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The Eagle Eye

November 2023

GLOBAL MARKETS

- ❖ Most global markets turned weak in Oct'23; Russia up 7% MoM
- ❖ MSCI India's outperformance continues since Jan'22, despite the ongoing global volatility

DOMESTIC MARKETS

- ❖ Real estate gains, while PSU Banks fall notably in Oct'23; Real Estate/Auto top gainers in CY23YTD
- ❖ Mid and smallcap continue to outperform Nifty50, despite sharp corrections from the highs
- ❖ About 68% of Nifty constituents end lower in Oct'23
- ❖ Only 19% of BSE-200 constituents end higher during the month

FLows AND VOLUMES

- ❖ FIi flows weaken; DIi flows intensify during the month to 7-months high
- ❖ Average daily cash volumes moderated in Oct'23
- ❖ Monthly average F&O volume moderated in Oct'23 after hitting all-time high in Sep'23.

NOTABLE PUBLISHED REPORTS

- ❖ Electronics Manufacturing Service Industry: Transforming Dreams into Devices
- ❖ Adani ports: INITIATING COVERAGE: Sailing toward new horizons
- ❖ 2QFY24 Interim review – Heavyweights in charge; Nifty EPS estimates stable

MULTI-YEAR HIGHS AND LOWS

- ❖ The 10-year yield spread between India and the US at a 17-year low
- ❖ Globally, interest rates at multi-year highs
- ❖ Fed fund rates at multi-year high; US 10-year bond yields spike sharply

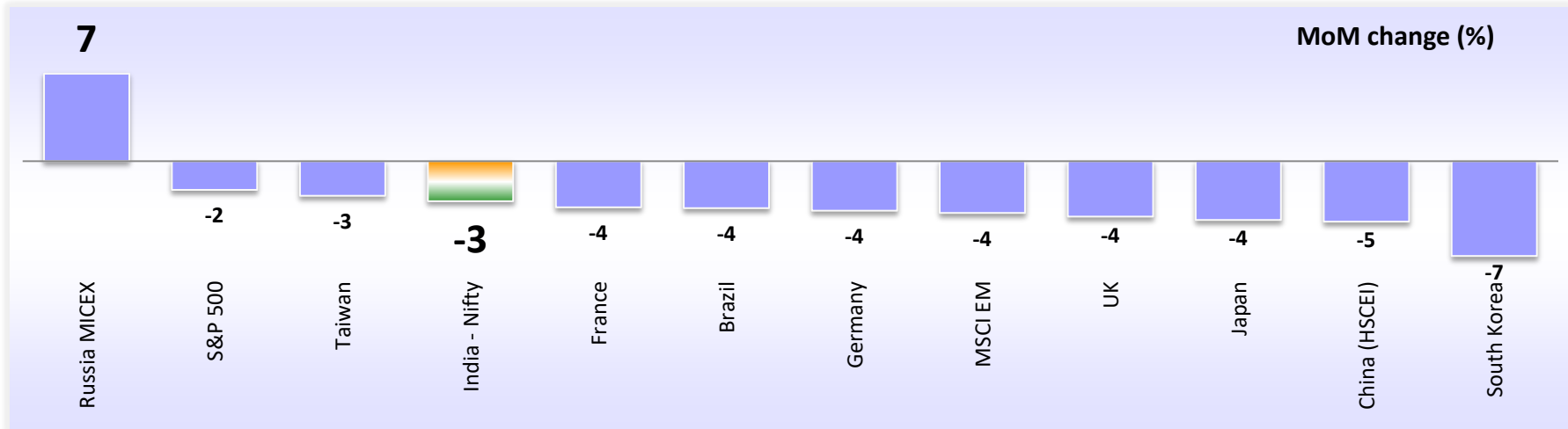
VALUATIONS

- ❖ Nifty's 12-month forward P/E has been at 17.8x, trading below its LPA of 18.4x.
- ❖ At 2.8x, the 12-month forward P/B has been at a premium of ~7% to the Nifty's historical average of 2.6x.
- ❖ The 10-year G-Sec yield stands at 7.4%; EY/BY near its long-term average.

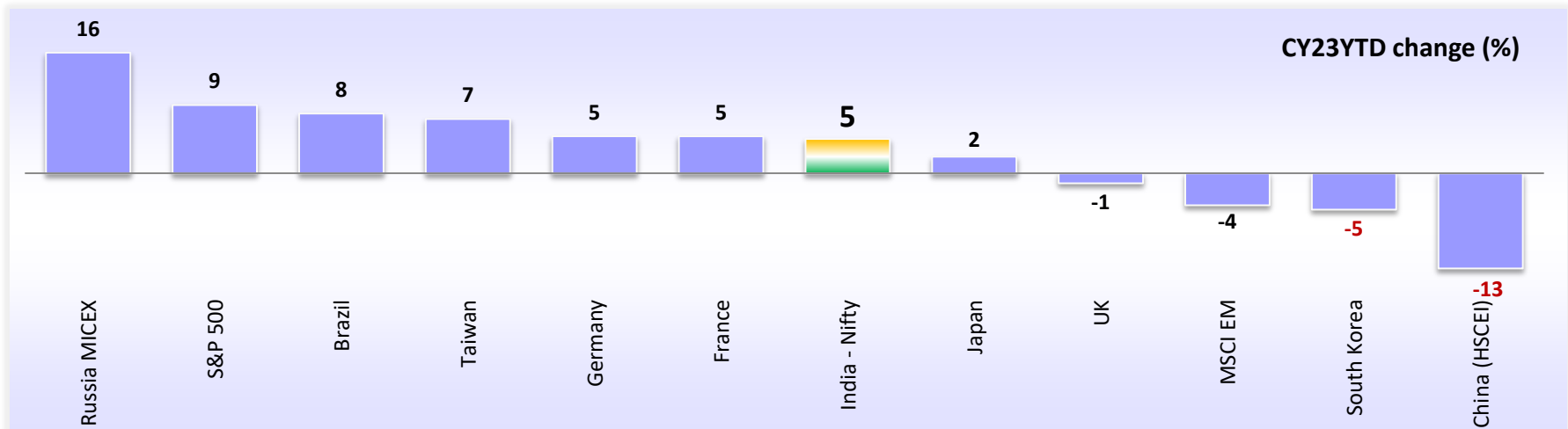
CONTENTS

Most global markets turned weak in Oct'23; Russia up 7% MoM

World equity indices (MoM) in USD terms (%)

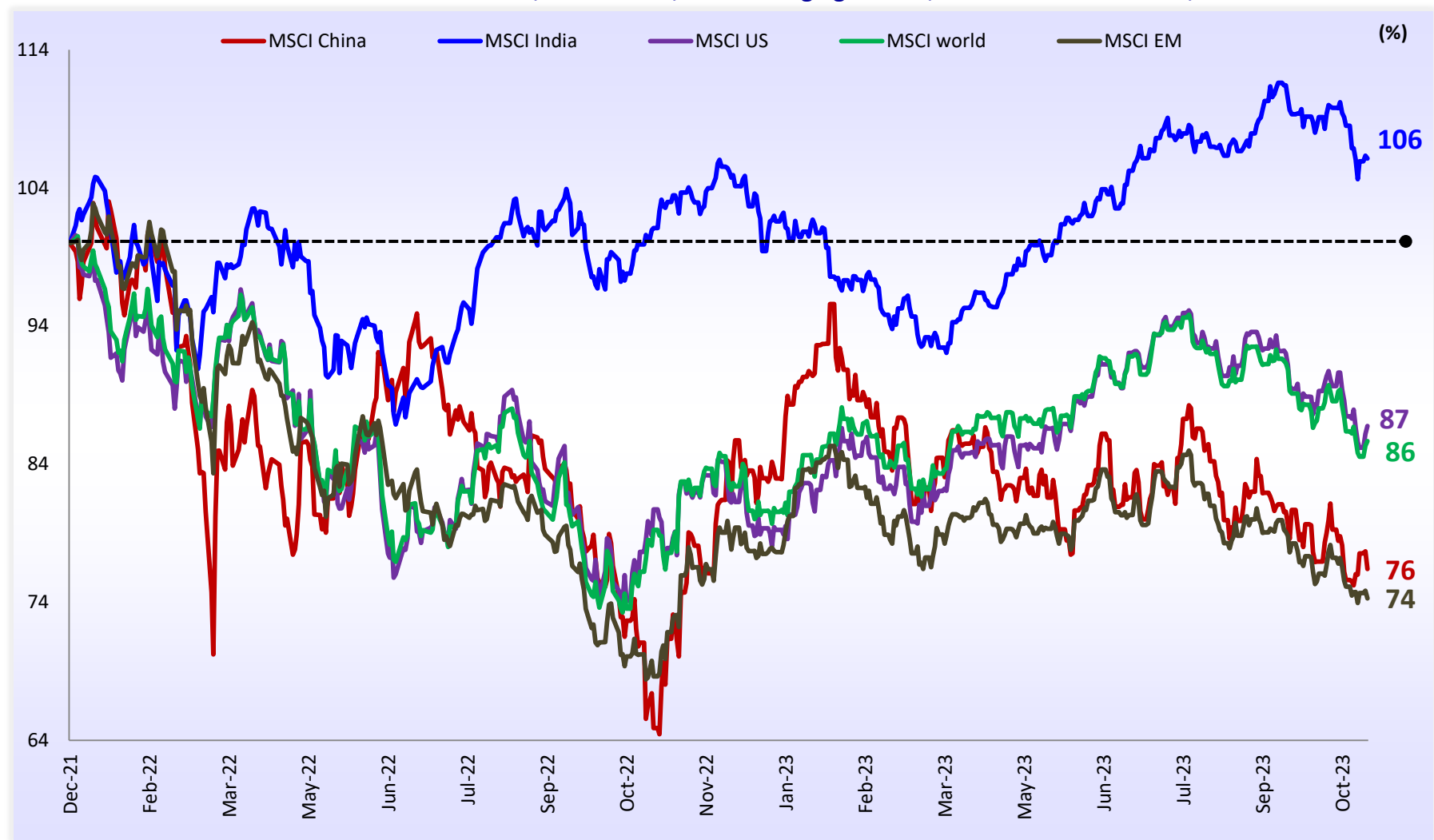


CY23YTD performance of global equity indices in USD terms (%)



MSCI India's outperformance continues since Jan'22 despite the ongoing global volatility

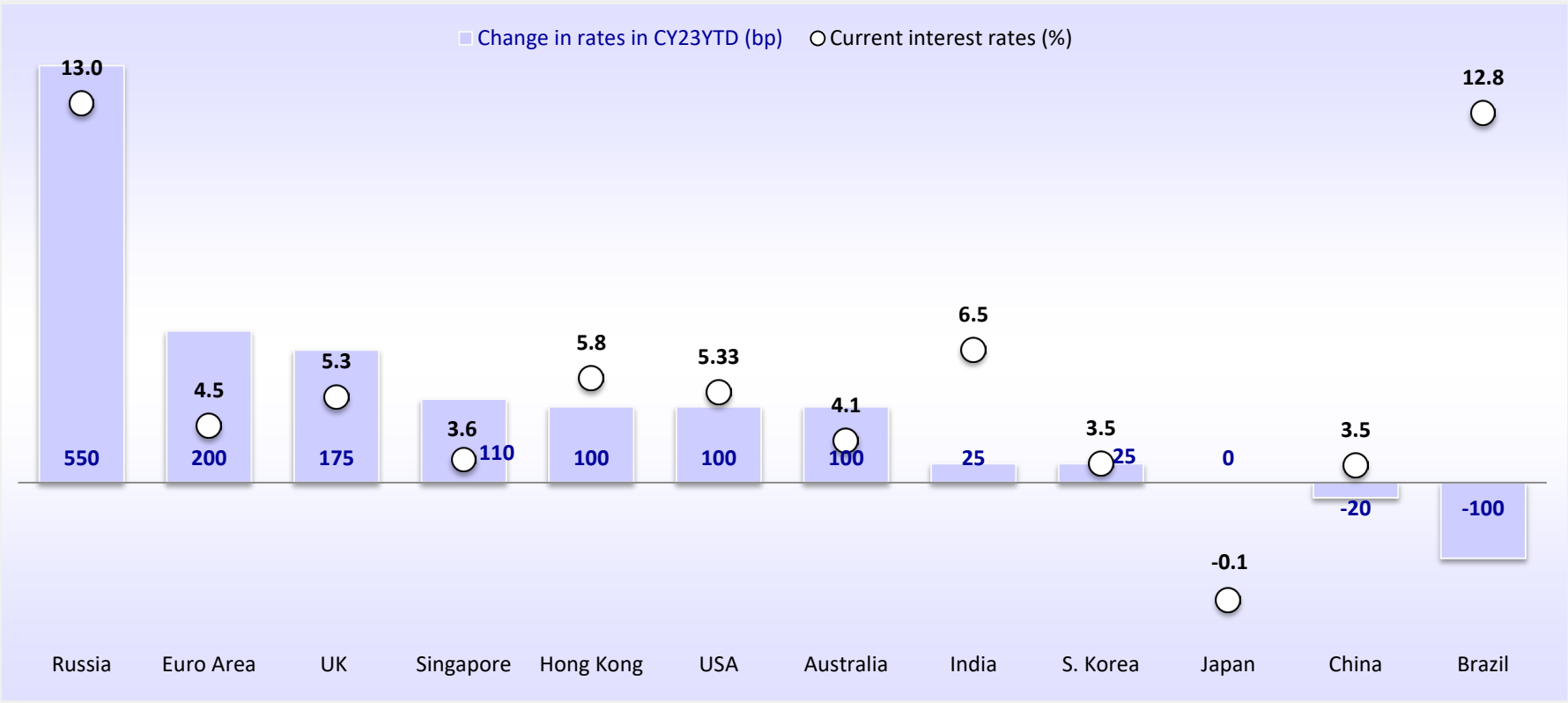
Performance of the MSCI India index vs. MSCI US, MSCI World, MSCI Emerging Market, and MSCI China Indices, in USD terms



*Indices rebased to 100

Globally, interest rates at multi-year highs

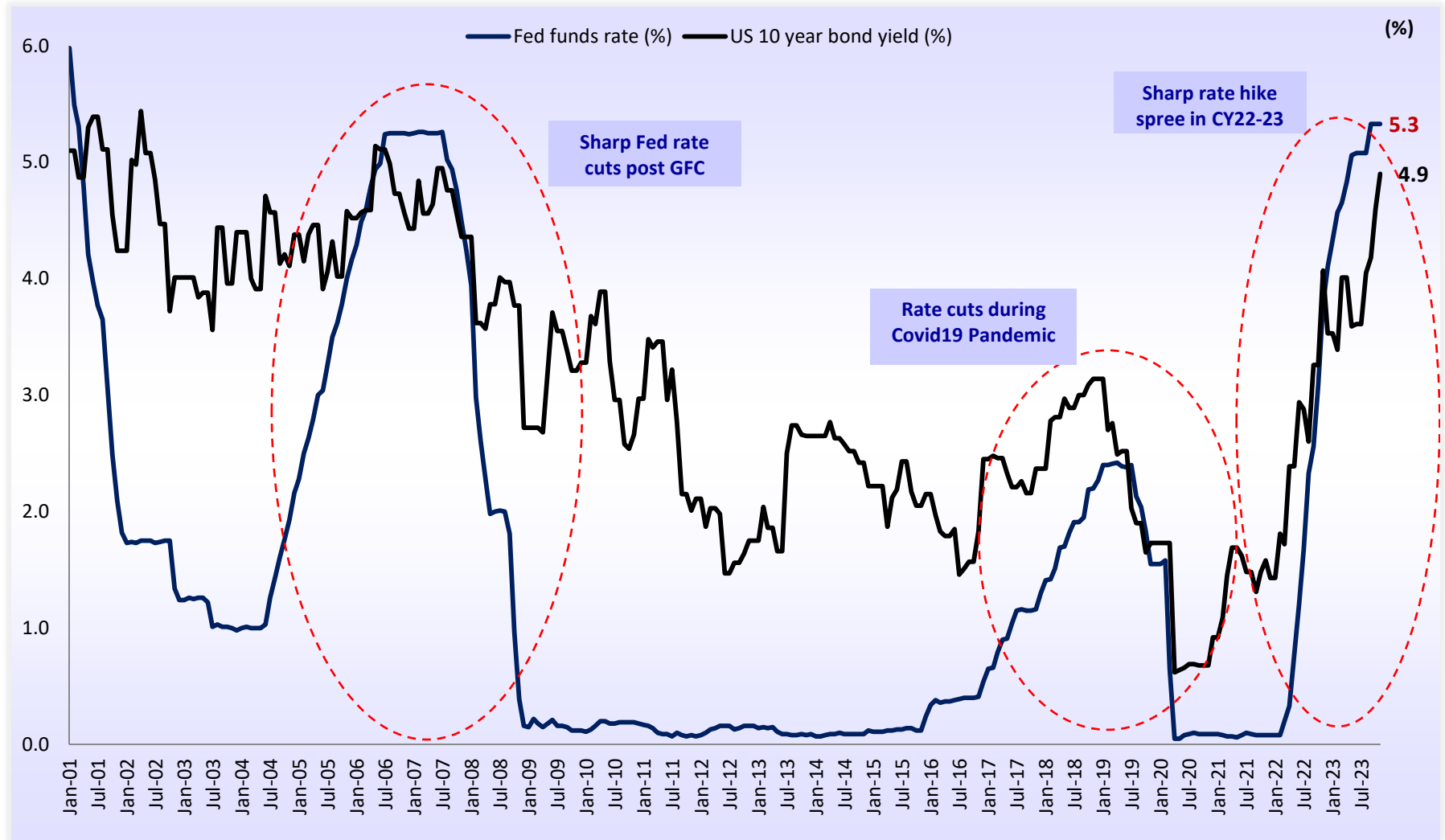
Russia, Euro Area, and the UK saw the sharpest rate hikes, whereas Brazil and China saw marginal rate cuts in CY23YTD



Source: BIS, CEIC, MOFSL

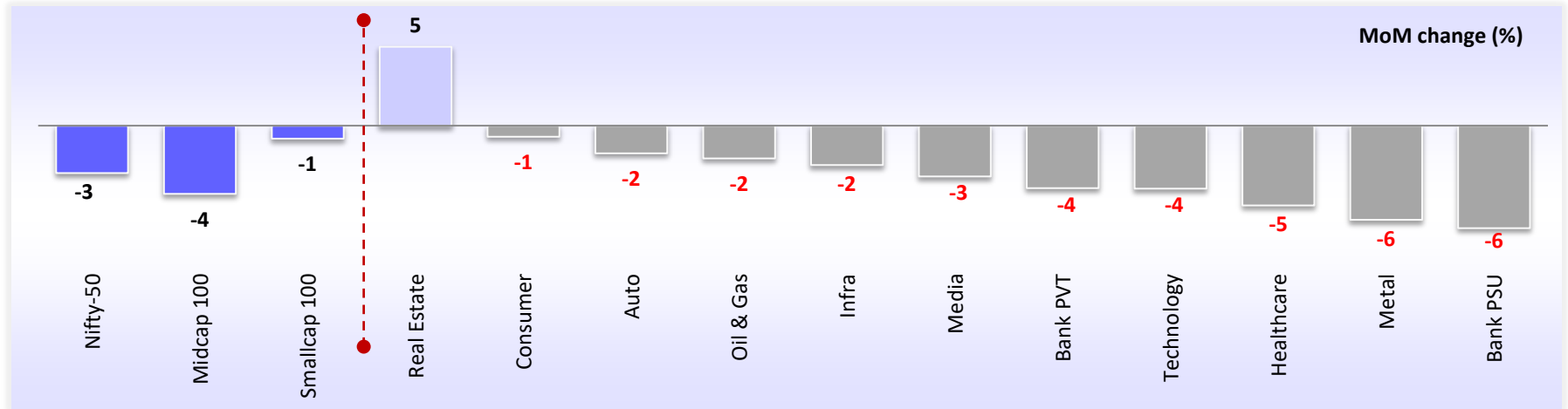
Fed fund rates at multi-year high; US 10-year bond yields spike sharply

US 10-yr bond yield spikes sharply

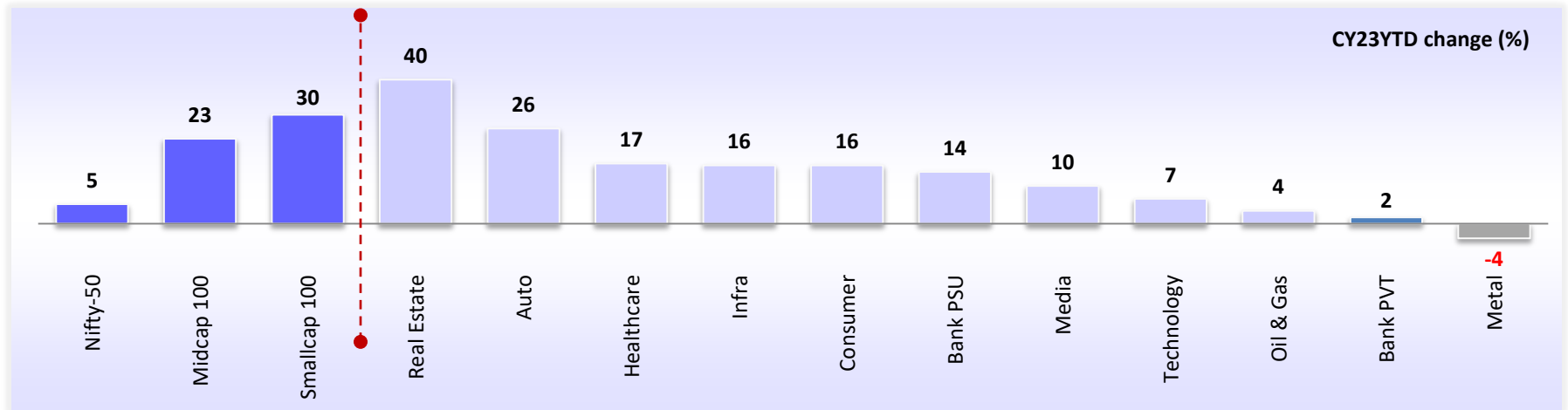


Real estate gains, while PSU Banks fall notably in Oct'23; Real Estate/Auto top gainers in CY23YTD

Sectoral performance MoM (%)

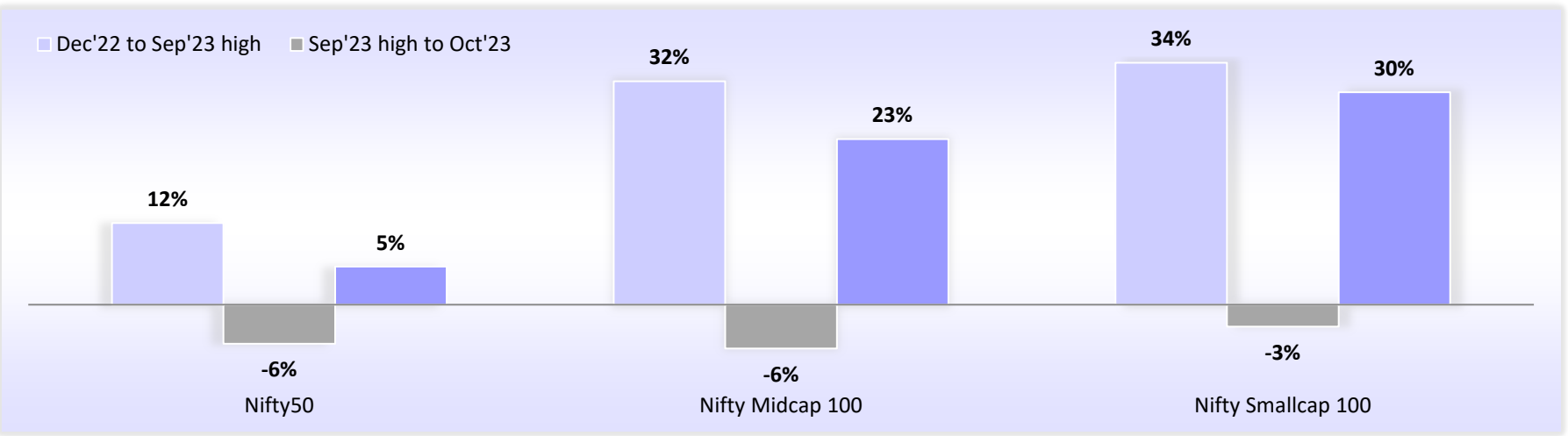


Sectoral performance CY23YTD (%): Real estate, auto, and healthcare the top gainers; global commodities the key laggards

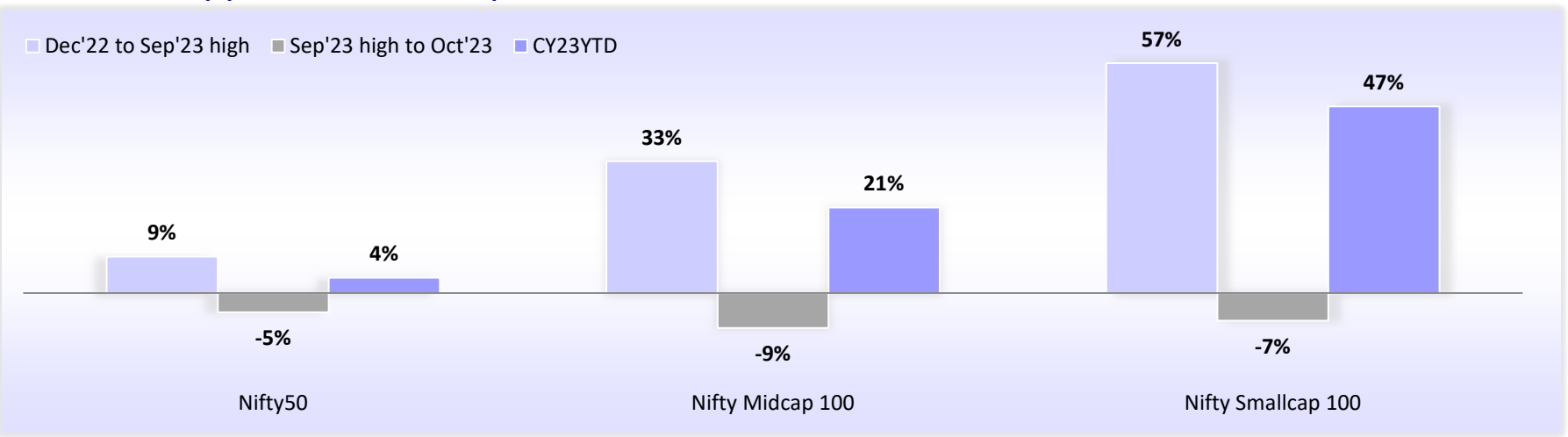


Mid and smallcap continue to outperform Nifty50, despite sharp correction from Sep'23 highs

Indices return in CY23YTD



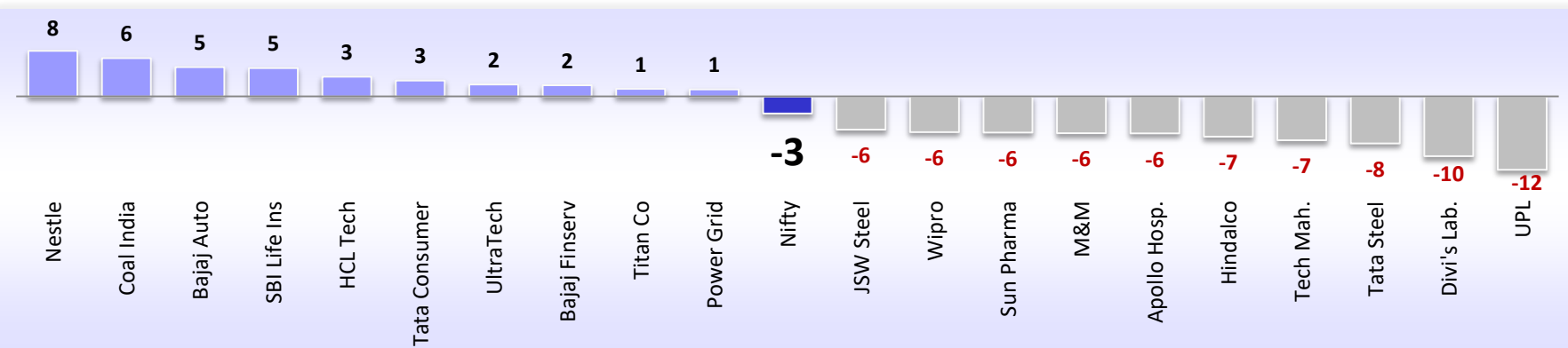
Indices market cap performance from the peak till date in CY23YTD



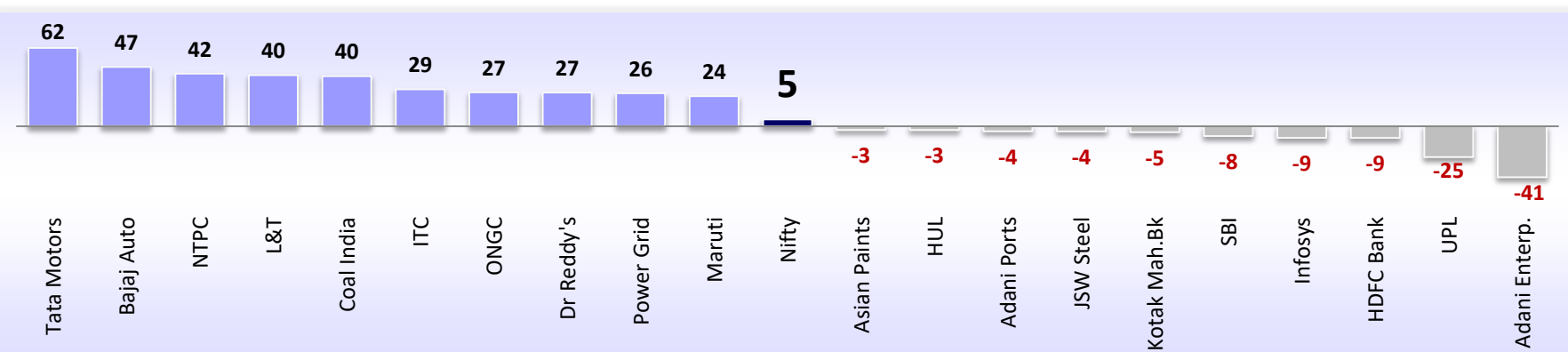
About 68% of Nifty constituents end lower in Oct'23

- ❖ Among Nifty constituents, 34 closed lower during the month and around 21 companies outperformed the benchmark.
- ❖ About 36 Nifty constituents are trading higher in CY23YTD. Tata Motors, NTPC, and L&T are the top gainers, while Adani Enterprises, UPL, and HDFC Bank are the key laggards.

Best and worst Nifty performers (MoM) in Oct'23 (%) – Nestle, Coal India, Bajaj Auto led the gainers pack; while UPL, Divis Labs, and TATA Steel were the laggards during the month



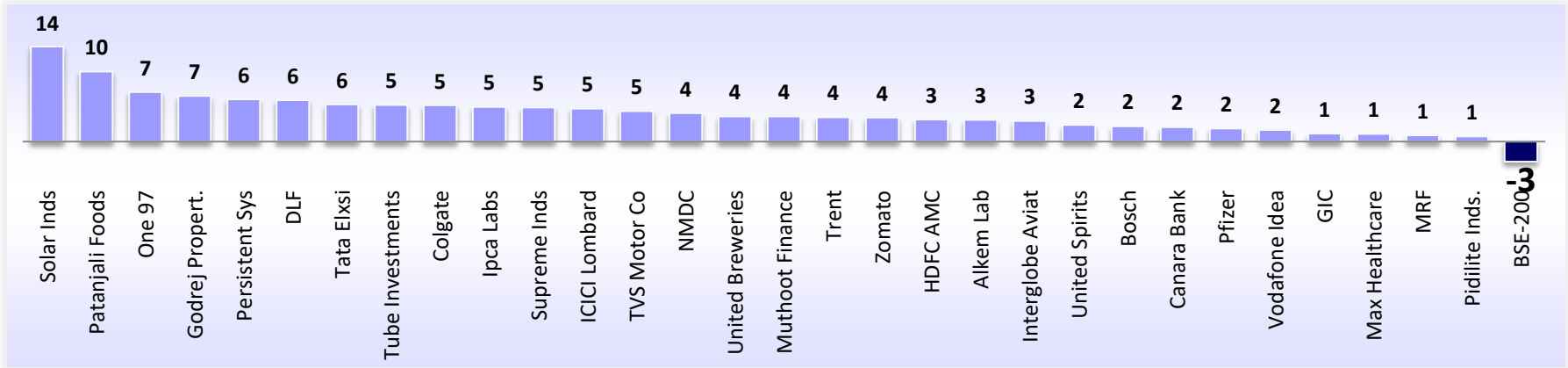
Best and worst Nifty performers CY23YTD (%) – Tata Motors, Bajaj Auto, and NTPC gained the most; while Adani Enterprises, UPL, and HDFC Bank were the key laggards



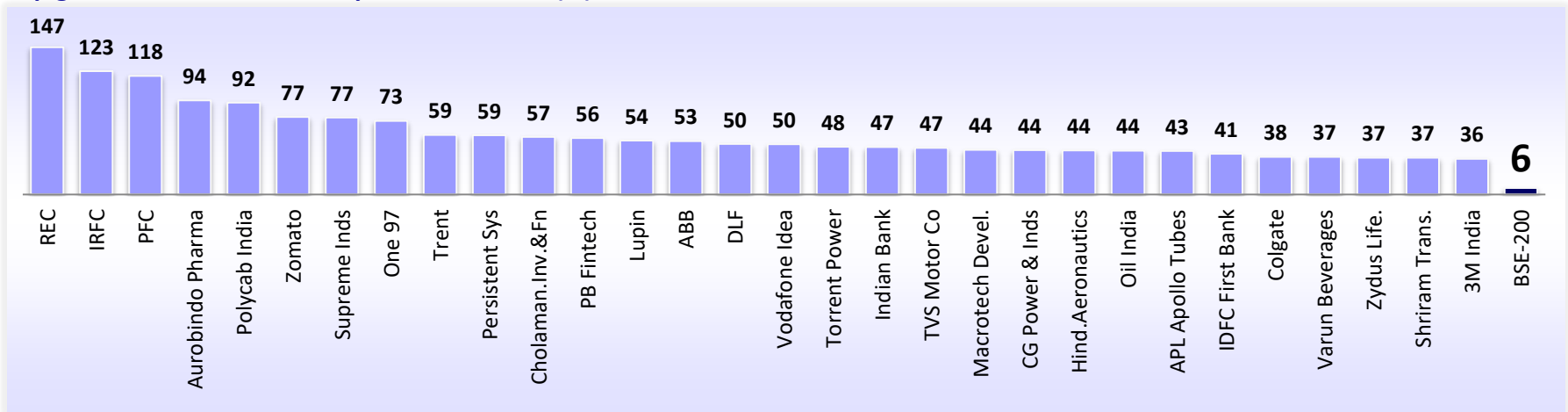
Only 19% of BSE-200 constituents end higher during the month

- ❖ Solar Industries, Patanjali Foods, One97 gained the most during the month.
- ❖ Around 56% of BSE-200 constituents are trading higher in CY23YTD. REC, IRFC, and PFC remain the top gainers.

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



Top gainers from the BSE-200 pack in CY23YTD (%)*

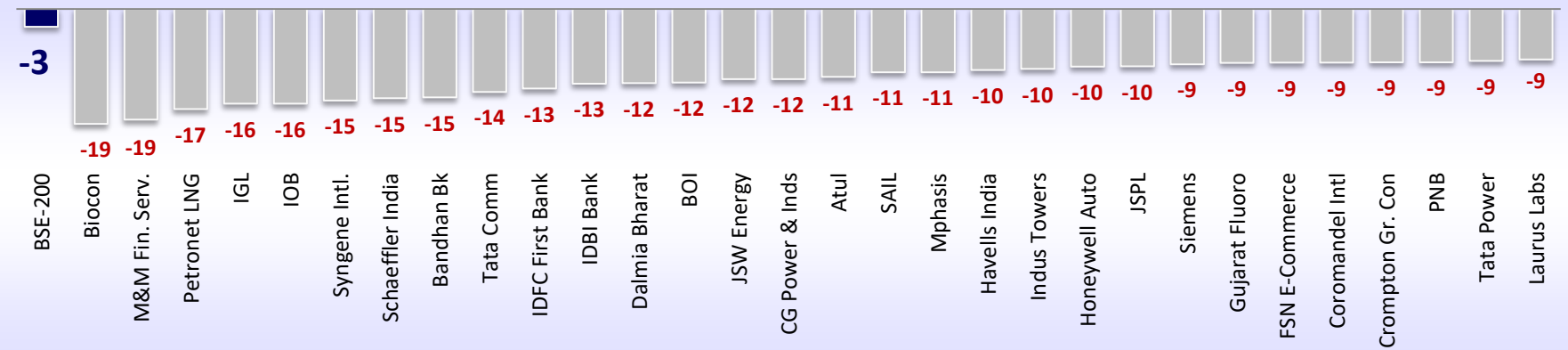


*List excludes Nifty constituents

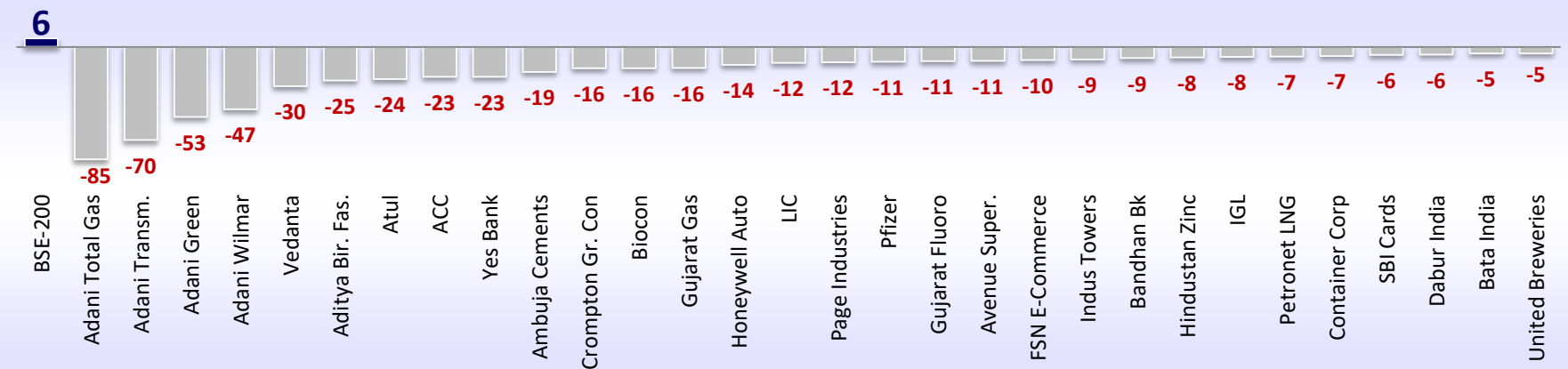
About 56% of the BSE-200 constituents end lower in the month

- ❖ Biocon, MMFSL, and Pertonet were the key laggards in Oct'23.
- ❖ About 26% of BSE-200 companies are trading lower in CY23YTD.

A few key laggards among BSE-200 constituents on a MoM basis (%)*



Key laggards among the BSE-200 constituents in CY23YTD (%)*



*List excludes Nifty constituents

NSE Indices: Valuation snapshot

- ❖ Nifty-50/Midcap/Smallcap indices grew ~5%/23/30% YTD. Mid and Smallcaps have outperformed Nifty-50 in CY23YTD vs. CY22.
- ❖ Among the key indices, Nifty Auto/FMCG have been the top performing indices (up 26%/16%) in CY23YTD. Technology and Global Cyclical have remained weak.
- ❖ Nifty trading near its LPA whereas other Nifty indices have been trading at a premium on 12-month forward basis.

Indices	Nifty50	Nifty Midcap 100	Nifty Smallcap 100	Nifty 500	Nifty Auto	Nifty BANK	Nifty FMCG	Nifty IT	Nifty Metal	Nifty Energy
Oct'23 closing	19,080	38,877	12,650	16,801	15,916	42,846	51,263	30,582	6,452	26,785
YTD change (%)	5.4	23.4	30.0	8.8	26.2	-0.3	16.1	6.8	-4.0	3.5
EPS (12 months fwd)	926	1,331	606	754	673	2,881	1,241	1,187	479	2,344
P/E (12 months fwd)	17.9	24.0	18.1	19.2	19.9	12.8	36.9	22.9	10.9	11.0
P/E (10 yr average)	17.6	20.4	15.4	18.6	18.0	17.0	32.3	19.7	10.2	11.0
P/B (12 months fwd)	2.6	3.2	2.7	2.8	3.4	1.8	9.7	6.4	1.4	1.5
P/B (10 yr average)	2.6	2.3	2.1	2.6	2.7	2.1	8.5	4.6	1.2	1.3
Price /Sales	2.4	2.0	1.9	2.2	1.8	2.7	8.4	3.6	0.8	0.8
RoE (%)	14.4	12.0	14.7	14.3	16.2	14.0	24.7	25.4	11.4	14.6
RoA (%)	3.6	-0.2	3.1	3.0	7.4	-	24.2	18.1	5.9	8.0
Dividend Yield (%)	1.5	1.0	1.1	1.3	1.1	1.0	1.9	2.7	3.3	2.8

Source: Bloomberg, MOFSL; As on 31st Oct'23 | LPA: Long period average i.e. 10 years average

BSE Indices: Valuation snapshot

- ❖ BSE Sensex, Midcap, and smallcap indices are up 5%/53%/25% in CY23YTD.
- ❖ BSE Capital Goods/Auto/Healthcare/PSU have been the top performing indices, gaining 37%/25%/22% in CY23YTD.
- ❖ Sensex trading near its LPA, whereas other key indices have been trading at a premium to their LPAs.

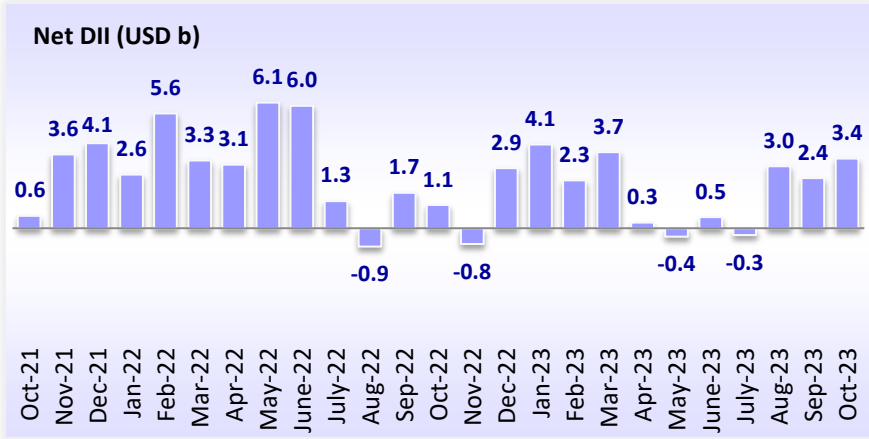
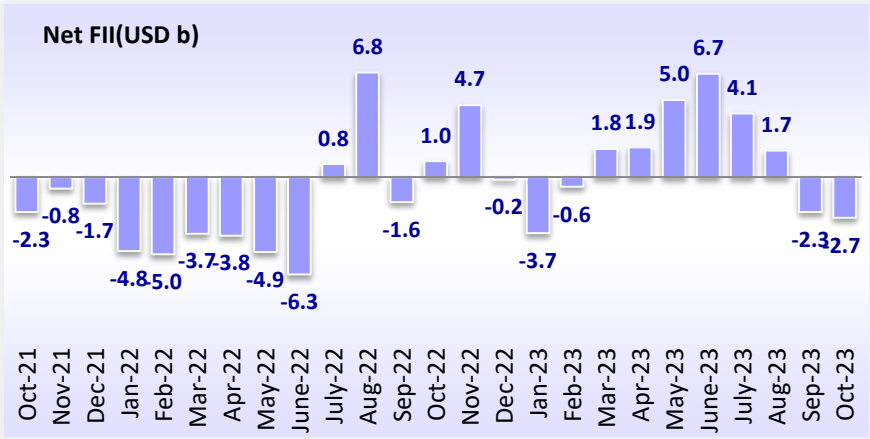
Indices	Sensex	BSE Midcap	S&P BSE250 Small cap Index	BSE 500	S&P BSE Auto	S&P BSE BANKEX	S&P BSE FMCG	S&P BSE IT	S&P BSE Oil&Gas	S&P BSE Metal	S&P BSE Capital Goods	S&P BSE Utilities	S&P BSE Healthcare	S&P BSE PSU
Oct'23 closing	63,875	31,245	4,903	26,605	36,172	48,448	18,518	31,060	18,233	22,239	45,784	3,578	27,272	12,234
YTD change (%)	5.0	23.4	25.2	8.1	25.1	-0.9	15.2	8.3	-10.7	6.6	37.3	-0.8	18.4	22.1
EPS (12 months fwd)	2,985	1,109	226	1,196	1,578	3,323	479	1,188	2,463	1,867	1,208	222	882	1,341
P/E (12 month fwd)	18.4	23.3	19.0	19.2	19.4	12.7	34.4	23.3	7.0	10.2	31.8	14.7	26.0	8.6
P/E (10 yr average)	18.1	21.7	16.7	18.3	18.5	15.8	30.9	19.6	9.5	9.8	23.6	12.0	23.5	9.7
P/B (12 month fwd)	2.7	3.2	2.8	2.8	3.2	1.8	8.0	6.7	1.0	1.5	5.1	1.8	3.7	1.3
P/B (10 yr average)	2.7	2.7	2.1	2.5	2.8	2.1	7.8	4.7	1.3	1.2	3.0	1.3	3.6	1.2
Price /Sales	2.9	2.0	1.9	2.2	1.8	2.5	6.0	3.7	0.3	0.8	3.2	2.1	4.3	0.7
RoE (%)	14.1	12.4	15.1	14.2	16.0	14.3	22.5	26.5	15.0	13.6	15.2	13.3	13.4	15.8
RoA (%)	3.2	-0.1	4.1	3.0	7.5	-	24.3	19.2	8.7	6.6	5.4	-	10.1	2.4
Dividend Yield (%)	1.4	1.0	1.1	1.3	1.1	0.9	1.9	2.6	2.8	4.5	0.8	2.5	0.7	3.1

Source: Bloomberg, MOFSL; As on 31st Oct'23 | LPA: Long period average i.e. 10 years average

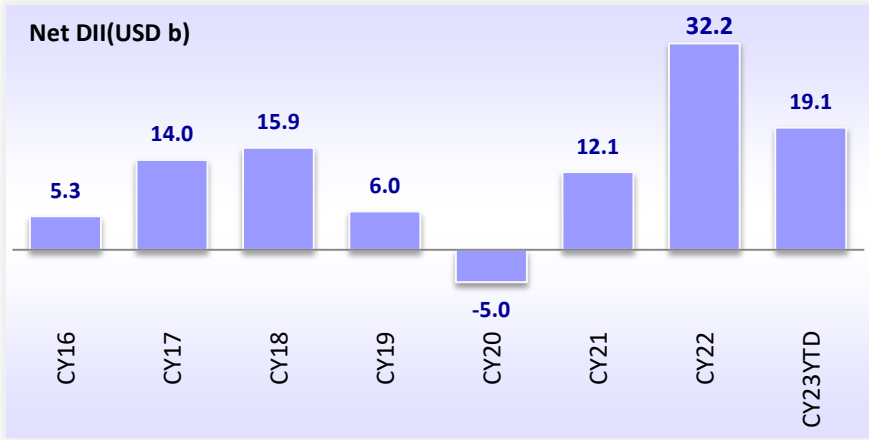
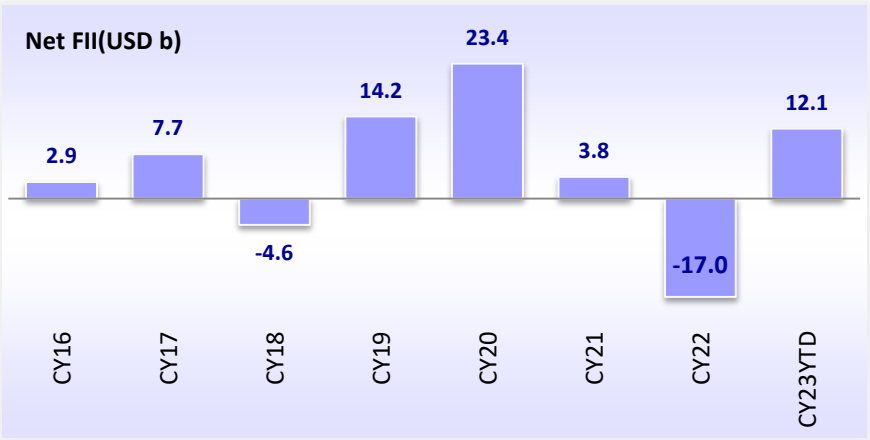
FII flows weaken, DII flows intensify during the month to 7-month high

- ❖ FII flows have weakened during the month with USD2.7b of outflows. Net FII inflows in CY23YTD stood at USD12.1b.
- ❖ DII flows continue to remain strong with inflows of USD3.4b. Net DII inflows in CY23YTD stood at USD19.1b.

Monthly institutional flows (USD b)

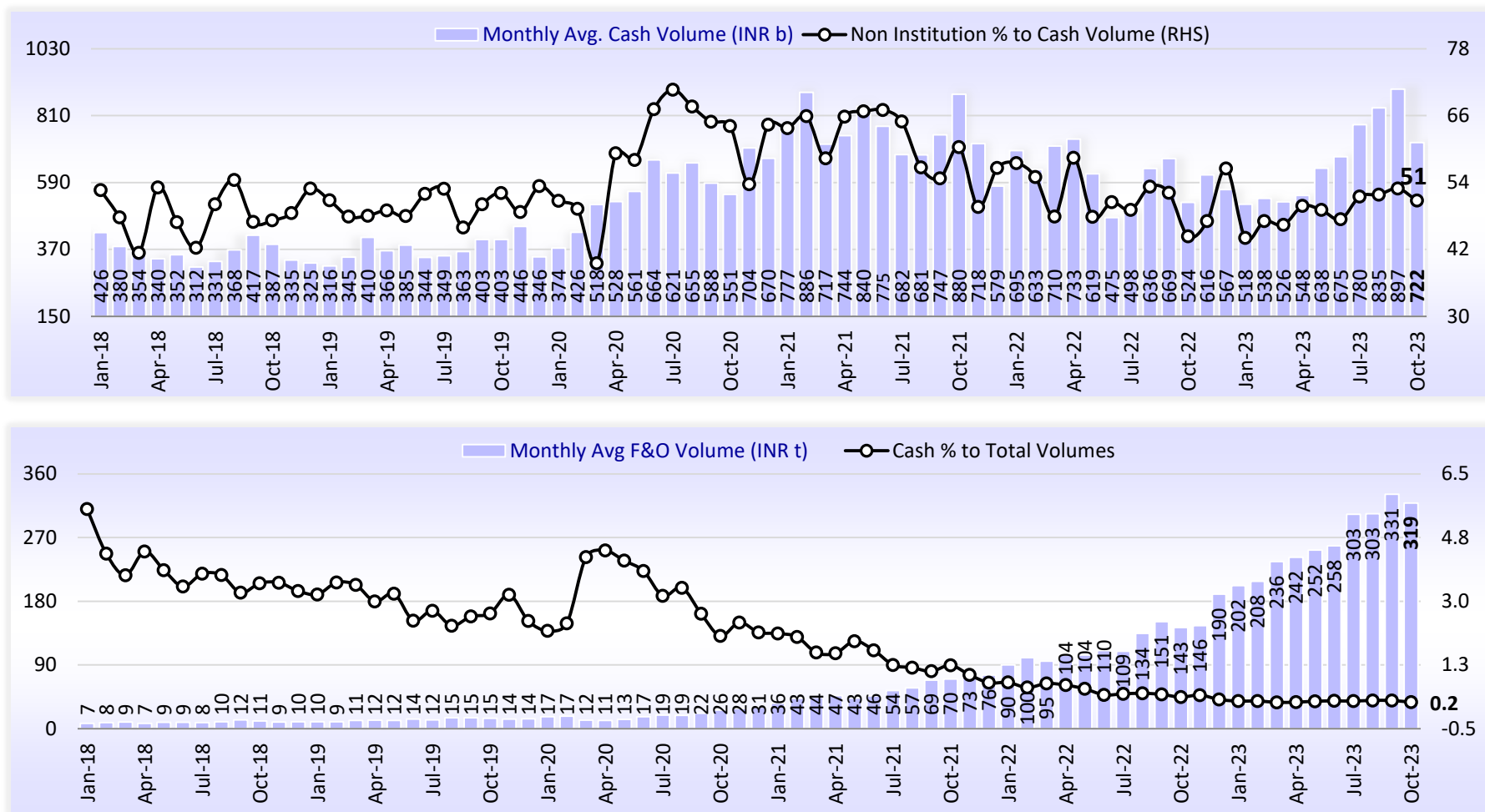


Yearly institutional flows (USD b)



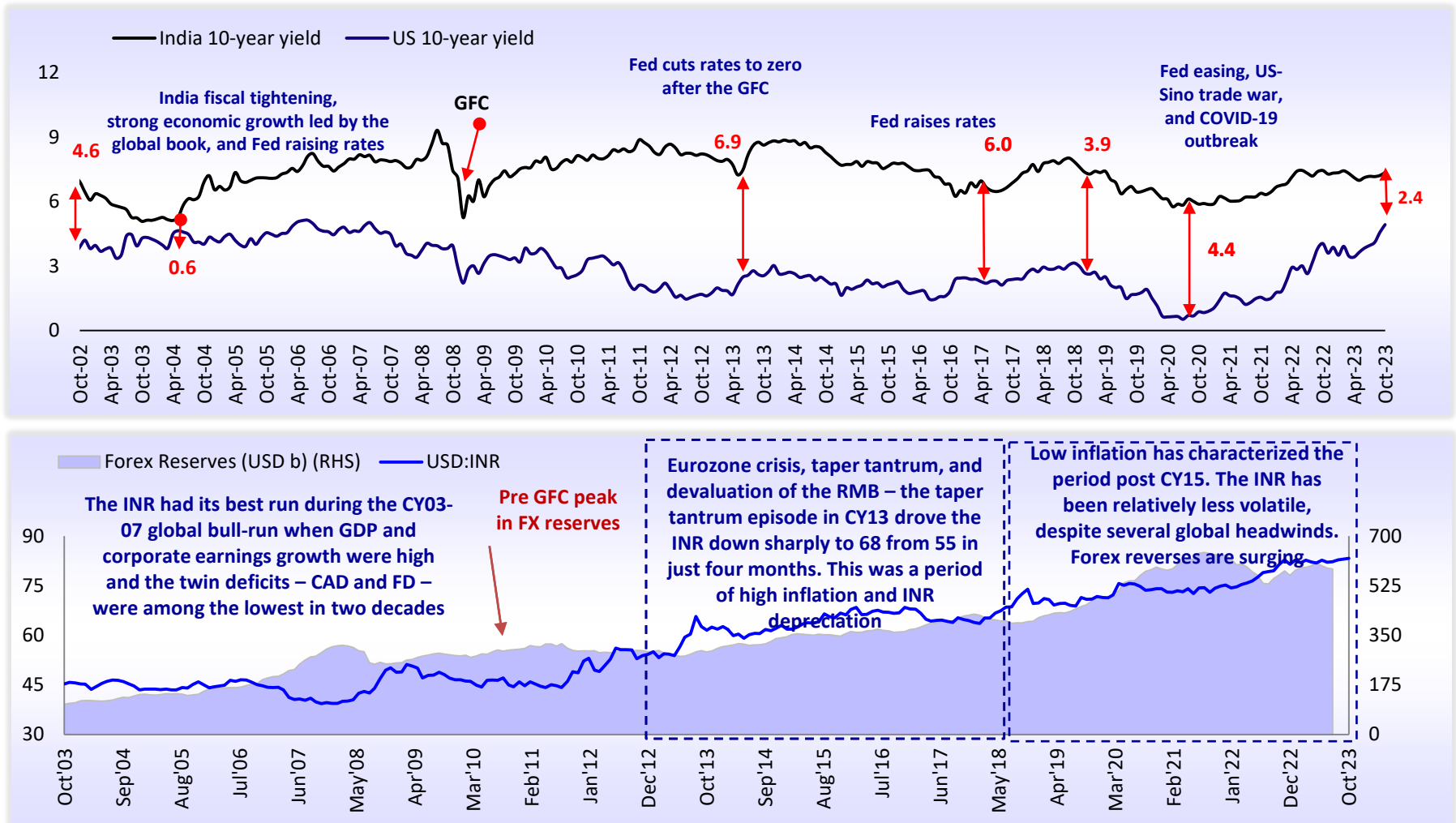
Average daily cash volumes moderated in Oct'23

- ❖ Average daily cash volumes fell 20% MoM to INR722b in Oct'23. Non-institutional participation accounted for 51% of the total cash volumes.
- ❖ The monthly average F&O volume reached new highs in Oct'23, following its all-time high in Sep'23.



The 10-year yield spread between India and the US at a 17-year low

- ❖ The Indian bond yield closed at 7.4% vs. the US bond yield of 4.9% in Oct'23. The yield spread has been at its lowest in Oct'23 vs. its previous low in Apr'06.
- ❖ On the currency front, INR depreciated 0.6% MoM against the USD. India's forex reserve decreased USD3.4b to USD584b; however, it was down ~USD59b from its peak in Oct'21.



Nifty composition: Consumer, Utilities, and Automobile witness marginal increase in weights; whereas Technology, Metals and Banks witness a decline MoM

- ❖ The weights of Consumer, Utilities, Cement, and Automobile weights have risen; whereas that of O&G and Technology have declined MoM.
- ❖ The weight of O&G declines due to ~160bp fall in the weightage of Reliance in CY23YTD.

Sector	Weightage in the Nifty (%)							
	Dec'04	Dec'08	Dec'12	Dec'20	Dec'21	Dec'22	Sept'23	Oct'23
Automobiles	6.7	2.5	8.8	5.4	5.0	5.3	6.2	6.3
Banks – Private	4.7	5.0	16.9	24.7	21.9	24.2	28.4	28.3
Banks – Public	5.8	5.4	4.7	1.8	2.3	2.9	2.7	2.6
NBFC + Insurance	2.1	2.3	7.9	12.3	11.4	10.6	4.9	4.9
Capital Goods	4.0	7.7	5.9	2.6	3.0	3.1	4.2	4.2
Cement	2.8	1.7	4.2	2.2	2.4	1.8	1.9	2.0
Consumer	7.8	6.5	12.3	10.4	9.4	10.3	10.9	11.1
Healthcare	6.3	2.6	5	3.6	3.4	3.8	4.1	4.0
Metals	8.2	4.8	3.8	2	2.9	2.9	2.9	2.8
Oil and Gas	27.1	24.5	12.3	12.5	12.3	12.1	10.5	10.5
Reliance	8.3	10.6	7.4	10.7	10.8	11.0	9.2	9.2
Telecom	6.3	11.6	2	2	2.1	2.5	2.7	2.8
Technology	14.5	9	11.4	16.3	19.1	14.0	13.8	13.6
Utilities	1.9	13.3	4.5	2.1	2.1	2.5	3.2	3.3
Miscellaneous	2.0	3.3	0.5	2.1	2.6	3.9	3.6	3.6
Nifty	100	100	100	100	100	100	100	100

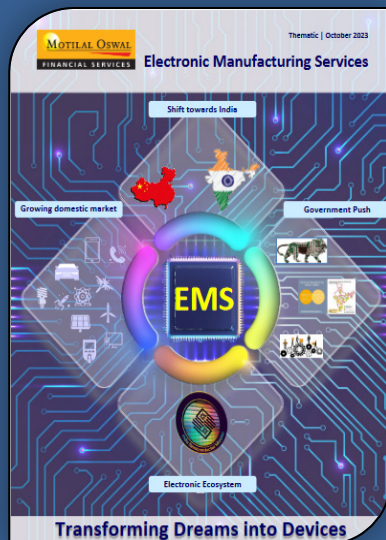
Weightage of Automobile, Capital Goods, Consumer and Utilities increased YTD

Consumer, Utilities, Cement, and IT saw marginal gains, while Technology and Metals saw a decline in weights in Oct'23

Weights of O&G and Technology declined 160bp and 35bp in CY23YTD

Note: Merger of HDFC Bank and HDFC Ltd. resulted in a sharp change in Pvt Banks and NBFCs sector weightage in Nifty-50

KEY REPORTS FROM MOFSL'S RESEARCH DESK



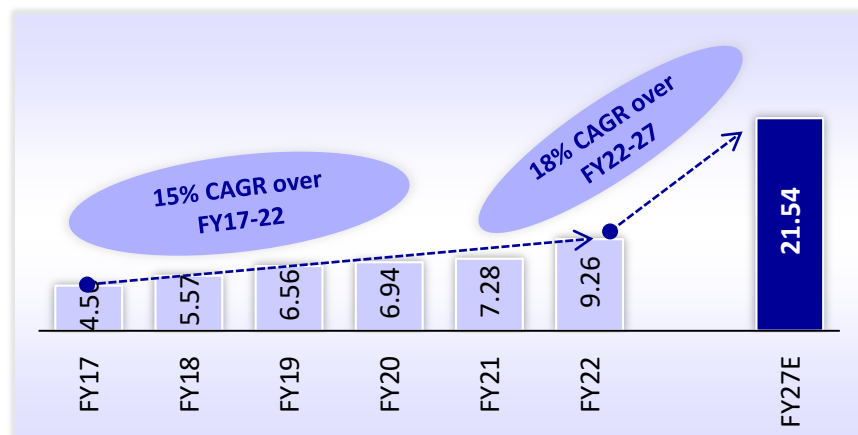
Electronics Manufacturing Service Industry: Transforming Dreams into Devices

Initiating coverage on Kaynes/Avalon/Syrma/Cyient DLM with a BUY rating; Data Patterns with a Neutral rating

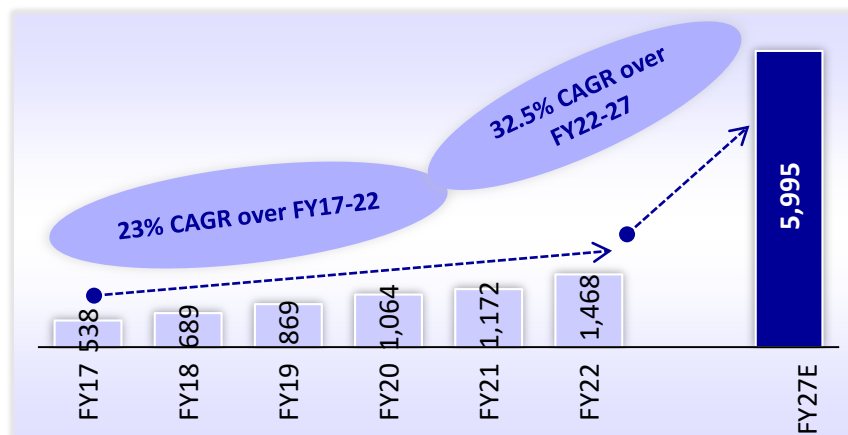
We believe these EMS companies are well placed to gain further market share and deliver robust earnings.

- ❖ **KAYNES:** It is a prominent end-to-end and IoT-enabled integrated electronics manufacturer with a strong order book growth (at 96% CAGR over FY20-23) and having a higher share of Box Build (~30% in FY23) and PCBA (62%). Its revenue/EBITDA/ Adj. PAT is estimated to report a robust CAGR of 37%/43%/52% over FY23-FY26. We initiate coverage on the stock with a BUY rating and a TP of INR3,100 (premised on 50x FY26E P/E).
- ❖ **AVALON:** It is one of the leading vertically integrated EMS players in India and the only Indian company with a full-fledged manufacturing facility in the US. It has the highest Box Build share (47%) within the industry and it is expected to further increase with recent order wins. Its revenue/EBITDA/Adj. PAT is estimated to clock a CAGR of 23%/27%/45% over FY23-FY26. We initiate coverage on the stock with a BUY rating and a TP of INR730 (premised on 30x FY26E P/E).
- ❖ **SYRMA:** It is a technology-focused engineering & design company serving diverse end-use industries such as automotive, healthcare, consumer products, Industrial, IT and Railways. Its revenue/EBITDA/ Adj. PAT would report a robust CAGR of 37%/45%/42% over FY23-FY26E. We initiate coverage on the stock with a BUY rating and a TP of INR775 (premised on 40x FY26E P/E).
- ❖ **CYIENTDL:** It is an integrated EMS company with a focus on the entire life cycle of a product. The company has over three decades of rich experience in developing high-mix, low-to-medium volume of highly complex systems and services. The company's strong parentage (promoter – Cyient Ltd) with global presence provides an edge over its peers. Its revenue/EBITDA/Adj. PAT are estimated to report a robust CAGR of 40%/46%/83% over FY23-FY26. We initiate coverage on the stock with a BUY rating and a TP of INR870 (premised on 35x FY26E P/E).
- ❖ **DATAPATT:** It is one of the fastest growing (~36% revenue CAGR over FY19-23) end-to-end integrated electronics solutions providers in the defense and aerospace sector with a wide presence across the spectrum (land, air, sea & space). Its revenue/EBITDA/Adj. PAT is estimated to report a robust CAGR of 33%/37%/40% over FY23-FY26. We initiate coverage on the stock with a Neutral rating and a TP of INR2,270 (premised on 37x FY26E P/E)

Indian Electronics market to touch INR21.5t by FY27 (INR t)



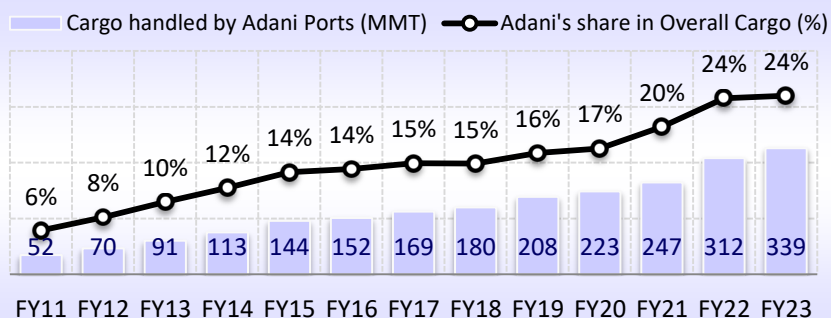
Indian EMS industry CAGR of 32.5% over FY22-27 (INR b)



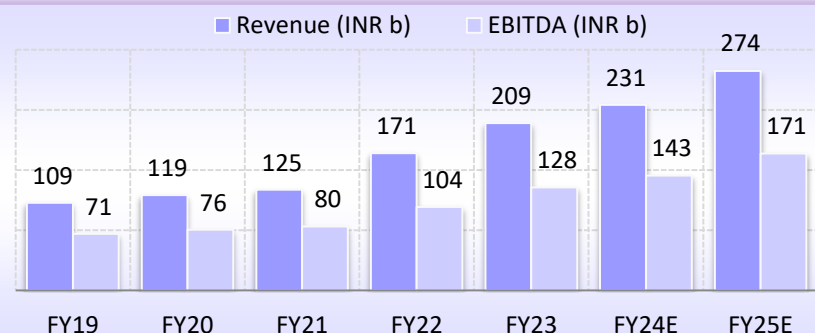
Adani ports: INITIATING COVERAGE: Sailing toward new horizons

- ❖ Adani Ports & SEZ (APSEZ) is India's largest private port operator with more than 24% market share in cargo handling. It has evolved from operating just two ports (Mundra and Dahej) in FY11 to a portfolio spanning 14 ports across India.
- ❖ Improved reach, strategic port locations, operational efficiencies, and a comprehensive range of integrated service offerings (logistics, SEZs, etc.) have contributed to APSEZ's volumes soaring to more than four times the levels recorded in FY11.
- ❖ With continued growth levers at its existing ports and an expanding portfolio, we expect APSEZ to strengthen its market dominance, achieving a 12% volume CAGR over FY23–25. This would, in turn, propel a corresponding 15% CAGR in both revenue and EBITDA.
- ❖ We initiate coverage on the stock with a BUY rating and a TP of INR1,010 (premised on 15x FY25E EV/EBITDA, in line with its historical average of 14x). The company's: a) market leadership in the ports segment, b) focus on value-added areas such as logistics, and c) focus on strategic acquisitions place it in a sweet spot.

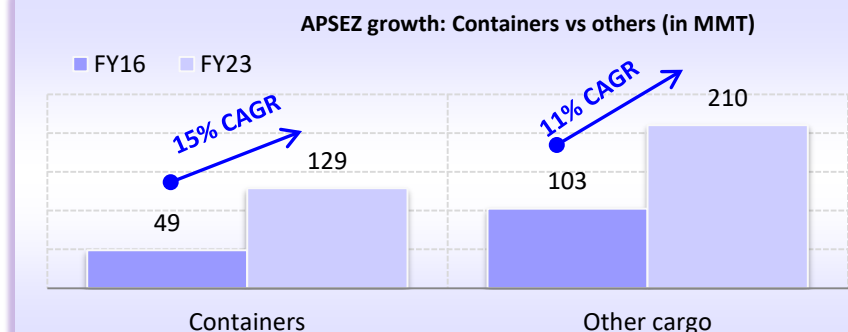
APSEZ has emerged as India's largest private port operator...



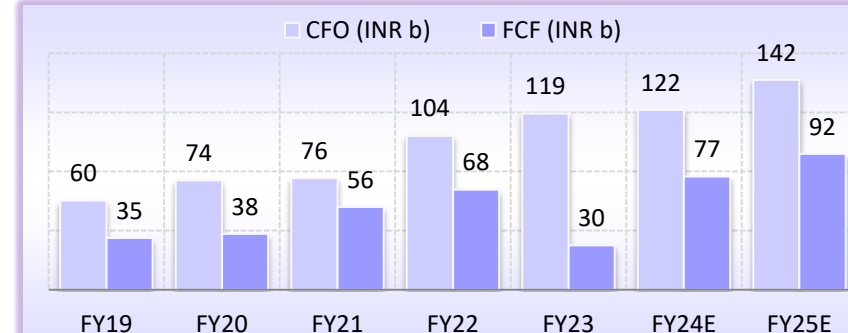
Expect 15%/15% CAGR in revenue/EBITDA over FY23-25, led by vol. gr.



Focus on capturing the same has driven growth in APSEZ's cargo



Cash generation would remain strong



2QFY24 Interim review – Heavyweights in charge; Nifty EPS estimates stable

Sector-wise 2QFY24 performance of MOFSL Universe companies (INR b)

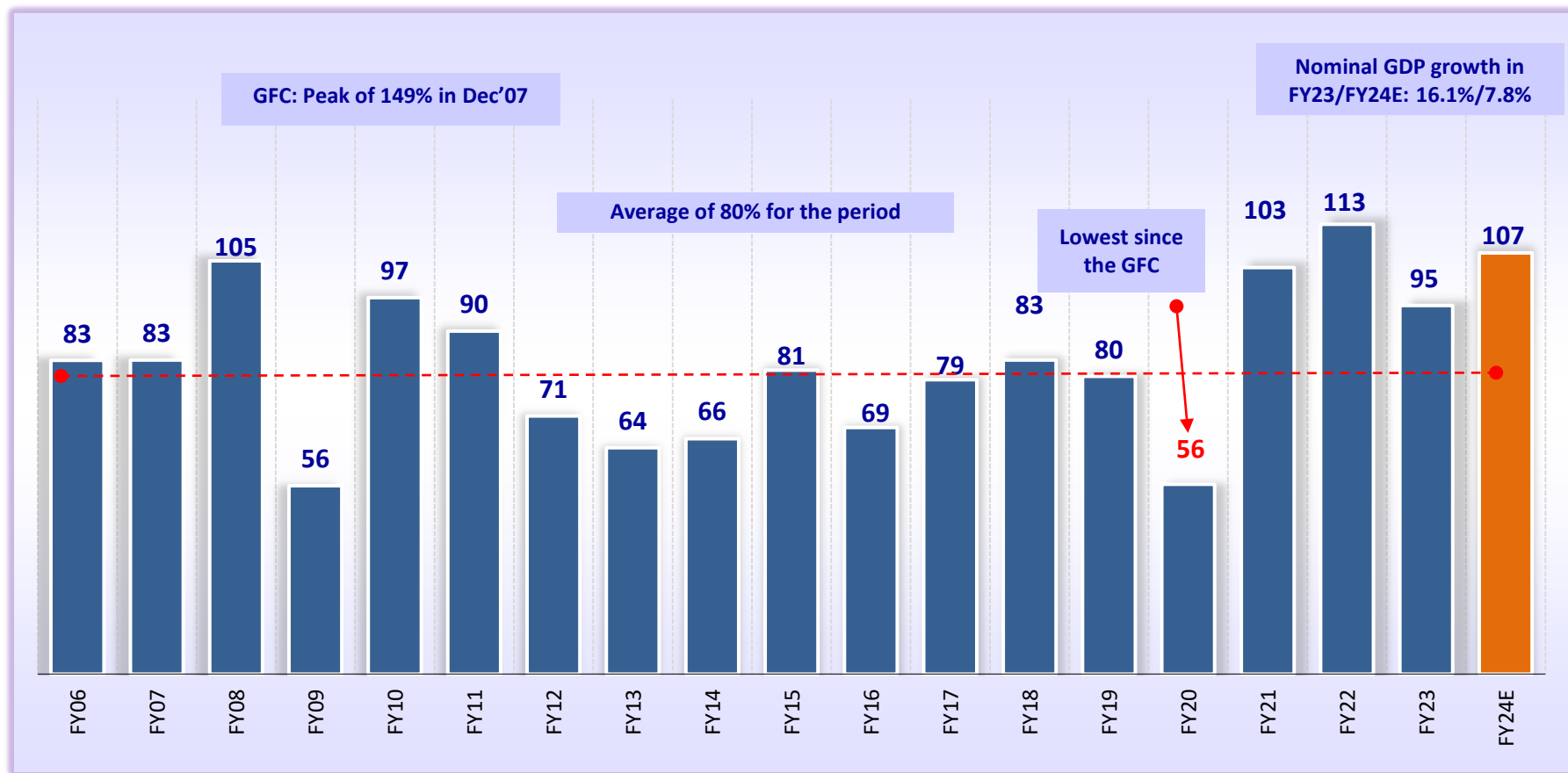
Sector (no of companies)	Sales				EBIDTA				PBT				PAT			
	Sep-23	Chg. % QoQ	Chg. % YoY	Var. over Exp. %	Sep-23	Chg. % QoQ	Chg. % YoY	Var. over Exp. %	Sep-23	Chg. % QoQ	Chg. % YoY	Var. over Exp. %	Sep-23	Chg. % QoQ	Chg. % YoY	Var. over Exp. %
Automobiles (12)	819	10.4	13.3	-0.5	118	26.9	39	7.0	113	25.5	44.7	10.7	86	25.6	45.5	11.6
Cement (5)	288	-11.9	11.7	-1.1	45	-16.9	80.0	-0.9	32	-18	216.5	7.9	23	-17.7	226.1	8.3
Chemicals-Specialty (3)	21	-3.1	-21.8	6.4	4	-20.2	-32	-13.0	3	-18.0	-39.5	-15.1	2	-16.8	-37.5	-14.3
Consumer (11)	641	1.8	3.9	-2.0	163	-0.2	12.4	-1.3	162	1	17.3	2.0	120	1.4	16.8	1.5
Financials (38)	1,987	12.9	20.5	0.1	1,072	6.4	21	0.9	841	8.2	40.0	3.5	637	10.4	41.0	4.9
Banks-Private (13)	831	6.3	24.2	-0.4	620	6.6	22.6	0.2	535	9	30.9	1.0	415	12.6	35.6	4.5
Banks-PSU (4)	337	3.0	17.4	1.5	254	1.9	12	1.6	160	10.6	99.8	17.2	109	11.6	80.7	11.0
Insurance (6)	597	34.4	14.3	-1.3	31	53.7	7.8	-3.6	19	-1	15.4	-1.3	17	-2.9	14.7	4.1
NBFC - Lending (13)	204	5.5	28.6	2.2	158	5.1	30	2.0	117	1.4	32.6	-1.6	88	0.7	36.3	-1.2
NBFC - Non Lending (2)	19	32.3	45.6	16.7	10	47.7	41.7	24.1	10	48	41.7	24.1	7	47.9	41.5	23.1
Healthcare (7)	324	3.2	9.9	1.1	83	3.0	7	4.8	71	5.9	10.0	7.7	55	7.2	6.9	5.1
Infrastructure (1)	17	6.8	29.9	13.9	8	2.2	19.5	8.7	3	-5	42.8	44.7	1	-28.4	12.2	2.0
Logistics (4)	40	5.7	2.8	-2.1	3	2.4	-11	-11.1	2	5.8	-20.5	-14.3	2	7.3	-17.0	-12.7
Media (1)	20	53.3	88.7	4.7	4	429.2	LP	14.2	3	LP	LP	19.4	2	LP	LP	34.6
Metals (4)	1,193	-1.9	-3.4	1.4	176	-3.4	28	7.8	78	-22.4	29.2	7.1	69	4.2	98.9	26.9
Oil & Gas (9)	5,844	-0.8	-8.4	-8.5	836	0.5	105.5	2.1	622	0	194.2	0.4	442	-0.8	207.5	-0.4
Ex OMCs (7)	3,017	8.2	-4.3	-1.6	493	9.0	46	4.9	337	11.7	55.0	2.2	227	12.3	52.1	0.1
Real Estate (4)	43	7.0	13.2	-16.6	15	28.1	30.9	-2.9	13	30	49.3	-7.2	13	25.3	9.9	-5.3
Retail (7)	171	4.2	14.8	-0.8	19	-7.2	5	-4.8	12	-13.1	0.1	-7.4	9	-13.2	-0.1	-7.6
Staffing (1)	31	3.3	11.1	1.1	1	3.9	31.6	3.4	1	3	43.1	4.8	1	-15.9	11.6	-2.9
Technology (12)	1,830	0.9	6.0	-0.7	413	3.4	5	1.9	374	2.1	5.3	-1.0	277	2.4	4.9	-1.6
Telecom (4)	598	-0.3	3.9	-2.4	282	-0.1	10.1	-2.7	-4	Loss	Loss	PL	-43	Loss	Loss	Loss
Others (10)	365	1.8	-9.2	-3.5	44	3.5	-15	-10.5	23	-0.7	-29.0	-27.6	17	-11.3	-28.6	-16.9
MOFSL Universe (133)	14,233	1.8	0.5	-4.0	3,286	3.2	30.7	1.3	2,347	3.2	50.2	1.4	1,714	4.5	52.5	1.6
Ex Financials (95)	12,245	0.2	-2.1	-4.6	2,215	1.6	36.3	1.5	1,507	0.6	56.5	0.3	1,078	1.3	60.1	-0.2
Ex Metals & Oil (120)	7,196	4.8	9.9	-0.9	2,274	4.7	15.5	0.5	1,648	6.2	27.6	1.6	1,203	6.6	27.2	1.2
Ex OMCs (131)	11,405	4.9	4.3	-0.8	2,943	4.9	20.4	1.6	2,063	5.6	31.4	1.9	1,500	7.3	32.7	2.0
Nifty (36)	10,340	4.4	4.7	-1.5	2,622	4.0	24.4	2.4	1,828	2.8	31.5	2.0	1,331	5.7	34.8	2.9
Sensex (25)	8,349	5.0	6.7	0.5	2,350	5.1	20.4	3.0	1,608	4.7	24.7	2.7	1,163	8.3	27.5	3.4

Valuations: Key observations

Sustained market capitalization-to-GDP ratio above its long-term average

- ❖ India's market capitalization-to-GDP ratio has been volatile; it fell to 56% (of FY20 GDP) in Mar'20, but recovered sharply to 95% in FY23.
- ❖ The ratio stands at 107% as of FY24YTD, much above its long-term average of ~80%.

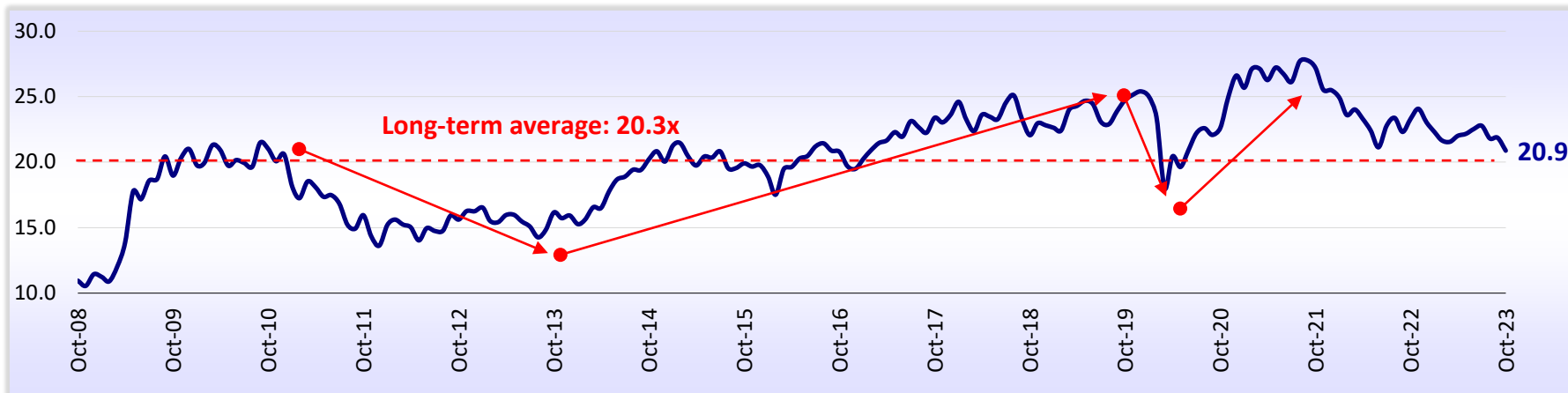
Market capitalization-to-GDP ratio (%)



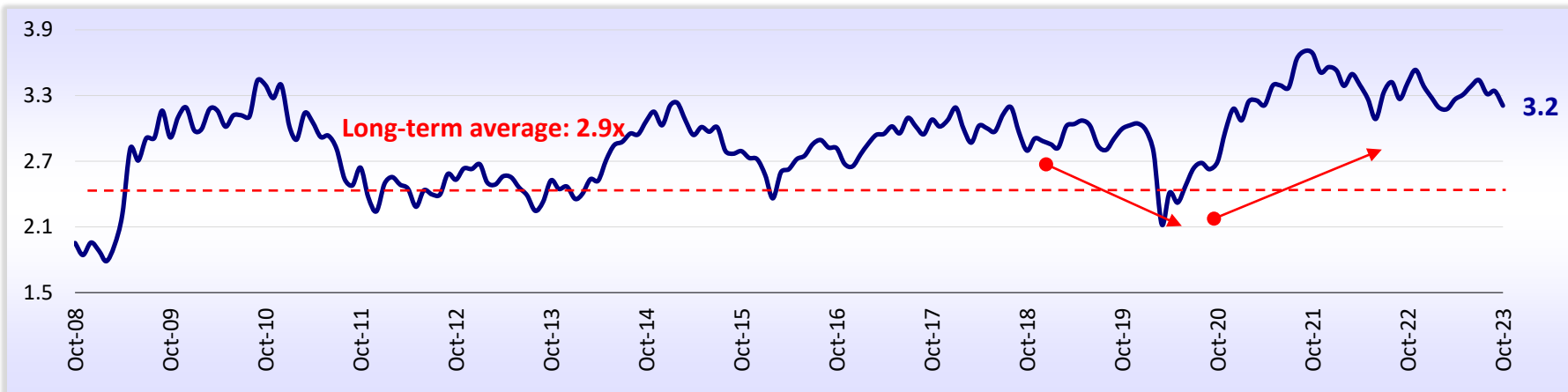
Valuations: Nifty's 12-month trailing P/E near its LPA

- ❖ The 12-month trailing P/E for the Nifty stood at 20.9x, at a 3% premium to its LPA of 20.3x.
- ❖ At 3.2x, the 12-month trailing P/B has been 11% above its historical average of 2.9x.

12-month trailing Nifty P/E (x)



12-month trailing Nifty P/B (x)

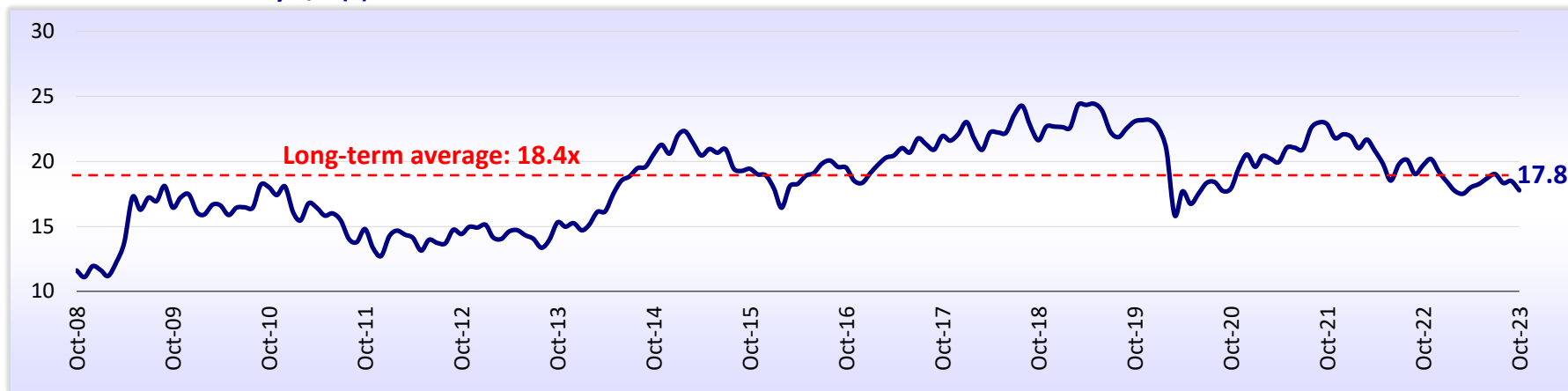


Source: MOFSL

Valuations: Nifty's 12-month forward P/E near its LPA

- ❖ Nifty's 12-month forward P/E has been at 17.8x, trading below its LPA of 18.4x.
- ❖ At 2.8x, the 12-month forward P/B has been at a premium of ~7% to the Nifty's historical average of 2.6x.

12-month forward Nifty P/E (x)



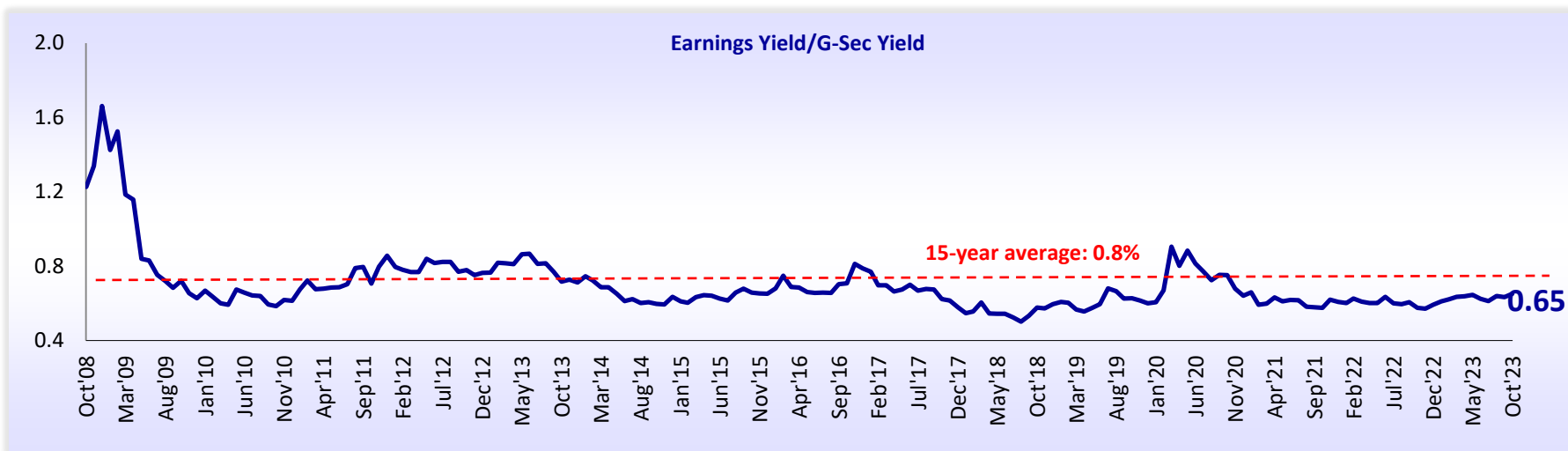
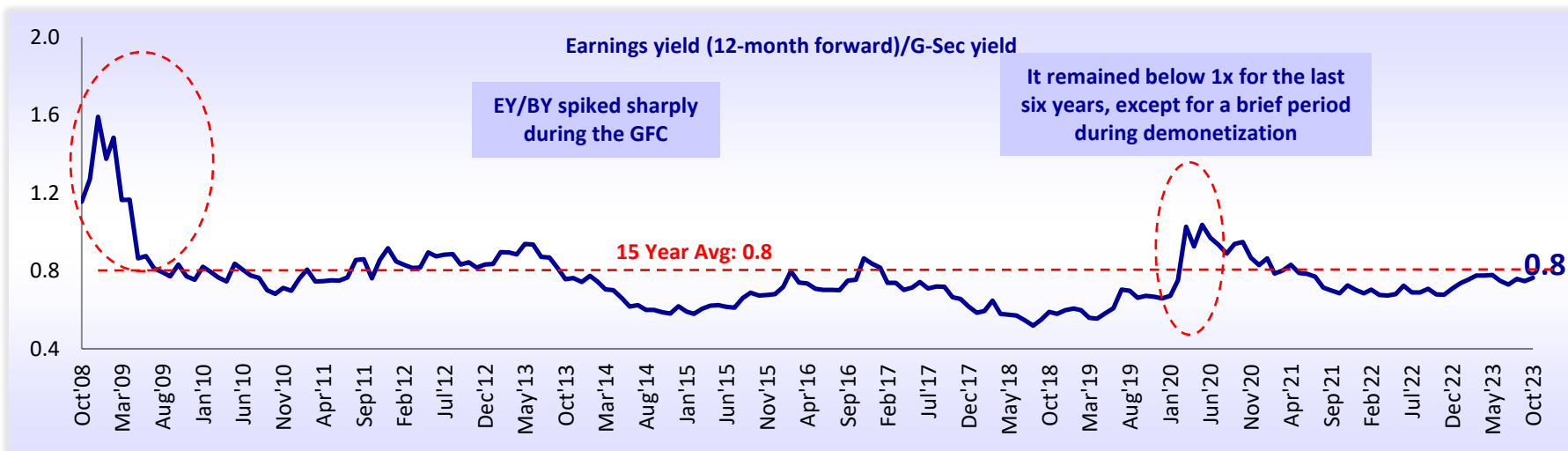
12-month forward Nifty P/B (x)



Source: MOFSL

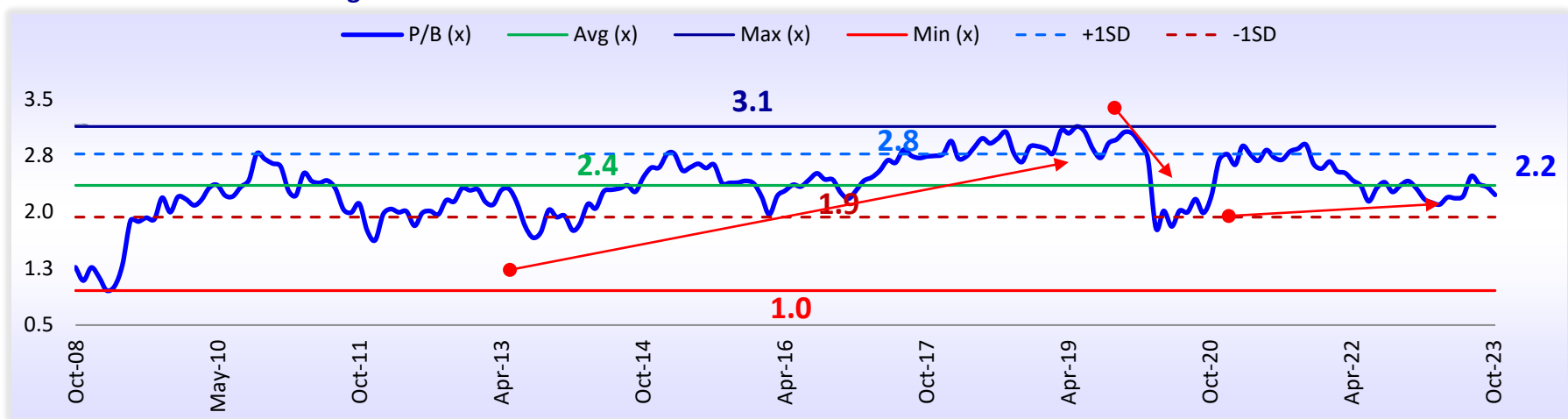
The 10-year G-Sec yield stands at 7.4%; EY/BY near its long-term average

- ❖ India's 10-year bond yield stood at 7.4%, leading to the EY/BY trading near its 15-year average of 0.77%.
- ❖ On a trailing basis, EY/BY is below its LPA.

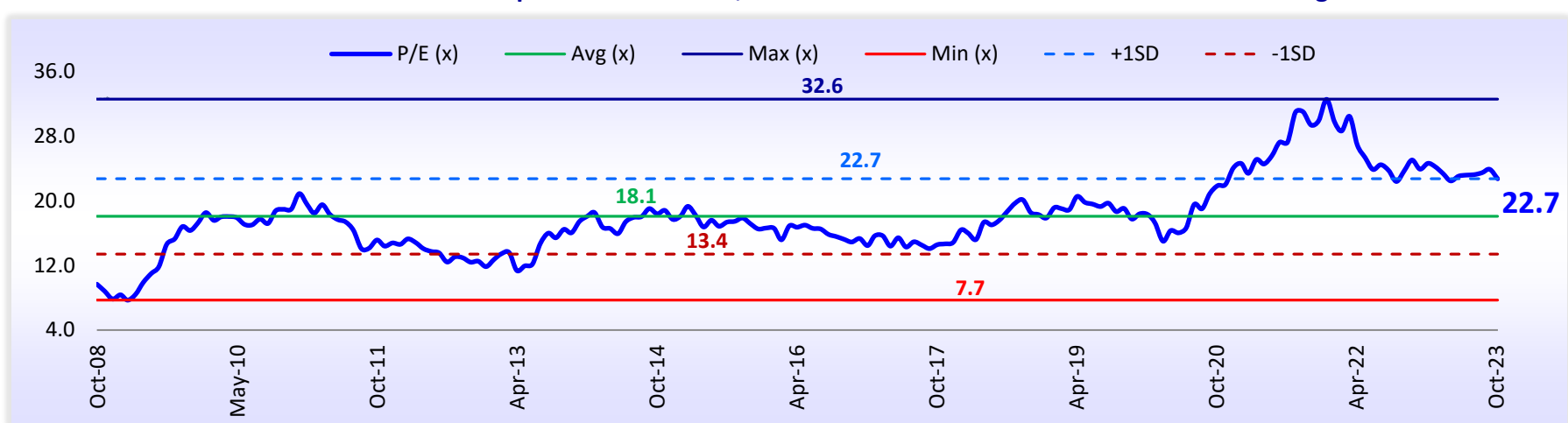


Sectoral valuations: Pvt Banks trading at its LPA; IT trading at 29% premium to its LPA

Private Banks sector is trading at 5% discount to its LPA

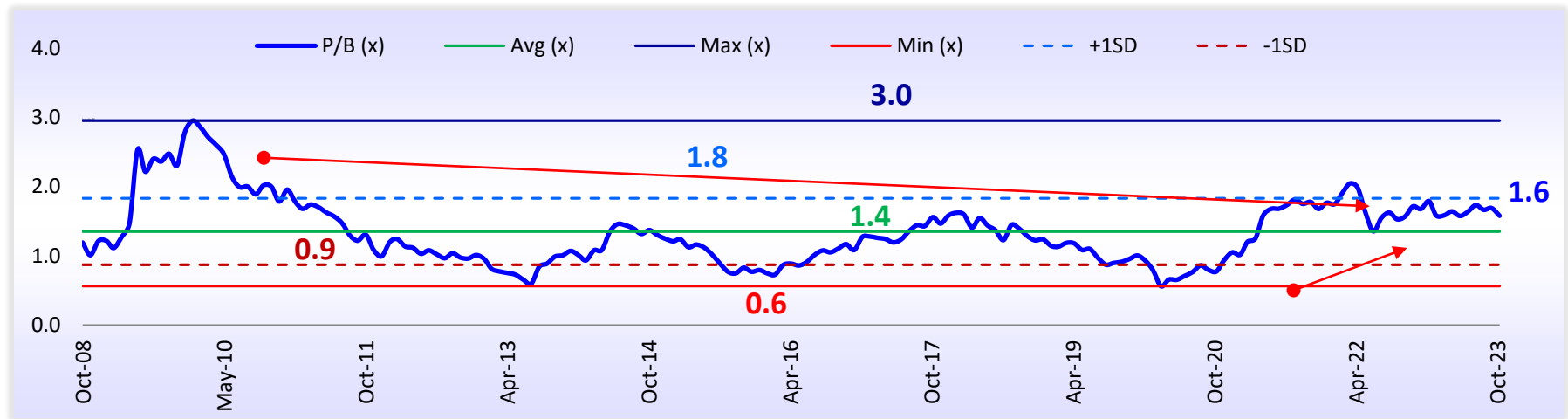


Valuation for the IT sector has been at 26% premium to its LPA, but it has been at a 30% discount to its Dec'21 high

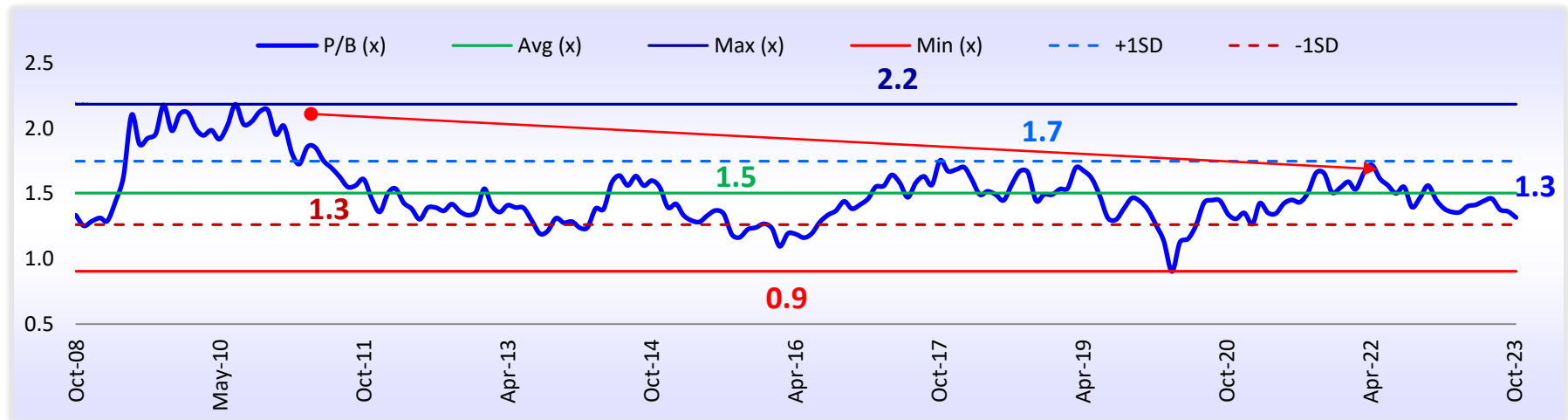


Sectoral valuations: Metals trading at a premium, while O&G at a discount to the LPA

Metals: Valuation at 17% premium to its LPA

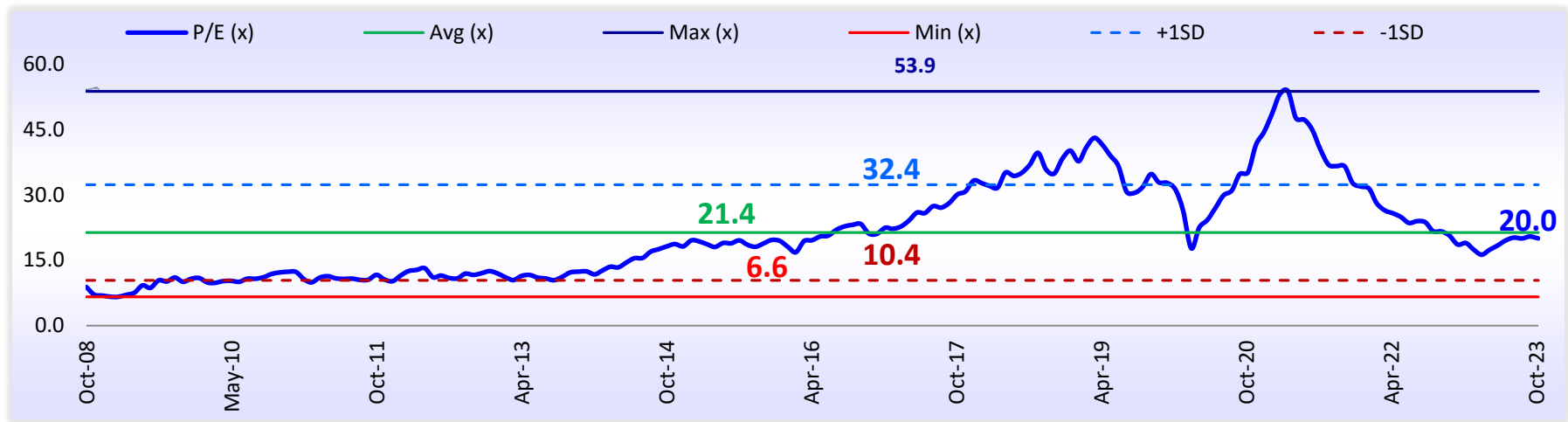


O&G: Valuation at 12% discount to its LPA

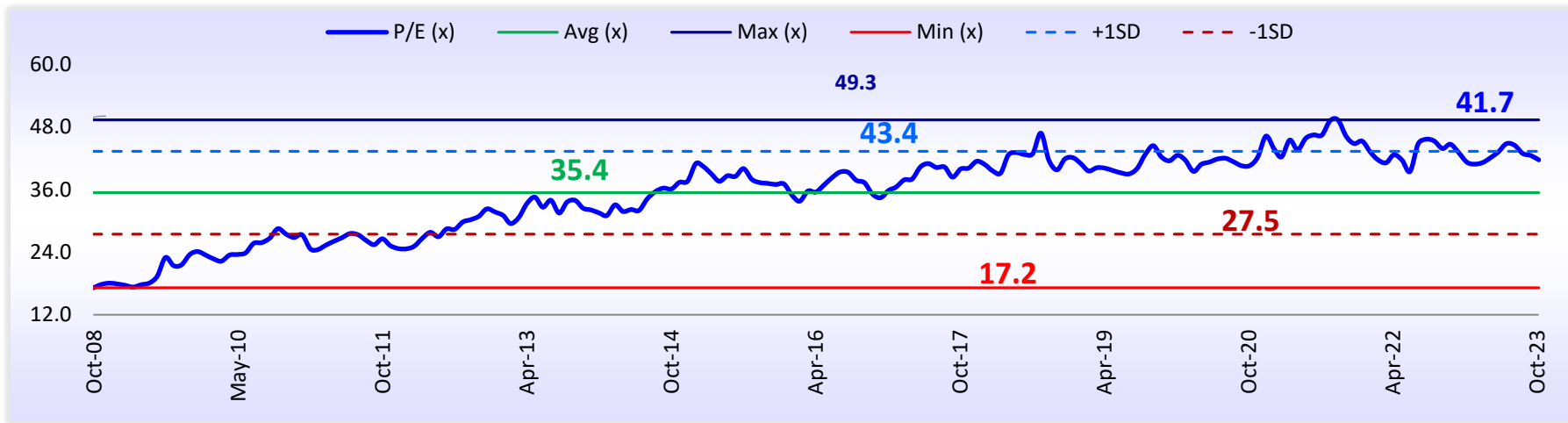


Sectoral valuations: Auto near its LPA, while Consumer at a premium to its LPA

Auto’s valuation at a discount of 6% to its LPA



Consumer sector’s P/E at 18% premium to its LPA



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Top ideas within MOFSL Universe

	MCap (USDb)	CMP (INR)	EPS (INR)			EPS CAGR (%) FY23-25	PE (x)			PB (x)			ROE (%)		
			FY23	FY24E	FY25E		FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
Preferred large cap stocks															
ICICI Bank	77.1	933	45.8	57.0	65.5	19.6	20.4	16.4	14.3	3.3	2.8	2.4	17.5	18.6	18.3
ITC	63.5	434	15.1	16.6	19.0	12.3	28.7	26.1	22.8	8.0	7.6	7.2	29.0	29.8	32.4
State Bank of India	61.3	578	62.4	78.9	89.4	19.8	9.3	7.3	6.5	1.5	1.3	1.1	18.1	19.2	18.0
Bajaj Fin.	54.1	7,420	190.4	240.1	309.8	27.6	39.0	30.9	23.9	8.2	6.0	4.9	23.4	22.7	22.6
Larson & Tubro	51.3	2,965	73.5	98.0	122.0	28.8	40.3	30.3	24.3	4.7	4.6	4.0	12.1	15.0	16.5
HCL Technologies	41.5	1,266	54.8	58.1	65.9	9.7	23.1	21.8	19.2	5.2	5.3	5.4	23.3	24.2	27.9
Titan Company	34.1	3,273	36.8	44.8	58.3	26.0	89.0	73.0	56.1	24.4	19.9	16.2	30.8	30.1	31.9
Avenue Supermarts	28.4	3,646	36.7	41.8	58.2	25.9	99.3	87.2	62.6	14.1	12.1	10.1	16.0	15.5	18.2
UltraTech Cem.	29.3	8,518	175.4	256.4	311.5	33.3	48.6	33.2	27.3	4.5	4.1	3.6	9.7	12.9	14.0
M & M	21.2	1,469	64.9	86.1	93.9	20.4	22.6	17.1	15.6	4.1	3.4	2.9	19.1	21.8	20.3
Zomato	11.1	116	Loss	0.1	0.9	LP	NM	1267.1	125.2	4.8	5.1	4.9	-	0.4	4.0
Preferred midcap/smallcap stocks															
Indian Hotels	6.7	393	7.0	8.6	10.2	20.1	55.8	45.7	38.7	7.0	6.1	5.4	13.3	14.3	14.8
Ashok Leyland	5.9	168	4.5	9.3	12.0	63.2	37.3	18.1	14.0	5.9	4.7	3.7	16.8	28.8	29.3
Godrej Properties	5.7	1,784	22.4	24.8	43.9	40.1	79.8	72.1	40.6	5.4	5.0	4.5	6.9	7.2	11.5
M & M Fin. Serv.	3.7	258	16.1	15.3	22.5	18.4	16.1	16.9	11.5	1.9	1.8	1.6	12.6	11.1	15.1
Metro Brands	3.9	1,244	13.3	13.4	18.5	18.0	93.6	92.6	67.2	21.3	18.6	15.8	25.7	22.0	26.0
Kajaria Ceramics	2.4	1,255	21.4	28.8	36.3	30.3	58.7	43.6	34.6	8.6	7.9	7.1	15.2	18.8	21.6
CreditAccess	3.1	1,675	52.0	93.4	112.7	47.3	32.2	17.9	14.9	5.2	4.0	3.2	18.2	25.4	23.9
Angel one	2.6	2,815	107.5	137.6	160.7	22.3	26.2	20.5	17.5	10.8	8.1	6.4	47.6	45.3	40.8
Lemon Tree Hotel	1.0	109	1.5	1.9	3.2	44.6	72.0	56.6	34.5	10.0	8.5	6.8	14.0	16.2	21.9
Craftsman Auto	1.2	4,901	117.6	186.0	224.9	38.3	41.7	26.3	21.8	7.5	5.9	4.8	19.7	25.2	24.3

Note: LP = Loss to profit; Largecap, Midcap and Smallcap Stocks listed above are as per SEBI Categorization

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Quant Research & 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

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