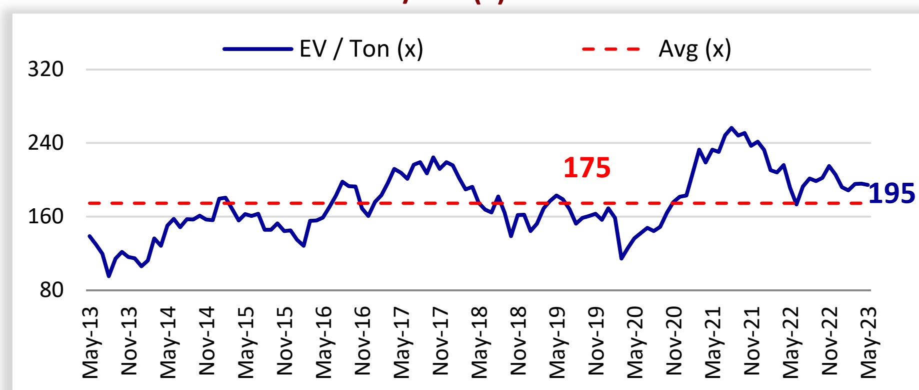
12-month forward Cement EV/EBITDA (x)



12-month forward Cement P/B (x)



12-month forward Cement EV/Ton (x)

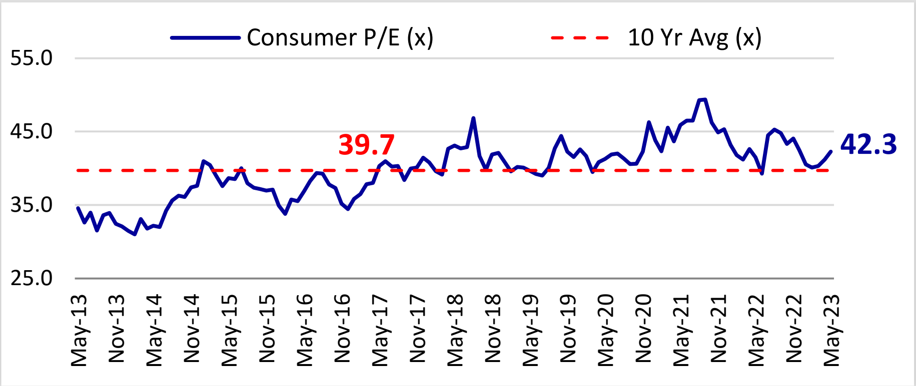


Demand momentum driven by increased advertising and media Investments

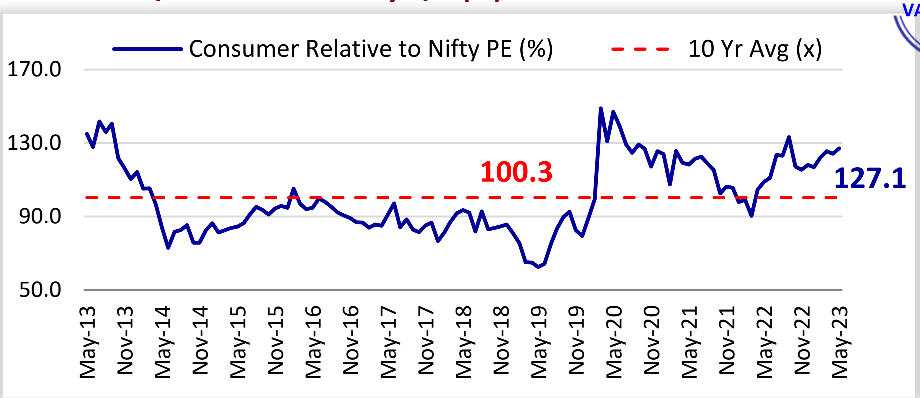
- The Consumer sector's P/E ratio, at 42.3x, represents a 6% premium to its 10-year average of 39.7x.
- On a P/B basis, it is trading at 11.4x, at a premium of 12% against its historical average of 10.2x.
- Management commentary of companies suggest that rural markets has reversed its declining demand trend.
- Unseasonal rainfall has adversely impacted beverages demand in some parts of the country.
- Companies have started to pass on the benefit of lower commodity costs to consumers.
- Increased advertising and media investments are helping recovery in demand, which would consequently improve volume.

COMPANY VALUATION

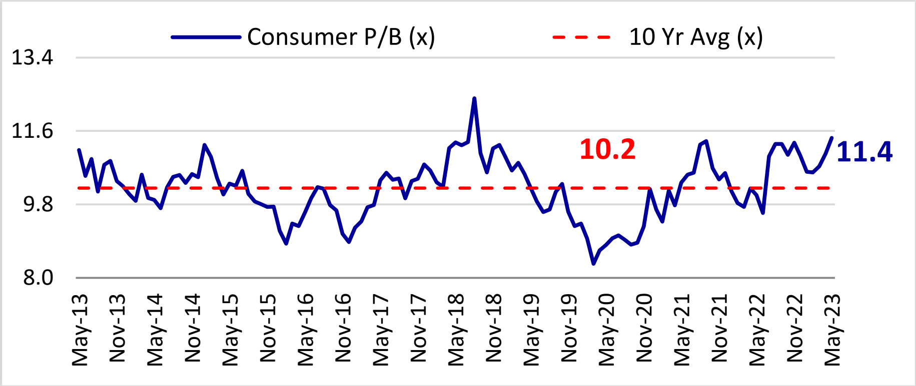
12-month forward Consumer P/E (x)



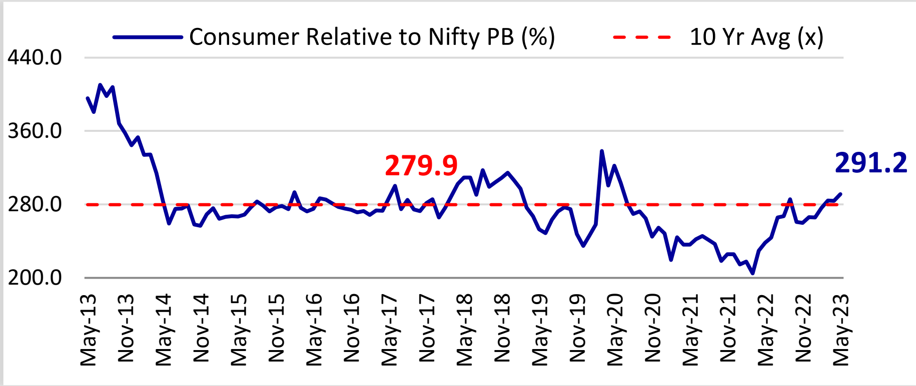
Consumer P/E relative to Nifty P/E (%)



12-month forward Consumer P/B (x)



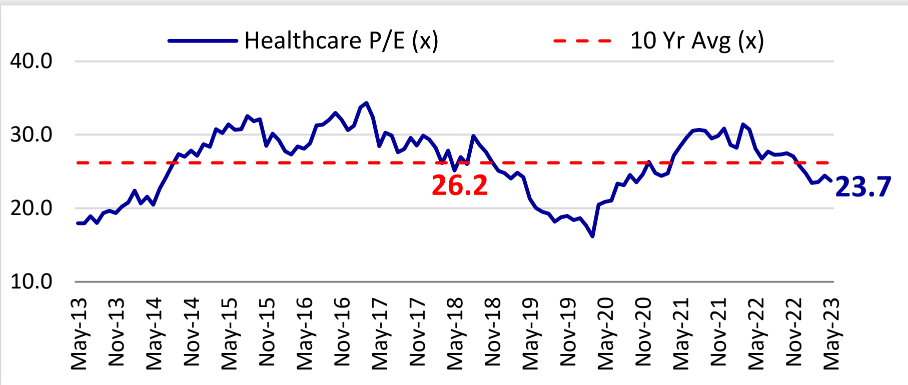
Consumer P/B relative to Nifty P/B (%)



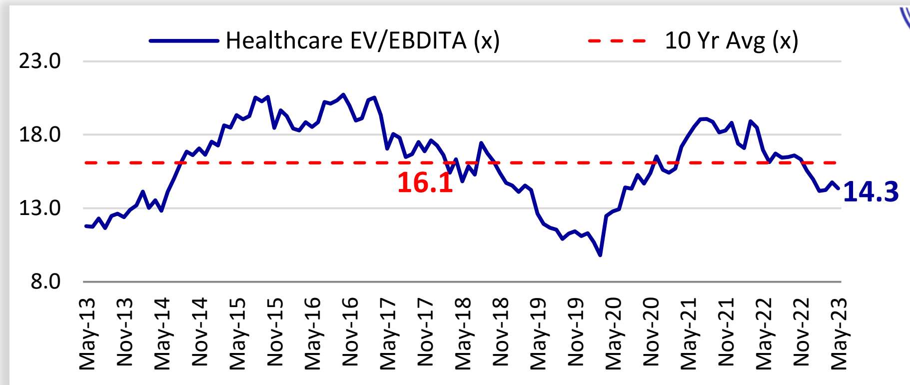
Green shoots in the offing

- The downtrend in healthcare valuation multiple has taken a breather and P/E is trading at a 9% discount to its 10-year average.
- Niche launches, lower intensity of price erosion and favourable factors like drug shortages are improving the outlook for US generics over the medium term. USFDA inspection still remains one of the key monitorables.
- While demand remains intact for the domestic formulation segment, the addition of products under NLEM would impact profitability of this business over the near term. Inflation-linked price hikes would provide some respite. Product offerings and increased MR force would enable higher growth for companies focusing on this segment.
- We like SUNP (superior execution in branded segment), Apollo Hospitals (integrated healthcare services), MAXHEALTH (Maximizing EBITDA per bed) and Laurus Lab (building robust CDMO play) in the coverage list.

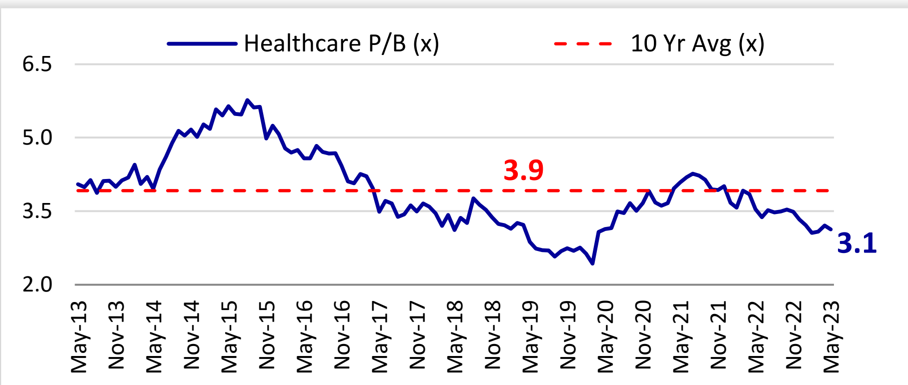
12-month forward Healthcare P/E (x)



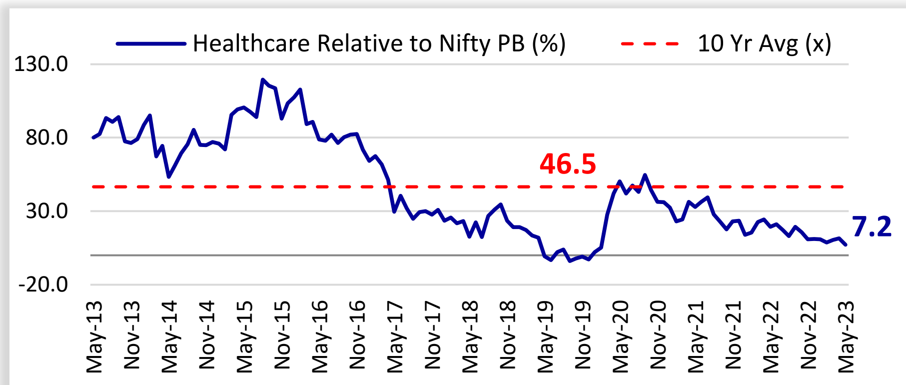
12-month forward Healthcare EV/EBITDA (x)



12-month forward Healthcare P/B (x)



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

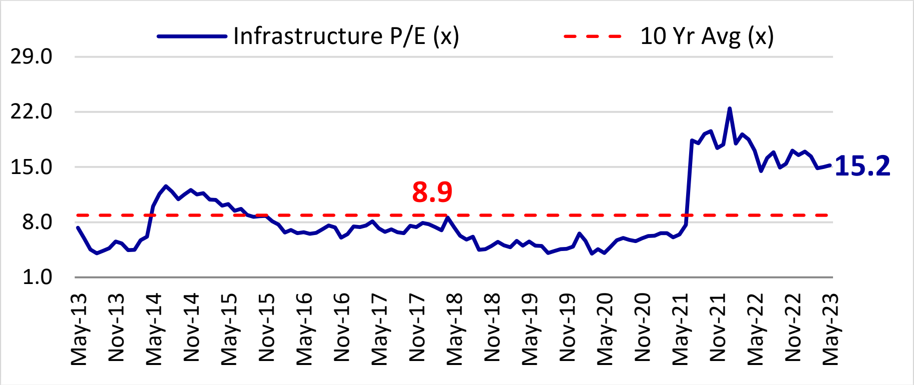


Order Inflows gather pace along with robust tender pipeline

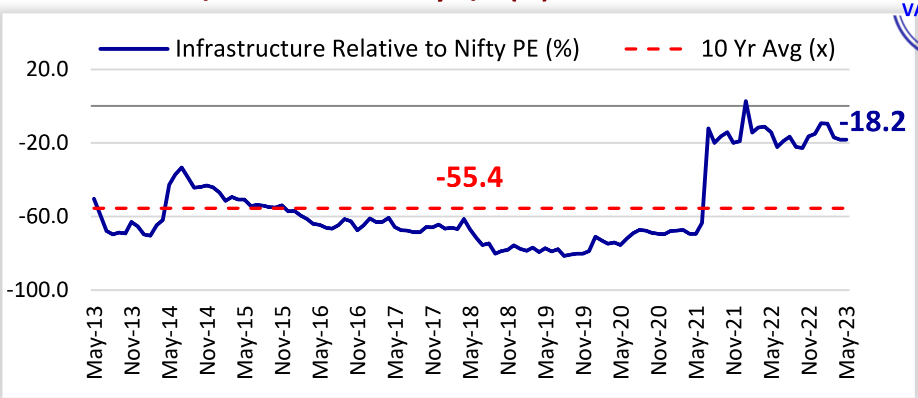
- The infrastructure sector is trading at a P/B ratio of 1.4x, a 29% premium to its long-term historical average.
- With acceleration in project awarding by NHAI in 4QFY23, the order book of road construction companies has improved significantly, providing revenue visibility for the next two years.
- There is a strong tender pipeline indicating potential future projects. The execution is anticipated to improve in FY24.
- Toll collections have been on an upswing, with FASTag-based toll collections clocking INR51b in Apr'23 (+22% YoY) with a daily run-rate of ~INR1.7b.
- Companies that possess substantial order books, strong financial positions, and involvement in multiple segments are in a favorable position to capitalize on NHAI's project awarding in FY24. Our preferred pick in this industry is KNRC.

COMPANY VALUATION

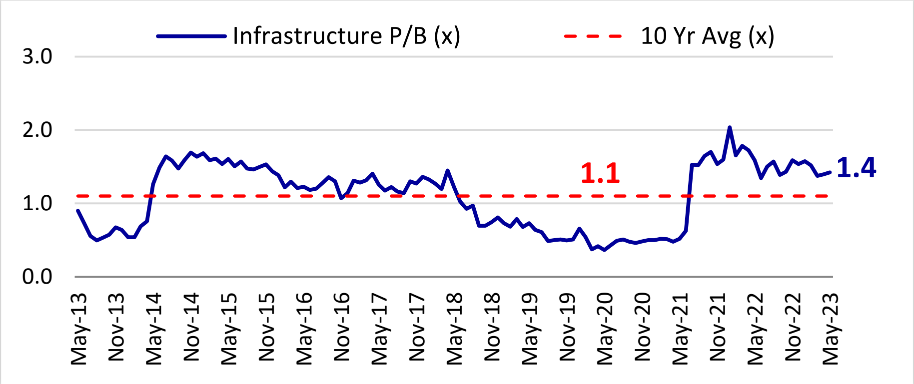
12-month forward Infrastructure P/E (x)



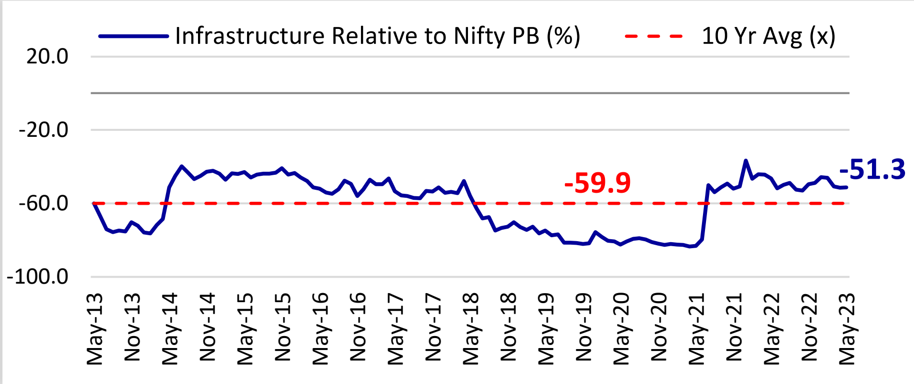
Infrastructure P/E relative to Nifty P/E (%)



12-month forward Infrastructure P/B (x)



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

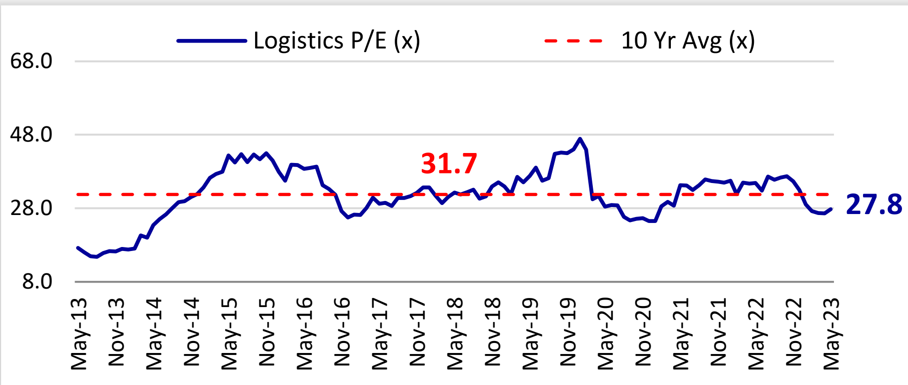


Muted activity in Apr'23 on MoM basis

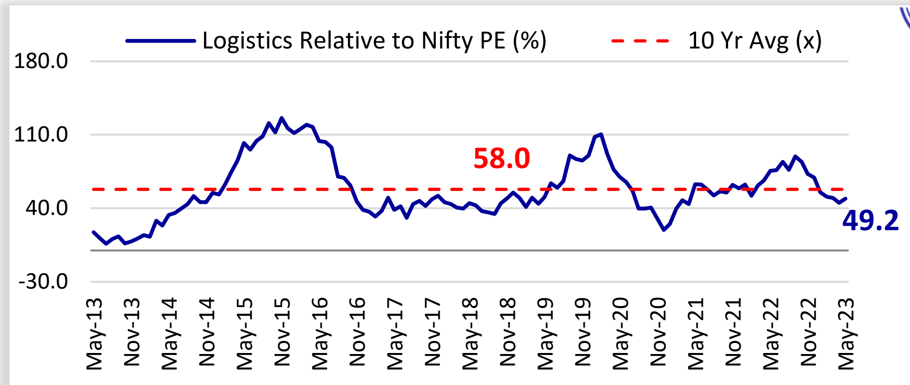
- The logistics sector is trading at a P/E ratio of 27.8x, below its historical average of 31.7x (13% discount).
- Logistics activity in India was muted in Apr'23, with daily average e-way bill generations decreasing ~4% MoM. Fleet utilization stood at 80-85% during the month. Daily average FASTag toll collections increased ~5% MoM in Apr'23.
- Elevated retail fuel prices and the rising cost of operations ensured stable MoM freight rates in Apr'23. Fleet operators are incurring increased expenses related to diesel prices, truck costs, and compliance (GST, E-way bills, etc.), which are likely to keep freight rates firm
- With a structural shift in the formalization of the sector (~85% of the Logistics sector is unorganized), aided by stricter implementation of GST and mandatory e-invoicing, the addressable market size for organized operators will improve.

COMPANY VALUATION

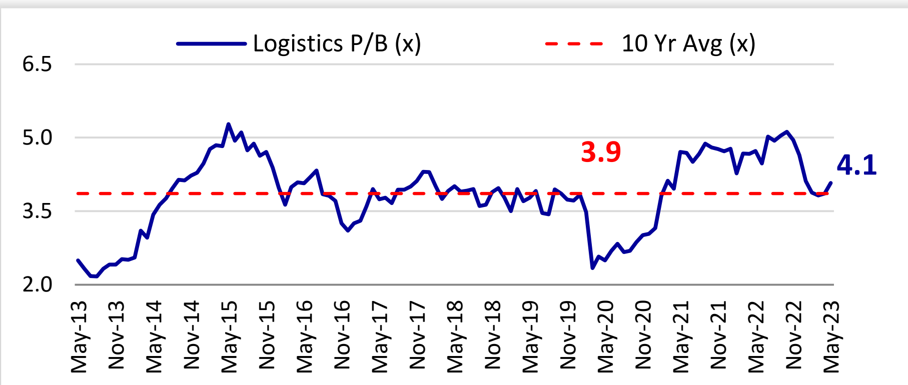
12-month forward Logistics P/E (x)



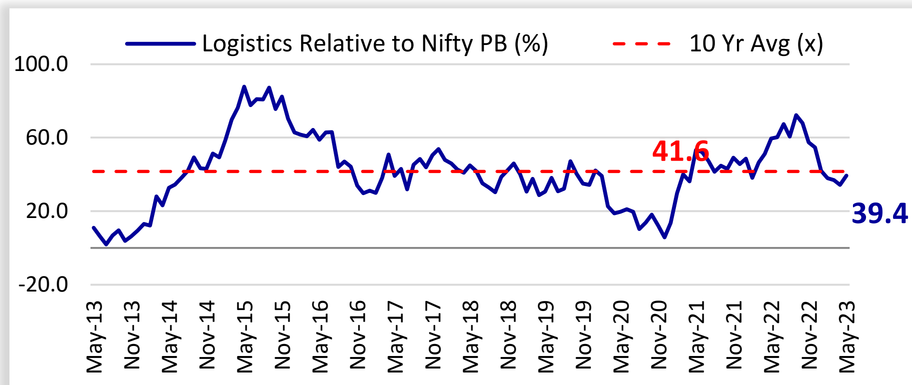
Logistics P/E relative to Nifty P/E (%)



12-month forward Logistics P/B (x)



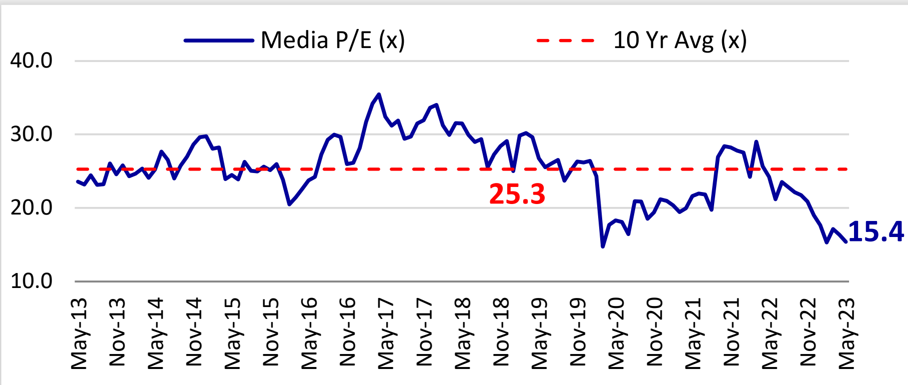
Logistics P/B relative to Nifty P/B (%)



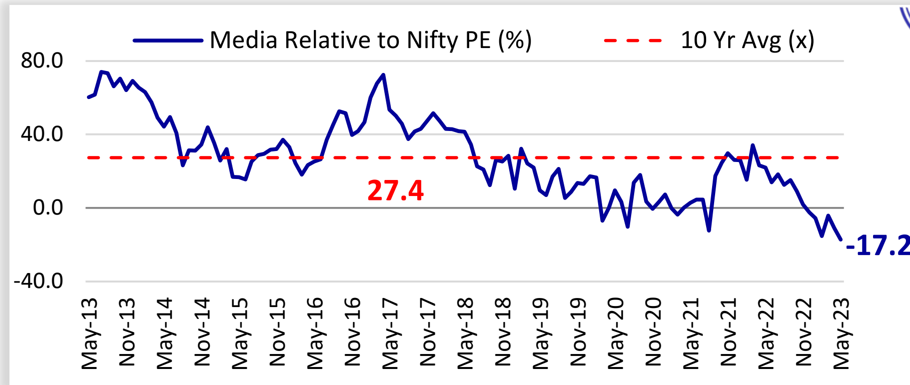
NCLAT's decision to set aside the review to aid Zee-Sony merger timelines

- The P/E ratio for the Media sector, at 15.4x, represents a 39% discount to its 10-year historical average of 25.3x.
- In a big move, the NCLAT has set aside an NCLT order directing exchanges to reconsider approval for the Zee-Sony merger. This is expected to be positive for the merger.
- PVR-Inox plans to shut down 50 cinema screens over the next six months as the properties are loss-making or housed in malls, which have reached the end of their life cycle with little hope of any revival.

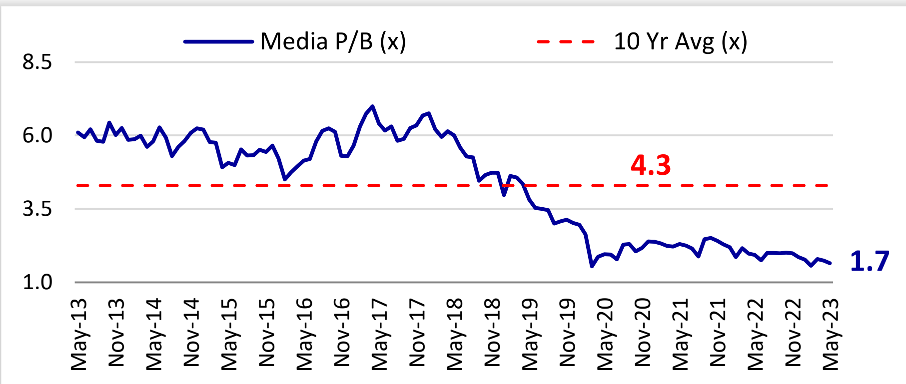
12-month forward Media P/E (x)



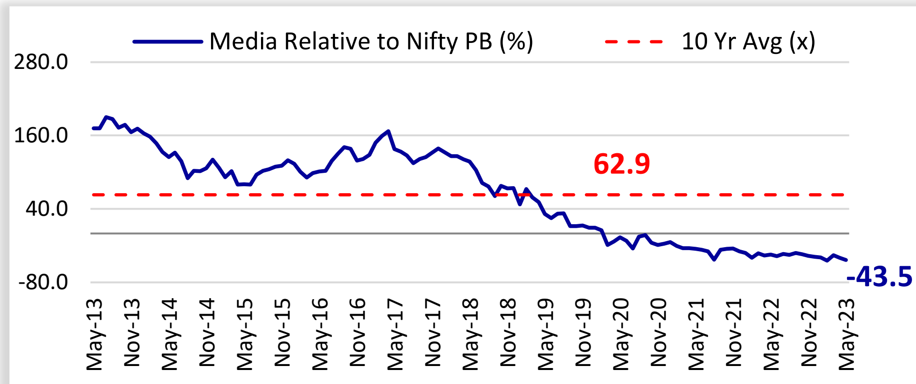
Media P/E relative to Nifty P/E (%)



12-month forward Media P/B (x)



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

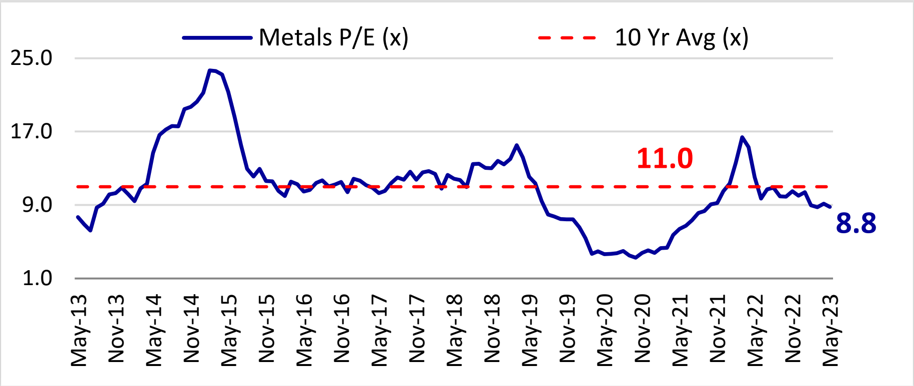


Subdued global demand keeps metal prices under pressure

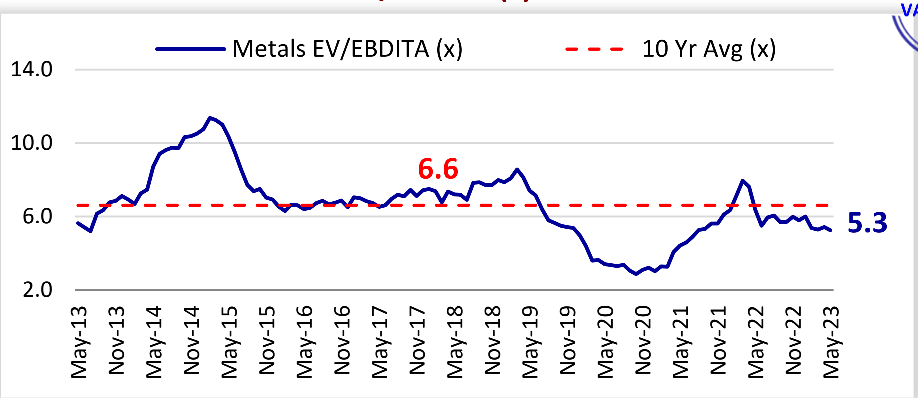
- The Metals sector is trading at an EV/EBITDA ratio of 5.3x, below its 10-year historical average of 6.6x (~20% discount).
- Since Mar'23, the metal sector has been under pressure due to a weaker-than-expected revival in China and weak global sentiment.
- Domestic HRC prices in India corrected 3% MoM at INR57,900/t, while Rebar prices were down 3.2% MoM at INR57,700/t.
- Coking coal price, which moved up over USD400/t in 4QFY23, has declined from the high to below USD240/t.
- The non-ferrous sector was down MoM due to subdued demand. Copper/aluminum/zinc/nickel/lead declined 5%/2%/7%/5%/2% MoM.

COMPANY VALUATION

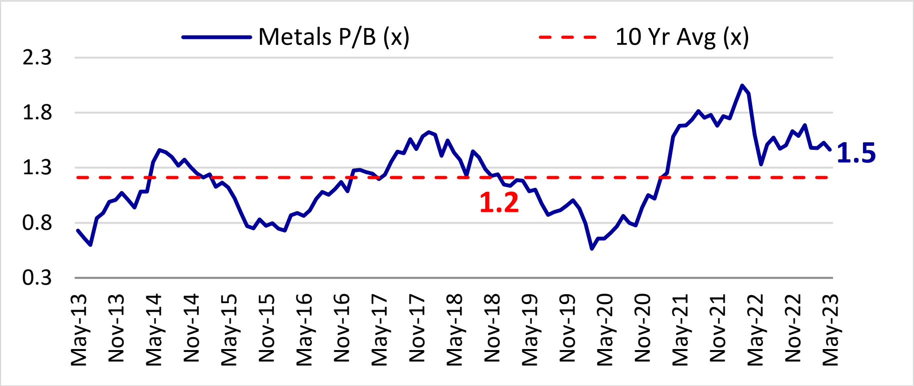
12-month forward Metals P/E (x)



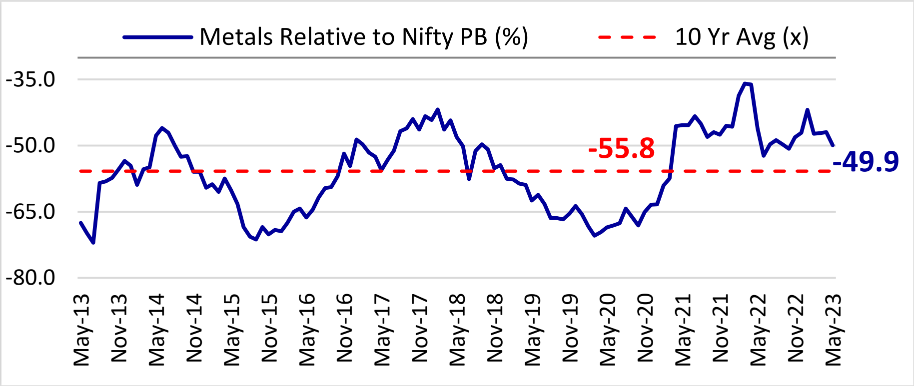
12-month forward Metals EV/EBITDA (x)



12-month forward Metals P/B (x)



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

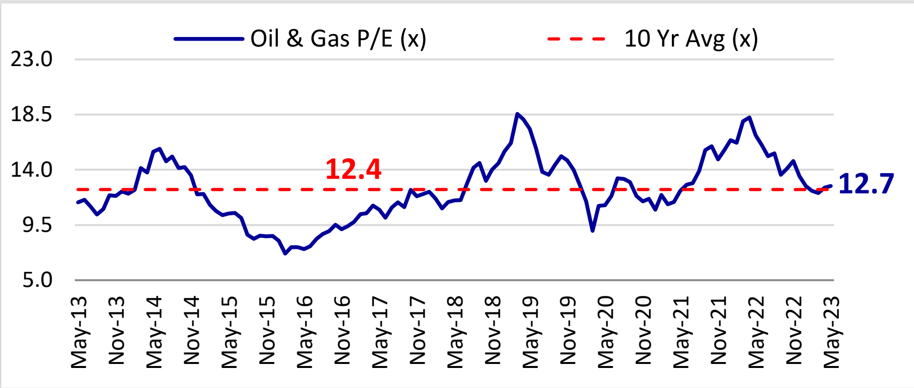


Oil prices declines amid demand concerns; SG GRM improves marginally

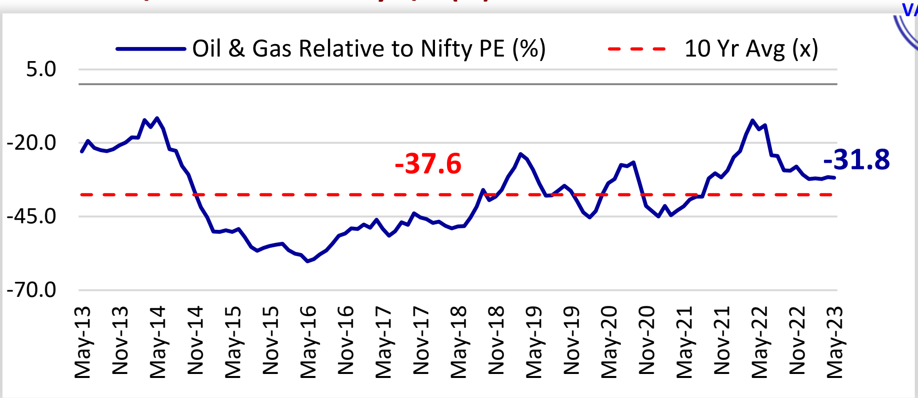
- The sector is trading near its historical average P/B ratio of 1.4x and a P/E ratio of 12.7x.
- Brent crude oil price averaged USD75.6/bbl in May'23 (down 11% MoM), as demand concerns overshadowed production cuts of 1.7m bbl/d by OPEC+ nations.
- SG GRM increased marginally to USD3.7/bbl in May’23 from USD3.5/bbl in Apr'23. Gasoil cracks declined to USD7/bbl in May’23. ATF cracks increased marginally to USD14.2/bbl in May’23 v/s USD13.7/bbl in Apr'23. Gasoline cracks declined sharply to USD9.8/bbl in May’23 from USD13.2/bbl in Apr'23. FO cracks improved MoM to –USD6.6/bbl in May’23.
- Gross marketing margin for petrol increased to INR11.4 per liter in May’23 from INR6.9 per liter in Apr’23, while gross marketing margin for diesel improved to INR13.8 per liter in May’23 from INR9.5 per liter in Apr’23.

COMPANY VALUATION

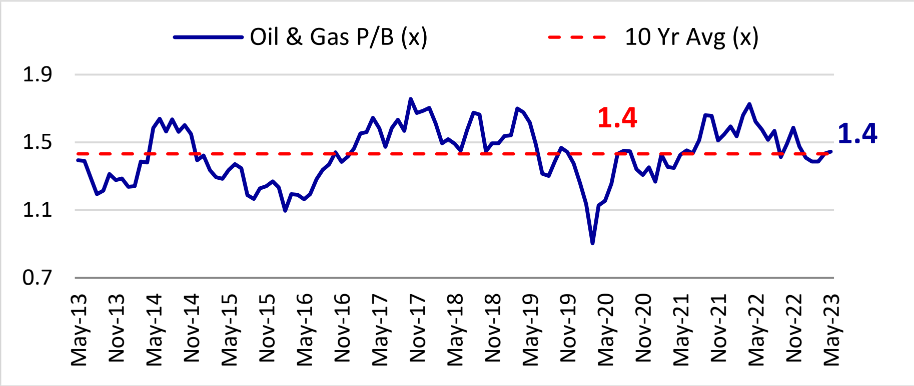
12-month forward Oil & Gas P/E (x)



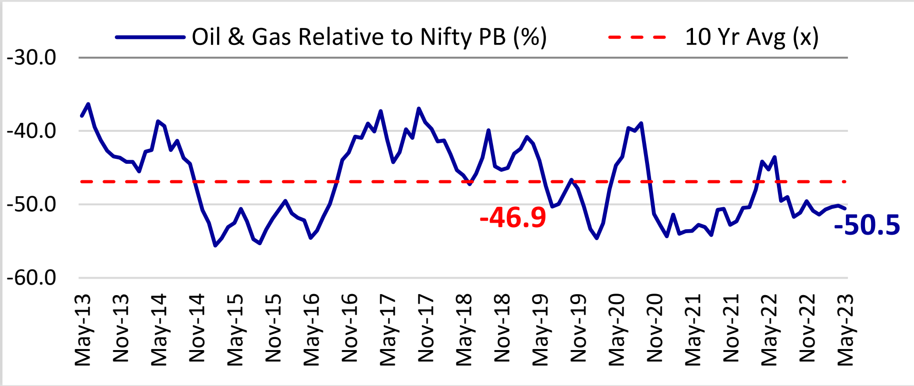
Oil & Gas P/E relative to Nifty P/E (%)



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



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

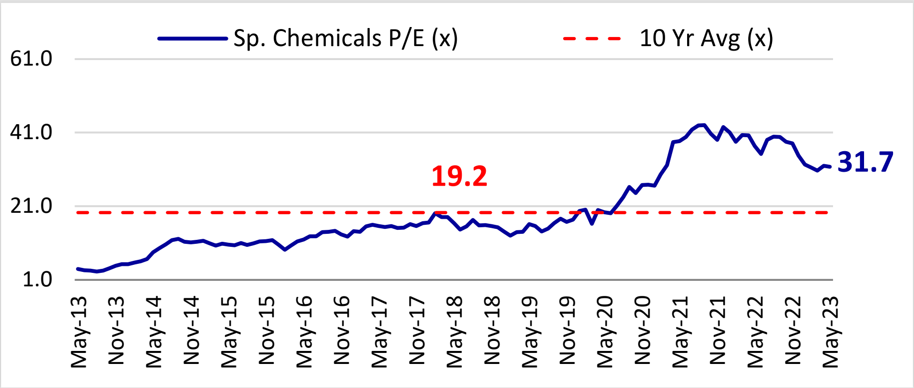


Prices decline as crude cools off

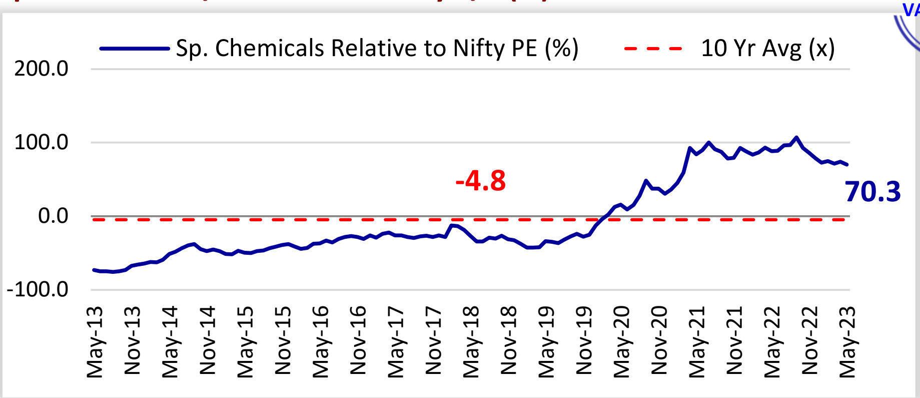
- The sector is trading at a P/B ratio of 5.6x and a P/E ratio of 31.7x v/s its historical average of 3.6x and 19.2x, respectively.
- Brent crude oil price averaged USD75.6/bbl in May'23 (down 11% MoM), as demand concerns overshadowed production cuts of 1.7m bbl/d by OPEC+ nations.
- Propylene/Butadiene prices were down 2%/14% MoM, while Toluene prices increased 6% MoM. Benzene price was up 3% MoM, while Styrene price declined 9% MoM. Acetonitrile price declined 18% MoM, while Methanol declined 1% MoM. Acetone/Phenol prices were up 4%/1% MoM. Caustic Soda Lye prices increased 6%, whereas caustic soda flakes declined 29% MoM.
- The narrative around volumes being robust amid margin decline does not hold true currently due to a demand slowdown in regions such as the US and Europe. Consumption has taken a backseat in these regions due to high inflation and high interest rates.

COMPANY VALUATION

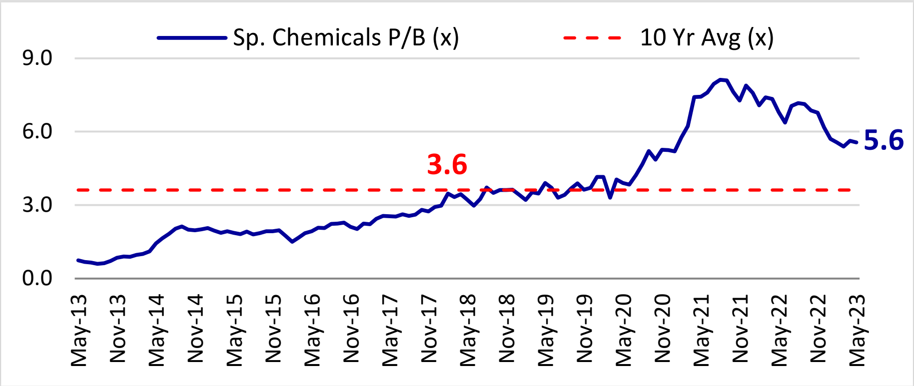
12-month forward Sp. Chemicals P/E (x)



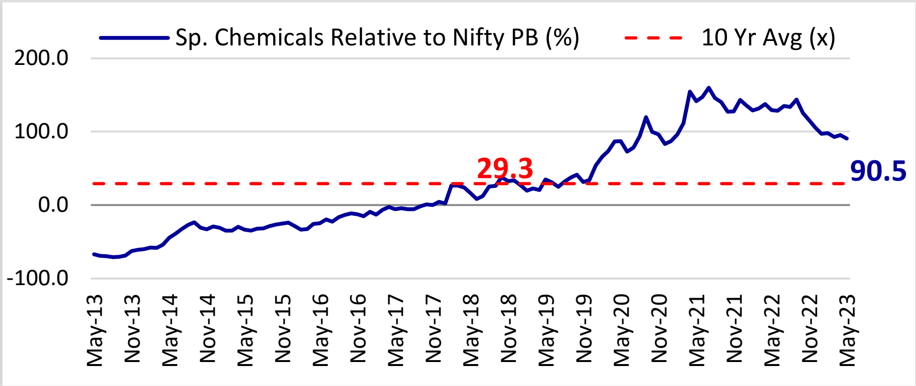
Sp. Chemicals P/E relative to Nifty P/E (%)



12-month forward Sp. Chemicals P/B (x)



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

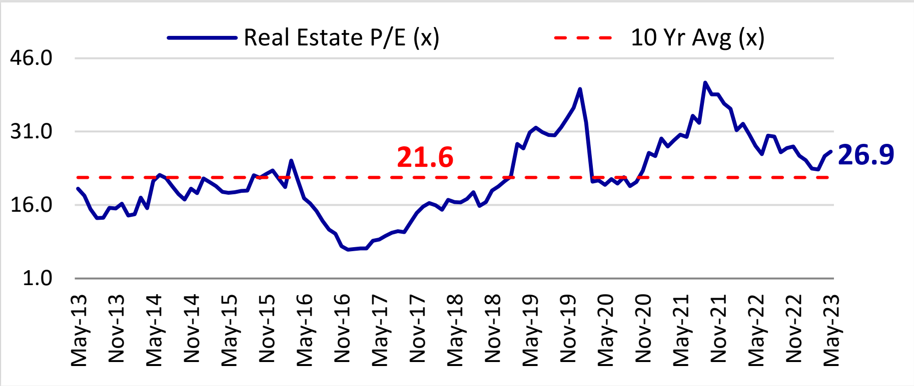


Companies eyeing consistent growth in medium term

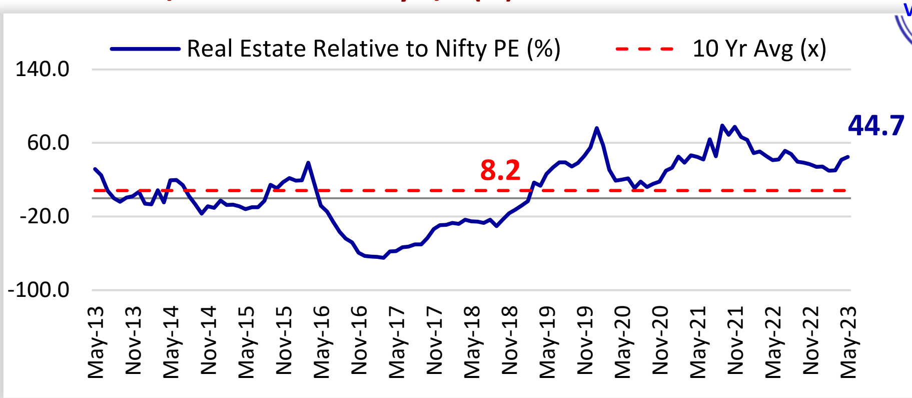
- The sector is trading at a P/E ratio of 26.9x, a 25% premium to its 10-year historical average of 21.6x.
- Cumulative sales from coverage companies stood at INR234b, up 46% YoY/58% QoQ. The bookings growth in the quarter was aided by price hikes and a favorable product mix (especially for DLF and PEPL) as the aggregate volume growth for coverage universe stood at 17% YoY.
- After delivering a significant growth of 43% YoY in pre-sales in FY23, companies remain optimistic about sustaining the demand scenario and are aiming at 15-20% growth in the medium term.
- Mumbai city and its suburbs reported a 3% YoY and 9% MoM drop in property registrations to 9,542 units in May'23.

COMPANY VALUATION

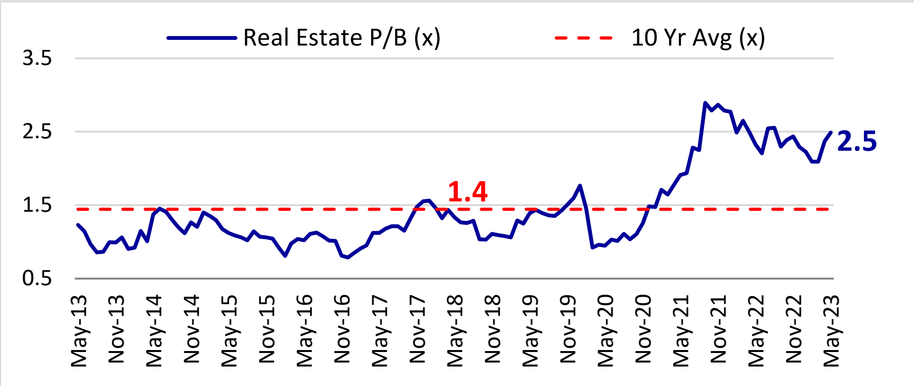
12-month forward Real Estate P/E (x)



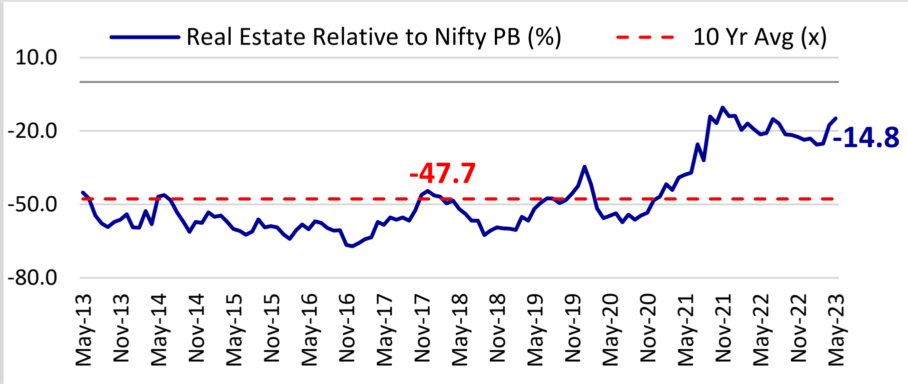
Real Estate P/E relative to Nifty P/E (%)



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



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

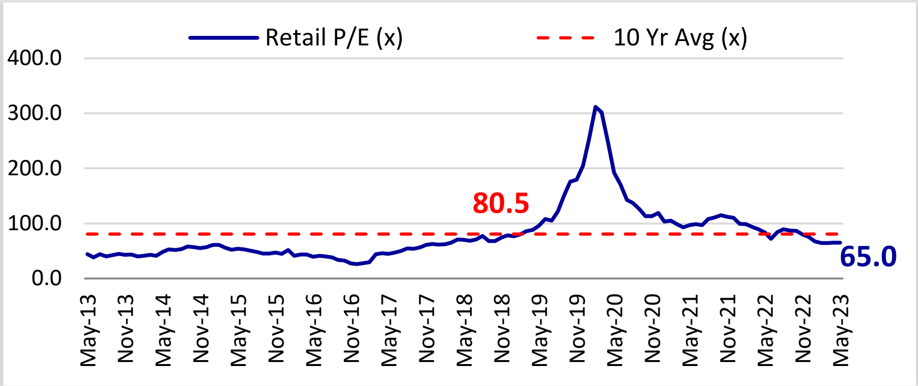


1HFY24 to be watchful; recovery expected from 2HFY24

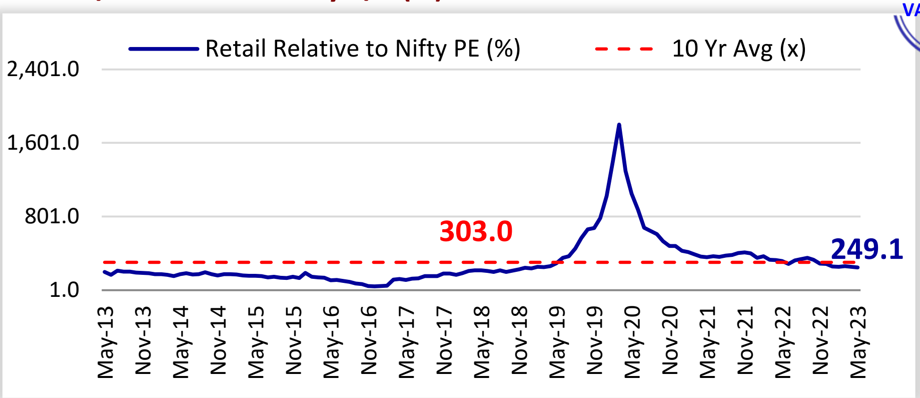
- The sector is trading at a P/E ratio of 65.0x, a discount of 19% to its 10-year historical average of 80.5x.
- Aggregate revenue grew 24% YoY primarily on a lower base of 4QFY22 affected by Omicron. Adjusted for the Omicron base, LTL growth was weak. With higher marketing costs and opex, EBITDA margins contracted for the industry.
- The value segment continues to see a demand slowdown, premium segment retailers have now indicated some weakness in demand in 1HFY24. Some companies have cut the store adds guidance in FY24.

COMPANY VALUATION

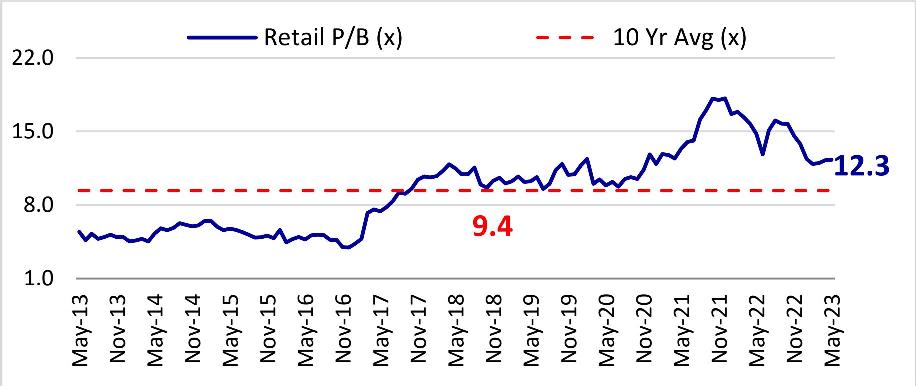
12-month forward Retail P/E (x)



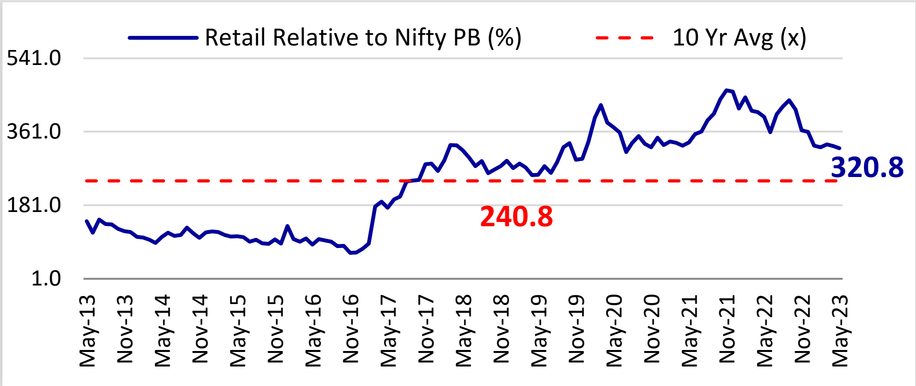
Retail P/E relative to Nifty P/E (%)



12-month forward Retail P/B (x)



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

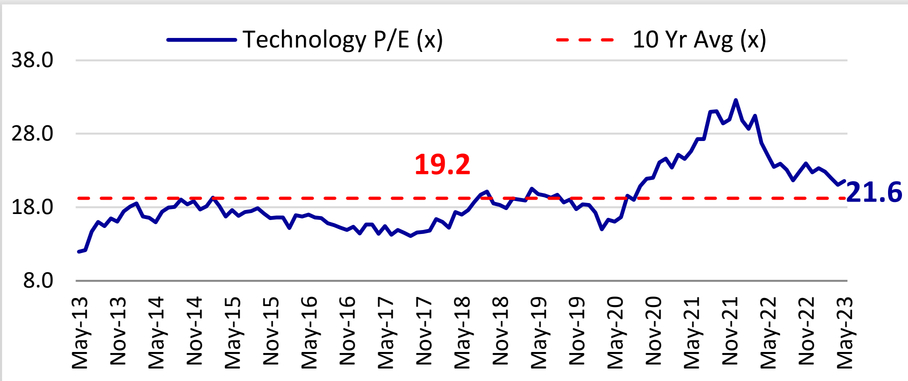


Near-term woes; long-term demand intact

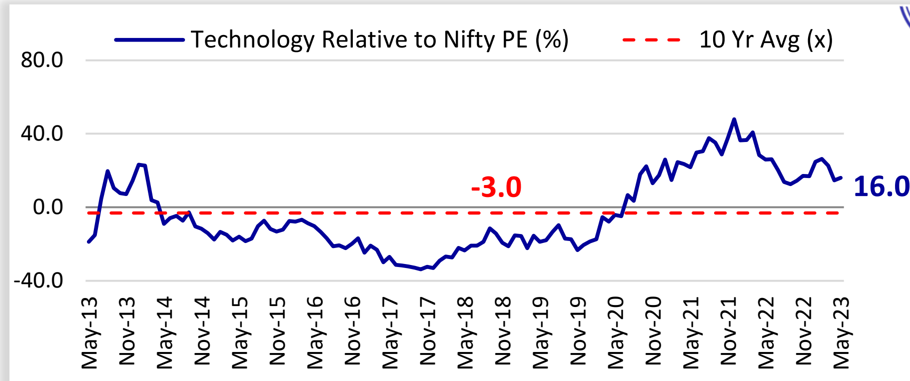
- The sector is trading at a P/E ratio of 21.6x, a 12% premium to its long-term average of 19.2x.
- The softness still continues for the sector; the nature of spending has become cost-focused, while large transformation deals have taken a backseat.
- However, the long-term scenario remains intact, the spending pattern is expected to recover once the macro uncertainties ease.
- The attrition rate and supply pressure are continuously easing off across the IT pack, giving some impetus for margin improvement in FY24.
- Valuations have corrected meaningfully due to near-term uncertainties. Tier-1 stocks look attractive at the current level.

COMPANY VALUATION

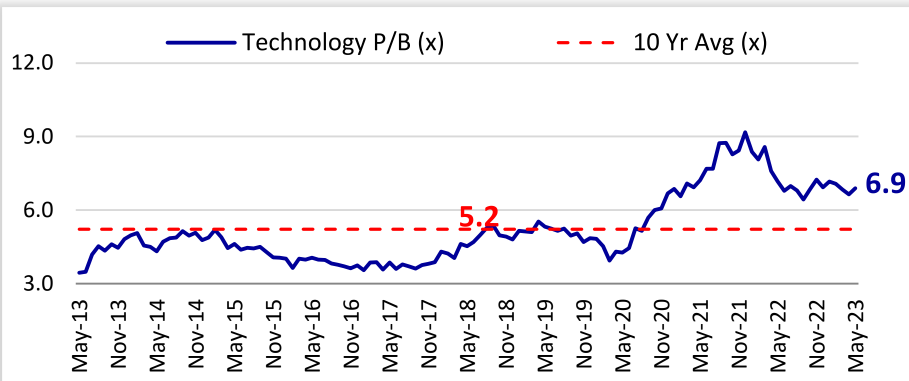
12-month forward Technology P/E (x)



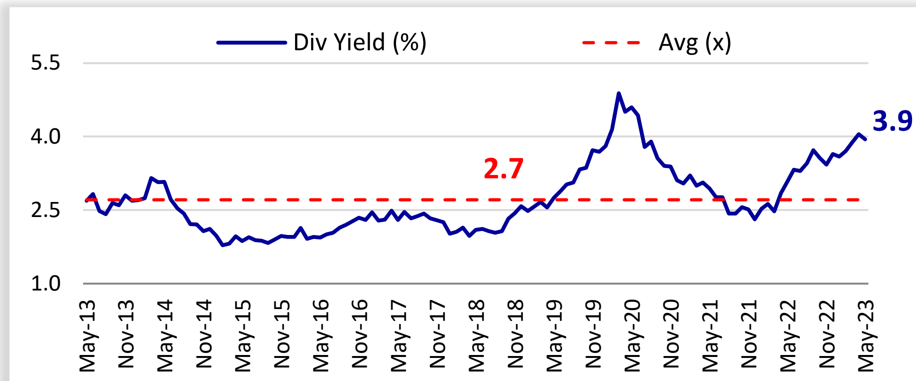
Technology P/E relative to Nifty P/E (%)



12-month forward Technology P/B (x)



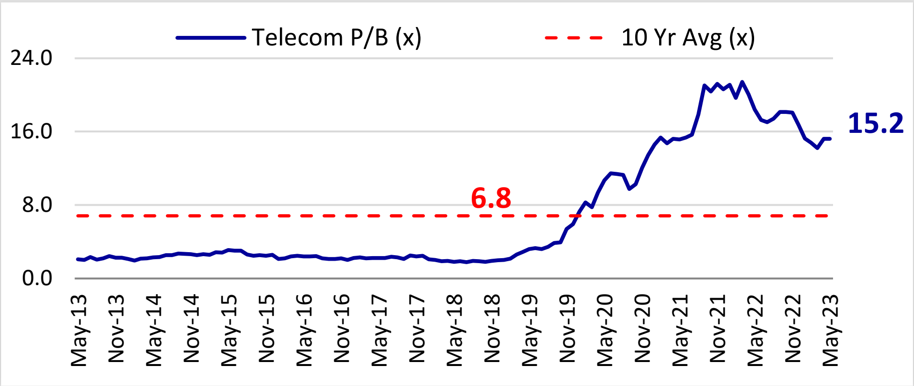
Technology Div Yield (%)



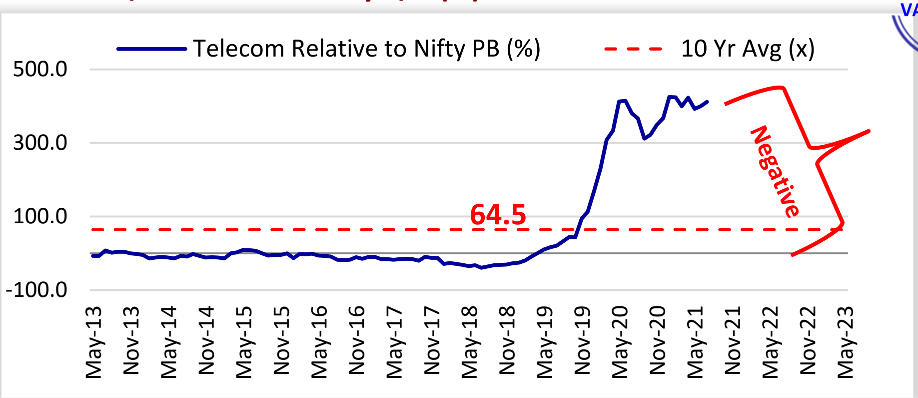
Soft earnings, elevated capex likely to keep stocks range-bound in near term

- The sector is trading at an EV/EBITDA ratio of 7.3x, a 14% discount to its 10-year historical average of 8.5x.
- Lower probability of a tariff hike and higher capex to deploy 5G and rural densification may soften the earnings in the near term.
- VIL and Bharti Airtel have reiterated the need for tariff hikes. In the Mumbai circle, VIL has lowered the validity in the INR99 pack to 15 days from 28 days.

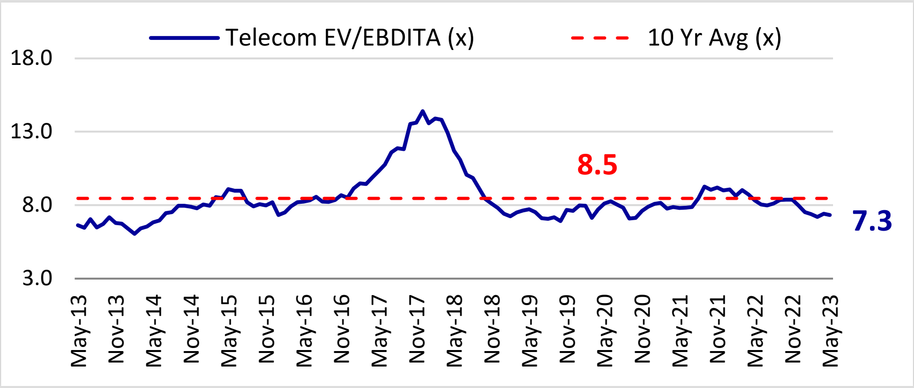
12-month forward Telecom P/B (x)



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



12-month forward Telecom EV/EBITDA (x)



Company valuations

Company	PE (x) Current	PE (x) 10-year average	PE (x) Premium/ discount (%)	Standard deviation in P/E +1SD (x)	Standard deviation in P/E -1SD (x)	Relative to Nifty P/E (%) Current	Relative to Nifty P/E (%) 10-year average	PB (x) Current	PB (x) 10-year average	PB (x) Premium/ discount (%)	PB Std. Deviation +1SD (x)	PB Std. Deviation -1SD (x)	Relative to Nifty P/B (%) Current	Relative to Nifty P/B (%) 10-year average
Automobiles	**21.1**	**26.5**	**-21**	**36.4**	**16.7**	**13**	**33**	**3.7**	**3.3**	**13**	**3.8**	**2.7**	**28**	**21**
Amara Raja Batt.	11.4	22.3	-49	30.1	14.6	-39	12	1.7	3.9	-56	5.5	2.2	-42	42
Ashok Leyland	18.7	23.7	-21	32.7	14.7	1	18	4.1	3.6	14	4.9	2.4	41	34
Apollo Tyres	13.9	13.5	3	19.2	7.9	-25	-32	1.4	1.1	25	1.4	0.8	-53	-60
Balkrishna Inds	27.4	19.6	39	29.4	9.9	47	-2	5.0	3.5	44	4.9	2.0	72	29
Bajaj Auto	18.3	17.6	4	19.4	15.7	-2	-12	4.9	4.3	13	5.0	3.6	68	60
Bharat Forge	24.4	40.3	-39	66.6	13.9	31	102	4.5	4.7	-4	6.2	3.3	55	75
Bosch	28.7	37.1	-23	44.9	29.4	54	86	4.5	5.4	-17	6.8	3.9	54	99
CEAT	14.4	16.6	-13	29.7	3.5	-23	-17	1.9	1.6	24	2.1	1.0	-33	-42
Craftsman Auto	20.8	19.9	4	21.9	17.9	12	0	4.5	3.6	23	4.1	3.1	53	34
Eicher Motors	25.3	31.4	-19	37.4	25.4	36	57	5.6	7.2	-23	9.9	4.5	90	166
Endurance Tech.	26.9	32.7	-18	40.3	25.1	44	64	3.9	5.0	-22	6.2	3.8	34	85
Escorts Kubota	27.7	14.9	86	23.0	6.7	49	-26	2.9	1.7	69	2.6	0.9	-1	-36
Exide Inds.	15.4	20.4	-25	24.7	16.1	-17	2	1.5	2.5	-40	3.3	1.6	-50	-9
Hero MotoCorp	15.3	18.2	-16	20.9	15.6	-18	-9	3.0	4.8	-37	6.2	3.3	3	77
Mahindra CIE	17.8	26.3	-32	38.1	14.4	-4	31	2.9	2.1	35	3.0	1.3	-2	-22
Mahindra & Mahindra	16.6	18.5	-10	21.9	15.1	-11	-7	3.0	2.7	13	3.2	2.1	3	-1
Maruti Suzuki	26.1	29.3	-11	40.5	18.0	40	46	4.1	3.9	4	4.9	2.9	39	45
MRF	26.5	21.7	22	34.2	9.1	42	8	2.5	2.2	15	2.6	1.8	-14	-19
Samvardhana Moth.	19.2	51.2	-62	76.7	25.8	3	156	2.2	3.4	-36	4.7	2.0	-26	24
Sona BLW Precis.	56.4	74.1	-24	95.8	52.4	203	271	11.4	13.4	-14	16.7	10.1	292	394
Tata Motors	na	16.1	na	23.9	8.4	na	-19	3.5	2.1	70	2.9	1.2	20	-24
Tube Investments	35.0	24.4	43	30.8	18.1	88	22	10.7	6.0	80	8.8	3.1	268	120
TVS Motor	29.7	28.2	5	38.4	18.1	59	41	7.6	5.9	29	7.9	3.8	160	117
Banks-Private	**15.3**	**20.8**	**-26**	**26.4**	**15.1**	**-18**	**4**	**2.5**	**2.5**	**-2**	**2.9**	**2.2**	**-16**	**-7**
AU Small Finance	27.7	29.8	-7	40.2	19.5	49	49	3.9	4.3	-9	5.4	3.2	35	60
Axis Bank	10.6	37.7	-72	89.9	-14.4	-43	89	1.8	1.9	-9	2.3	1.6	-39	-28
Bandhan Bank	9.8	27.3	-64	42.5	12.1	-47	37	1.9	3.6	-47	5.1	2.0	-35	31
DCB Bank	6.3	12.8	-51	18.0	7.6	-66	-36	0.7	1.3	-44	1.8	0.8	-75	-52
Equitas Small Fin.	11.5	13.1	-13	18.1	8.2	-38	-34	1.6	1.3	27	1.5	1.0	-45	-53
Federal Bank	7.3	11.9	-39	17.0	6.7	-61	-41	1.1	1.1	-9	1.5	0.8	-64	-58
HDFC Bank	16.5	20.4	-19	23.1	17.7	-11	2	2.7	3.3	-18	3.6	2.9	-9	20
ICICI Bank	17.2	21.1	-18	31.5	10.6	-8	5	2.8	2.0	41	2.5	1.5	-4	-27

Company valuations

	PE (x)			Standard deviation in P/E		Relative to Nifty P/E (%)		PB (x)			PB Std. Deviation		Relative to Nifty P/B (%)	
Company	Current	10-year average	Premium/ discount (%)	+1SD (x)	-1SD (x)	Current	10-year average	Current	10-year average	Premium/ discount (%)	+1SD (x)	-1SD (x)	Current	10-year average
IDFC First Bank	13.9	20.9	-33	31.5	10.2	-25	4	1.6	1.3	26	1.5	1.0	-45	-53
IndusInd Bank	10.1	18.9	-47	26.1	11.8	-46	-5	1.5	2.5	-39	3.5	1.5	-47	-8
Kotak Mah. Bank	22.4	27.0	-17	31.6	22.5	20	35	3.0	3.3	-10	3.8	2.8	3	23
RBL Bank	8.3	28.4	-71	44.5	12.2	-55	42	0.7	1.8	-62	2.8	0.7	-77	-35
Banks-PSU	**6.4**	**10.0**	**-36**	**16.0**	**3.9**	**-66**	**-50**	**1.0**	**0.8**	**20**	**1.0**	**0.6**	**-67**	**-70**
Bank of Baroda	5.5	6.7	-19	11.6	1.8	-71	-66	0.9	0.8	12	1.0	0.5	-71	-72
Canara Bank	3.9	5.0	-21	7.8	2.2	-79	-75	0.7	0.6	15	0.7	0.4	-77	-79
Indian Bank	4.5	9.9	-55	19.9	-0.2	-76	-51	0.6	0.5	20	0.8	0.3	-78	-80
Punjab Natl.Bank	7.8	12.1	-35	17.5	6.7	-58	-40	0.6	0.7	-22	1.0	0.4	-81	-73
St Bk of India	7.5	13.2	-43	21.9	4.5	-60	-34	1.2	1.1	13	1.3	0.9	-58	-60
Union Bank (I)	4.4	6.4	-31	9.6	3.1	-76	-68	0.6	0.5	5	0.7	0.4	-80	-80
NBFC	**19.4**	**20.7**	**-6**	**24.1**	**17.3**	**5**	**4**	**2.7**	**2.8**	**-5**	**3.2**	**2.5**	**-7**	**5**
AAVAS Financiers	20.1	40.2	-50	50.4	29.9	8	101	2.8	5.1	-44	6.4	3.8	-3	87
Aditya Birla Cap	16.1	19.4	-17	32.3	6.5	-14	-3	1.8	1.9	-5	2.9	1.0	-38	-29
Bajaj Fin.	29.1	28.6	2	41.1	16.1	56	43	6.2	5.0	24	7.1	2.9	112	85
Can Fin Homes	12.5	12.8	-2	17.9	7.6	-33	-36	2.1	2.2	-4	3.2	1.2	-28	-19
Cholaman.Inv.&Fn	23.7	16.6	43	20.8	12.4	27	-17	4.7	2.8	68	3.7	1.9	62	4
H D F C	32.4	36.2	-11	41.6	30.8	74	81	3.4	4.0	-15	4.7	3.3	16	47
Home First Fin.	20.8	26.1	-20	29.7	22.5	12	30	3.0	3.3	-11	3.8	2.9	1	24
ICICI Securities	12.3	14.4	-15	18.6	10.2	-34	-28	4.6	6.8	-32	8.6	4.9	58	150
360 ONE WAM	19.3	22.2	-13	27.6	16.8	3	11	4.5	4.0	14	4.8	3.2	55	48
IndoStar Capital	11.5	15.2	-25	25.6	4.8	-38	-24	0.6	1.0	-43	1.4	0.7	-80	-61
L&T Fin.Holdings	11.9	15.2	-21	18.4	11.9	-36	-24	1.1	1.5	-28	2.1	1.0	-63	-44
LIC Housing Fin.	5.6	10.1	-44	13.3	6.9	-70	-49	0.7	1.5	-53	2.1	0.8	-77	-46
M & M Fin. Serv.	14.8	16.2	-9	23.6	8.9	-20	-19	1.9	1.4	34	1.7	1.2	-34	-47
Manappuram Finance	4.9	7.5	-35	9.9	5.2	-74	-62	0.8	1.4	-40	1.9	0.8	-72	-50
MAS Financial	15.0	22.3	-33	28.4	16.3	-19	12	2.3	3.3	-29	4.0	2.5	-21	20
Muthoot Finance	10.9	9.6	13	12.4	6.8	-42	-52	1.8	1.9	-3	2.5	1.3	-38	-31
Piramal Enterprises	11.3	7.2	56	10.5	3.9	-39	-64	0.6	0.7	-21	0.9	0.6	-80	-73
PNB Housing	9.4	11.3	-17	17.2	5.3	-49	-44	0.9	1.3	-31	2.1	0.4	-70	-54
Poonawalla Fincorp	26.8	24.8	8	32.0	17.6	44	24	2.5	1.7	47	2.6	0.8	-14	-37
Repco Home Fin	4.8	13.9	-65	22.1	5.8	-74	-30	0.6	2.1	-73	3.4	0.7	-81	-23
Shriram Finance	7.4	10.7	-30	13.9	7.5	-60	-47	1.1	1.4	-26	1.8	1.0	-64	-47

Company valuations

Company	PE (x) Current	PE (x) 10-year average	PE (x) Premium/ discount (%)	Standard deviation in P/E +1SD (x)	Standard deviation in P/E -1SD (x)	Relative to Nifty P/E (%) Current	Relative to Nifty P/E (%) 10-year average	PB (x) Current	PB (x) 10-year average	PB (x) Premium/ discount (%)	PB Std. Deviation +1SD (x)	PB Std. Deviation -1SD (x)	Relative to Nifty P/B (%) Current	Relative to Nifty P/B (%) 10-year average
Cement	**28.6**	**26.2**	**9**	**31.5**	**20.8**	**54**	**31**	**2.9**	**2.7**	**8**	**3.1**	**2.3**	**1**	**0**
ACC	22.0	28.7	-23	36.3	21.0	18	43	2.2	2.8	-22	3.2	2.3	-26	2
Ambuja Cem.	38.8	33.5	16	41.9	25.0	108	67	2.7	2.6	5	3.1	2.0	-8	-5
Birla Corpn.	22.6	25.8	-12	55.5	-4.0	21	29	1.4	1.2	17	1.5	0.8	-53	-57
Grasim Inds	19.0	12.9	47	16.4	9.4	2	-35	2.3	1.7	35	2.1	1.3	-20	-36
India Cements	48.9	39.6	23	62.2	17.0	163	98	1.1	0.8	43	1.0	0.5	-62	-72
J K Cements	34.7	28.0	24	43.0	13.0	86	40	4.6	3.0	57	4.2	1.7	59	10
JK Lakshmi Cem.	14.7	26.6	-45	47.4	5.7	-21	33	2.4	2.4	-2	3.3	1.5	-18	-10
Shree Cement	47.9	42.7	12	53.5	32.0	157	114	4.5	5.2	-12	6.2	4.1	55	91
The Ramco Cement	38.4	28.6	34	39.3	17.9	106	43	2.9	3.0	-2	3.7	2.3	0	10
UltraTech Cem.	31.9	32.4	-2	40.0	24.8	72	62	3.7	3.4	11	3.9	2.8	27	24
Consumer	**42.3**	**39.7**	**6**	**43.7**	**35.7**	**127**	**99**	**11.4**	**10.2**	**12**	**10.9**	**9.5**	**291**	**277**
Consumer Ex ITC	**52.4**	**49.0**	**7**	**57.0**	**40.9**	**182**	**145**	**13.3**	**13.0**	**2**	**14.4**	**11.7**	**354**	**381**
Asian Paints	57.5	52.4	10	65.5	39.2	209	162	17.7	13.7	29	16.8	10.7	507	408
Britannia Inds.	50.5	42.0	20	53.6	30.3	171	110	36.3	18.3	98	26.4	10.3	1143	578
Colgate-Palm.	36.2	39.1	-7	42.6	35.7	95	96	25.3	23.4	8	27.2	19.7	765	765
Dabur India	48.4	43.4	11	52.9	34.0	160	117	9.7	10.5	-7	11.5	9.4	233	288
Emami	19.0	31.5	-40	42.0	21.0	2	57	6.9	10.6	-35	13.2	7.9	137	291
Godrej Consumer	46.8	41.4	13	49.5	33.4	151	107	7.1	5.8	23	8.6	3.1	144	115
Hind. Unilever	54.2	49.7	9	59.3	40.1	191	149	12.9	25.4	-49	37.5	13.4	341	839
Indigo Paints	43.2	80.2	-46	118.6	41.9	132	302	7.5	11.6	-35	16.2	7.0	156	329
ITC	24.9	24.0	4	29.3	18.8	34	20	7.7	6.0	29	7.5	4.4	163	120
Jyothy Lab.	25.2	33.5	-25	42.5	24.4	36	68	4.6	4.7	-3	5.6	3.8	56	74
Marico	46.2	40.8	13	49.2	32.4	148	104	15.4	13.9	11	16.8	11.0	426	412
Nestle India	70.3	56.9	24	70.1	43.8	278	185	84.6	44.1	92	71.5	16.7	2795	1529
P & G Hygiene	50.2	59.1	-15	76.0	42.2	170	196	45.4	33.1	37	49.2	17.0	1454	1123
Page Industries	60.0	60.7	-1	77.4	44.0	222	204	25.3	26.6	-5	33.7	19.5	767	883
Pidilite Inds.	72.1	53.7	34	74.9	32.6	287	169	15.9	12.0	33	15.2	8.7	443	342
Tata Consumer	50.4	42.8	18	56.3	29.4	171	114	4.2	2.8	52	3.7	1.8	44	2
United Breweries	59.9	91.9	-35	126.4	57.3	222	360	8.8	9.6	-8	11.1	8.1	202	255
United Spirits	60.6	98.0	-38	154.7	41.3	226	390	9.4	14.2	-33	19.9	8.5	223	424
Varun Beverages	50.7	41.0	24	48.5	33.5	172	105	15.0	6.9	116	9.4	4.5	412	156
Healthcare	**23.7**	**26.2**	**-9**	**30.6**	**21.8**	**28**	**31**	**3.1**	**3.9**	**-20**	**4.7**	**3.1**	**7**	**45**
Ajanta Pharma	23.0	22.1	4	28.6	15.6	24	11	4.1	5.3	-22	7.3	3.4	42	96
Alembic Pharma	17.5	21.2	-17	28.3	14.1	-6	6	2.2	4.2	-48	5.6	2.7	-26	54
Alkem Lab	23.5	24.2	-3	29.9	18.5	26	21	3.8	4.0	-6	4.6	3.5	30	50

Company valuations

	PE (x)			Standard deviation in P/E		Relative to Nifty P/E (%)		PB (x)			PB Std. Deviation		Relative to Nifty P/B (%)	
Company	Current	10-year average	Premium/ discount (%)	+1SD (x)	-1SD (x)	Current	10-year average	Current	10-year average	Premium/ discount (%)	+1SD (x)	-1SD (x)	Current	10-year average
Apollo Hospitals	55.1	77.8	-29	111.1	44.5	196	289	8.6	6.0	44	8.0	3.9	194	121
Aurobindo Pharma	14.5	14.9	-3	19.5	10.4	-22	-25	1.3	2.8	-53	4.2	1.4	-55	2
Biocon	17.9	39.4	-55	56.9	21.9	-4	97	1.5	3.6	-58	5.2	2.1	-48	34
Cipla	22.3	28.1	-20	33.8	22.4	20	41	2.9	3.3	-11	3.9	2.7	0	21
Divi's Lab.	47.1	31.2	51	44.2	18.3	153	56	6.4	5.9	8	7.8	4.0	119	119
Dr Reddy's Labs	18.7	26.1	-28	34.8	17.3	0	30	2.7	3.6	-24	4.4	2.8	-6	34
ERIS Lifescience	20.1	24.8	-19	30.9	18.7	8	24	3.4	5.5	-38	7.6	3.5	17	104
Gland Pharma	17.6	44.8	-61	59.9	29.6	-5	124	1.7	5.5	-69	7.6	3.4	-42	104
Glaxosmit Pharma	34.5	52.8	-35	68.8	36.9	85	164	10.5	11.6	-10	13.4	9.9	260	330
Glenmark Pharma.	15.1	21.9	-31	29.9	13.9	-19	10	1.6	3.3	-51	5.1	1.5	-44	23
Granules India	11.1	14.0	-21	19.9	8.0	-41	-30	1.9	2.3	-17	3.2	1.5	-34	-14
Ipca Labs.	26.1	31.6	-18	45.3	17.9	40	58	2.7	3.6	-25	4.5	2.7	-7	34
Laurus Labs	23.3	26.9	-13	40.4	13.4	25	35	3.7	4.4	-15	6.6	2.1	27	61
Lupin	33.3	39.8	-16	55.5	24.1	79	99	2.7	4.0	-33	5.5	2.5	-8	49
Solara Active Pharma	21.7	14.3	52	21.9	6.7	17	-28	0.8	1.7	-52	2.8	0.7	-72	-36
Sun Pharma.Inds.	23.8	30.3	-21	39.2	21.3	28	51	3.6	4.1	-14	5.7	2.6	22	53
Torrent Pharma.	35.4	28.1	26	36.2	20.0	90	41	6.4	5.8	11	7.2	4.4	120	114
Zydus Lifesciences	18.8	20.5	-8	24.8	16.2	1	2	2.5	3.9	-36	5.2	2.5	-15	43
Infrastructure	**15.2**	**8.9**	**71**	**13.4**	**4.3**	**-18**	**-56**	**1.4**	**1.1**	**29**	**1.5**	**0.7**	**-51**	**-59**
IRB Infra.Devl.	19.2	13.3	44	18.9	7.6	3	-34	1.2	1.1	12	1.5	0.6	-58	-60
KNR Construct.	14.6	12.1	21	17.0	7.1	-21	-40	2.1	2.0	8	2.7	1.2	-27	-27
Media	**15.4**	**25.3**	**-39**	**29.7**	**20.9**	**-17**	**27**	**1.7**	**4.3**	**-62**	**6.1**	**2.5**	**-44**	**59**
PVR Inox	28.8	47.7	-40	69.2	26.3	55	139	1.8	4.3	-59	5.5	3.1	-40	58
Sun TV Network	10.1	16.7	-40	22.2	11.1	-46	-17	1.8	3.8	-54	5.3	2.3	-39	41
Zee Entertainment	20.6	33.5	-38	45.4	21.6	11	68	1.6	4.8	-65	7.0	2.5	-44	76
Logistics	**27.8**	**31.7**	**-13**	**38.8**	**24.7**	**49**	**59**	**4.1**	**3.9**	**6**	**4.6**	**3.1**	**39**	**43**
Blue Dart Expres	33.7	77.3	-56	124.1	30.6	81	287	9.2	17.1	-46	25.2	8.9	215	531
Container Corpn.	28.7	30.1	-5	37.8	22.4	54	51	3.4	3.0	11	3.6	2.5	16	13
TCI Express	35.4	33.4	6	42.8	24.0	90	67	8.0	8.3	-3	10.3	6.2	174	205
Transport Corp.	15.1	14.5	4	19.4	9.6	-19	-27	2.6	2.3	16	3.0	1.5	-11	-17
VRL Logistics	28.0	30.0	-7	39.6	20.4	50	50	5.6	4.6	23	5.8	3.3	91	68
Mahindra Logis.	42.6	99.7	-57	160.9	38.5	129	399	4.2	6.2	-32	7.7	4.6	45	129
Metals	**8.8**	**11.0**	**-20**	**15.4**	**6.6**	**-53**	**-45**	**1.5**	**1.2**	**21**	**1.5**	**0.9**	**-50**	**-55**
Coal India	7.3	10.9	-33	16.1	5.7	-61	-45	2.2	4.9	-56	7.3	2.4	-26	80
Hindalco Inds.	8.4	9.3	-10	11.6	7.0	-55	-53	1.1	1.2	-5	1.5	0.9	-62	-56
Hind.Zinc	11.0	10.4	6	14.1	6.8	-41	-48	6.0	3.3	83	5.4	1.1	104	20

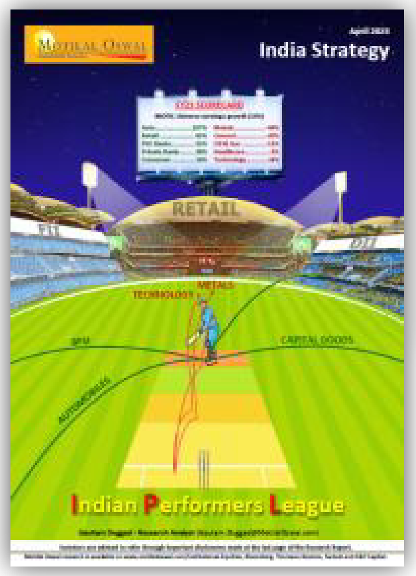
Company valuations

Company	PE (x)			Standard deviation in P/E		Relative to Nifty P/E (%)		PB (x)			PB Std. Deviation		Relative to Nifty P/B (%)	
	Current	10-year average	Premium/ discount (%)	+1SD (x)	-1SD (x)	Current	10-year average	Current	10-year average	Premium/ discount (%)	+1SD (x)	-1SD (x)	Current	10-year average
Jindal Steel	8.0	8.9	-10	15.7	2.1	-57	-56	1.1	0.7	60	1.1	0.4	-61	-74
JSW Steel	9.5	13.2	-28	20.7	5.7	-49	-34	2.0	1.6	20	2.2	1.1	-33	-39
Natl. Aluminium	7.0	11.3	-38	19.7	2.9	-63	-43	1.1	1.0	9	1.3	0.7	-64	-64
NMDC	6.4	5.7	11	7.7	3.8	-66	-71	1.2	1.1	8	1.4	0.8	-59	-59
S A I L	8.5	11.2	-24	18.9	3.5	-54	-44	0.6	0.6	-5	0.8	0.4	-80	-77
Tata Steel	9.3	19.4	-52	46.8	-8.0	-50	-3	1.2	1.2	0	1.8	0.7	-58	-55
Vedanta	7.2	9.5	-24	14.1	4.9	-61	-52	2.2	1.5	46	2.2	0.8	-25	-45
Oil & Gas	**12.7**	**12.4**	**2**	**14.9**	**9.8**	**-32**	**-38**	**1.4**	**1.4**	**1**	**1.6**	**1.3**	**-51**	**-47**
Oil & Gas Ex RIL	**6.4**	**9.5**	**-32**	**12.6**	**6.3**	**-66**	**-53**	**1.0**	**1.3**	**-23**	**1.5**	**1.0**	**-67**	**-53**
Aegis Logistics	24.7	26.9	-8	40.1	13.6	33	34	4.0	3.8	6	5.2	2.5	38	41
B P C L	9.7	9.4	3	14.6	4.2	-48	-53	1.3	1.7	-24	2.2	1.3	-56	-37
Castrol India	13.6	24.4	-44	32.3	16.5	-27	22	5.3	16.9	-68	27.2	6.5	82	523
GAIL (India)	7.4	11.4	-35	15.7	7.1	-60	-43	1.0	1.3	-23	1.6	1.0	-66	-52
Gujarat Gas	24.4	23.7	3	32.6	14.7	31	18	4.3	4.7	-10	5.9	3.6	46	75
Guj.St.Petronet	16.7	13.4	25	16.3	10.5	-10	-33	1.7	1.6	4	1.9	1.3	-43	-41
H P C L	5.2	5.7	-8	7.6	3.7	-72	-72	1.0	1.2	-18	1.6	0.7	-67	-57
I O C L	7.3	8.0	-8	15.6	0.3	-61	-60	0.8	0.9	-11	1.3	0.5	-72	-66
Indraprastha Gas	24.1	19.8	22	26.3	13.3	30	-1	4.1	3.8	8	5.0	2.6	40	40
Mahanagar Gas	12.4	14.5	-14	18.0	11.0	-33	-28	2.2	3.0	-27	3.9	2.2	-24	12
M R P L	10.1	16.1	-37	28.8	3.3	-46	-20	2.0	2.7	-27	3.5	2.0	-32	1
Oil India	5.9	7.5	-22	10.6	4.5	-68	-62	0.8	0.8	-7	1.1	0.6	-74	-69
O N G C	3.6	8.3	-56	12.7	4.0	-80	-58	0.6	1.0	-37	1.4	0.6	-79	-64
Petronet LNG	12.0	11.5	4	13.2	9.8	-36	-43	2.0	2.4	-14	2.9	1.8	-31	-13
Reliance Inds.	22.4	15.5	45	23.1	7.8	21	-22	1.8	1.5	15	1.8	1.3	-39	-43
Sp. Chemicals	**31.7**	**19.2**	**65**	**30.5**	**8.0**	**70**	**-4**	**5.6**	**3.6**	**54**	**5.7**	**1.5**	**91**	**33**
Alkyl Amines	37.3	23.7	57	47.3	0.2	100	19	8.6	5.5	55	10.3	0.7	194	104
Atul	38.3	24.2	58	38.4	10.0	106	21	3.8	3.3	15	4.7	2.0	31	23
Deepak Nitrite	24.8	17.5	42	25.8	9.2	33	-13	5.4	3.3	65	5.3	1.2	84	20
Fine Organic	27.5	31.0	-11	40.6	21.5	48	55	7.1	7.9	-10	9.5	6.3	144	193
Galaxy Surfactants	26.2	24.7	6	31.1	18.2	41	23	4.0	4.8	-16	5.7	3.8	37	77
Navin Fluorine	42.2	23.8	77	41.5	6.0	127	19	8.5	3.9	116	6.9	1.0	191	46
NOCIL	20.5	14.6	41	21.4	7.9	10	-27	2.2	1.7	28	2.4	1.0	-25	-37
Vinati Organics	36.8	27.6	33	40.4	14.9	98	38	6.9	5.8	18	8.1	3.5	136	115
Real Estate	**26.9**	**21.6**	**25**	**29.5**	**13.7**	**45**	**8**	**2.5**	**1.4**	**73**	**2.0**	**0.9**	**-15**	**-47**
Brigade Enterpr.	20.5	22.4	-9	34.3	10.6	10	12	3.0	1.6	85	2.3	0.9	2	-41
DLF	24.1	40.9	-41	67.4	14.4	30	105	2.1	1.1	83	1.5	0.8	-29	-58
Godrej Properties	40.2	71.0	-43	99.5	42.5	116	255	3.7	4.8	-23	6.8	2.9	27	79

Company valuations

	PE (x)			Standard deviation in P/E		Relative to Nifty P/E (%)		PB (x)			PB Std. Deviation		Relative to Nifty P/B (%)	
Company	**Current**	**10-year average**	**Premium/ discount (%)**	**+1SD (x)**	**-1SD (x)**	**Current**	**10-year average**	**Current**	**10-year average**	**Premium/ discount (%)**	**+1SD (x)**	**-1SD (x)**	**Current**	**10-year average**
Macrotech Developers	31.9	32.5	-2	38.2	26.9	71	63	3.7	3.7	-1	4.4	3.0	27	38
Mahindra Lifespace	50.7	16.4	209	41.0	-8.2	173	-18	3.5	0.9	291	2.0	-0.1	21	-67
Oberoi Realty	24.6	22.9	7	26.5	19.3	32	15	2.5	2.0	22	2.4	1.6	-16	-26
Prestige Estates	36.6	22.3	64	28.1	16.5	97	12	1.7	1.7	-1	2.2	1.3	-41	-36
Phoenix Mills	26.8	41.2	-35	68.5	13.8	44	106	2.8	2.4	15	2.8	2.1	-5	-11
Sobha	17.9	24.3	-26	37.3	11.3	-4	22	1.8	1.7	7	2.3	1.1	-38	-38
Retail	**65.0**	**80.5**	**-19**	**131.9**	**29.1**	**249**	**303**	**12.3**	**9.4**	**31**	**13.3**	**5.5**	**321**	**247**
Aditya Birla Fashion	na	96.6	na	144.2	48.9	na	383	4.2	8.6	-51	11.4	5.9	44	219
Avenue Supermarts	70.7	99.2	-29	123.6	74.8	280	396	11.0	12.5	-12	15.3	9.6	275	361
Bata India	47.9	43.3	10	59.6	27.1	157	117	10.5	8.4	26	11.9	4.9	261	209
Jubilant	67.7	79.1	-14	105.8	52.3	264	296	12.9	13.9	-7	18.3	9.4	343	412
Relaxo Footwear	80.8	61.1	32	104.2	18.0	334	206	10.7	9.2	16	12.6	5.8	266	241
Shoppers Stop	34.5	42.8	-20	57.8	27.9	85	114	14.3	9.3	53	15.8	2.8	388	244
Titan	59.7	53.2	12	70.7	35.7	221	166	16.5	11.8	40	15.6	8.0	465	335
Trent	74.2	91.3	-19	108.5	74.2	299	357	15.0	7.0	113	11.3	2.8	413	160
V-Mart Retail	56.2	36.9	52	65.1	8.7	202	85	4.0	5.3	-25	7.9	2.8	36	98
Technology	**21.6**	**19.2**	**12**	**23.6**	**14.9**	**16**	**-4**	**6.9**	**5.2**	**32**	**6.6**	**3.8**	**136**	**93**
Coforge	25.2	19.8	27	28.9	10.7	35	-1	7.2	4.2	70	6.8	1.7	146	56
Cyient	17.1	16.3	5	21.3	11.2	-8	-19	3.7	2.7	39	3.5	1.8	27	-2
HCL Technologies	18.5	15.1	23	18.2	11.9	-1	-25	4.8	3.6	34	4.4	2.8	65	33
Infosys	20.4	19.1	7	24.2	14.1	10	-4	7.3	5.0	44	7.1	2.9	148	86
LTI Mindtree	27.7	21.7	28	31.6	11.9	49	9	7.3	10.2	-29	13.0	7.4	149	277
L&T Technology	28.7	24.6	16	33.7	15.6	54	23	7.1	6.1	16	8.1	4.1	142	124
MphasiS	20.7	17.3	20	24.5	10.2	11	-13	4.2	3.1	35	4.9	1.3	44	15
Persistent Sys	30.9	22.3	38	31.9	12.8	66	12	7.8	3.6	118	5.6	1.5	167	32
TCS	24.0	21.9	9	26.9	17.0	29	10	13.5	8.7	55	11.7	5.6	361	220
Tech Mahindra	18.1	14.7	23	18.7	10.7	-3	-27	3.4	2.9	17	3.6	2.1	16	7
Wipro	17.9	16.9	6	21.3	12.5	-4	-15	2.8	2.9	-5	3.6	2.3	-5	8
Zensar Tech.	17.4	14.7	19	20.7	8.6	-6	-27	2.6	2.2	15	2.9	1.5	-12	-18
Telecom	**na**	**33.2**	**na**	**46.8**	**19.5**	**na**	**66**	**15.2**	**6.8**	**123**	**13.4**	**0.3**	**421**	**152**
Bharti Airtel	na	32.5	na	46.5	18.4	na	62	4.3	2.9	46	4.2	1.7	46	8
Indus Towers	7.2	18.4	-61	25.2	11.5	-61	-8	1.5	3.2	-53	4.1	2.3	-49	18
Vodafone Idea	na	16.7	na	26.6	6.7	na	-17	0.0	1.5	-100	3.9	-0.8	-100	-43
Tata Comm	22.2	26.5	-16	42.6	10.4	19	33	12.1	23.2	-48	39.4	7.0	313	756

Quant Research and India Strategy gallery



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 be 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 Limited are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have 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.

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. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx

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 Securities (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.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.

2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company

3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months

4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report

5 Research Analyst has not served as director/officer/employee in the subject company

6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months

7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months

8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months

9 MOFSL has not received any compensation or other benefits from third party in connection with the research report

10 MOFSL has not engaged in market making activity for the subject company

****

The associates of MOFSL may have:

financial interest in the subject company

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.

received compensation/other benefits from the subject company in the past 12 months

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.

acted as a manager or co-manager of public offering of securities of the subject company in past 12 months

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)

received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.

Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with 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.

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.

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.

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