



The Eagle Eye - July 2025

Geopolitical thaw fuels market momentum!

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GLOBAL MARKETS

- ❖ Global markets rally; South Korea notably outperforms
- ❖ Decade in review: Nasdaq dominates, Nifty Midcap-100 shines, while China underperforms
- ❖ Global volatility eases from its peak after a sharp mid-1H spike

DOMESTIC MARKETS

- ❖ Markets reclaim the Sep'24 levels fueled by BFSI
- ❖ Most sectors gain during the month, barring Consumer
- ❖ Mid-caps outshine amid moderate Nifty-500 earnings
- ❖ About 69% of the BSE-200 constituents end higher in Jun'25

FLOWS AND VOLUMES

- ❖ FII momentum builds further; DII inflows near record high
- ❖ Monthly average cash volumes rise, while F&O volumes remain flat MoM
- ❖ Telecom and O&G gain weight, while Private Banks and Consumer dip the most

KEY RESEARCH REPORTS

- ❖ Initiating Coverage on:
 - ❖ Time Technoplast
 - ❖ Go Fashion (India)
 - ❖ AB Lifestyle Brands
 - ❖ INOX Wind
 - ❖ Plastic Pipes (thematic)
- ❖ Corporate profit-to-GDP: Standing tall at a 17-year high!
- ❖ The PSU saga: Resilient earnings; valuations retreat from the highs

MULTI-YEAR HIGHS/LOWS

- ❖ Crude eases after spike, metal prices clock modest gains from the lows
- ❖ India-US 10Y yield spread widens to 2.1%
- ❖ Forex reserves reach their second-highest level after five consecutive months of gains

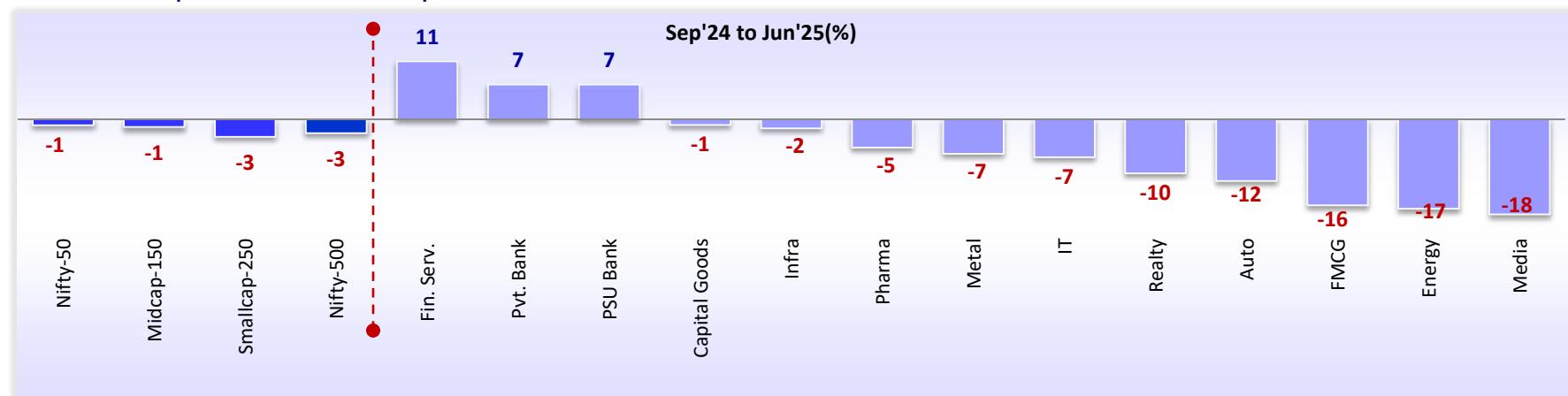
VALUATIONS

- ❖ Large-cap valuations above average; SMIDs significantly above their respective averages
- ❖ Nifty's 12-month forward P/E at 21.7, trades above its LTA
- ❖ EY/BY remains flat MoM
- ❖ India's market cap-to-GDP ratio continues to inch up from its Feb'25 lows – now at 127% vs. 120% in Feb'25

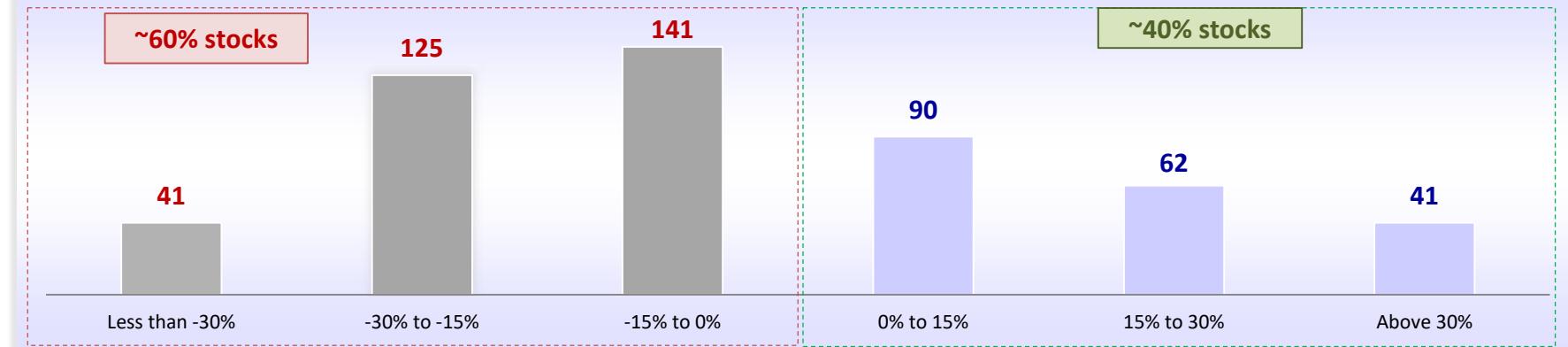
A view from the EAGLE'S EYE!

- ❖ While the broader market corrected and subsequently recovered from its lows to post flat returns over the past nine months, financials delivered strong gains.
- ❖ Over the past nine months, around 40% of Nifty-500 stocks have recorded positive returns, with 20% delivering gains of more than 15%, despite the broader market remaining relatively flat.

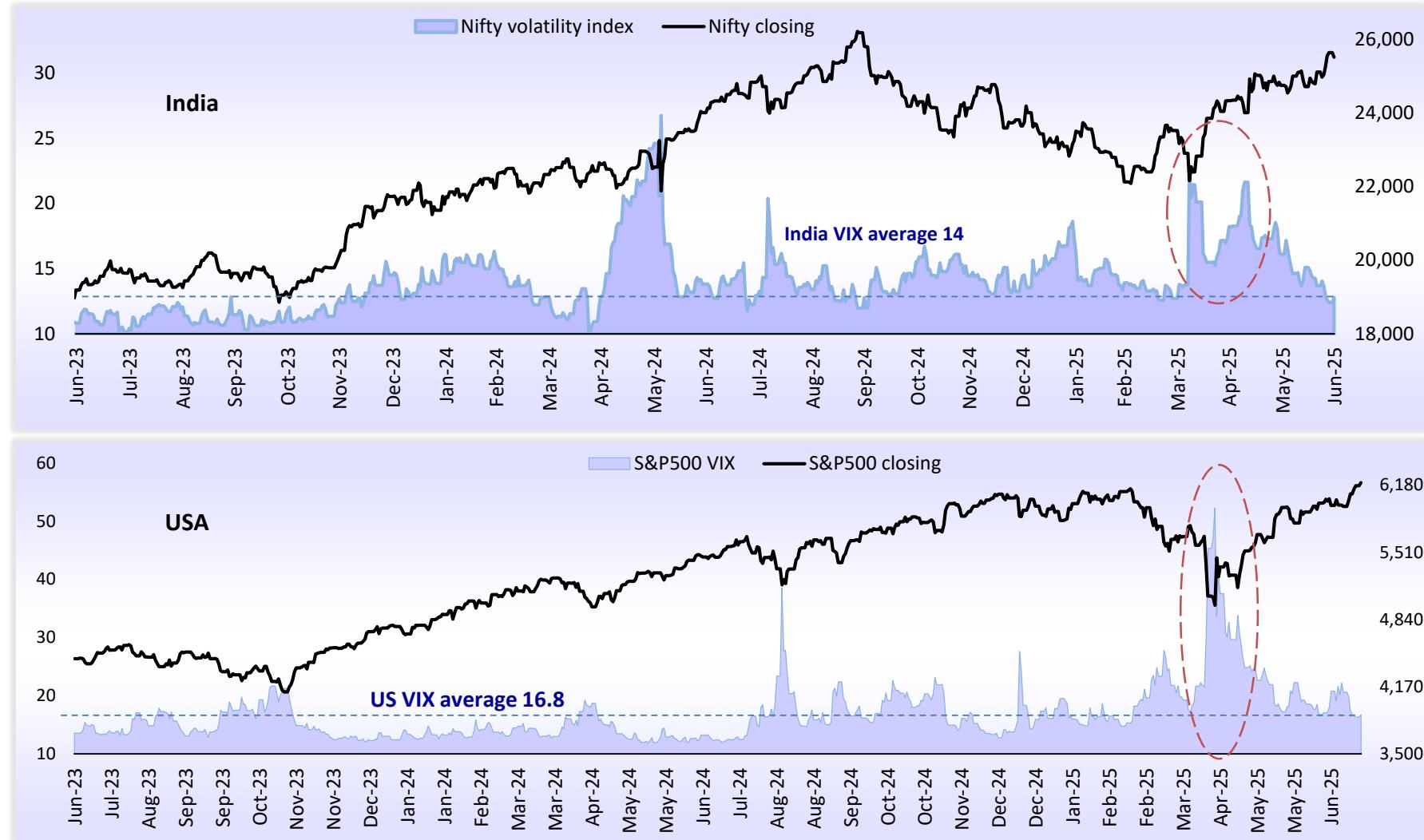
Sectoral indices' performance between Sep'24 and Jun'25



Count and performance of Nifty-500 companies between Sep'24 and Jun'25



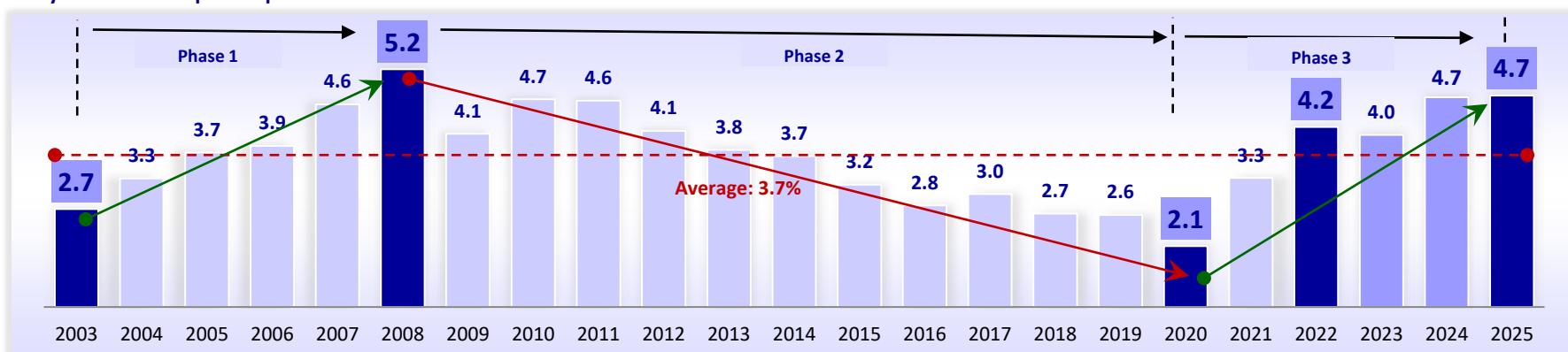
- ❖ Historically, market drawdowns have been accompanied by rising volatility. In contrast, Indian markets have shown greater resilience and lower volatility compared to the US, which has experienced sharper spikes over the past six months.
- ❖ India's VIX remained below its two-year average of 14, while the US VIX eased towards its two-year average of 16.8.



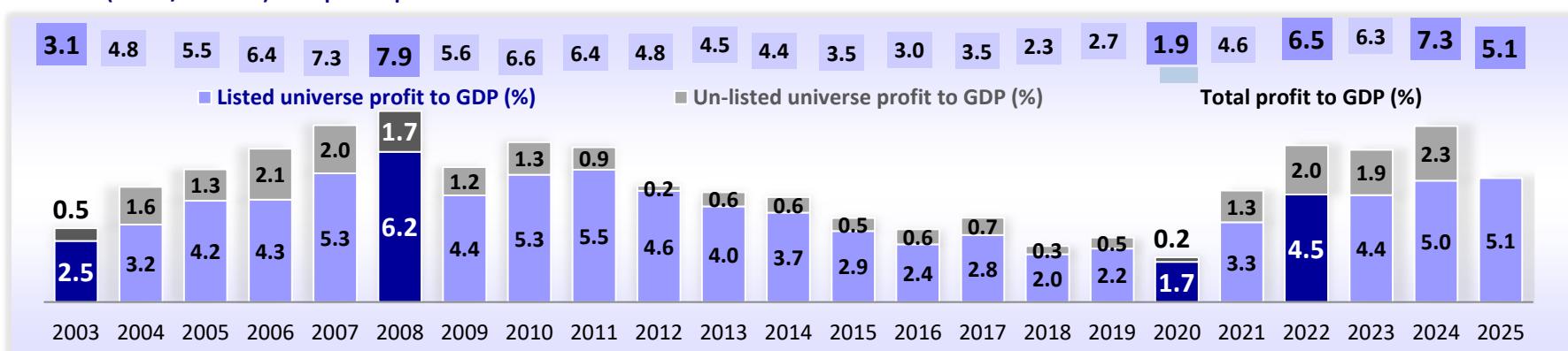
- In FY25, the corporate profit-to-GDP ratio for the Nifty-500 Universe remained at 4.7%, marking a 17-year high. Notably, for listed India Inc., the ratio stood at 5.1%, at a 14-year high.
- For the first time in many years, corporate earnings are tracking GDP growth, resulting in the corporate profit-to-GDP ratio remaining flat YoY at a 17-year high of 4.7% in FY25.
- This stable ratio was primarily driven by a 10.5% YoY profit growth in FY25, building on a strong earnings base of 30% YoY in FY24, which was broadly aligned with the year's revenue growth. This performance was bolstered by a robust GDP growth of 9.8% YoY in FY25, following a high base of 12% YoY growth in FY24.

[Detailed report](#)

Nifty-500 – the corporate profit to GDP ratio remains flat YoY at 4.7% in FY25



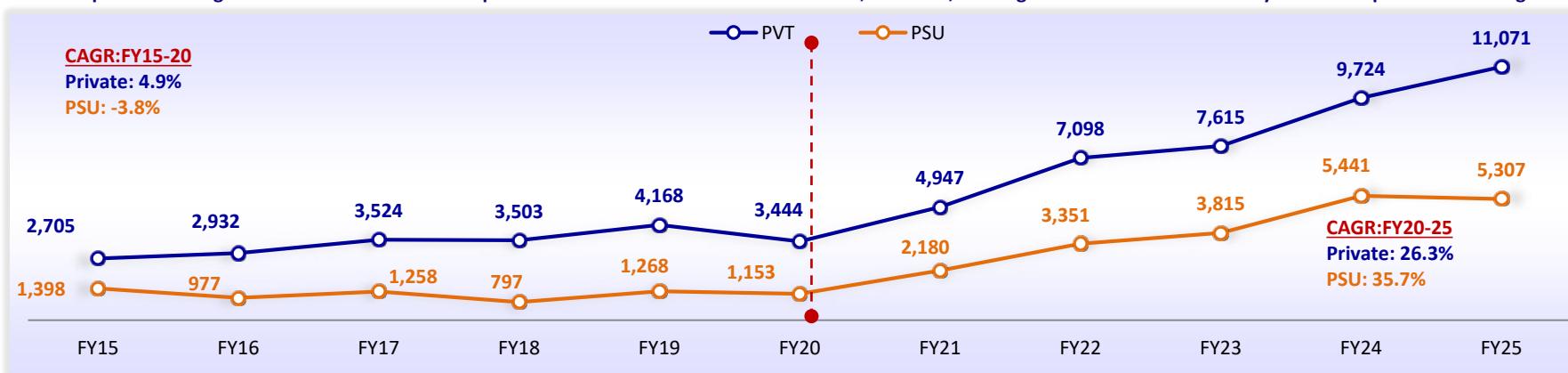
India Inc. (Listed/Unlisted) – corporate profit to GDP ratio trend



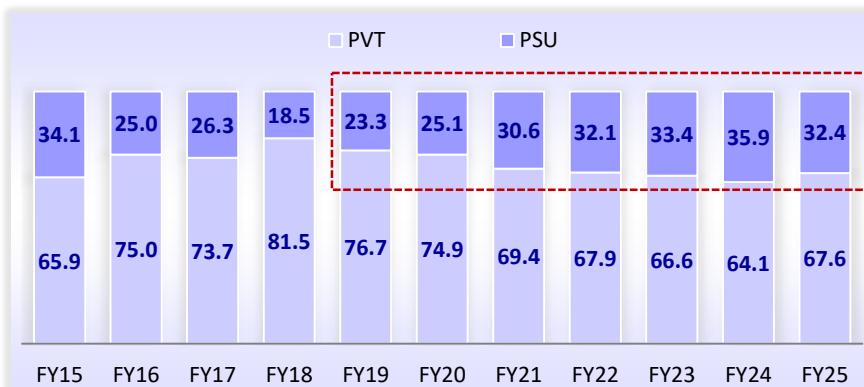
- ❖ After a remarkable post-pandemic rebound, PSU earnings growth moderated in FY25, weighed down by the high base of a robust 43% YoY increase in FY24 and a decline in O&G sector earnings. Overall, PSU profits inched lower by 2% YoY in FY25, though excluding the O&G sector, PSU earnings growth remained resilient at 16% YoY, following a robust 23% jump in FY24.
- ❖ PSUs' share in overall profits rose to an impressive 38% in FY24 (from a low of 18.5% in FY18), before easing to 32.4% in FY25 amid a moderation in earnings.
- ❖ The loss pool of PSUs has consistently declined over the past five years and was largely flat YoY in FY25. The contribution of loss-making companies to the overall profit pool has significantly diminished to just 1% in FY25 from 45% in FY18.

[Detailed report](#)

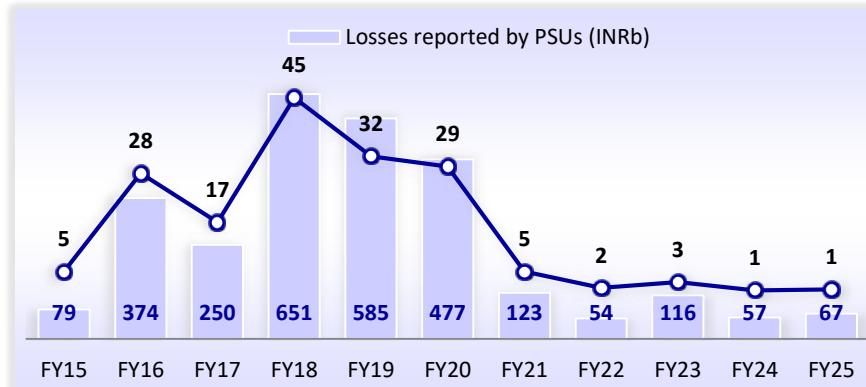
PSUs' corporate earnings rose faster than that of the private sector in second half of the decade; however, earnings moderated in FY25 mainly due to a dip in O&G earnings



PSUs' share in overall profit pool declined from the elevated base of FY24



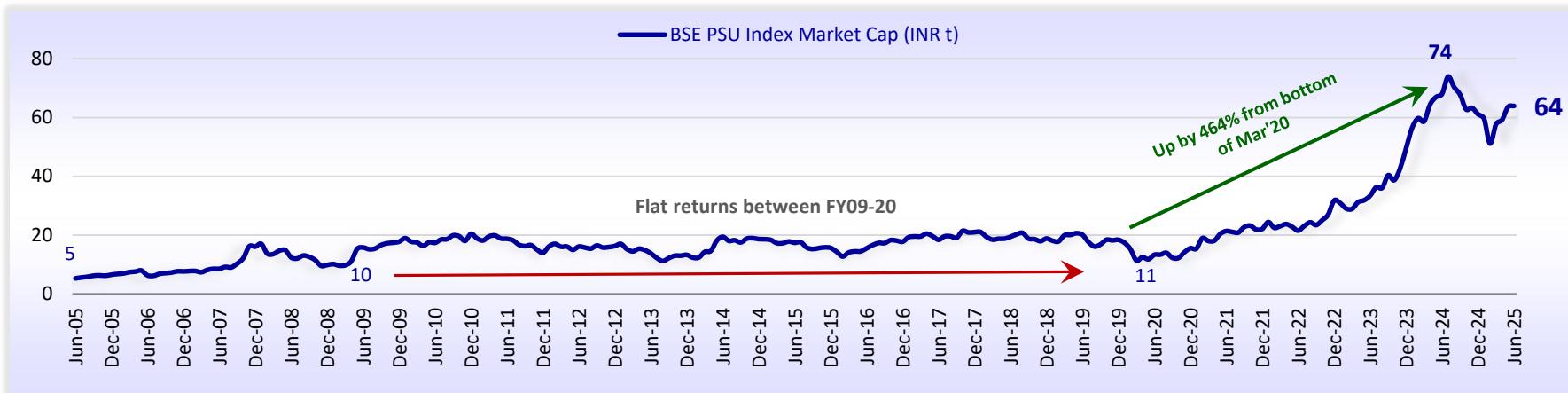
Loss pool of PSUs witnessing continuous reduction from the FY18 highs



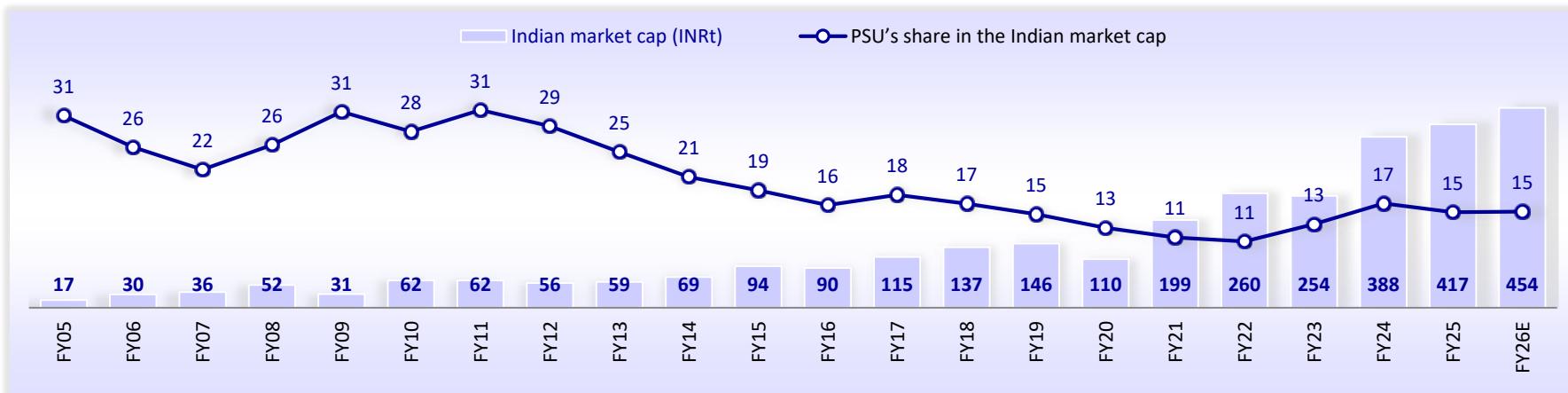
KEY EXHIBITS The PSU saga: Strong rebound in the second half of the decade (cont..)

- Over the past year, the market capitalization of the BSE PSU Index hit an all-time high of INR74t in Jul'24, driven by consistent re-rating trends. The index's current market capitalization stands 14% below its all-time high (up 5% in CY25YTD).
- PSUs' share in India's total market cap dropped significantly to 11% in FY22 from 19% in FY15 but has since recovered and currently stands at 15% (albeit down from 17% in FY24).

BSE PSUs' market cap remained nearly flat during FY09-20, while it surged 5.8x in the last five years (since Mar'20)

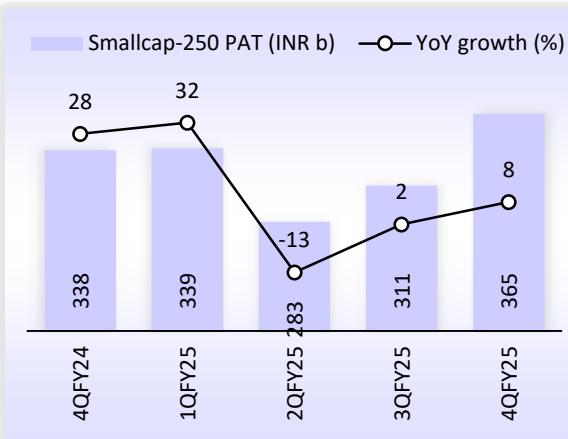
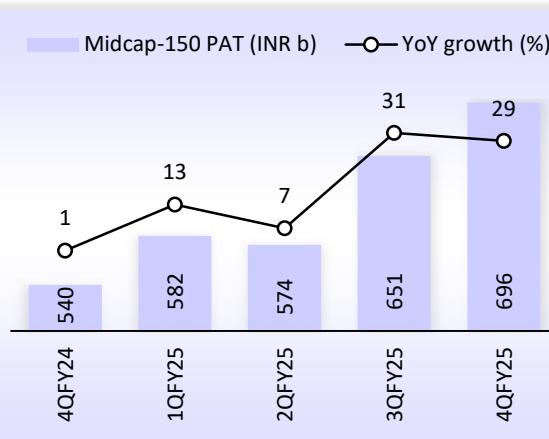
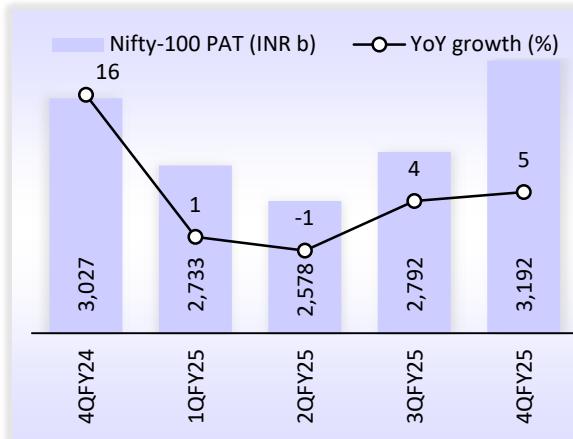


PSUs' share in the Indian market cap moderated from its highs but continues to recover from the Feb'25 lows

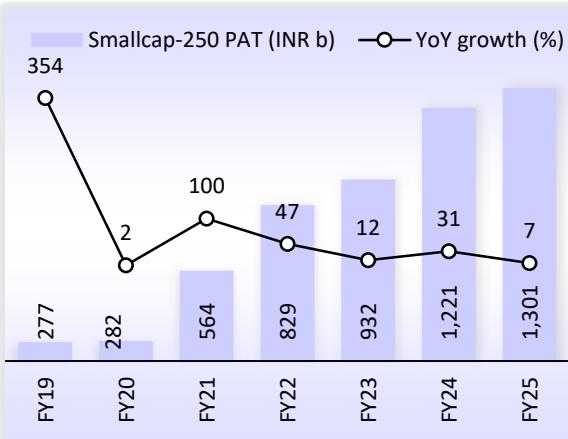
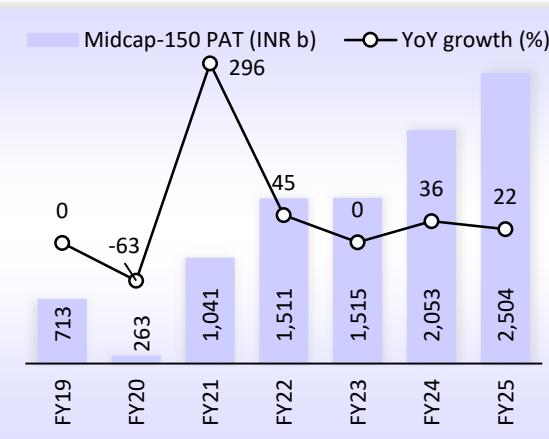
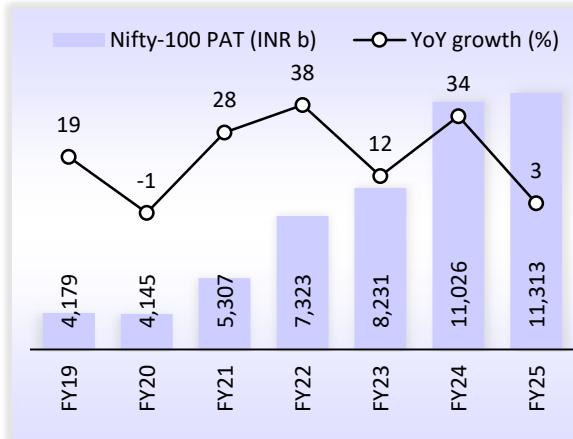


- ❖ The 4QFY25 and FY25 performance ended on a muted note for large-caps and small-caps, while mid-caps recorded strong growth.
- ❖ The aggregate PAT of Nifty-500 constituents grew 9% YoY in 4QFY25. Among the key indices, PAT of Nifty100/Midcap-150/Smallcap-250 constituents grew 5%/29%/8% YoY. For FY25, the aggregate Nifty-500 PAT rose 6% YoY, while the indices posted PAT growth of 3%/22%/7% YoY.

Quarterly PAT growth of Nifty-100/Nifty Midcap-150/Nifty Smallcap-250

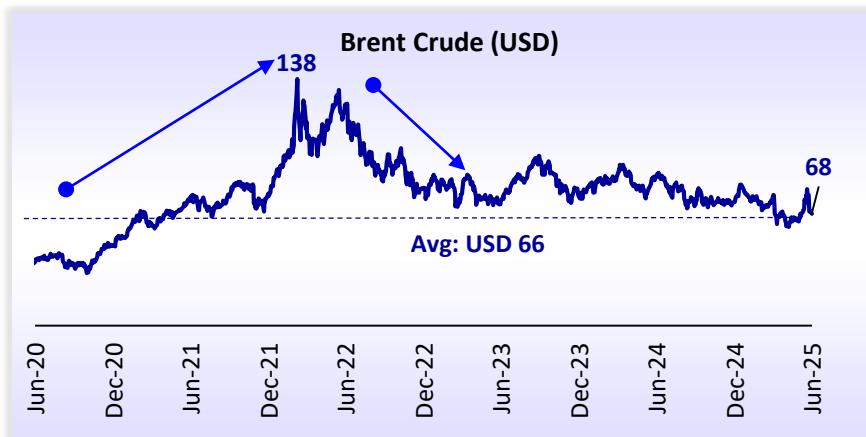


Annual PAT growth of Nifty-100/Nifty Midcap-150/Nifty Smallcap-250



Source: MOFSL, Company, Cline

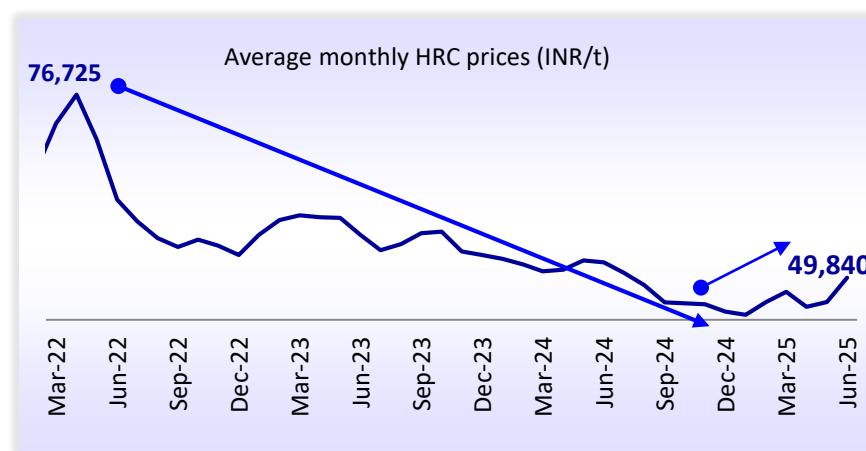
Crude prices remained range-bound over the past two years, despite heightened tensions in the Middle East



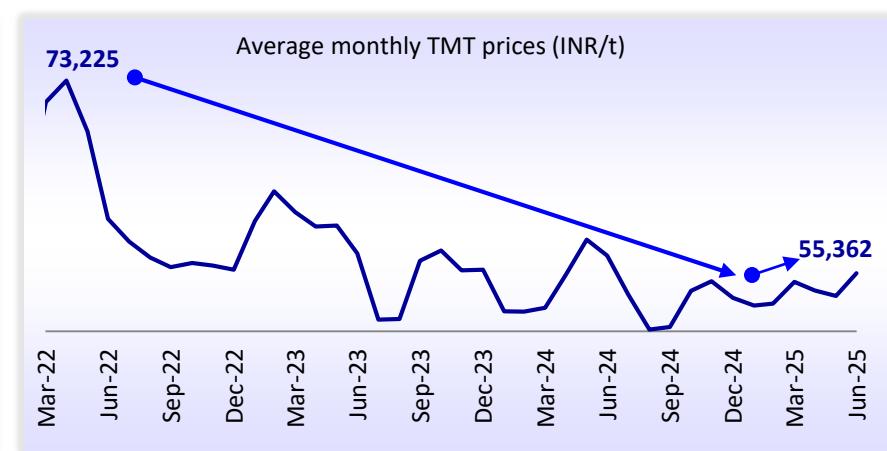
Palm oil prices remained flat YoY and MoM



HRC prices saw an uptick, rising 11% from the Jan'25 lows



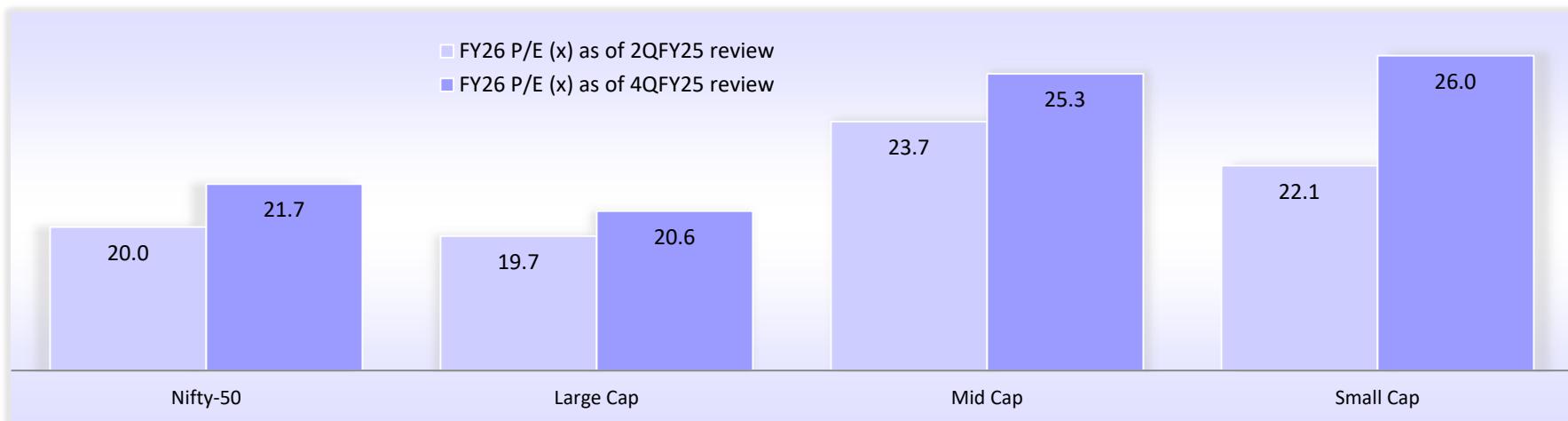
TMT prices rose 10% from the Aug'24 lows



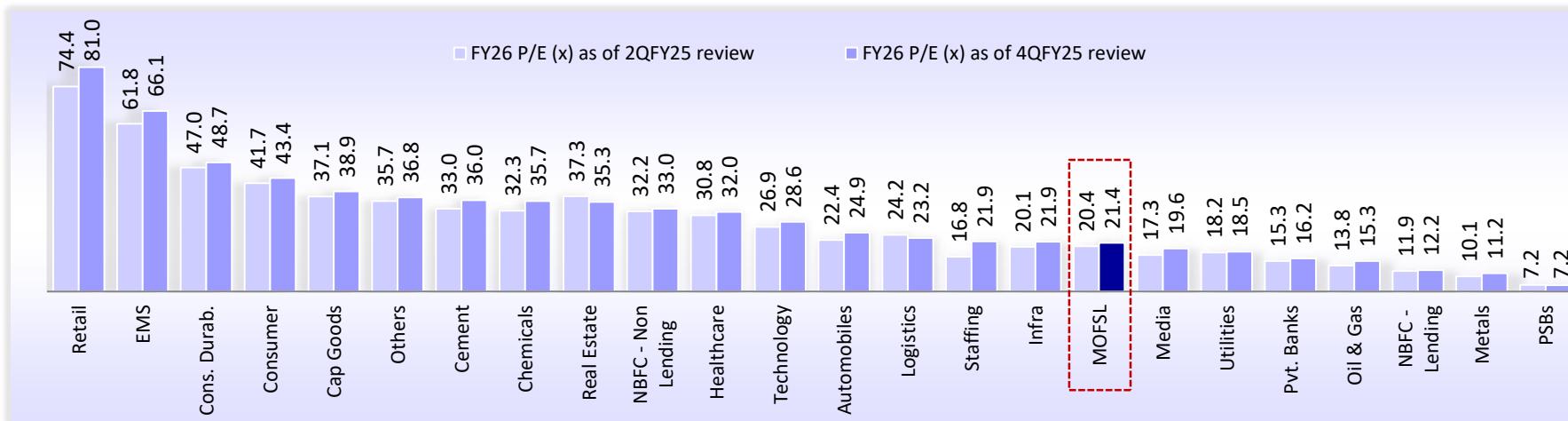
KEY EXHIBITS Valuations expand across market caps and sectors over the past six months

❖ The 12-month forward P/E of MOFSL Universe by market cap and sectors spiked since the 2QFY25 lows.

12-month forward P/E (x) of MOFSL Universe by market cap post-2QFY25 (Nov'24) and 4QFY25 (Jun'25) results



12-month forward P/E (x) of MOFSL Universe by sectors post-2QFY25 (Nov'24) and 4QFY25 (Jun'25) results

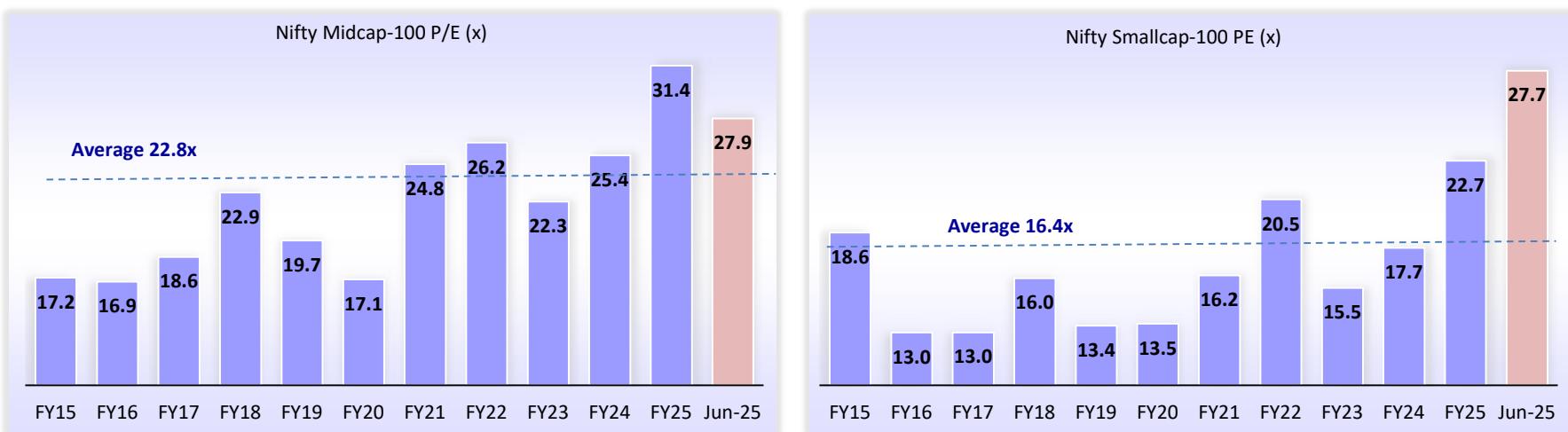
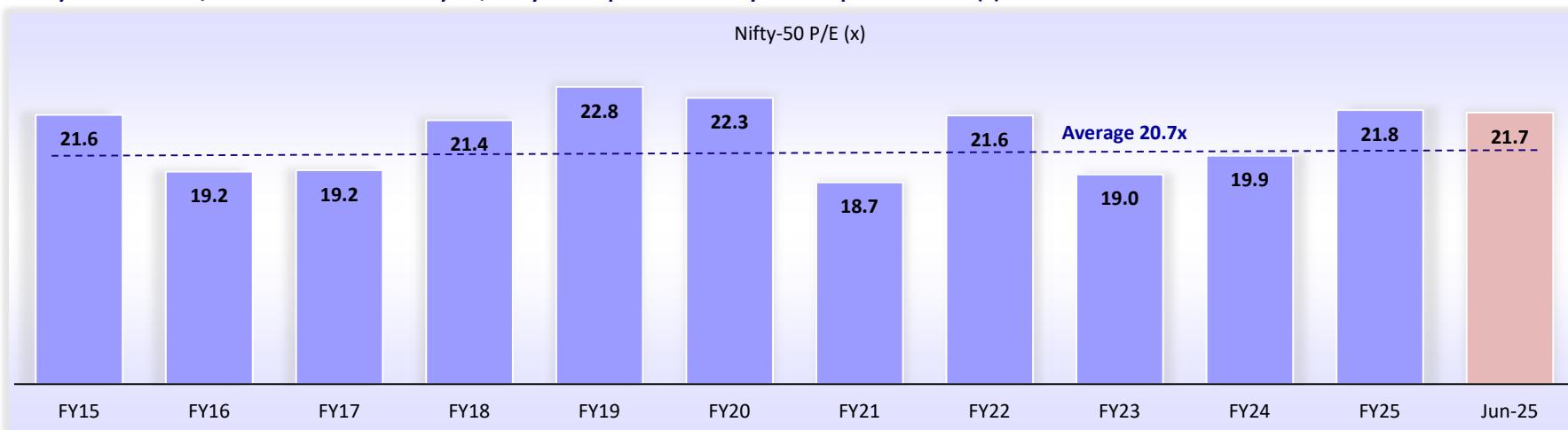


Note: Sector-wise market capitalization of 286 companies under the MOFSL Universe has been considered as of 15th Nov'25 and 30th Jun'25, along with FY26 forward earnings estimates for both periods. The like-for-like MOFSL Universe includes 85 Large-cap, 86 Mid-cap, and 115 Small-cap companies, classified as per SEBI norms.

KEY EXHIBITS Large-cap valuations above average; small-caps the most stretched

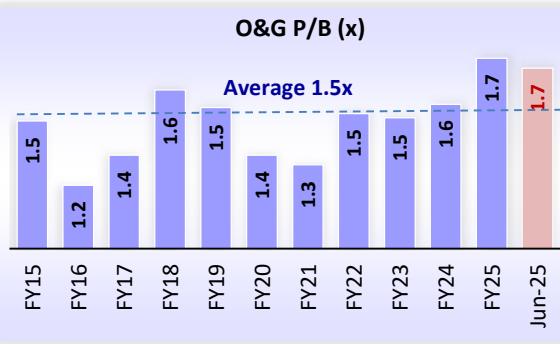
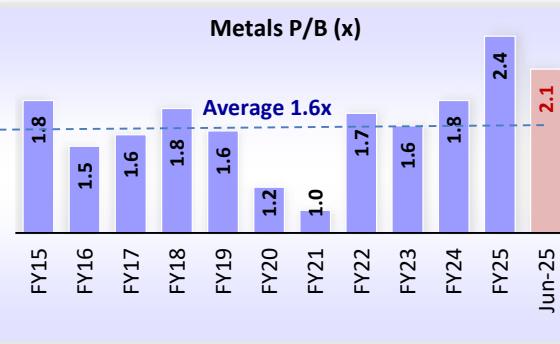
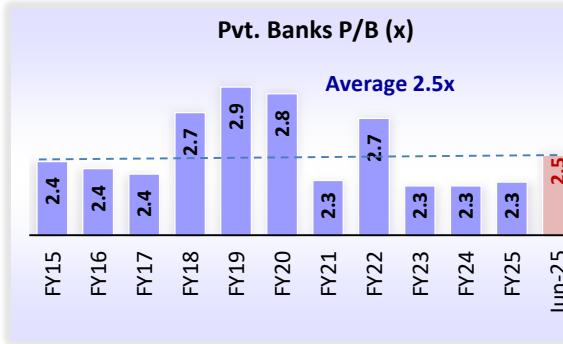
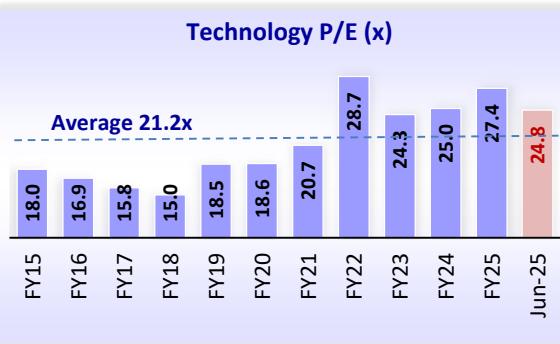
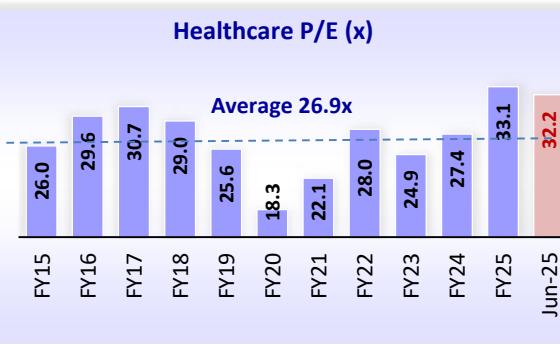
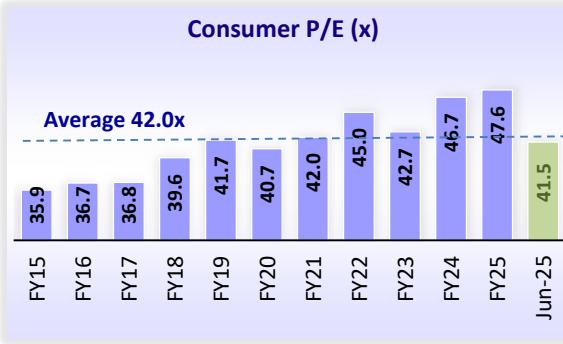
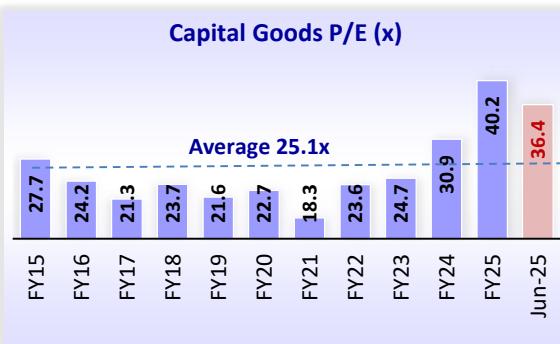
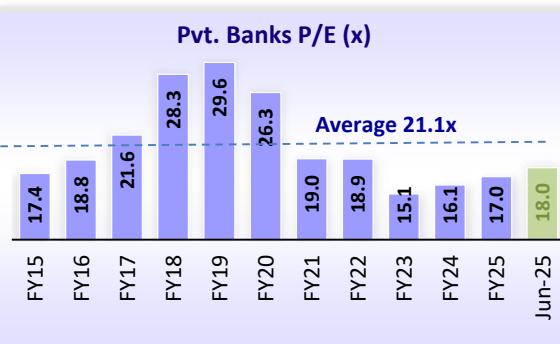
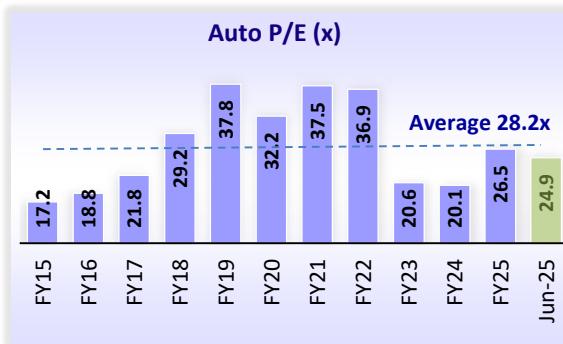
- ❖ The Nifty-50's one-year forward P/E stood at 21.7x, about 5% above its long-period average (LPA) of 20.7x.
- ❖ In contrast, the Nifty Midcap-100 and Nifty Smallcap-100 indices are trading at 29.3x and 25.8x, representing premiums of ~30% and ~60% to their respective LPAs.

One-year forward P/E trends across the Nifty-50, Nifty Midcap-100 and Nifty Smallcap-100 indices (x)



Note: The bars represent 12-month average of one-yr fwd P/E and as of 30th Jun'25

- Valuations have been trading below the 10-year average for Automobiles and Consumer, while they have remained above the 10-year average for Capital Goods, Healthcare, Technology, Metals and O&G and near to the average for Private Banks.

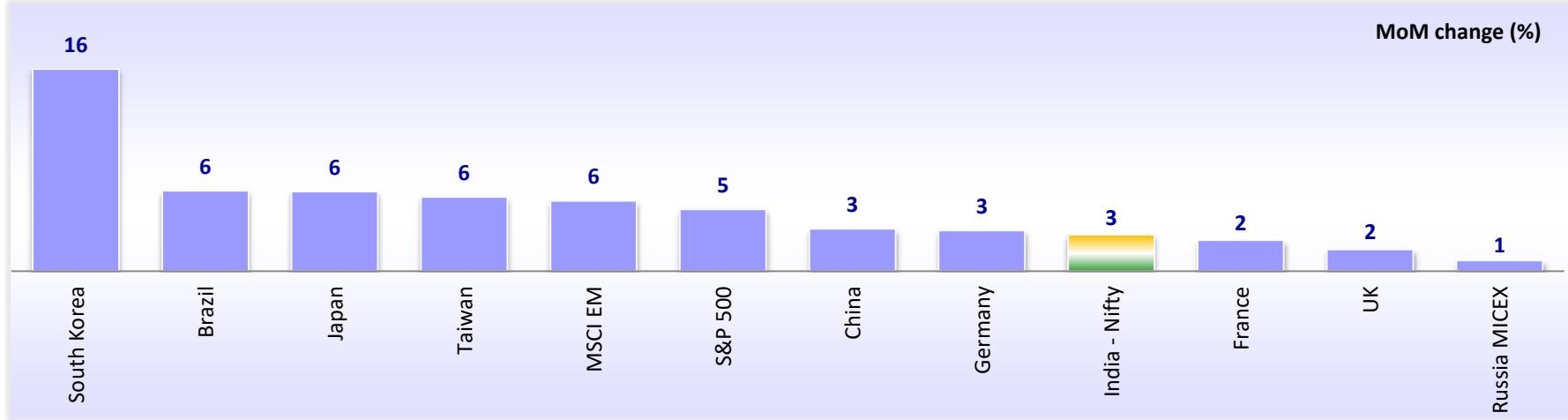


Note: The bars represent 12-month average of one-year fwd P/E and P/B across MOFSL Universe sectors and as of 30th Jun'25

Macro, Markets, and More...

Global markets rally; South Korea notably outperforms

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



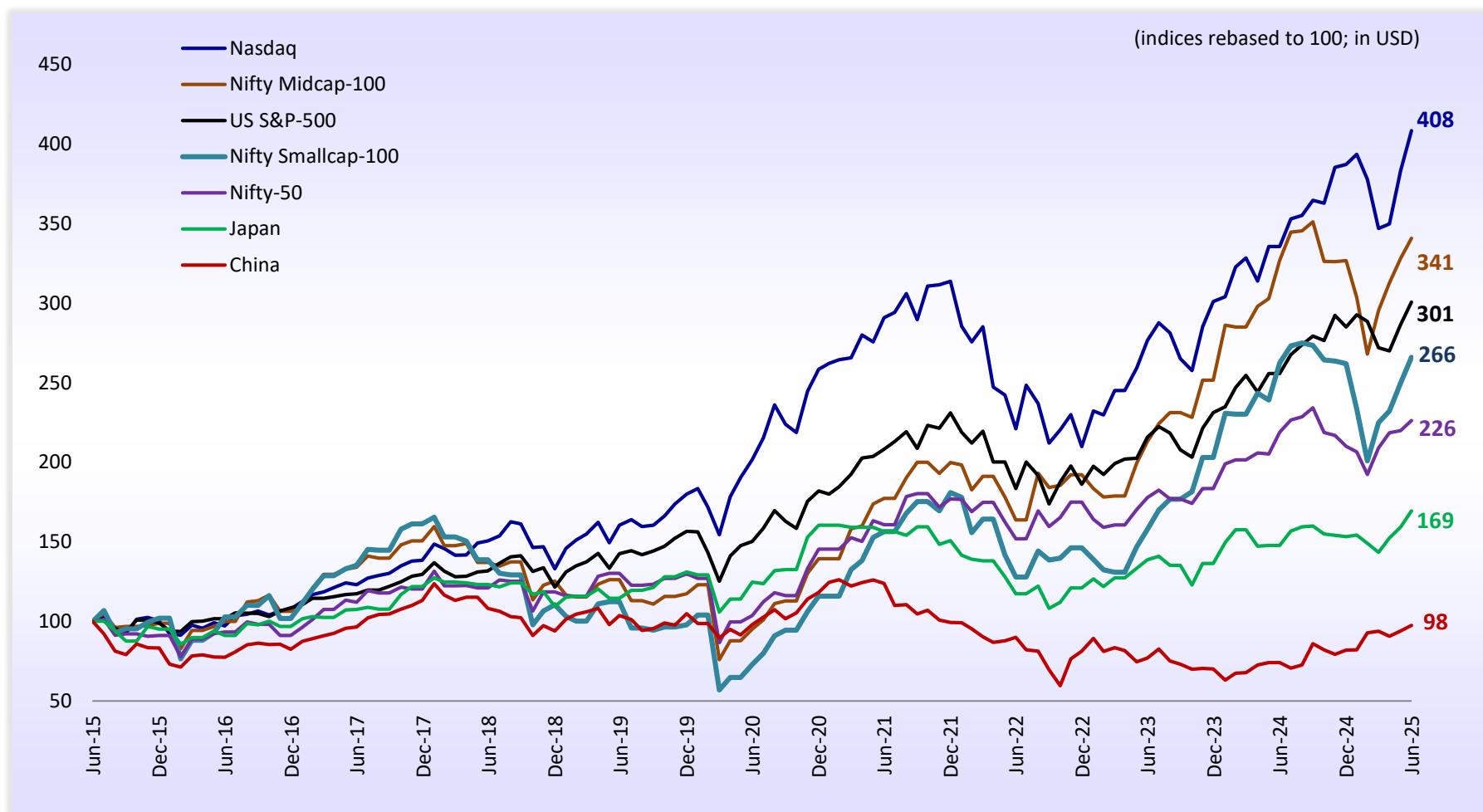
CY25YTD performance of global equity indices in USD terms (%)



Decade in review: Nasdaq dominates, Nifty Midcap-100 shines, while China underperforms

- Over the past decade, the Nasdaq delivered a 15% CAGR, followed by the Nifty Midcap-100 (13%), US S&P-500 (12%), Nifty Smallcap-100 (10%), Nifty-50 (9%), Japan (5%), and China (0%).

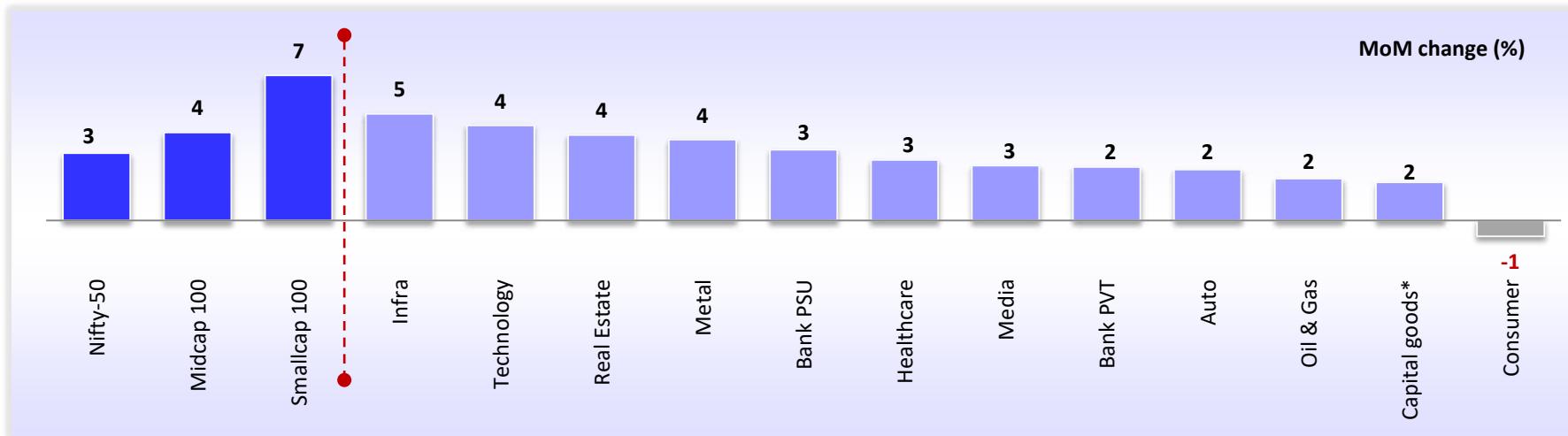
Performance of the Nifty-50, Nifty Midcap-100, and Nifty Smallcap-100 indices vs. the Nasdaq, US S&P-500, Japan, and China



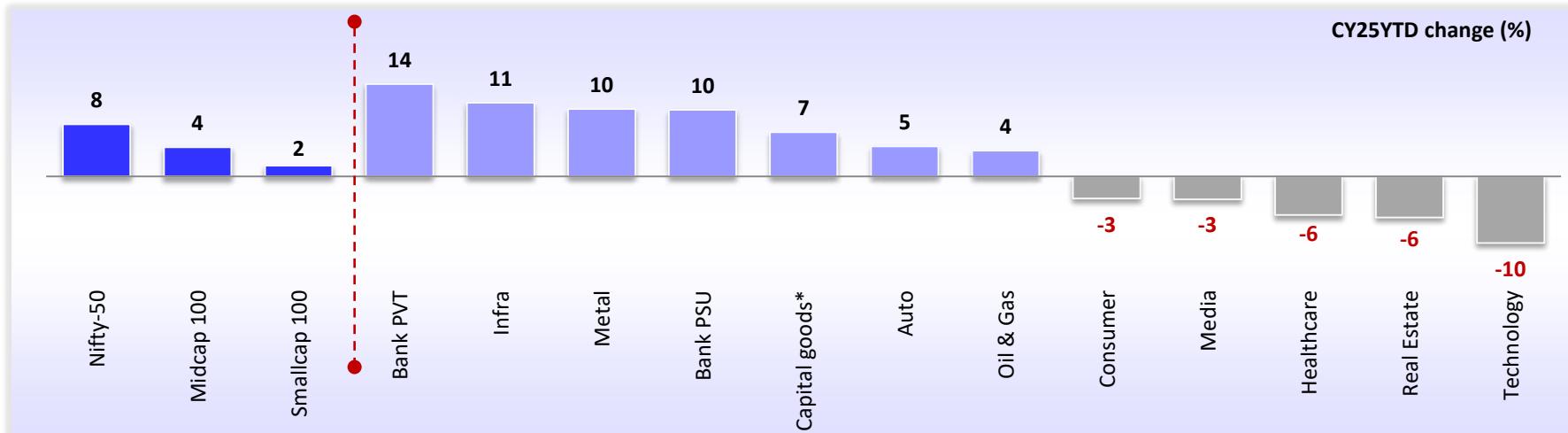
Source: Bloomberg, MOFSL

Most sectors gain during the month, barring Consumer

Sectoral performance MoM (%): Mid- and Small-caps have outperformed large-caps during the month



Sectoral performance in CY25YTD (%): Private banks and Infra outperform, while Technology lags



Note: (*) represents BSE Capital goods index.

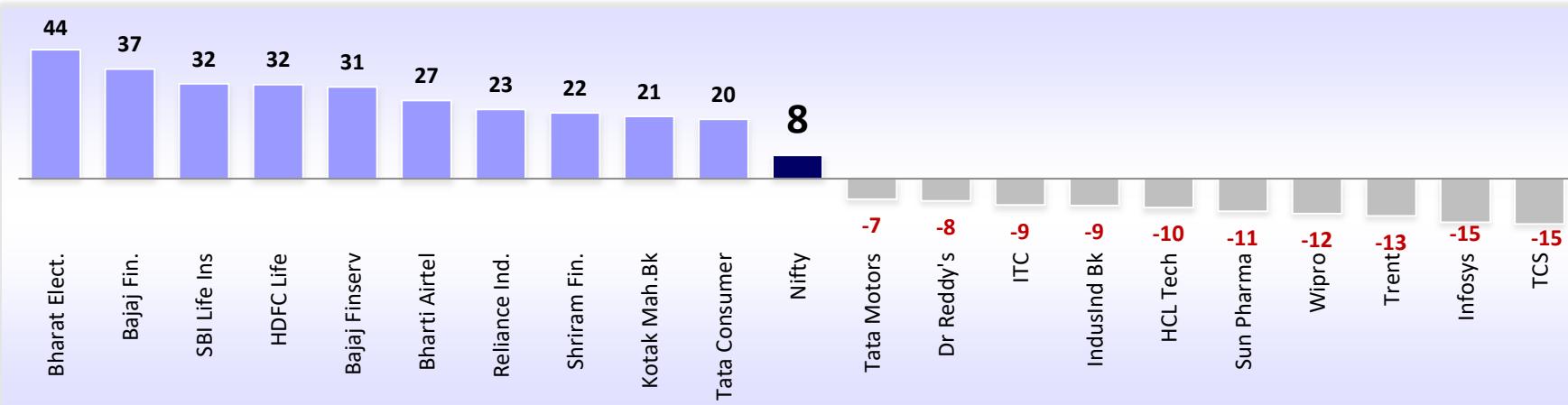
About 76% of the Nifty constituents end higher in Jun'25

- ❖ Among Nifty constituents, 38 stocks closed higher in Jun'25, with 23 outperforming the benchmark. Jio Financials, Grasim Ind. and Eternal posted notable gains, whereas Tata Motors, Bajaj Auto, and HUL were the key laggards.
- ❖ About 33 Nifty constituents trade higher in CY25YTD. Bharat Electronics, Bajaj Finance, and SBI Life Ins. are the top gainers, whereas TCS, Infosys, and Trent are the key laggards.

Best and worst Nifty performers on a MoM basis (%)



Best and worst Nifty performers in CY25YTD (%)



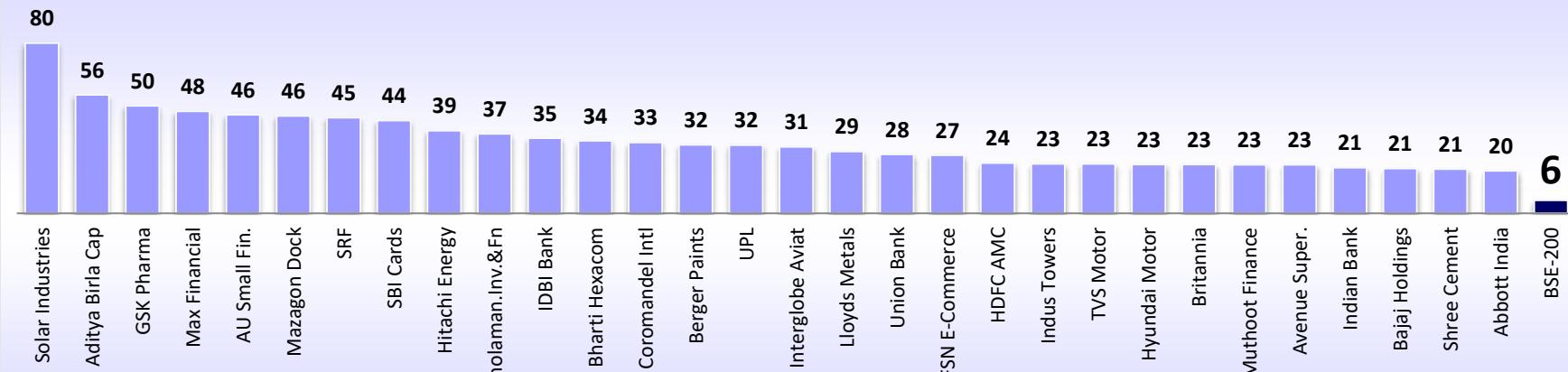
About 69% of the BSE-200 constituents end higher in Jun'25

- In Jun'25, 137 BSE-200 stocks closed higher. Aditya Birla Capital, Swiggy, and Hyundai Motor gained the most during the month.
- About 110 BSE-200 constituents trade higher in CY25YTD. Solar Industries, Aditya Birla Capital, and GSK Pharma are the top gainers.

Top gainers within BSE-200 on a MoM basis (%)^{*}



Top gainers within BSE-200 CY25YTD (%)^{*}

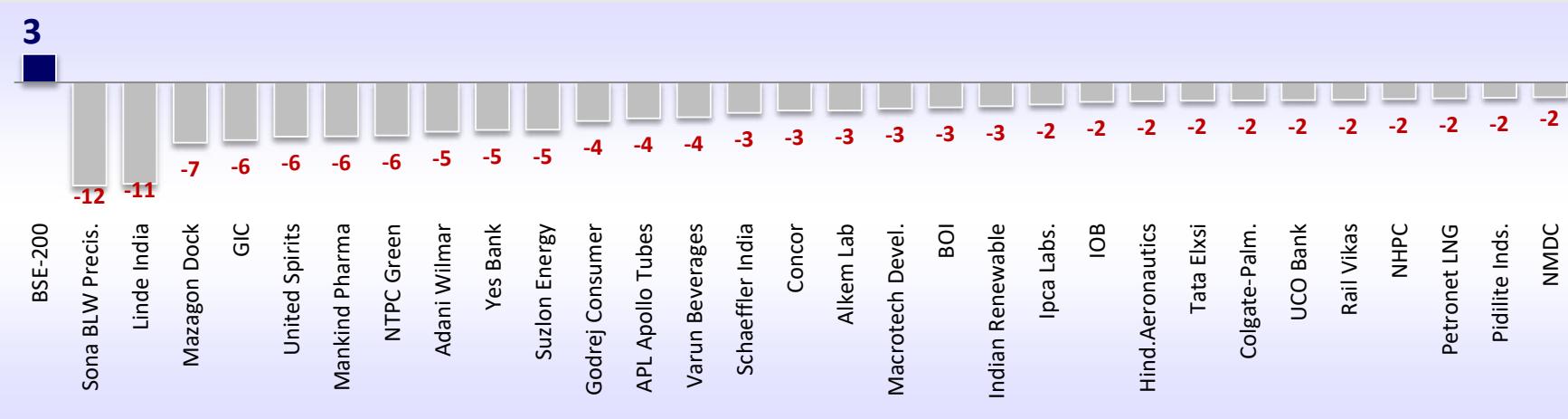


^{*}The list excludes Nifty constituents.

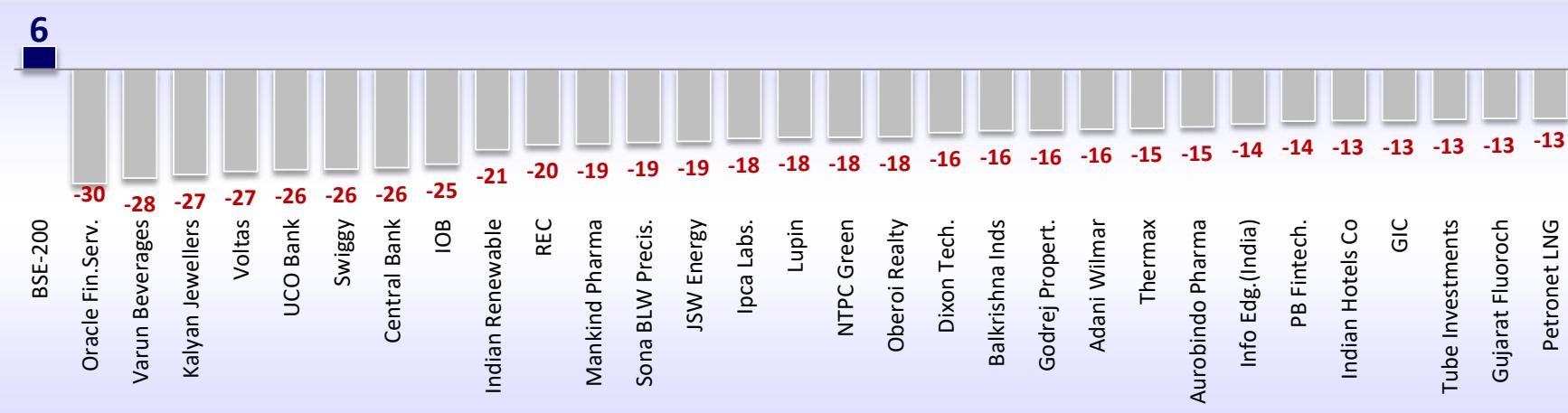
About 32% of the BSE-200 constituents end lower in Jun'25

- ❖ In Jun'25, 63 companies closed lower. Sona BLW, Linde India, and Mazagon Dock were among the key laggards.
- ❖ About 90 of the BSE-200 companies trade lower in CY25YTD. Oracle Finance, Varun Beverages, and Kalyan J. are the key laggards in CY25YTD.

Key laggards among the BSE-200 constituents on a MoM basis (%)^{*}



Key laggards among the BSE-200 constituents in CY25YTD (%)^{*}



*The list excludes Nifty constituents.

Telecom and O&G gain weight, while Private Banks and Consumer dip the most

- In Jun'25, the weights of the Private Banks, Consumer, Healthcare, and Utilities sectors declined 40bp, 30bp, 20bp, and 20bp MoM, respectively, while the Capital Goods sector saw a significant increase of 50bp MoM among the Nifty-50 constituents.

Nifty sectoral weights (%)

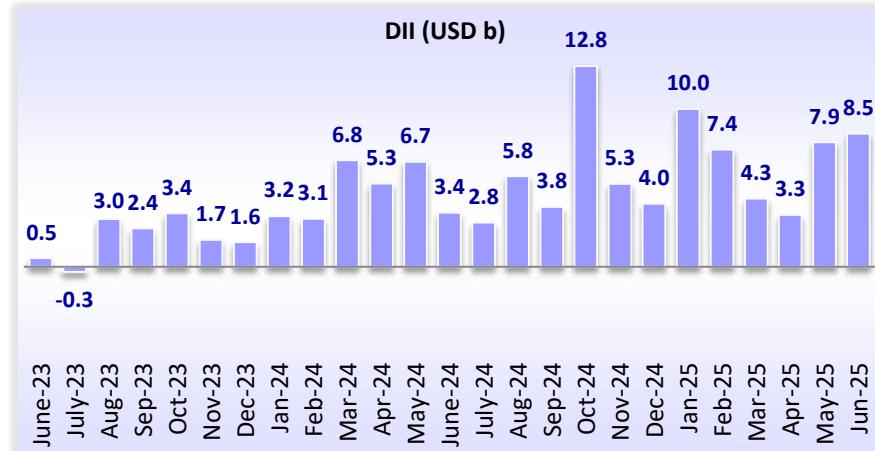
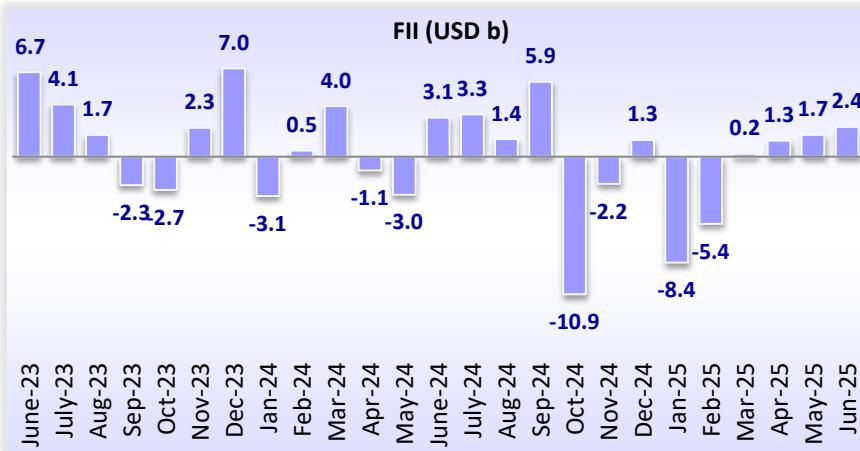
Sector	Weightage in the Nifty (%)									
	Dec'08	Dec'12	Dec'20	Dec'21	Dec'22	Dec'23	Mar'25	May'25	June'25	
Automobiles	2.5	8.8	5.4	5.0	5.3	6.5	6.9	7.1	7.0	
Banks – Private	5.0	16.9	24.7	21.9	24.2	28.2	28.4	28.6	28.3	
Banks – Public	5.4	4.7	1.8	2.3	2.9	2.6	2.8	2.8	2.7	
NBFC + Insurance	2.3	7.9	12.3	11.4	10.6	4.5	6.1	6.2	6.4	
Capital Goods	7.7	5.9	2.6	3.0	3.1	4.4	4.9	5.1	5.0	
Cement	1.7	4.2	2.2	2.4	1.8	2.1	2.2	2.0	2.2	
Consumer	6.5	12.3	10.4	9.4	10.3	10.8	7.8	7.7	7.4	
Healthcare	2.6	5.0	3.6	3.4	3.8	4.0	3.8	3.7	3.6	
Metals	4.8	3.8	2.0	2.9	2.9	3.0	3.1	2.9	2.8	
Oil and Gas	24.5	12.3	12.5	12.3	12.1	10.5	9.0	9.4	9.6	
Reliance	10.6	7.4	10.7	10.8	11.0	9.2	8.1	8.6	8.8	
Retail	0.0	0.0	1.1	1.4	1.4	1.6	2.3	2.4	2.5	
Telecom	11.6	2.0	2.0	2.1	2.5	2.7	4.4	4.4	4.7	
Technology	9.0	11.4	16.3	19.1	14.0	13.6	11.9	11.3	11.2	
Utilities	13.3	4.5	2.1	2.1	2.5	3.6	3.7	3.4	3.3	
Miscellaneous	3.3	0.5	1.0	1.2	2.6	1.9	2.7	3.0	3.1	
Nifty	100	100	100	100	100	100	100	100	100	

Note: The merger of HDFC Bank and HDFC Ltd. resulted in a shift in weightage from NBFCs to private banks in CY23. Britannia and BPCL were replaced with Jio Financials and Eternal in Mar'25

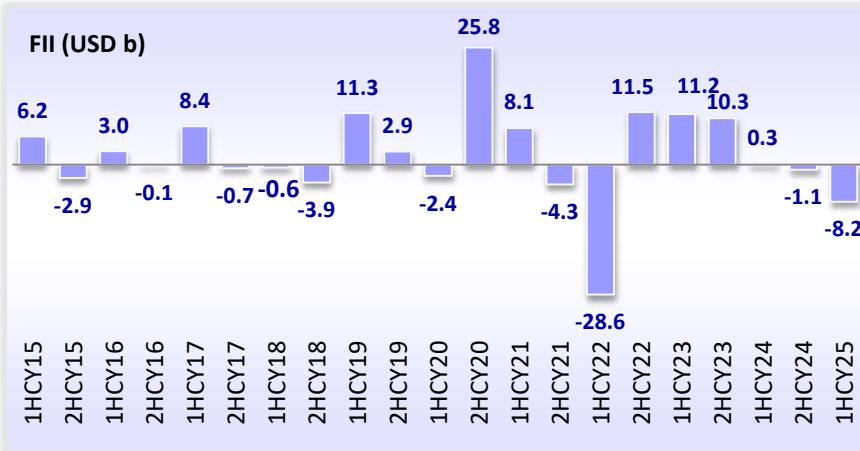
FII momentum builds further; DII inflows near record high

- ❖ FII flows remained positive for the fourth consecutive month, at USD 2.4b, while DIIs invested USD8.5b, their 23rd consecutive month of inflows and the third-highest monthly tally ever. This led to a record 15-month high institutional flow. In CY25YTD, DIIs have invested USD41.5b, while FIIs have sold USD8.2b worth of Indian equities.
- ❖ Interestingly, every bi-annual DII inflow has surpassed the previous six-month period over the past three years. During CY21-CY25YTD, DII inflows have totaled ~USD171b, whereas net FII outflows stood nearly flat at USD0.7b.

Monthly institutional flows (USD b)



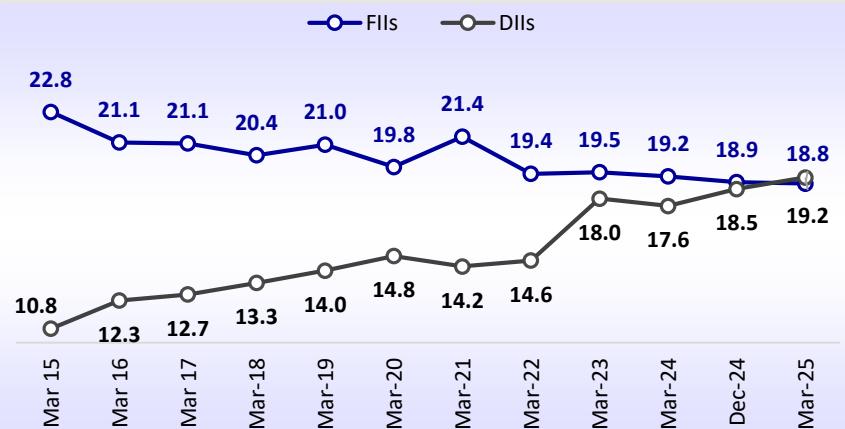
Institutional flows on a half-yearly basis (USD b)



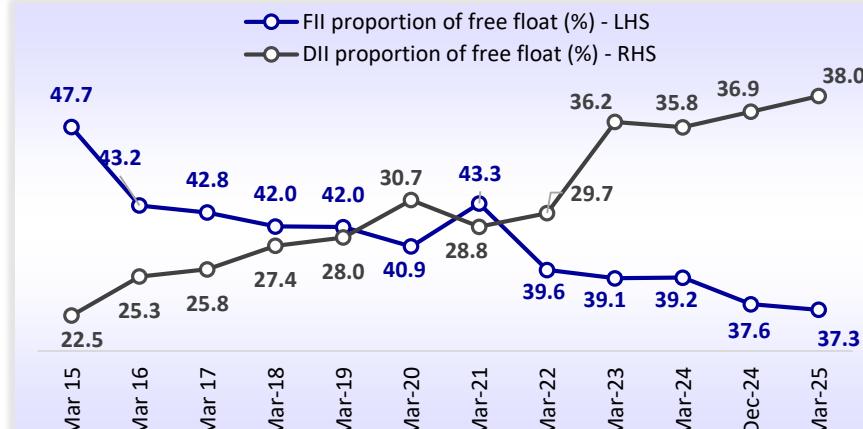
Institutional holdings: DIIs overtake FIIs in the Nifty-500 ownership

- ❖ Strong domestic inflows and buoyant capital markets led to a historic shift in ownership, with DII holdings surpassing FII holdings in the Nifty-500 companies for the first time.
- ❖ Promoter holdings declined to an all-time low of 49.5% in Mar'25, while retail holdings remained broadly stable.

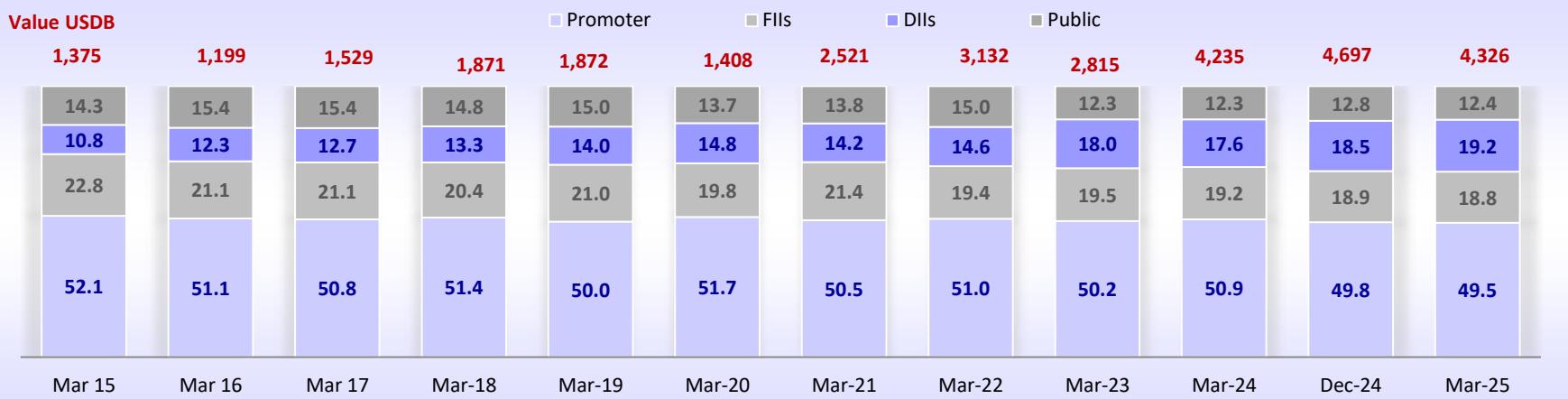
Trends in FII/DII holdings for Nifty-500 (%)



Trends in FII/DII share as proportion of free float



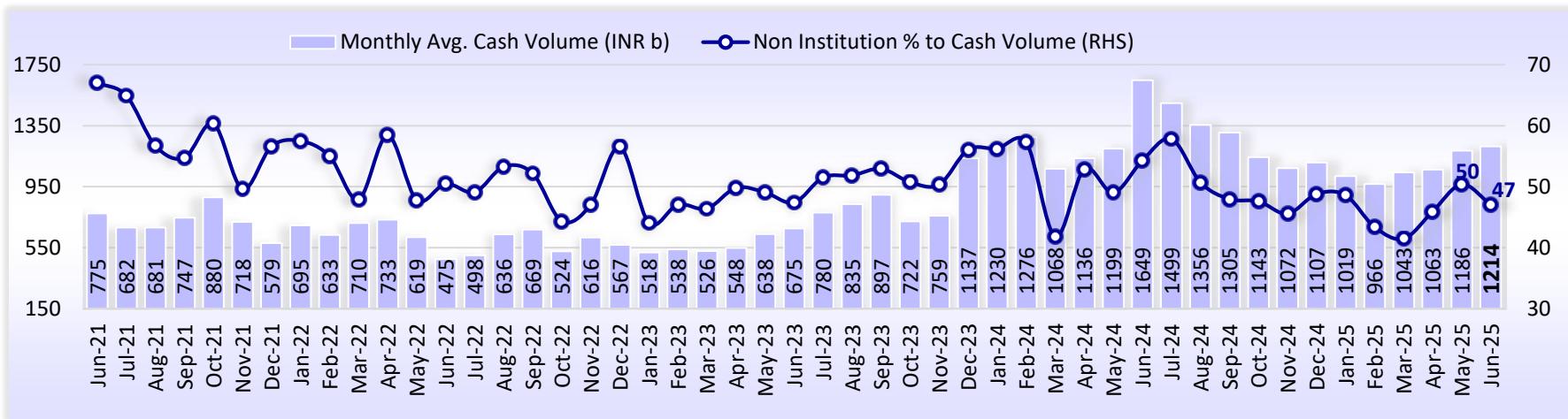
DIIs continued to raise their stakes for the fourth consecutive quarter



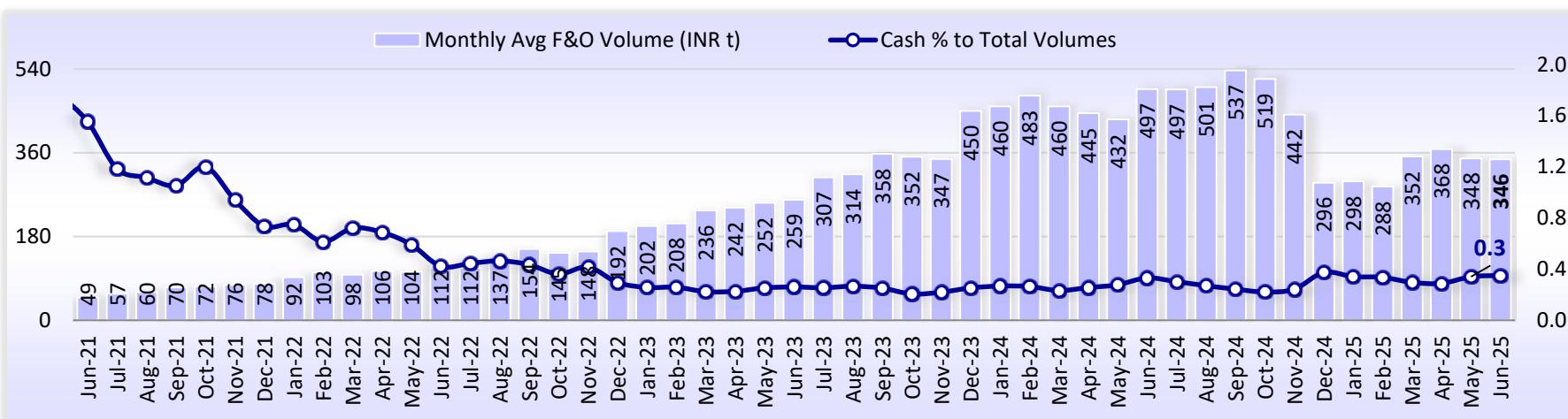
Monthly average cash volumes rise, while F&O volumes remain flat MoM

- ❖ Monthly average cash volumes rose 2% MoM in Jun'25 to INR1.2t (albeit, down 26% from the Jun'24 high). Non-institutional participation, which accounted for 47% of the total cash volumes, was down 300bp MoM.
- ❖ Monthly average F&O volumes were nearly flat MoM (down 36% from the Sep'24 high).

Monthly average cash volumes (INR b)



Monthly average F&O volumes (INR t)



India-US 10Y yield spread widens to 2.1%

- India's 10-year government bond yield remained flat at 6.3% in Jun'25, while the US yield declined 20bp MoM to 4.2%. As a result, the yield spread expanded 20bp MoM to 2.1% in Jun'25, up from an all-time low of 1.9% in May'25.

India-US 10Y bond yield (%)

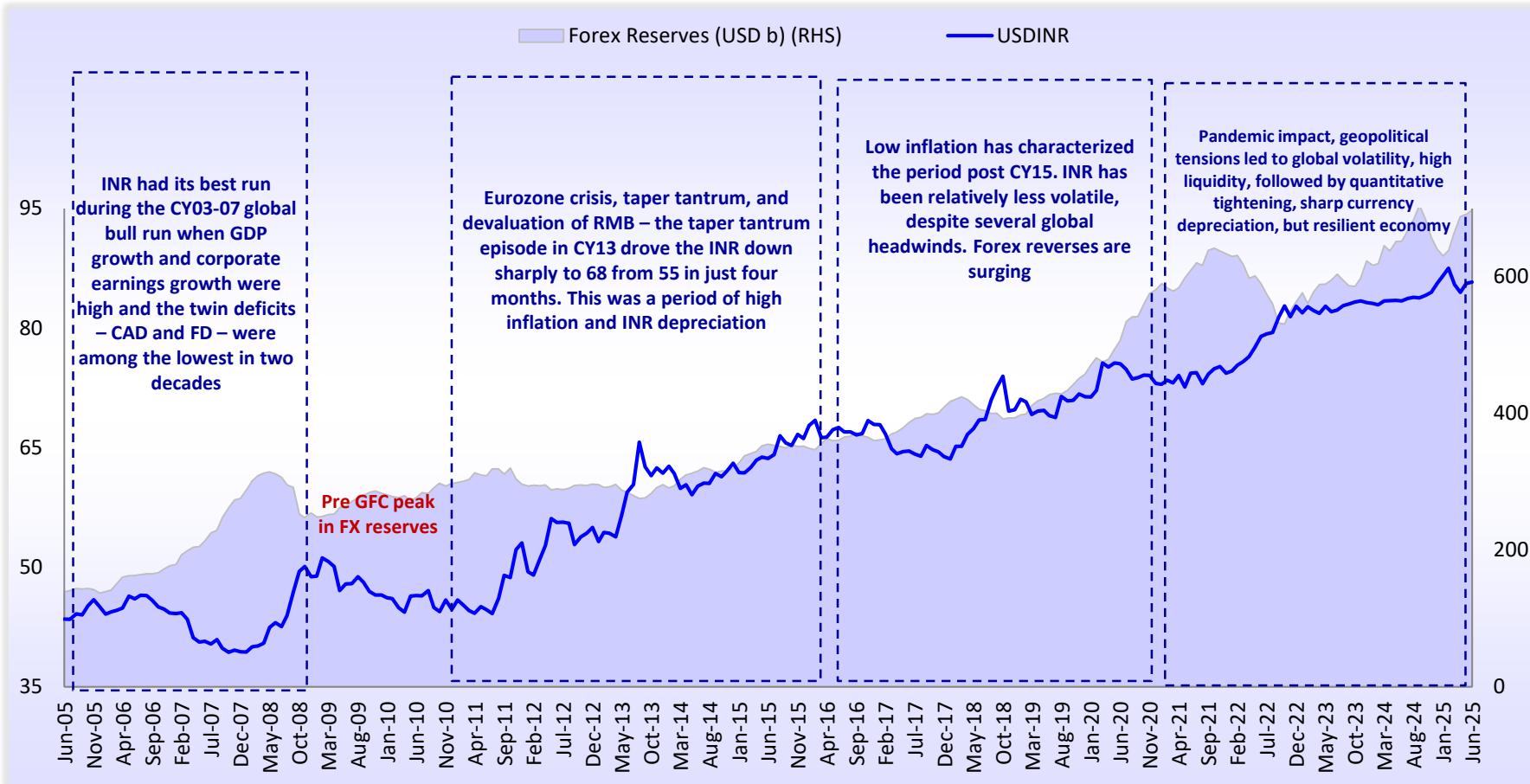


Source: Bloomberg, MOFSL

Forex reserves reach their second-highest level after five consecutive months of gains

- ❖ India's forex reserves rose 1% MoM to USD698b in Jun'25 (up 11% from the Jan'25 low of USD 631b), nearing the all-time high of USD705b reached in Sep'24.
- ❖ On the currency front, INR weakened 0.2% MoM to 85.8 against the USD.

Forex reserves (USD b)



Source: Bloomberg, MOFSL

Key reports from MOFSL's research desk

Initiating Coverage | Time Technoplast | Right Metrics + Right TIME = Rerating in Sight!

[Report link>>](#)

- ❖ TIME is the world's largest manufacturer of large-size plastic drums, with an impressive 50-60% market share in India and a significant share in 10 other countries. It was the first company to launch intermediate bulk containers (IBC) in India and is now the third largest IBC manufacturer worldwide. TIME ranks as the second largest global manufacturer of Type-IV composite LPG and CNG cylinders. After clocking a CAGR of 16%/19%/39% in revenue/EBITDA/PAT over FY21-25, we estimate a CAGR of 15%/16%/23% over FY25-28E, led by strong performance in its value-added product (VAP) segment (20% revenue CAGR, 18%+ EBITDA margin) and strong cash flow generation. Despite annual capex of ~INR1.7b, we estimate pre-tax RoCE/RoIC to expand from ~18% each in FY25 (FY24: 16-17%) to ~23%/26% in FY28 on healthy operating performance, improved plant efficiency and tightening of net working capital cycle (by 10-15 days). An estimated annual FCF of INR4b+ will be used to pare debt and achieve net cash status in FY27E (vs. net debt of INR5.9b/4.7b in FY24/FY25). We estimate healthy OCF/EBITDA (~60%) and FCF/PAT (80%) over the next three years.
- ❖ We initiate coverage on Time Technoplast (TIME) with a BUY rating, based on 22x FY27E P/E with 40% upside. Our positive stance is backed by the company's strong growth prospects, improving return ratios and attractive valuation (~16x FY27E P/E).



Initiating Coverage | Go Fashion (India) | Get set, GO in style!!

[Report link>>](#)

- ❖ Go Fashion (GOCOLORS), operating under the brand 'Go Colors', is a pioneer and category leader in the women's bottom wear market, holding an 8% share of the organized market. Leveraging its first-mover advantage, GOCOLORS has successfully established a direct-to-consumer (D2C) brand, offering a wide range of products through 776 exclusive brand outlets (EBOs) across 180 cities.
- ❖ GOCOLORS is well-positioned to leverage its leadership in the women's bottom-wear segment and D2C model, with significant expansion potential beyond its current presence in ~180 cities. We model a 16% revenue CAGR over FY25- 28E, led by an 18% growth in EBO/online channels. While its gross margin may contract ~130bp due to RM benefit pass-through, its operating leverage is likely to drive ~135bp EBITDA margin expansion to 18.2%. EBITDA and PAT are projected to clock 19%/20% CAGR over FY25-28E. Strong operational cash flows are expected to result in cumulative OCF/ FCF of INR3.7b/INR2.5b.
- ❖ Following the recent correction, the stock currently trades at 34x FY27E EPS. We value the stock at 45x FY27E EPS to arrive at our TP of INR1,127. We initiate coverage on the stock with a BUY rating.



Initiating Coverage | Aditya Birla Lifestyle Brands | Well-Stitched Brands, Loose Ends in Execution [Report link>>](#)

- ❖ Aditya Birla Lifestyle Brands (ABLBL) was demerged from Aditya Birla Fashion and Retail (ABFRL) in May'25 and comprises four industry-leading lifestyle brands (Louis Philippe, Van Heusen, Allen Solly and Peter England) and emerging brands such as Van Heusen Innerwear, Reebok and American Eagle.
- ❖ We expect ABLBL to deliver ~10% revenue CAGR over FY25-28E, driven by 1) acceleration in retail store additions in lifestyle brands, 2) improvement in store productivity, and 3) scale-up of emerging brands. Driven by lower discounting, an improved channel mix and operating leverage benefits, we expect gross/EBITDA margin to expand ~80bp/~140bp to 59%/16.6% by FY28E. Further, ABLBL could generate cumulative FCF of INR11b over FY25-28E, which should help ABLBL to become a net-cash company (excl. leases).
- ❖ We ascribe a TP of INR190/share (vs. ~INR171/sh implied price on demerger), premised on 15x FY27E EV/EBITDA for lifestyle brands and ~1x FY27E EV/sales for emerging brands. We assume coverage on ABLBL with a Neutral rating.



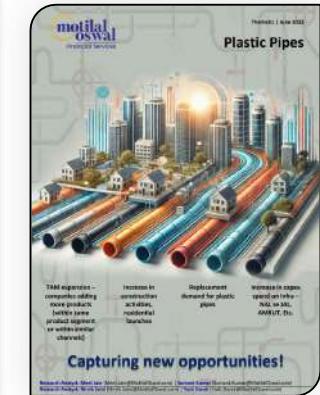
Key reports from MOFSL's research desk (cont...)

Initiating Coverage | Plastic Pipes | Capturing new opportunities!

[Report link>>](#)

Initiate coverage on SI/ASTRA/PRINCPIP with a BUY rating

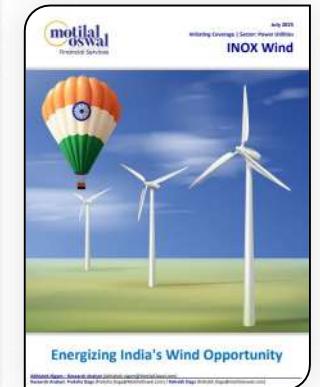
- ❖ **Core industry growth to accelerate at ~14% CAGR:** The Indian plastic pipes industry has evolved significantly, registering a ~10% CAGR over the last decade to reach ~INR541b in FY24. This growth is anticipated to accelerate to ~14% CAGR over FY24-27, reaching ~INR805b by FY27, driven by strong demand from housing, irrigation, water supply, and sanitation. Additionally, robust replacement demand will be a key growth driver
- ❖ **Seizing emerging opportunities and expanding TAM:** Leading players within the sector have diversified beyond pipes into adjacent high-growth categories such as water tanks (TAM INR100b in FY24), bathware (INR194b), and industrial components, leveraging innovation and market expansion. Each of these categories is set to register a healthy CAGR averaging ~12% over the next few years.
- ❖ **Organized players to gain further share:** Organized players currently hold ~70% of industry demand, up from 50% in FY10. A few key players dominate ~40% of the market: SI (~11%), Ashirvad (9%), FNXP (8%), ASTRA (7%), and PRINCPIP (5%). The extended Anti-Dumping Duty (ADD) on CPVC (until Jun'29) and potential ADD on PVC resins will accelerate the shift towards organized players. Sector consolidation is expected to gain momentum, benefiting organized firms with strong balance sheets.
- ❖ **Our initiating coverage universe:** We initiate coverage on: 1) Supreme Industries (SI), 2) Astral (ASTRA), and 3) Prince Pipes and Fittings (PRINCPIP) with a BUY rating. These companies are some of the key players operating in the Indian plastic pipes space. We believe that these companies are well-positioned to gain further market share and deliver a healthy earnings trajectory.



Initiating Coverage | INOX Wind | Energizing India's Wind Opportunity

[Report link>>](#)

- ❖ IWL is a leading vertically integrated player in India's wind energy sector, delivering end-to-end solutions from conception and commissioning to O&M of wind power projects. With a manufacturing capacity of 2.5GW annually across four facilities, IWL produces 2MW and 3MW Wind Turbine Generators (WTGs).
- ❖ As of FY25-end, IWL holds a robust order book of ~3.2GW, offering strong revenue visibility for at least two years. Its listed subsidiary, Inox Green Energy Services Ltd. (IGESL) (55.93% stake), manages a significant 5.1GW O&M portfolio. Meanwhile, its other subsidiary, Inox Renewable Solutions Limited (IRSL, 93% stake), is diversifying beyond wind EPC into solar, hybrid EPC, and specialized services such as crane operations broadening IWL's market reach and service offering.
- ❖ Valuation and view: We arrive at a TP of INR210 by applying a target P/E of 25x to FY27E EPS, which is at a 29% discount to our target multiple for SUEL. IWL is currently trading at FY27 P/E of 20.5x, which is at a 28% discount to its direct competitor, SUEL.

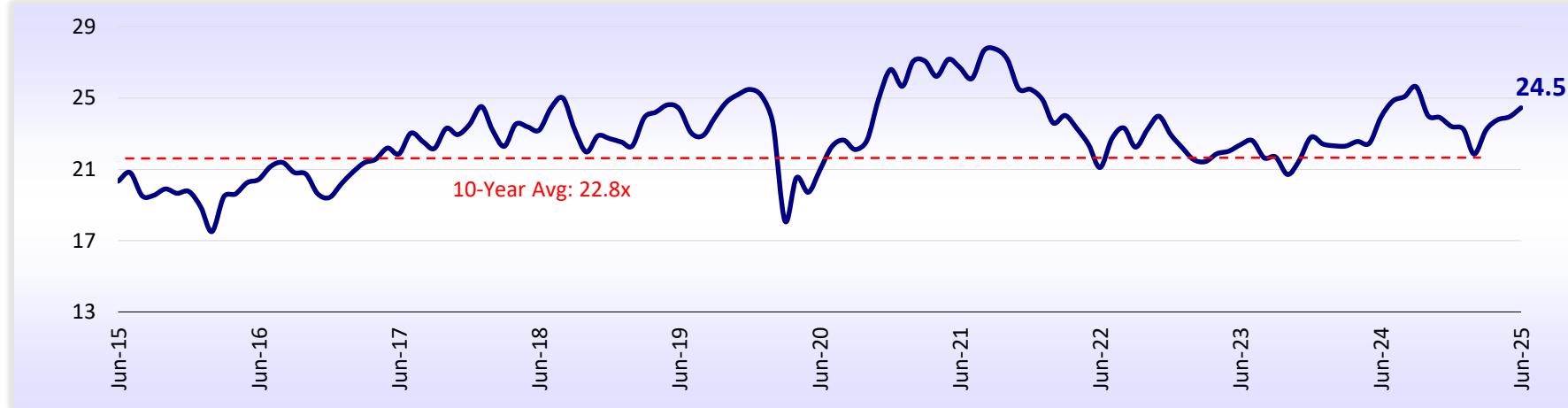


Valuations: Key observations

Valuations: Nifty's 12-month trailing P/E rises MoM

- ❖ The 12-month trailing P/E for Nifty-50 traded at 24.5x, 7% above its LTA.
- ❖ At 3.6x, the 12-month trailing P/B was 15% above its historical average of 3.1x.

12-month trailing Nifty P/E (x)



12-month trailing Nifty P/B (x)



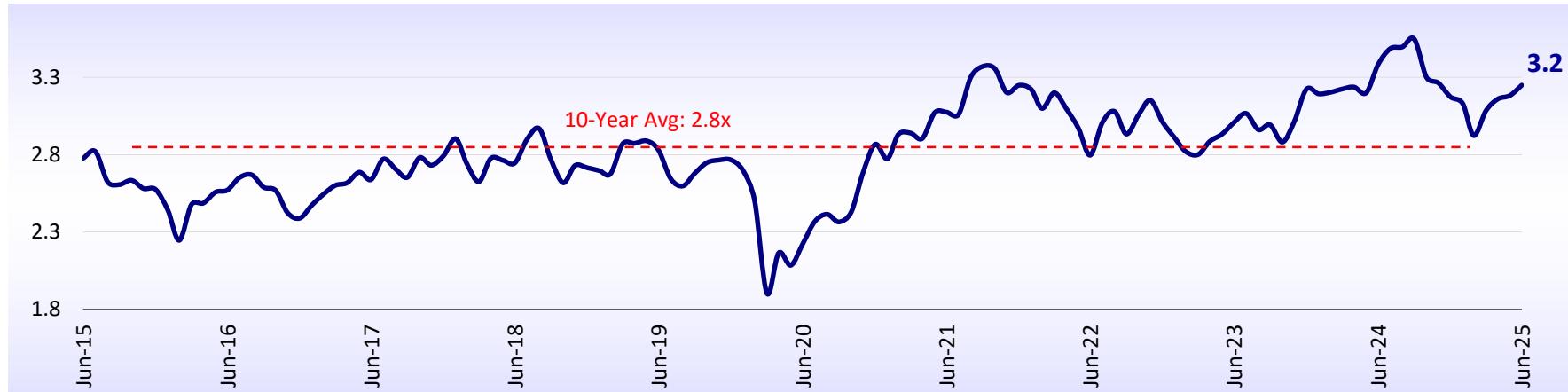
Valuations: Nifty's 12-month forward P/E trades above its LTA

- ❖ Nifty's 12-month forward P/E traded at 21.7x, 5% above its LTA of 20.7x, but it was down 10% from the Sep'24 high.
- ❖ At 3.2x, the 12-month forward P/B traded at a 14% premium to its LTA of 2.8x.

12-month forward Nifty P/E (x)



12-month forward Nifty P/B (x)



EY/BY remains flat MoM

- ❖ India's 10Y bond yield stood at 6.3% (flat MoM). Consequently, the Earnings yield to Bond yield (EY/BY) traded near its LTA on both trailing and forward basis.

Trailing Earnings Yield/G-Sec Yield (x)



Forward Earnings Yield/G-Sec Yield (x)



NSE indices: Valuations above historical averages across the board

- ❖ Valuations of mid- and small-caps traded at a significant premium of 22% and 69% to their historical averages, respectively, while valuations for large caps traded at 5% above the LPA.
- ❖ Most of the sectoral indices (excluding Banks) have been trading at a significant premium to their LPA.

NSE indices: Valuation snapshot

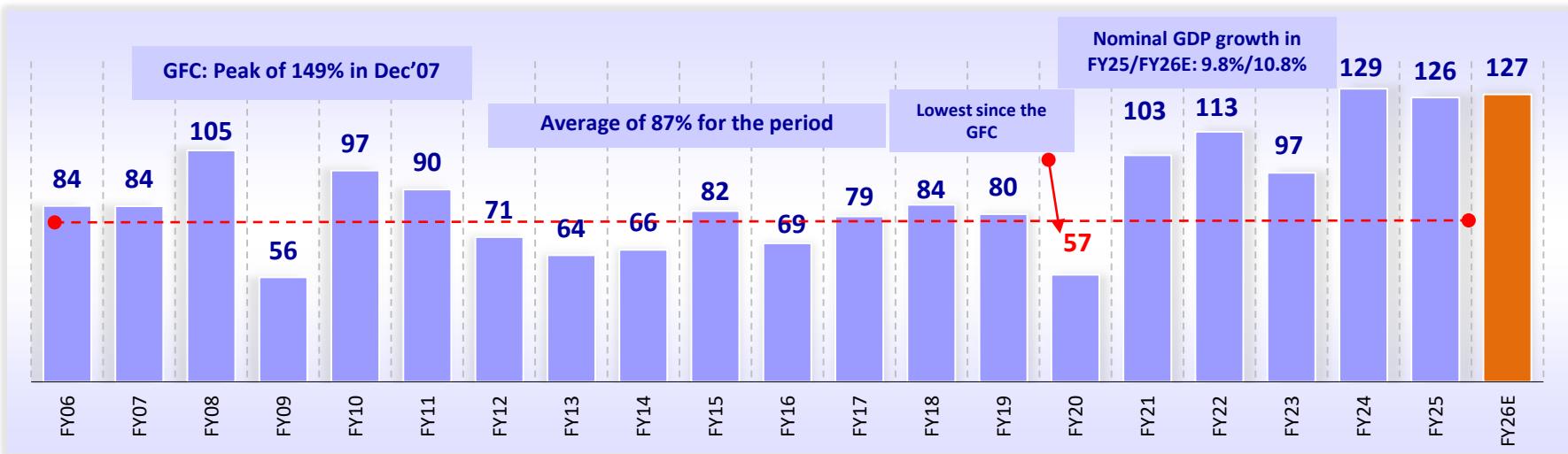
Indices	Nifty-50	Nifty Midcap-100	Nifty Smallcap-100	Nifty-500	Auto	BANK	FMCG	Capital Goods	IT	Metal	Energy
Jun'25 closing	25,517	59,741	19,075	23,617	23,873	57,313	54,884	38,950	9,535	36,569	26,140
YoY change (%)	6.3	7.2	4.1	4.7	-5.3	9.5	-3.3	7.7	-2.8	-12.5	4.5
EPS (12m fwd)	1,135	1,923	609	959	1,003	3,232	1,395	1,463	585	2,439	1,151
P/E (12m fwd)	21.7	27.9	27.7	24.6	23.8	17.7	39.3	26.6	16.3	15.0	22.7
P/E (10 yr average)	20.7	22.8	16.4	19.6	19.6	15.9	33.8	25.8	21.1	11.1	11.6
P/B (12m fwd)	3.2	4.2	3.8	3.6	3.8	2.2	9.3	5.8	2.1	2.1	3.4
P/B (10 yr average)	2.8	2.7	2.1	2.8	2.9	2.1	8.5	3.6	5.1	1.3	1.4
RoE (%)	15.0	13.3	12.4	14.3	16.5	12.5	26.3	21.5	13.0	14.5	14.6
RoA (%)	3.3	1.1	4.3	2.7	7.3	1.3	23.2	18.0	7.8	7.6	2.9

Source: Bloomberg, MOFSL; as of 30th Jun'25 | LPA: Long Period Average i.e. 10-year average

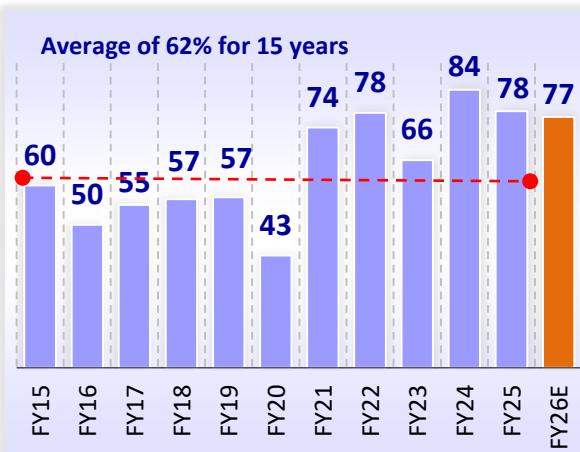
India's market cap-to-GDP ratio continues to inch up from its Feb'25 lows

- ❖ India's market cap-to-GDP ratio is projected at 127% in FY26, lower than the peak of 146% in Sep'24 but above the Feb'25 low of 120%.
- ❖ The market cap-to-GDP ratio for broader markets continues to trade at a significant premium to the long-term average.

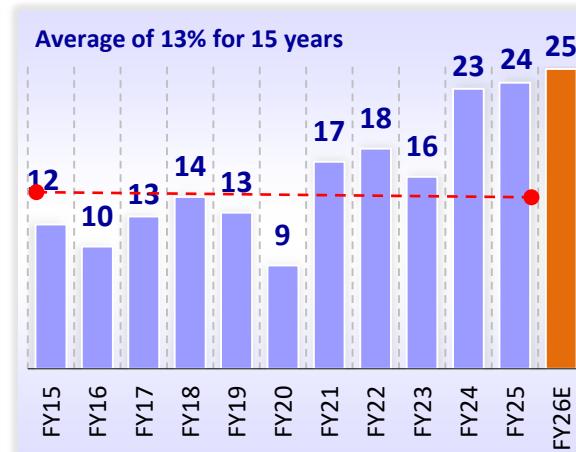
Market cap-to-GDP ratio (%) – Overall



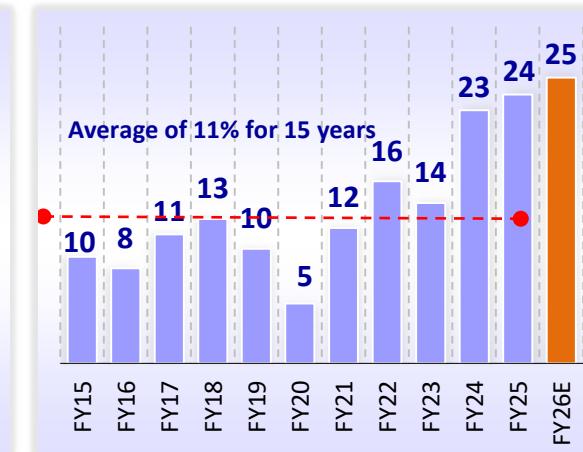
Market cap-to-GDP ratio (%) - Top 100 Large-caps



Market cap-to-GDP ratio (%) - 101 to 250th Mid-caps



Market cap-to-GDP ratio (%) - Small-caps, beyond 250th



Top ideas

Company	Mcap (USDb)	CMP	EPS (INR)			EPS CAGR (%) FY25-27E	PE (x)			PB (x)			ROE (%)		
			FY25	FY26E	FY27E		FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Preferred large cap stocks															
Reliance Inds.	224.0	1,465	51.5	59.5	66.5	13.7	28.5	24.6	22.0	4.7	2.2	2.0	8.5	9.2	9.4
Bharti Airtel	131.9	1,937	30.3	47.6	62.9	44.1	63.9	40.7	30.8	9.5	8.2	6.3	18.0	22.5	25.3
ICICI Bank	115.1	1,427	66.8	72.9	85.5	13.2	21.4	19.6	16.7	3.5	3.2	2.7	18.0	17.1	17.5
Larsen & Toubro	57.5	3,661	106.9	128.6	152.8	19.5	34.2	28.5	24.0	5.2	4.6	4.0	16.0	17.0	17.9
Kotak Mah. Bank	49.3	2,169	110.4	108.9	129.1	8.2	19.7	19.9	16.8	2.8	2.5	2.2	12.8	12.6	13.3
M & M	44.4	3,182	98.7	121.5	137.8	18.1	32.2	26.2	23.1	6.2	5.2	4.4	20.8	21.7	20.8
Titan Company	36.0	3,517	42.3	53.5	63.3	22.3	83.2	65.7	55.6	26.9	20.9	16.6	35.8	35.9	33.3
Trent	23.5	5,907	43.2	55.5	68.3	25.8	136.8	106.5	86.5	35.9	26.4	19.9	32.2	30.6	28.1
Tech Mahindra	19.0	1,696	47.9	60.9	77.0	26.7	35.4	27.9	22.0	5.5	5.3	5.2	15.7	19.5	23.8
Preferred Mid-cap/Small-cap stocks															
Indian Hotels	12.3	764	11.8	14.7	17.5	21.6	64.7	52.2	43.8	9.7	8.3	7.0	16.3	17.1	17.3
BSE	12.2	2,688	32.4	43.7	50.3	24.6	82.9	61.6	53.4	24.7	18.9	14.9	29.8	30.7	27.8
HDFC AMC	12.0	4,956	115.2	131.3	149.0	13.7	43.0	37.7	33.3	13.0	12.0	11.0	32.4	33.1	34.5
SRF	10.3	3,030	46.1	70.9	98.7	46.4	65.8	42.7	30.7	7.1	6.3	5.4	11.4	15.7	19.0
Suzlon Energy	9.9	63	1.1	1.7	2.4	48.3	58.7	37.3	26.7	14.2	10.3	7.4	29.4	31.9	32.2
Dixon Tech.	9.7	14,056	117.2	168.7	241.6	43.6	120.0	83.3	58.2	28.1	21.3	15.7	30.0	29.1	31.1
Coforge	7.0	1,833	25.0	46.3	58.1	52.3	73.2	39.6	31.5	9.5	8.6	7.6	13.9	18.0	20.6
Jindal Stainless	6.3	671	30.5	36.2	44.5	20.7	22.0	18.5	15.1	3.3	2.8	2.4	15.1	15.4	16.1
Page Industries	5.8	45,016	652.9	749.1	877.2	15.9	68.9	60.1	51.3	35.7	29.4	24.4	51.8	48.9	47.5
Kaynes Tech	4.1	5,866	45.8	83.5	132.4	70.0	128.1	70.3	44.3	13.2	11.1	8.9	11.0	17.2	22.3
L T Foods	1.7	434	17.4	22.5	28.0	26.8	24.9	19.3	15.5	3.9	3.4	2.9	16.8	18.8	20.0

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

NOTES

Quant Research & India Strategy Gallery

The slide features a large, colorful illustration of an eagle's head and shoulders on the left, looking towards the right. In the background, there is a faint bar chart and a 3D rendering of a stack of books on the right side. The overall theme is professional and analytical.

The image shows the cover of the 2013 India Strategy Report. The title 'India Strategy' is at the top right. The central graphic features a large sack overflowing with US dollar bills, with the word 'FUNDRAISING' written across it in large, bold letters. In the background, there is a silhouette of a city skyline at sunset. The bottom of the cover shows a group of people in a dark setting, possibly a protest or rally, with some holding signs. The overall theme is the impact of fundraising on India's political landscape.

Reason	India	China	US	Germany
Why India is the best rated	8.4	8.3	8.2	8.1
Why India is the second best rated	8.4	8.3	8.2	8.1

An infographic titled 'India Strategy' from the 'India Special' issue of Strategy & Leadership magazine. It features a blue and white color scheme with a grid background. The main title 'India Strategy' is at the top right. Below it is a subtitle 'India's rise and its implications for strategy'. The infographic is divided into several sections: 'Gaining in the Global Top 10' (with a bar chart showing India's rank from 2000 to 2010), 'India's rise is a source of opportunity and challenge', 'India's rise is a source of opportunity and challenge' (repeated), 'India's rise is a source of opportunity and challenge' (repeated), 'India's rise is a source of opportunity and challenge' (repeated), 'India's rise is a source of opportunity and challenge' (repeated), and 'India's rise is a source of opportunity and challenge' (repeated). Each section contains a brief text summary and a small circular graphic. The bottom of the page includes the magazine's masthead, a table of contents, and a footer with the publisher's information.

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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

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