INSTITUTIONAL RESEARCH

Market outlook 2025

Continued capex, rural revival to drive earnings

In CY24, Nifty 50 generated ~9% returns, while both the Nifty midcap 100 and Nifty Smallcap 100 delivered ~24% returns each. Notably, the Nifty 50 gains were driven by a 16% growth in earnings. In contrast, the midcap and small-cap indices witnessed multiple expansions, despite earnings growth being relatively muted—8% and 6% respectively.

Given the **strong returns in the absence of commensurate earnings momentum** at the aggregate level, it seems prudent to pause and reassess the prospect for the upcoming year. In the sections below, we highlight our annual outlook.

Macro environment: On the macro front, the economy is expected to be healthy, with an estimated GDP growth rate of 6.7% in FY26 vis-vis 6.4% in FY25E with **downside risks due to muted urban demand and lack of momentum in private capex** growth. Inflation is expected to cool off to ~4.1% in FY26 from 4.8% in FY25, boosting the purchasing power of consumers from the current subdued levels. The FY26 Union Budget is expected to remain **focused on capex** but fiscal prudence and high base will limit the capex growth rate. The RBI will **kickstart its much-awaited interest rate cut cycle** in CY25 but aggression on cuts will depend on inflation remaining in a comfortable zone (<6%) and no disorderly currency depreciation.

HSIE equity strategy and sectoral outlook: In our view, FY26 corporate earnings growth will be helped by resumption in **investment** cycle and pick-up in **rural consumption** indicating growth in industrial, manufacturing, real estate, materials and rural economy facing sectors. **We expect domestic cyclicals to make a comeback in 2HCY25.** Our preferred sectors are **financials, consumer discretionary, healthcare, Industrials, real estate and allied sectors.** We remain underweight on a**utomobiles, consumer staples, oil & gas, mid-cap IT, and small banks**.

- Projected earnings growth for FY26 is 16.6% for coverage stocks (~230 stocks), to be led by **BFSI, industrials, cement, energy and IT** sectors
- The **Nifty 50 index** is now trading at **~20x FY26 consensus EPS (ex-financials at 25x PE)**, indicating a modest upside potential in the next 12 months

Valuation of key indices: We observe that all three mentioned indices are **overvalued at the aggregate levels**. The extent of overvaluation in absolute terms as well as relative to its historical average is the **highest for Nifty midcap 100,** indicating increased risk. **We prefer large caps over mid & small caps for CY25 as it offers a better risk reward.**

Indices	Relatively less expensive sectors	Relatively more expensive sectors
Nifty 50	Consumer staples, BFSI, Energy	Industrials, consumer discretionary, telecom
Nifty Midcap 100	Telecom, energy, engineering	Industrials, IT
Nifty Smallcap 100	Media, energy, new age	Real estate, engineering

Top stock ideas for CY25

Large cap	Small/midcap
SBI, Maruti, Cummins, Infoedge, Cholamandalam Investment, Apollo Hospitals	Federal Bank, Sobha, Dalmia Bharat, Syrma

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Indian Macroeconomic Environment

GDP

- We expect GDP to grow at 6.4% (RBI estimates: 6.6%) for FY25, with downside risks emanating from a slowdown in urban demand and a lack of substantial revival in private capex. Growing rural demand and an anticipated increase in government spending are key growth levers.
- FY26 GDP is estimated to improve to 6.7%.

Inflation:

- Moderation expected in food prices with availability of the kharif crop in market and expectation of an adequate rabi crop. Factoring these, the CPI Inflation is estimated at 4.8% for the full year FY25. This is estimated to soften further and settle in the range of 4-4.2% for the full-year FY26.

Consumption:

- Urban consumption is slowing down as persistent inflation is dampening the purchasing power of the urban poor. High-ticket discretionary consumption is relatively better than staples. Curbs on unsecured retail lending is also impacting credit backed consumption (mobiles, e-commerce etc).
- Rural consumption is witnessing a gradual revival, led by a favourable monsoon, adequate kharif crops and reservoir levels. Moderation in MNREGA demand indicates positivity in the labour market.

Investments:

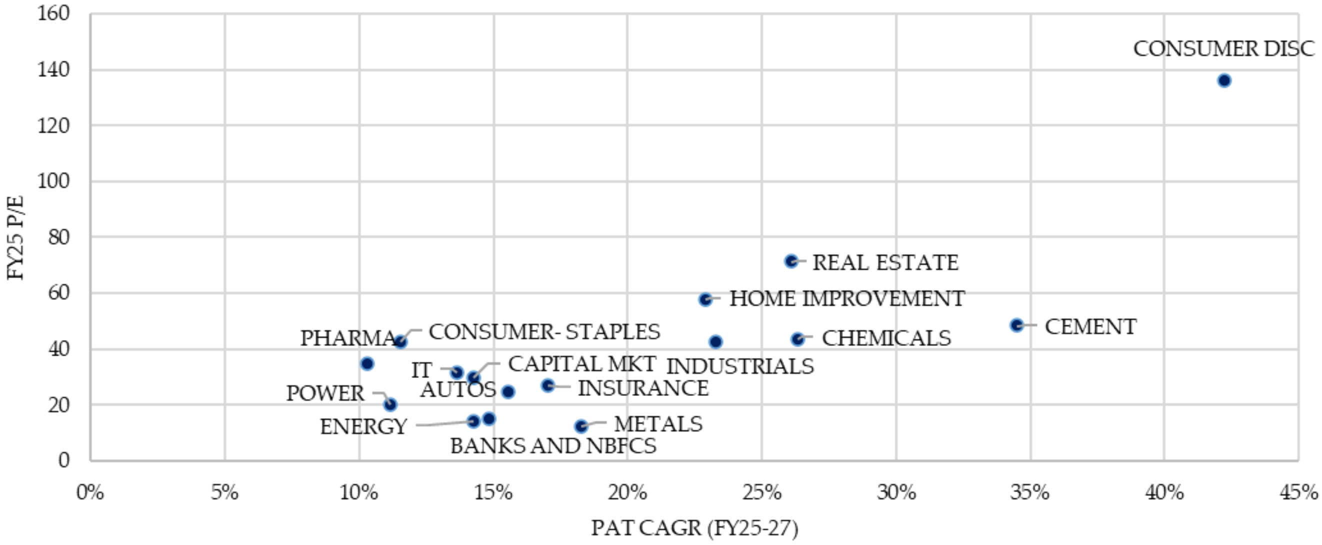
- Central government capex has been muted in H1FY25 (42% of FY25BE till oct), but the same is expected to catch up in H2FY25. Further, FY26 union budget will witness a continued thrust on capex but fiscal prudence will take precedence. Also, given a high base, growth in capex for FY26 will be lower.
- Having led capex growth until FY25E-end, the central government will expect private corporate and states to take the charge on the capex front FY26 onwards.

RBI’s monetary policy:

- The RBI has modified its stance from “withdrawal of accommodation” to “neutral” in H2CY24. It is expected to kickstart a rate cut cycle with a cut of 25 bps in Feb’25 policy meeting, provided inflation remains in a comfortable zone (<6%) and there is no further depreciation pressure on currency.

Sectoral outlook

Earnings Vs multiples for sectors



Sector	%YoY PAT growth							
	FY20A	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E
AUTOS	-31%	18%	-28%	179%	107%	8%	16%	15%
BANKS AND NBFCS	48%	31%	40%	45%	33%	15%	13%	16%
INSURANCE	22%	-4%	28%	57%	4%	17%	17%	17%
CAPITAL MKT	-5%	93%	23%	-10%	69%	28%	14%	14%
CONSUMER- STAPLES	12%	4%	11%	14%	9%	4%	12%	11%
CONSUMER DISC	-4%	-80%	474%	11%	34%	30%	51%	34%
INDUSTRIALS	-6%	-20%	22%	30%	30%	21%	25%	21%
REAL ESTATE	-14%	-33%	61%	50%	21%	9%	30%	22%
IT	4%	10%	20%	7%	5%	9%	16%	11%
ENERGY	-44%	93%	38%	-25%	78%	-19%	13%	15%
CEMENT	47%	45%	-3%	-29%	55%	-10%	45%	25%
HOME IMPROVEMENT	18%	-47%	6%	9%	23%	9%	23%	23%
CHEMICALS	53%	8%	46%	3%	-23%	11%	45%	10%
POWER	1%	19%	15%	12%	7%	9%	12%	11%
PHARMA	29%	28%	7%	8%	40%	17%	17%	4%
METALS	-25%	14%	173%	-45%	9%	15%	29%	8%
TOTAL	-8%	25%	36%	1%	36%	4%	17%	11%

Sectoral Outlook

Sector)	Outlook (bias)	Remarks
BFSI	Positive	▪ As rate cut cycle kicks off in Q4FY25, NIM will first get compressed before normalizing in falling rate scenario as rates transmission gets reflected in asset and liabilities repricing. **Large banks with granular deposits and diversified loan books to benefit**. ▪ Lower interest rates will support credit growth in the rate sensitive sectors such as **affordable housing, two wheelers** etc. Recent CRR cut to bolster liquidity environment. ▪ A gradual improvement in deposit environment will lead to balanced loan to deposit ratio. Curb on unsecured retail lending will impact marginal NBFC players. Elevated leverage of borrowers will continue to impact asset quality of Microfinance players.
IT & Exchanges	Neutral	▪ **Gradual demand recovery** underway led by BFSI segment as deal to revenue conversion improves. Deal bookings are healthy as the outlook of clients stays positive with a focus on AI, digital and cloud migration. High single digit revenue growth will lead to mid teen earnings growth in FY26E, but **valuations remain rich** limiting upside.
Consumer staples	Negative	▪ **Consumption by urban masses remain muted** as their purchasing power has been impacted adversely by persistent inflation. Rural consumption to drive growth of staples sector led by superior monsoon, adequate kharif output and reservoir levels. ▪ Profitability expansion led by commodity deflation is largely over hence, earnings growth to remain moderate
Consumer discretionary	Neutral	▪ Sector to witness mixed performance as consumer durables and EMS expected to witness steady growth led by **domestic manufacturing push**. Paints and Jewellery to reel under intense competition whereas value fashion to grow faster than premium clothing reflecting gradual rural recovery. QSR and groceries to remain soft as SSSG to be weak impacted by **increased local competition enabled by online delivery platforms**
Industrials & Infrastructure	Positive	▪ H1FY25 witnessed muted awarding of projects due to elections, monsoon and floods.**H2FY25 is expected to catch up to meet budget estimates**. FY26 budget is also expected to focus on capex but growth rate will be relatively softer due to high base. Hence, demand environment would remain favourable for infra and industrial players.
Cement	Positive	▪ Capex and infra-led growth in the country will drive demand growth in the cement sector. **Short-term headwinds of intense competition and the resultant pricing pressure** and lower demand due to monsoon and floods will gradually fade. The upcoming year will witness improving demand and price hikes by key players leading to superior earnings growth.
Real estate	Positive	▪ Demand environment for luxury real estate continues to be strong driven by rising spending power of middle and upper economic segments of country ▪ Given steady revival in rural economy and rate cut expectations for Q4FY25, **rate sensitive affordable housing will witness a gradual pick-up**. ▪ Fresh launches have been delayed so far in this FY led by slow regulatory clearances. So, **FY26 is expected to be launch heavy** as demand environment continues to be sanguine.
Automobiles	Negative	▪ **Entry level cars and <125 cc two-wheeler sales to witness gradual recovery** as rural economy expected to improve thanks to favourable monsoon and superior harvest. ▪ Demand weakness to persist in the PV and MHCV segments due to high base reflected in muted volume growth. Elevated valuations would keep stock returns under check.
Chemicals	Neutral	▪ Long-term outlook positive but in the medium term, Chinese competition would keep a check on revenue growth of companies. **Volume growth and stabilization of chemical prices key monitorable**. Valuations not inexpensive, hence upside potential limited
Oil & gas	Negative	▪ Weak earnings growth outlook for OMCs led by **softer refining and marketing margins**. Upstream companies are weak as well as they suffer with inability to increase oil/gas prices amid slower ramp up in production growth. ▪ Earnings of CGD companies will be under pressure as **the availability of cheaper APM gas allocation is reduced**. Fear of EV transition impacting CGD firms remains an overhang.
Pharma	Neutral	▪ Growth momentum of pharma companies continues to be healthy driven by strong demand in chronic therapies and soft input costs. **Rich valuations hinder upside prospects**. ▪ Intensity of price erosion reduced in US generic markets as inventory normalizes post-COVID

Highlights of estimated earnings of key coverage stocks

Within the top 100 stocks of coverage (on a market cap basis)

Highest growth

Stocks	2-year earnings CAGR (FY25-27E)
HITACHI ENERGY INDIA	105%
PRESTIGE ESTATES PROJECTS	70%
SWIGGY	40%
DIXON TECHNOLOGIES	39%
SAMVARDHANA MOTHERSON INTERNATIONAL	37%
ULTRATECH CEMENT	34%
MACROTECH DEVELOPERS	32%
TECH MAHINDRA	32%
TITAN COMPANY	31%
PERSISTENT SYSTEMS	28%

Lowest growth

Stocks	2-year earnings CAGR(FY25-27E)
DR. REDDY'S LABORATORIES	-8%
ZYDUS LIFESCIENCES.	-3%
KOTAK MAHINDRA BANK	5%
POWER GRID CORPORATION OF INDIA	6%
MAHINDRA & MAHINDRA	6%
GODREJ PROPERTIES	6%
ASHOK LEYLAND	6%
ALKEM LABORATORIES	7%
WIPRO	7%
PETRONET LNG	8%

Within the remaining ~130 stocks of coverage (on a market cap basis)

Highest growth

Stocks	2-year earnings CAGR(FY25-27E)
NUVOCO VISTAS	238%
V-MART RETAIL	177%
SHOPPERS STOP	136%
KOLTE - PATIL DEVELOPERS	122%
SOBHA LTD	102%
SAGAR CEMENTS	98%
ASHOKA BUILDCON	96%
SUDARSHAN CHEMICAL	82%
FSN E-COMMERCE VENTURES	80%
BIRLA CORPORATION	80%

Lowest growth

Stocks	2-year earnings CAGR(FY25-27E)
IRM ENERGY	-26%
UTI ASSET MANAGEMENT COMPANY	0%
ORIENT CEMENT	3%
LIC HOUSING FINANCE	4%
MAHANAGAR GAS	5%
GUJARAT STATE PETRONET	5%
ANGEL ONE	6%
AEGIS LOGISTICS	6%
EMAMI	7%
INDRAPRASTHA GAS	7%

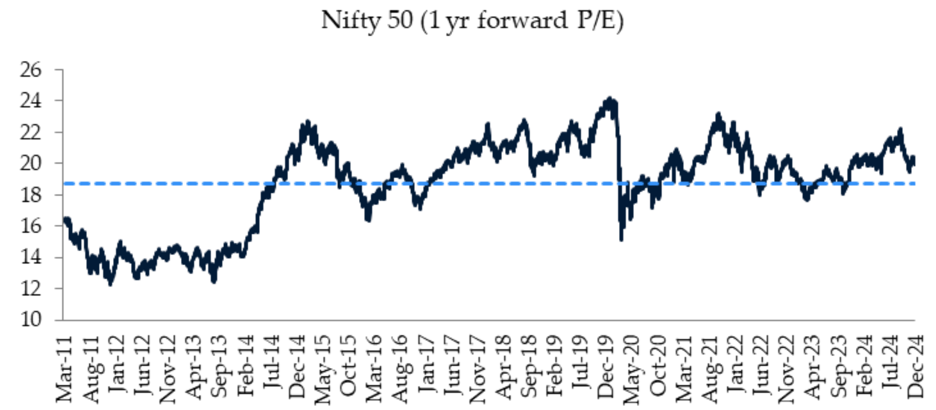
Top stock picks for CY25

Coverage stocks	Investment Rationale
STATE BANK OF INDIA **Market cap:** INR 7085 Bn **2 Year PAT CAGR (FY25-27E)**:14% **RoE (FY25):** 17.8% **P/E:** 10.4xFY25E	▪ Xpress credit book of SBIN is superior to other PL portfolios given majority (90-95%) of the book comprises of ETB salaried government employees. ▪ Overall asset quality continues to be pristine as Q1 seasonality normalized downwards across portfolios ▪ Opex cost rationalizing downwards as one time hit for pension and wage already taken and bank focuses to rationalize its branches ▪ SBIN has been raising lending rates (increased MCLR by 30 bps in H1FY25) in run up to rate cut cycle. Lower EBLR book vis-a- vis private banks, thus lesser impact of rate cut. ▪ Surplus liquidity and comfortable LDR to support growth. Valuation inexpensive at 1.0xSep-26. We believe the bank should command higher premium vis-a-vis other PSBs given sustainable earnings and headroom to further improve its productivity metrics.
MARUTI SUZUKI INDIA **Market cap:** INR 3531 Bn **2 Year PAT CAGR (FY25-27E):** 20% **RoE (FY25):** 15.4% **P/E:** 25xFY25E	▪ Better recovery in rural demand and ▪ good traction in the exports market to drive sales growth and improve operating leverage
INFO EDGE (INDIA) **Market cap:** INR 1135 Bn **2 Year PAT CAGR (FY25-27E):** 17% **RoE (FY25):** 10.2% **P/E:** 99xFY25E	▪ **Recruitment segment**: billing growth led by uptick in IT-hiring and continued hiring momentum in BFSI, manufacturing, infra and healthcare. Estimated to grow at 15-17% CAGR from FY24-27E (higher than pre-covid average of ~13%). Margin to expand to 58-60% levels ▪ **Jeevansathi:** Strong revenue growth and lower marketing spends helping profitability improvement. Segment progressing towards breakeven. ▪ **99acres:** Improved billing and declining marketing spend helping earnings
CHOLAMANDALAM INVEST-MENT & FINANCE **Market cap:** INR 1092 Bn **2 Year PAT CAGR (FY25-27E):28%** **RoE (FY25):** 20.1% **P/E:** 23xFY25PE	▪ CIFC has emerged as a diversified lender with non-vehicle portfolio at ~44% of AUM as on Sep-24 and healthy profitability in the new segments. This provides multiple levers to growth, along with less volatility in asset quality. ▪ CIFC is likely to sustain steady AUM growth of 22-25% over the medium-term on the back of non-vehicle portfolio, increasing branch penetration of these products and expansion in distribution network ▪ While the credit costs were elevated during H1FY25, it is likely to hover around ~1.3% during FY25 on the back of its strengths in collections/recoveries and robust used CV market The stock is currently trading at 3.6x Mar-26 ABVPS, (~10% discount to BAF) post sharp correction during Q3FY24. Our target price is INR 1510 (4.2x Sep-26 ABVPS).
APOLLO HOSPITALS **Market cap:** INR 1057Bn **2 Year PAT CAGR (FY25-27E)**:31% **RoE (FY25):** 18.9% **P/E:** 70xFY25PE	▪ Hospitals Business: See margin expansion across existing hospitals of around 50-100bps over the next 2 years on the back of improving occupancy and steady ARPOB growth (6-7% growth for FY25). Currently on track to commission ~1400 beds in FY26, which would achieve break even over 12-18 months. ▪ Healthco business: Shifted their focus to a low cash burn model so as to improve margins (Healthco business turned PAT positive as of Q2FY25), we see steady growth in their offline pharmacy business and expect gradual scale up for their Apollo 24/7 business, through supply chain efficiencies and cost optimization. ▪ AHLL: Expect steady growth on the back of network expansion across their diagnostic business, and improvement in overall margin profile, on the back of improving footfalls and increased productivity.
CUMMINS INDIA **Market cap:** INR 892 Bn **2 Year PAT CAGR (FY25-27E):** 25% **RoE (FY25):** 25.3% **P/E:** 55xFY25E	▪ The company has multiple tailwinds, namely, stringent emission norms, capex cycle recovery, adoption of alternative fuels with lower carbon footprint, revival in industrials and exports, and support for manufacturing policies.

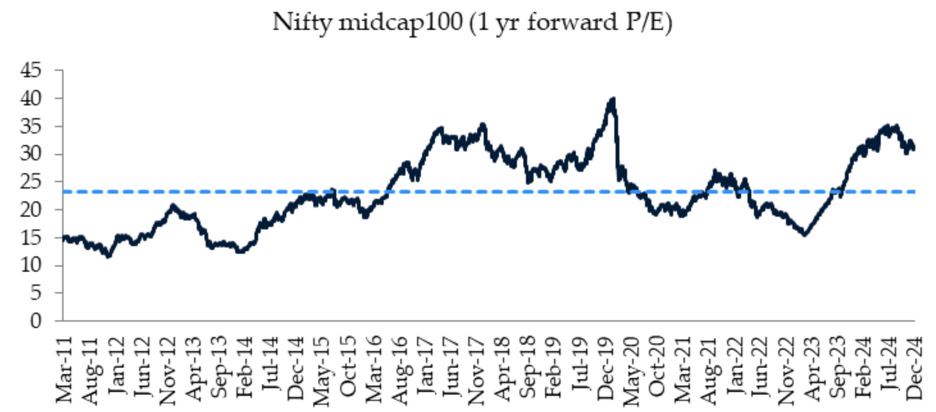
Coverage stocks	Investment Rationale
FEDERAL BANK **Market cap:** INR 492 Bn **2 Year PAT CAGR (FY25-27E):** 18% **RoE (FY25):** 14.3% **P/E:** 10xFY25E	▪ Quality of deposits and underwriting offer an impressive springboard to the new MD. With a loan book size of INR 2.2 Tn and deposit base of INR 2.7 Tn it has broken into the large bank's league in terms of scale and reputation ▪ Currently focused on addressing two handicaps: o Exercising better pricing power on the asset side, blended yields now higher compared to larger peers; more room to grow unsecured book o Need to improve CASA mix, focused on improving wholesale banking relationships ▪ Steady asset quality across cycles. Currently valued at 1.3x, we believe it should be benchmarked in the league of large private banks
DALMIA BHARAT **Market cap:** INR 342Bn **2 Year PAT CAGR (FY25-27E):** 21% **RoE (FY25):** 5.2% **P/E:** 37xFY25E	▪ Stock is currently trading at ~USD 86/MT, well below replacement cost. It will become a 50mnMT capacity company by end of FY25, remaining the 4th largest cement company in India. It has major expansions plans for next 2-3 years thus maintaining strong long term volume growth outlook. ▪ Historically, it has delivered avg EBITDA of Rs 1000/MT. We believe the ongoing consolidation-led pricing game to start late FY26 onwards. Hence, we expect FY27 margin for south as well as pan India to be much better vs FY24-26E period. This gives additional profit and rerating opportunity for Dalmia. ▪ We currently value Dalmia at 12x Sep-26E consol EBITDA leading to TP of 2205 (+21% upside) and implied EV/MT of USD 110 per MT. ▪ **Near term risk –** south prices expected to remain volatile with downward bias during CY2025.
SOBHA **Market cap:** INR 168 Bn **2 Year PAT CAGR (FY25-27E):** 102% **RoE (FY25):** 4.4% **P/E:** 137xFY25E	▪ We believe that further rerating will be contingent on presales outperformance, robust cash flow generation, achieving net cash status, and acceleration in new launches from captive and new land capex/tie-ups. ▪ The rerating equation sees shrinking headwinds on the denominator and expansion in tailwinds on the numerator, which can lead to a robust rerating.
SYRMA SGS TECHNOLOGY **Market cap:** INR 112 Bn **2 Year PAT CAGR (FY25-27E):** 57% **RoE (FY25):** 8.0% **P/E:** 57xFY25E	▪ Well-diversified business across PCBA, RFIDs, box-builds, ODM and exports ▪ Strong manufacturing footprint with R&D capabilities and backward integration capabilities; and pursuit of inorganic growth opportunities. Syrma's margin has been under pressure over the past couple of years on account of ▪ Changing industry mix in favor of low margin/high asset turn prescriptive business (consumer) and ▪ Step up in capex outlay (INR 4.5bn+ over past 24 months) leading to lower asset turns as new capacities take time to scale. However, we believe the margins have hit a trough and expect gradual expansion in margins, led by (1) rising exports (+20- 25% in FY25); (2) increasing share of the higher-margin business (healthcare, industrial) while restricting consumer mix between 35-40%; and (3) better asset sweating. Moreover, with improving working capital efficiency, we expect RoE/RoCE to improve here onwards to reach 16%/20% by FY27.

Valuation bands of key indices

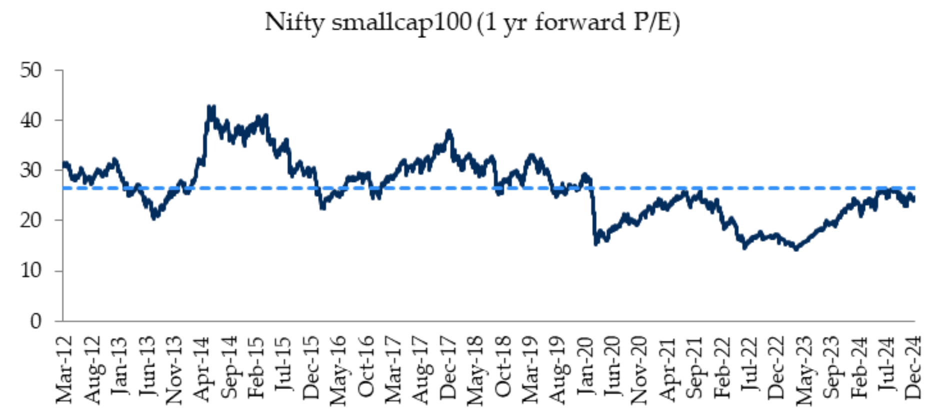
Nifty 50



Nifty Midcap 100



Nifty Smallcap 100



Valuation analysis of key indices

Nifty 50

- Nifty 50 is currently trading at 132% of average historical P/B valuation, surpassing the previous peak of 115% observed at FY24-end. The extent of expensiveness has increased on account of inclusion of "Trent" in Nifty in Sept'24. Ex-Trent, Nifty valuation will be relatively lower at 120% of historical P/B.
- 66% of the Nifty constituents are trading at a premium to their historical averages, indicating wide pervasive rich valuations within the index. We believe at such expensive valuations; Nifty faces a downside risk even if the future earnings witness minor downgrades.
- **Except consumer staples**, all other sectors of the index are relatively overvalued and trading at a premium to their respective historical valuations. Additionally, on a relative basis, **BFSI** and **energy** are the **cheaper sectors** of the index currently, while **consumer discretionary**, **industrials** and **telecom** are the **most expensive** sectors.
- On an absolute basis, **consumer staples, energy and metal** sectors have witnessed **valuation derating** to the tune of 15-22% in the past three quarters of this financial year. **Telecom** and **consumer discretionary** have witnessed **more than 30% of re-rating** at absolute levels.

Nifty Midcap 100

- The index is trading at an all-time peak of ~182% of average historical P/B, indicating excessive overvaluation. This is further validated by the fact that 74% of the index component stocks are trading at a premium to their respective historical P/B valuations (61% at FY24 end).
- At the end of FY24, the index traded at 125% of its historical average valuation level but since then it has delivered 18.9% returns, and overvaluation has further stretched up. We believe this valuation is unsustainable and any miss in the future earnings could trigger a sharp decline in the index.
- Except for **telecom**, all sectors of the index are trading at a premium to their historical averages. On a relative basis, **industrial and IT** are the **most overheated** sectors. **Energy, engineering and infrastructure** sectors are among the **least overvalued** sectors of the index.
- Re-rating in stocks such as Dixon, Polycab and Voltas has led to re-rating of the entire **consumer durable sector** by more than 100% in FY25TD, making it **extremely expensive**. Also, the re-rating of BSE Ltd and HDFC AMC have **pushed up valuations in the BFSI segment** of the index. Additionally, the inclusion of Colgate and Marico has caused an increased valuation of consumer staples fraction of the index.

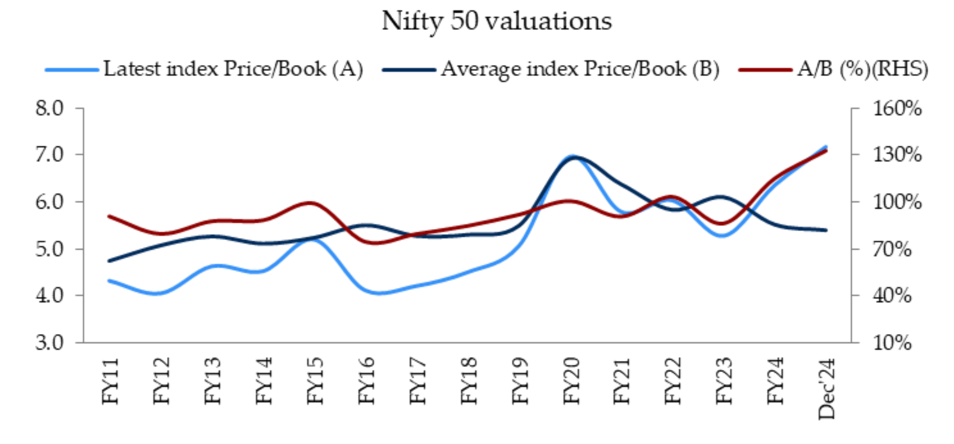
Nifty Smallcap 100

- The Nifty Smallcap 100 is currently trading at 157% of its historical P/B levels, again signifying rich valuations. 70% of the index components are trading above their respective historical averages. Both these figures are at the highest levels in our study period (FY13-Dec'24). In our view, index valuation could still expand as we have seen in the case of Nifty Midcap 100, but it would add more unsustainability to the index, which is already trading in the elevated risk territory.

- Among the index components, only **new age, media and energy** sectors are trading at discounts to their historical average valuations, indicating there is room for re-rating. While most other sectors are overvalued when compared to their historical averages, **engineering and real estate** are the **most over-heated** sectors. The **cement** sector is trading at a **moderate** overvaluation.
- Among the index component sectors, **media, consumer staples and chemical** sectors have d**erated** in the range of 19-29% in 9MFY25, while significant re-rating has been observed in the sectors such as real **estate** and **industrials** in the same period.

**For analysis of all three indices, we have calculated free float market cap weighted Price to book in place of book weighted P/B.*

Nifty 50



Valuation table

FY	Latest index Price/Book (A)	Average index Price/Book (B)	A/B (%)(RHS)	Weighted avg of stock level latest P/B to avg P/B	% of stocks above average valuation
FY11	4.3	4.8	91%	91%	20%
FY12	4.1	5.1	80%	75%	10%
FY13	4.6	5.3	88%	78%	14%
FY14	4.5	5.1	88%	82%	20%
FY15	5.2	5.3	99%	92%	38%
FY16	4.1	5.5	75%	74%	10%
FY17	4.2	5.3	80%	83%	24%
FY18	4.5	5.3	85%	86%	30%
FY19	5.1	5.5	92%	92%	30%
FY20	7.0	6.9	101%	71%	6%
FY21	5.8	6.4	91%	96%	36%
FY22	6.0	5.8	103%	111%	42%
FY23	5.3	6.1	86%	92%	34%
FY24	6.4	5.5	115%	125%	60%
Dec'24	7.2	5.4	132%	143%	66%

*Index Price to book is free float market cap weighted

Sectoral weightage historical movement

Sectors	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY20	FY21	FY22	FY23	Jan'24	FY24	Dec'24
Automobiles	7.32%	9%	8%	9%	9%	9%	10%	5%	6%	5%	5%	6%	8%	7%
BFSI	27%	26%	29%	27%	32%	30%	33%	36%	37%	35%	38%	35%	34%	35%
Chemicals								2%	1%	1%	0%	0%		
Cement & building materials	2%	3%	3%	3%	3%	3%	3%	2%	2%	2%	2%	2%	2%	2%
Consumer discretionary			1%	2%	1%	1%	1%	3%	3%	3%	3%	3%	3%	4%
Consumer staples	7%	10%	12%	11%	8%	9%	9%	11%	9%	7%	10%	9%	8%	8%
Energy	15%	13%	12%	11%	8%	9%	11%	12%	12%	13%	12%	10%	12%	10%
Healthcare	3%	4%	5%	5%	7%	7%	6%	3%	3%	4%	4%	4%	4%	4%
Industrials	3%	2%	1%	1%	1%	1%	1%							1%
Information technology	14%	14%	14%	16%	16%	18%	13%	15%	17%	18%	14%	14%	13%	14%
Logistics/Infrastructure	6%	5%	5%	5%	5%	4%	5%	3%	4%	4%	4%	5%	6%	5%
Media					1%	1%	1%	0%						
Metal	8%	6%	4%	5%	4%	3%	3%	3%	3%	4%	4%	5%	5%	4%
Power	4%	4%	3%	3%	3%	3%	3%	2%	2%	2%	2%	3%	3%	3%
Real estate	1%	0%	0%	0%										
Telecom	3%	4%	2%	2%	3%	2%	2%	3%	2%	2%	2%	3%	3%	4%

Stock level latest P/B to avg P/B (free float market cap weighted)

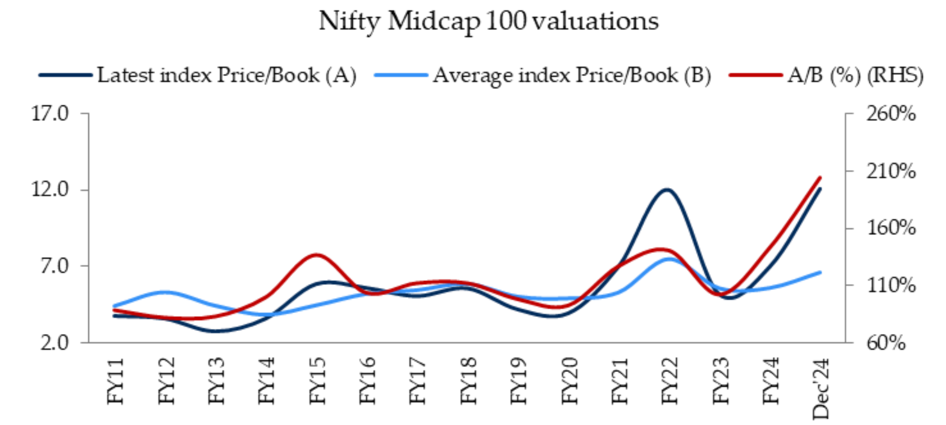
Sectors	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Dec'24
Automobiles	68%	62%	53%	59%	83%	64%	88%	89%	64%	40%	68%	77%	76%	123%	134%
BFSI	96%	77%	76%	78%	92%	70%	80%	83%	89%	56%	85%	87%	78%	90%	102%
Chemicals								143%	89%	37%	70%	70%	54%		
Cement & building materials	82%	84%	84%	89%	102%	79%	87%	95%	61%	57%	93%	76%	80%	128%	146%
Consumer discretionary			101%	184%	113%	85%	89%	85%	108%	98%	125%	145%	110%	165%	360%
Consumer staples	108%	105%	119%	109%	97%	68%	77%	76%	85%	112%	78%	79%	85%	103%	97%
Energy	101%	75%	77%	85%	78%	86%	106%	115%	128%	88%	93%	114%	106%	141%	114%
Healthcare	111%	93%	88%	92%	122%	82%	73%	54%	58%	52%	95%	114%	91%	125%	141%
Industrials	73%	49%	37%	31%	41%	78%	119%								373%
Information technology	104%	80%	81%	86%	100%	83%	67%	78%	99%	84%	143%	176%	129%	137%	164%
Logistics/Infrastructure	63%	50%	50%	70%	86%	60%	70%	77%	73%	40%	68%	73%	79%	158%	151%
Media					110%	127%	115%	107%	69%	20%					
Metal	77%	59%	48%	52%	71%	67%	108%	95%	82%	40%	110%	126%	91%	170%	144%
Power	79%	71%	64%	61%	74%	64%	82%	77%	71%	49%	63%	78%	81%	140%	148%
Real estate	73%	60%	81%	61%											
Telecom	69%	62%	64%	65%	91%	68%	87%	90%	87%	87%	128%	157%	126%	257%	340%

Outlier stocks of the index

Top 10 Most expensive stocks	Latest P/B as a % of historical average P/B
Trent Ltd	718%
Bharat Electronics Ltd	373%
Bharti Airtel Ltd	340%
Adani Enterprises Ltd	272%
Apollo Hospitals Enterprise Ltd	246%
Tata Consumer Products Ltd	217%
Mahindra & Mahindra Ltd	200%
Titan Co Ltd	198%
Tata Consultancy Services Ltd	176%
Tech Mahindra Ltd	173%

Top 10 least expensive stocks	Latest P/B as a % of historical average P/B
Hindustan Unilever Ltd	31%
IndusInd Bank Limited	37%
Coal India Ltd	56%
HDFC Life Insurance Co Limited	60%
Oil & Natural Gas Corp Ltd	65%
Kotak Mahindra Bank Limited	66%
Bajaj Finance Limited	70%
HDFC Bank Limited	70%
Asian Paints Ltd	72%
Bharat Petroleum Corp Ltd	81%

Nifty Midcap 100



Valuation table

FY	Latest index Price/Book (A)	Average index Price/Book (B)	A/B (%) (RHS)	Weighted avg of stock level latest P/B to avg P/B	% of stocks above average valuation
FY11	3.8	4.4	86%	89%	26%
FY12	3.6	5.3	68%	82%	17%
FY13	2.8	4.4	62%	83%	16%
FY14	3.6	3.9	94%	100%	33%
FY15	5.9	4.5	131%	137%	49%
FY16	5.6	5.2	107%	104%	40%
FY17	5.1	5.5	93%	112%	43%
FY18	5.6	5.9	95%	112%	44%
FY19	4.2	5.0	84%	98%	35%
FY20	4.0	4.9	80%	93%	15%
FY21	7.0	5.3	132%	127%	46%
FY22	12.0	7.5	160%	141%	46%
FY23	5.2	5.6	93%	102%	39%
FY24	7.0	5.6	125%	143%	61%
Dec'24	12.1	6.6	182%	204%	74%

*Index Price to book is free float market cap weighted

Sectoral weightage historical movement

Sectors	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Dec'24
Agriculture	0%	1%	1%	1%	0%	0%			1%	1%	0%	1%	1%	1%	2%
Automobiles	7%	7%	8%	11%	15%	9%	9%	8%	11%	12%	10%	8%	11%	6%	7%
BFSI	23%	21%	20%	19%	18%	14%	20%	19%	31%	20%	25%	16%	19%	21%	20%
Cement & building materials	6%	8%	5%	3%	2%	3%	2%	2%	1%	2%	3%	3%	3%	5%	2%
Chemicals	3%	3%	3%	3%	3%	2%	2%	2%	3%	3%	8%	5%	4%	3%	5%
Consumer discretionary	6%	6%	6%	6%	6%	9%	10%	12%	8%	9%	6%	9%	8%	4%	6%
Consumer durables		1%	1%	2%	2%	2%	3%	4%	4%	6%	7%	6%	4%	3%	5%
Consumer staples	7%	11%	10%	5%	7%	8%	4%	6%	4%	5%	1%	1%	1%	1%	3%
Energy	5%	5%	6%	4%	6%	9%	5%	3%	4%	6%	5%	9%	8%	5%	4%
Engineering	4%	3%	2%	0%	2%	1%	2%	2%	2%	2%	3%	3%	2%	1%	1%
Healthcare	15%	11%	14%	14%	12%	15%	13%	12%	9%	14%	9%	10%	11%	11%	8%
Industrials	5%	4%	2%	4%	5%	4%	5%	4%	1%	2%	2%	2%	4%	9%	8%
Information technology	3%	3%	5%	3%	3%	3%	4%	4%	5%	5%	5%	8%	7%	7%	9%
Logistics/Infrastructure	4%	3%	3%	7%	5%	6%	6%	6%	1%		2%	1%	1%	3%	2%
Media	1%	2%	2%	1%	1%	1%	2%	2%	1%	1%	2%	2%	1%	1%	0%
Metal		1%	2%	5%	3%	6%	4%	6%	3%	2%	3%	3%	3%	2%	3%
New age	1%	0%		1%	1%	2%	2%	2%	2%	3%	2%	3%	4%	3%	5%
Power	6%	5%	5%	5%	3%	3%	4%	2%	4%	4%	3%	6%	5%	6%	2%
Real estate	3%	3%	2%	1%	2%	1%	1%	2%	1%	2%	3%	3%	2%	5%	4%
Telecom	2%	3%	3%	3%	3%	1%	3%	1%	1%	0%	1%	2%	2%	4%	3%

Stock level latest P/B to avg P/B (Free float market cap weighted)

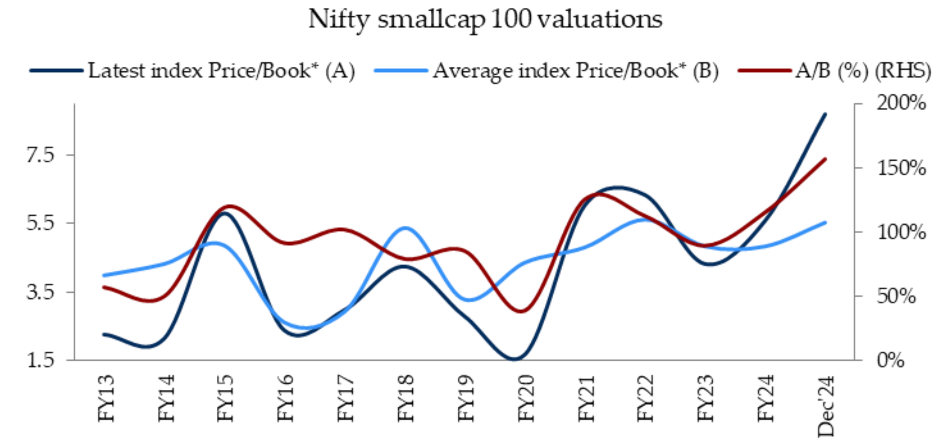
Sectors	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Dec'24
Agriculture	72%	55%	41%	64%	42%				108%	93%	56%	98%	85%	124%	190%
Automobiles	93%	85%	79%	106%	220%	173%	122%	127%	100%	69%	113%	108%	109%	127%	137%
BFSI	87%	74%	72%	74%	93%	87%	81%	76%	93%	55%	93%	68%	70%	148%	207%
Cement & building materials	96%	110%	101%	99%	144%	154%	158%	142%	135%	75%	150%	140%	119%	154%	135%
Chemicals	157%	131%	128%	127%	199%	202%	199%	173%	134%	120%	225%	225%	181%	105%	155%
Consumer discretionary	100%	93%	91%	138%	145%	123%	169%	148%	115%	82%	149%	206%	160%	153%	233%
Consumer durables		49%	124%	133%	176%	130%	134%	130%	105%	77%	129%	116%	81%	140%	259%
Consumer staples	79%	99%	101%	83%	126%	106%	160%	120%	93%	49%	71%	77%	164%	222%	164%
Energy	92%	84%	72%	71%	106%	103%	102%	113%	96%	86%	260%	190%	64%	94%	113%
Engineering	89%	59%	48%	53%	136%	127%	168%	145%	86%	54%	102%	127%	119%	120%	113%
Healthcare	88%	83%	112%	118%	130%	106%	114%	102%	88%	94%	122%	109%	76%	99%	137%
Industrials	99%	90%	98%	120%	142%	63%	54%	71%	71%	23%	68%	93%	213%	238%	376%
Information technology	70%	69%	69%	78%	164%	133%	116%	103%	100%	452%	170%	288%	161%	176%	314%
Logistics/Infrastructure	66%	54%	45%	69%	83%	78%	84%	91%	326%		256%	118%	96%	95%	117%
Media	89%	-26%	2%	67%	78%	65%	98%	87%	52%	33%	35%	44%	34%	37%	
Metal		81%	64%	107%	42%	72%	85%	111%	60%	25%	72%	105%	92%	152%	213%
New age	17%	9%		116%	76%	60%	81%	75%	105%	139%	76%	96%	71%	87%	150%
Power	66%	60%	57%	80%	87%	66%	100%	102%	60%	51%	82%	158%	97%	236%	236%
Real estate	54%	26%	28%	18%	50%	45%	93%	104%	98%	58%	82%	110%	79%	126%	200%
Telecom	147%	159%	123%	199%	327%	-126%	137%	510%	128%	34%	-34%	36%	15%	46%	69%

Outlier stocks of the index

Top 10 Most expensive stocks	Latest P/B as a % of historical average P/B
BSE Ltd	750%
Rail Vikas Nigam Ltd	534%
CG Power and Industrial Solutions Ltd	480%
Cochin Shipyard Ltd	472%
Mazagon Dock Shipbuilders Ltd	463%
Persistent Systems Ltd	452%
Coforge Ltd	416%
Indian Overseas Bank	396%
Hindustan Zinc Ltd	358%
Solar Industries India Ltd	341%

Top 10 least expensive stocks	Latest P/B as a % of historical average P/B
Vodafone Idea Ltd	-24%
Bandhan Bank Ltd	34%
Biocon Ltd	40%
SBI Cards and Payment Services Ltd	43%
UPL Ltd	48%
LIC Housing Finance Ltd	52%
Tata Communications Ltd	53%
AU Small Finance Bank Ltd	56%
Yes Bank Ltd	62%
Indraprastha Gas Ltd	65%

Nifty Smallcap 100



Valuation table

FY	Latest index Price/Book* (A)	Average index Price/Book* (B)	A/B (%) (RHS)	Weighted avg of stock level latest P/B to avg P/B	% of stocks above average valuation
FY13	2.3	4.0	57%	79%	13%
FY14	2.1	4.3	50%	76%	17%
FY15	5.8	4.9	119%	131%	35%
FY16	2.4	2.6	91%	100%	22%
FY17	3.0	2.9	102%	117%	41%
FY18	4.2	5.4	79%	129%	41%
FY19	2.8	3.3	85%	101%	45%
FY20	1.7	4.4	39%	63%	8%
FY21	6.0	4.8	125%	149%	55%
FY22	6.3	5.6	113%	148%	58%
FY23	4.3	4.8	89%	107%	37%
FY24	5.6	4.8	115%	146%	63%
Dec'24	8.7	5.5	157%	202%	70%

*Index Price to book is free float market cap weighted

Sectoral weightage historical movement

Sectors	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Dec'24
Agriculture	6%	4%	6%	11%	10%	8%	8%	8%	6%	6%	7%	1%	1%
Automobiles	5%	5%	4%	4%	2%	3%	2%	3%	1%	1%	3%	6%	3%
BFSI	18%	19%	19%	22%	18%	14%	21%	19%	14%	23%	24%	26%	23%
Cement & building materials	2%	3%	4%	3%	2%	6%	5%	8%	7%	3%	2%		1%
Chemicals	2%	2%	6%	3%	2%	4%	4%	5%	5%	7%	3%	5%	3%
Consumer discretionary	10%	8%	7%	5%	11%	13%	10%	9%	7%	10%	7%	4%	4%
Consumer durables	3%	3%	3%	4%	4%	3%	1%	3%	5%	4%	4%	8%	10%
Consumer staples	2%	1%	2%	1%	4%	3%	1%	1%	0%		2%	2%	0%
Energy	4%	3%	1%	1%	4%	4%	1%	0%		1%	1%	3%	3%
Engineering	2%	1%	2%	1%	3%	0%	2%	4%	3%	2%	2%	4%	4%
Healthcare	3%	9%	12%	6%	7%	10%	8%	7%	6%	3%	8%	7%	9%
Industrials	2%	2%	2%	2%	2%	2%	3%	2%	3%	1%	5%	3%	6%
Information technology	9%	5%	7%	11%	6%	8%	9%	8%	7%	13%	8%	10%	8%
Logistics/Infrastructure	8%	5%	5%	6%	9%	8%	9%	8%	7%	3%	3%	6%	8%
Media	4%	1%	2%	3%			3%	4%	2%	3%	3%	1%	2%
Metal	5%	4%	3%	3%	4%	3%	2%	2%	9%	5%	6%	5%	4%
New age	1%	2%	2%	2%	2%	1%	3%	4%	8%	7%	6%	3%	2%
Power	5%	7%	3%	3%	3%	2%	3%	0%	3%	2%	4%	2%	4%
Real estate	5%	9%	4%	4%	4%	3%	3%	3%	0%	3%		1%	3%
Telecom	1%	1%	1%	1%	3%	2%	0%	0%	1%	2%	2%	2%	2%

Stock level latest P/B to avg P/B (Free float market cap weighted)

Sectors	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Dec'24
Agriculture	59%	69%	78%	81%	115%	116%	86%	50%	79%	156%	75%	118%	147%
Automobiles	101%	137%	157%	153%	121%	131%	119%	79%	126%	42%	40%	197%	175%
BFSI	78%	71%	88%	55%	89%	78%	77%	50%	98%	113%	90%	123%	204%
Cement & building materials	132%	100%	287%	92%	161%	100%	88%	74%	110%	85%	127%		108%
Chemicals	77%	115%	328%	248%	98%	285%	133%	97%	237%	172%	169%	200%	126%
Consumer discretionary	104%	77%	76%	76%	140%	109%	136%	47%	122%	114%	138%	174%	237%
Consumer durables	68%	80%	98%	80%	145%	129%	155%	80%	172%	190%	180%	137%	192%
Consumer staples	99%	57%	460%	43%	137%	68%	91%	70%	59%		69%	130%	150%
Energy	110%	57%	24%	93%	112%	377%	83%	59%		53%	61%	82%	85%
Engineering	48%	52%	194%	98%	185%	174%	106%	75%	109%	167%	138%	162%	416%
Healthcare	44%	84%	146%	317%	201%	120%	79%	97%	109%	143%	79%	97%	130%
Industrials	55%	80%	108%	88%	114%	117%	115%	61%	152%	76%	210%	225%	303%
Information technology	94%	128%	164%	143%	150%	176%	131%	73%	194%	231%	160%	205%	213%
Logistics/Infrastructure	44%	40%	69%	26%	56%	151%	127%	48%	97%	104%	95%	145%	225%
Media	145%	72%	58%	67%			105%	77%	80%	158%	43%	32%	26%
Metal	62%	63%	55%	46%	75%	89%	66%	40%	163%	104%	106%	134%	171%
New age	50%	83%	103%	73%	54%	28%	27%	39%	352%	279%	72%	86%	87%
Power	46%	48%	54%	57%	72%	73%	76%	-7%	136%	-55%	82%	98%	173%
Real estate	65%	61%	69%	59%	86%	65%	114%	58%	39%	223%		320%	443%
Telecom	47%	50%	67%	63%	174%	73%	264%	119%	100%	119%	103%	114%	135%

Outlier stocks of the index

Top 10 Most expensive stocks	Latest P/B as a % of historical average P/B
HBL Engineering Ltd	761%
ITI Ltd	633%
JBM Auto Ltd	514%
Aditya Birla Real Estate Ltd	497%
Action Construction Equipment Ltd	496%
Multi Commodity Exchange of India Ltd	495%
Inox Wind Ltd	488%
Brigade Enterprises Ltd	480%
Apar Industries Ltd	455%
Firstsource Solutions Ltd	450%

Top 10 least expensive stocks	Latest P/B as a % of historical average P/B
Tata Teleservices (Maharashtra) Ltd	-11%
Zee Entertainment Enterprises Ltd	21%
RBL Bank Ltd	29%
PVR INOX Ltd	33%
Indiamart Intermesh Ltd	39%
Happiest Minds Technologies Ltd	40%
Castrol India Ltd	45%
Affle (India) Ltd	48%
HFCL Ltd	51%
Crompton Greaves Consumer Electricals Ltd	55%

Disclosure:

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