

Quant

The Outlanders

Monthly sector wise FII/FPI Flows

- Automobile and Auto Components** sector recorded FII/FPI outflows of Rs 20,450 million in Dec-25, following Rs 16,420 million in Nov-25 and a steep Rs 43,710 million outflow in Dec-24. These flows remain significantly below the long-term average of Rs 1,454 million.
- Capital Goods** sector saw a sharp reversal in Dec-25 with outflows of Rs 25,660 million, compared to strong inflows of Rs 24,950 million in Nov-25 and Rs 31,280 million in Dec-24. This downturn contrasts with the long-term average of Rs 18,136 million.
- Chemicals** sector remained weak with outflows of Rs 480 million in Dec-25 after a sharp Rs 11,780 million outflow in Nov-25. This contrasts with inflows of Rs 6,000 million in Dec-24 and is well below the long-term average of Rs 2,336 million.
- Construction materials** sector recorded FII/FPI outflows of Rs 16,740 million in Dec-25, worsening from Rs 8,610 million in Nov-25 and Rs 3,700 million in Dec-24. Despite this sharp decline, flows remain significantly below the long-term average of Rs 2,345 million.
- Consumer durables** sector recorded FII/FPI inflows of Rs 5,990 million in Dec-25, improving from outflows of Rs 1,060 million in Nov-25 and Rs 9,000 million in Dec-24. This marks a sharp turnaround, though flows remain above the long-term average outflow of Rs 5,385 million.
- Consumer services** sector recorded FII/FPI inflows of Rs 33,400 million in Dec-25, rebounding sharply from outflows of Rs 39,930 million in Nov-25 and improving over inflows of Rs 32,200 million in Dec-24. Current flows are significantly above the long-term average of Rs 7,540 million.
- Fast Moving Consumer Goods (FMCG)** sector recorded FII/FPI outflows of Rs 58,440 million in Dec-25, worsening from Rs 47,640 million in Nov-25 and Rs 27,890 million in Dec-24. Current flows are significantly below the long-term average outflow of Rs 8,350 million.
- Financial services** sector recorded FII/FPI outflows of Rs 1,05,250 million in Dec-25, deteriorating sharply from Rs 31,780 million in Nov-25 and reversing inflows of Rs 30,860 million in Dec-24. Current flows are significantly below the long-term average outflow of Rs 8,919 million.
- Healthcare** sector recorded FII/FPI outflows of Rs 29,940 million in Dec-25, worsening from Rs 17,830 million in Nov-25 and reversing inflows of Rs 37,670 million in Dec-24. Current flows are significantly below the long-term average inflow of Rs 7,176 million.
- Information technology** sector saw heavy FII/FPI outflows of Rs 57,940 million. Information Technology sector recorded FII/FPI inflows of Rs 11,260 million in Dec-25, recovering from heavy outflows of Rs 57,940 million in Nov-25 but down from strong inflows of Rs 90,500 million in Dec-24. Current flows are above the long-term average outflow of Rs 24,448 million.

January 15, 2026

PL Capital
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Navigating Crests & Troughs

Dec'25 Sectoral PE trend

In December 2025, most sectors traded at valuations above or near their long-term averages, reflecting strong market sentiment. The Auto, Capital Goods, Chemicals, Healthcare, and IT sectors had forward PE ratios slightly higher than their long-term averages, while the Electronics, Durable and FMCG sectors traded lower than their averages. Construction Materials and Consumer Durables stayed mostly in line with long-term trends. Overall, market valuations remained high, with Electronics and Consumer Durables standing out for their higher valuations.

- Automobile & ancillaries** market capitalization (Mcap) remained stable in Dec-25, ranging between ₹23,050 billion and ₹34,190 billion. The sector's PE ratio hovered around 31 for most of the month, rising slightly to 32 by year-end. Compared to the long-term average of 26, the current valuation is above average but still within the historical band of 15-37, with a 1 standard deviation level at 21 and 30.
- Capital goods** maintained a stable Mcap in Dec-25, fluctuating between ₹12,470 billion and ₹12,920 billion. The 1-year forward PE ratio remained stable at 33-34 throughout the month, slightly exceeding the long-term average of 28. The historical PE band ranges from 15 to 49, with a 1 standard deviation levels at 17 and 34, indicating that the current valuation is at the upper end of its standard deviation range.
- Chemicals** Mcap in Dec-25 ranged between ₹12,070 billion and ₹12,290 billion, showing slight fluctuations. The 1-year forward PE ratio remained high at 35-36 throughout the month, above the long-term average of 33. The historical PE band spans from 21 to 50, with a 1 standard deviation levels at 25 and 41, indicating that current valuations are near the upper end of the standard deviation range.
- Construction materials** Mcap in Dec-25 ranged between ₹7,830 billion and ₹8,030 billion, showing minor fluctuations. The 1-year forward PE ratio remained stable at 30 throughout the month, slightly exceeding the long-term average of 26. The historical PE band spans from 16 to 40, with a 1 standard deviation levels at 24 and 36, indicating that current valuations are at the midpoint of the historical range.
- Consumer durables** Mcap declined slightly during Dec-25, from ₹2,340 billion on 5-Dec to ₹2,290 billion on 31-Dec. The 1-year forward PE ratio eased from 46 at the start of the month to 43 by year-end but remained above the long-term average of 45. The historical PE band spans from 16 to 80, with a 1 standard deviation levels at 29 and 60, indicating that current valuations are near the long-term average but below the upper deviation threshold.
- Electronics** Mcap increased slightly during Dec-25, from ₹2,340 billion on 5-Dec to ₹2,390 billion on 31-Dec. The 1-year forward PE ratio fluctuated between 34 and 35, which is significantly above the long-term average of 17. The historical PE band spans from 15 to 51, with a 1 standard deviation levels at 3 and 30, indicating that current valuations are well above the upper deviation threshold.

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Navigating Crests & Troughs

Monthly sectoral PE trend

This report reviews the year-forward price-to-earnings (PE) ratios for key sectors in the Indian market. It highlights how valuations have moved through different cycles and compares current levels with historical trends to provide a clear view of sector positioning. We have chosen companies from the BSE 500 index as our sample.

- Automobile & ancillaries:** FY23 had a higher base post-Covid recovery, weaker macro and geopolitical, supply chain issues, stricter emission norms, with higher interest rates, leading to declining profitability. Valuations increased by FY23-24 driven by higher earnings and interest rates, with moderation in treasury boosting profitability, with upward overall macro scenario. Now with GST rationalization and reduced interest rates, there is a surge in auto sales, which is driving the rating upward.
- Capital goods:** Post Covid, the industrial upcycle, led by strong public as well as private capex, resulted in stronger demand and higher operating leverage, driving profitability across companies engaged in manufacturing of industrial machinery, electrical equipment and infrastructure projects.
- Chemicals:** The sector PE stayed below its long-term average until 2020, subsequent to the impact of post-Covid and China's trade war, and improved over the subsequent years. Since the valuation trends moderated and are now closer to the long-term average, reflecting normalization largely due to head growth across chemical companies impacted due to global agrochemical slowdown as well as cheap downstream from China.
- Construction materials:** PE has reverted to its long-term average as earnings improved post-Covid, supported by steady demand, recovery and infrastructure-led growth. With no extraordinary triggers and moderated volume expectations, valuations now reflect historical norms, rather than extremes.
- Consumer durables:** FY25 delivered strong earnings for B2C brands and contract manufacturers, supported by low base in FY24, exceptionally high summer, and robust primary and secondary sales that improved margins. This weather-driven demand spike, combined with easing input costs, led to a sector-wide rerating. However, H1FY26 saw the cycle reverse, as a milder summer onset, weak consumer sentiment, and elevated channel inventory resulted in subdued consumer demand.
- Electronics:** The wires & cables segment experienced a revenue and earnings upturn from FY23-25 driven by an industry-wide capex cycle across power infrastructure, renewables, manufacturing and utilities. Subsequently, the sector's valuation multiples corrected lower in Feb'24, following the announcement of a large new entrant, which led to concerns about potential competitive intensity, future pricing pressure, and market share redistribution. These factors led to a correction in PE multiples.

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December 12, 2025

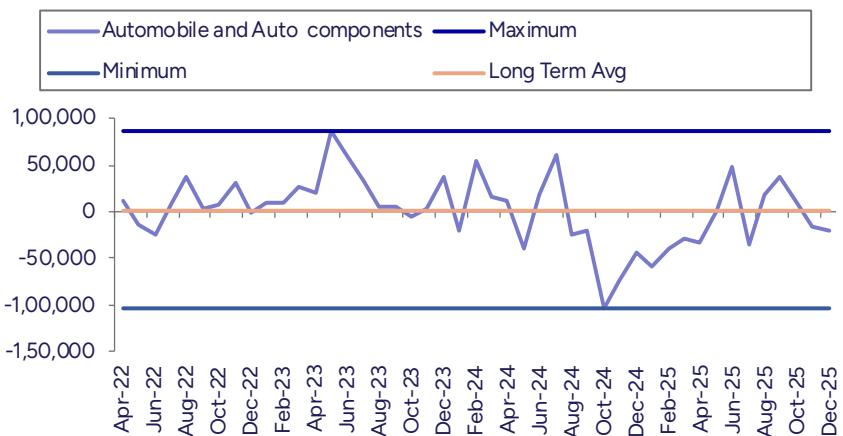
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January 15, 2026

- **Media, Entertainment & Publication** sector recorded FII/FPI outflows of Rs 3,200 million in Dec-25, slightly worsening from Rs 3,090 million in Nov-25 and reversing inflows of Rs 1,250 million in Dec-24. Current flows are below the long-term average outflow of Rs 1,754 million.
- **Metals & Mining** sector recorded FII/FPI inflows of Rs 29,840 million in Dec-25, rebounding strongly from outflows of Rs 6,800 million in Nov-25 and improving over inflows of Rs 9,710 million in Dec-24. Current flows are well above the long-term average outflow of Rs 1,072 million.
- **Oil, Gas & Consumable Fuels** sector recorded FII/FPI inflows of Rs 23,560 million in Dec-25, moderating from strong inflows of Rs 71,690 million in Nov-25 but improving significantly from heavy outflows of Rs 1,08,260 million in Dec-24. Current flows are well above the long-term average outflow of Rs 19,778 million.
- **Power** sector recorded FII/FPI outflows of Rs 27,530 million in Dec-25, worsening from Rs 26,150 million in Nov-25 and Rs 18,620 million in Dec-24. Current flows are significantly below the long-term average outflow of Rs 6,806 million.
- **Realty** sector recorded FII/FPI outflows of Rs 9,410 million in Dec-25, slightly worsening from Rs 8,090 million in Nov-25 and reversing strong inflows of Rs 47,780 million in Dec-24. Current flows are below the long-term average inflow of Rs 2,218 million.
- **Services** sector recorded FII/FPI outflows of Rs 42,780 million in Dec-25, deteriorating sharply from Rs 9,800 million in Nov-25 and reversing inflows of Rs 17,640 million in Dec-24. Current flows are significantly below the long-term average inflow of Rs 5,227 million.
- **Telecommunication** sector recorded FII/FPI inflows of Rs 2,340 million in Dec-25, sharply down from strong inflows of Rs 1,43,260 million in Nov-25 and slightly lower than Rs 3,720 million in Dec-24. Current flows are well below the long-term average inflow of Rs 18,163 million.
- **Textiles** sector recorded FII/FPI outflows of Rs 5,370 million in Dec-25, worsening from Rs 3,260 million in Nov-25 and reversing inflows of Rs 8,890 million in Dec-24. Current flows are below the long-term average outflow of Rs 24 million.

Automobile and Auto components

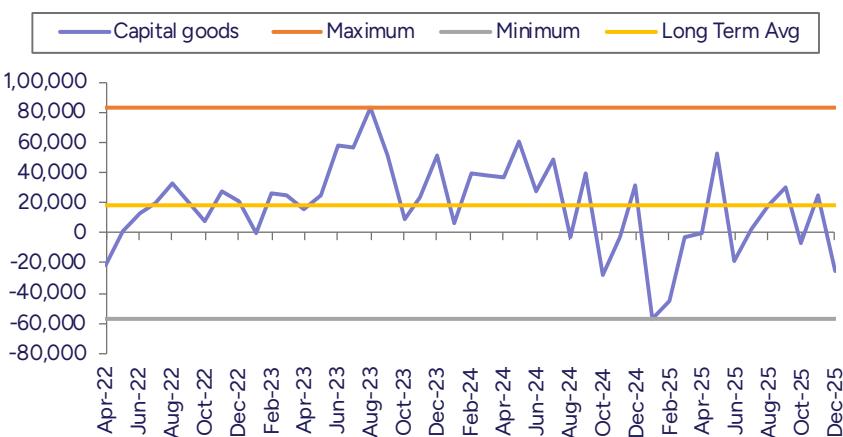
Exhibit 1: FII/FPI outflow of Rs 20,450 mn against LTA inflow of Rs1,951 mn



Source: Company, PL

Capital Goods

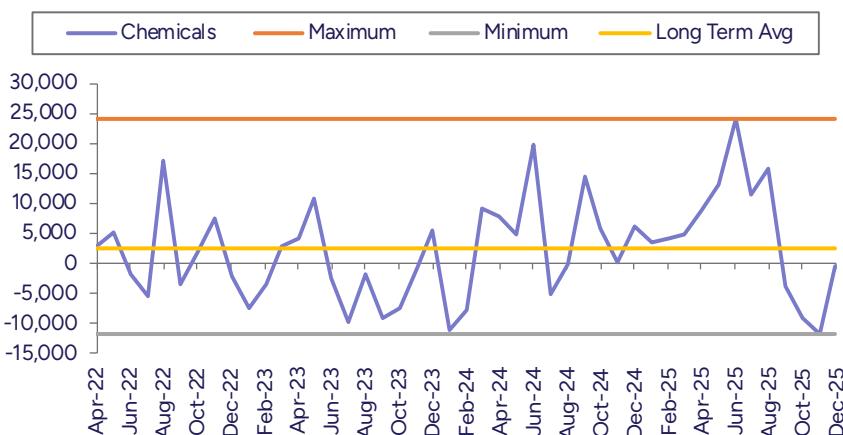
Exhibit 2: FII/FPI outflow of Rs 25,660 mn against LTA inflow of Rs18,136 mn



Source: Company, PL

Chemicals

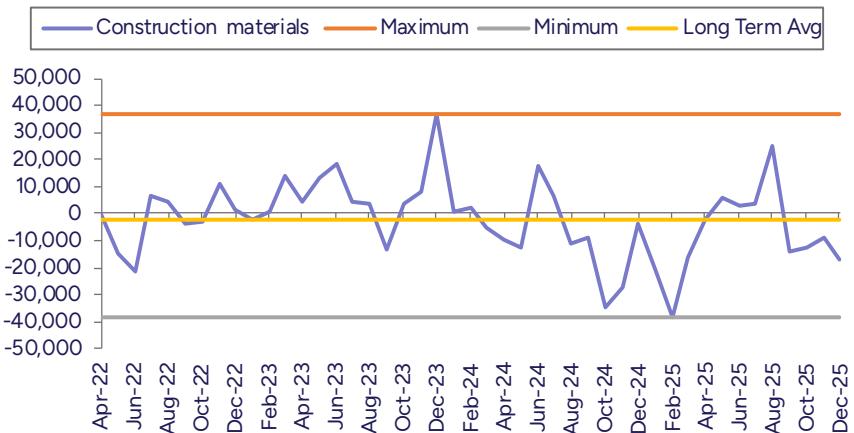
Exhibit 3: Sector FII/FPI outflow of Rs 480 mn against LTA inflow of 2,336 mn



Source: Company, PL

Construction Materials

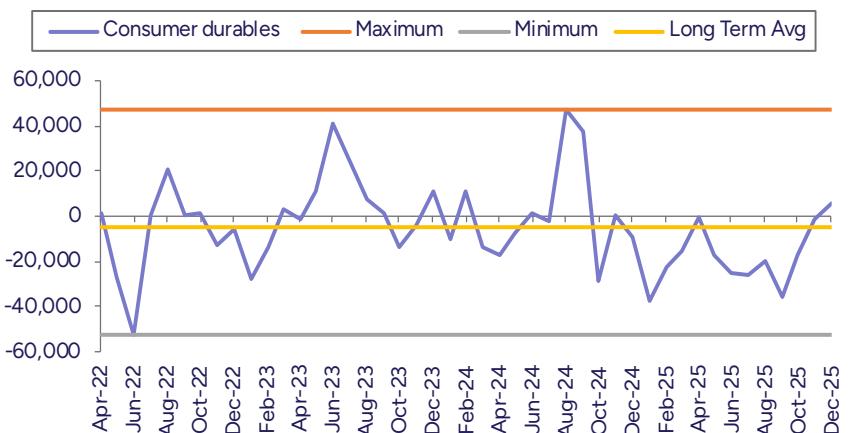
Exhibit 4: FII/FPI outflow of Rs 16,740 mn against LTA outflow of 2,345mn



Source: Company, PL

Consumer Durables

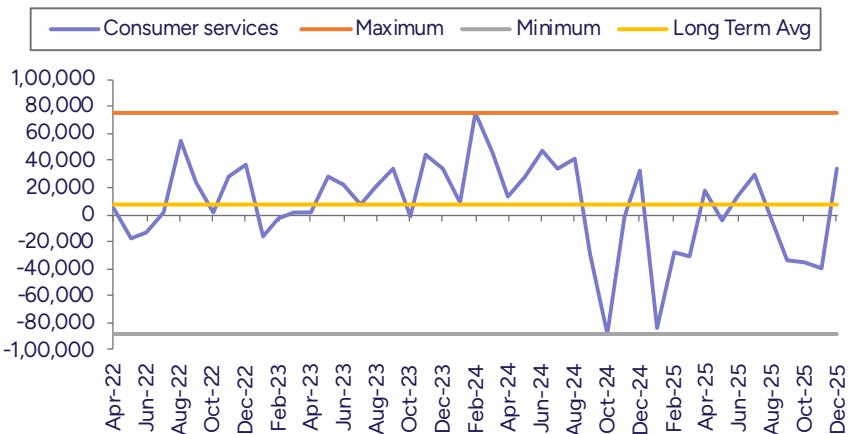
Exhibit 5: FII/FPI inflow of Rs 5,990 mn against LTA outflow of Rs 5,385 mn



Source: Company, PL

Consumer Services

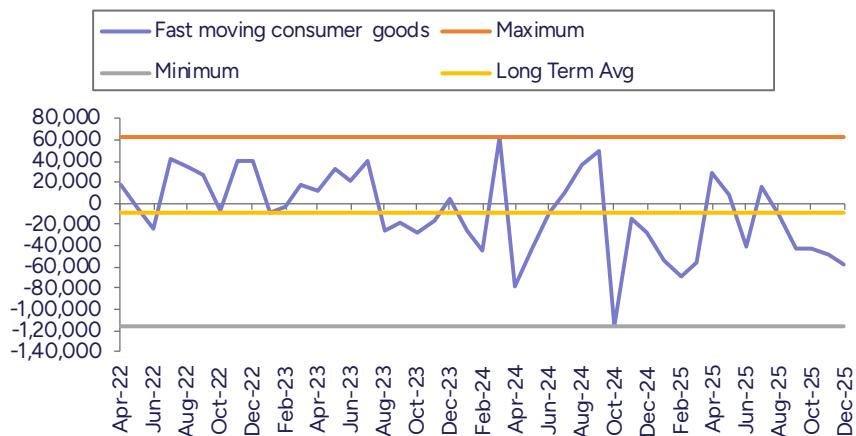
Exhibit 6: FII/FPI inflow of Rs 33,400 mn against LTA inflow of Rs 7,540 mn



Source: Company, PL

FMCG

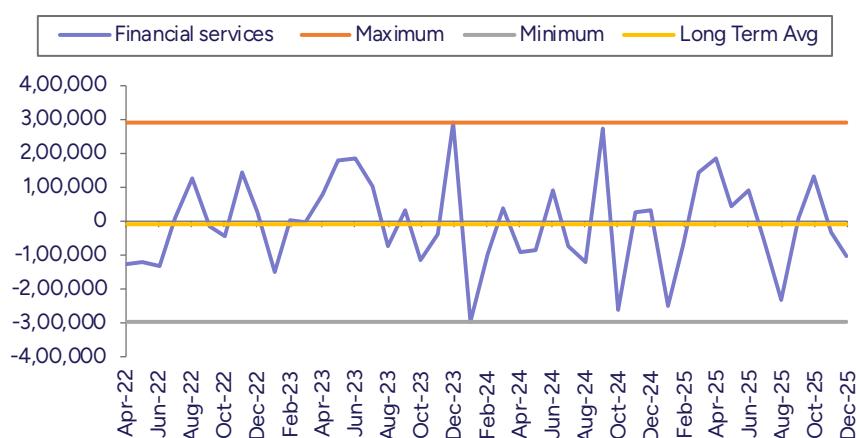
Exhibit 7: FII/FPI outflow at Rs 58,440 mn against LTA outflow of Rs 8,350 mn



Source: Company, PL

Financial Services

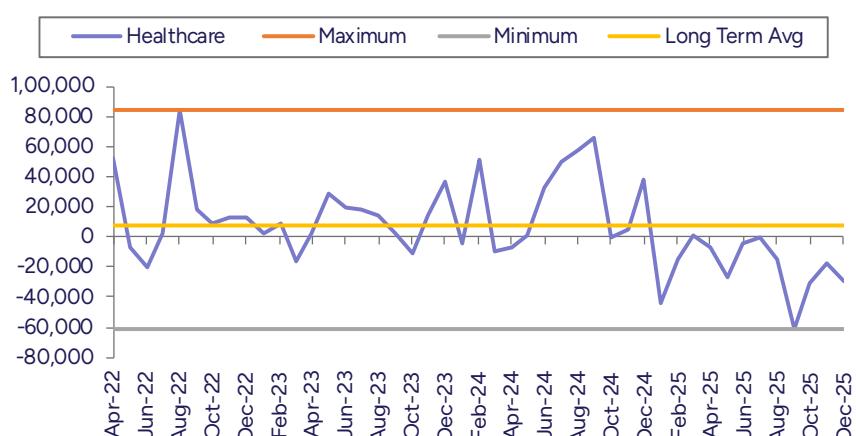
Exhibit 8: FII/FPI outflow at Rs 1,05,250 mn against LTA outflow of Rs 8,919 mn



Source: Company, PL

Healthcare

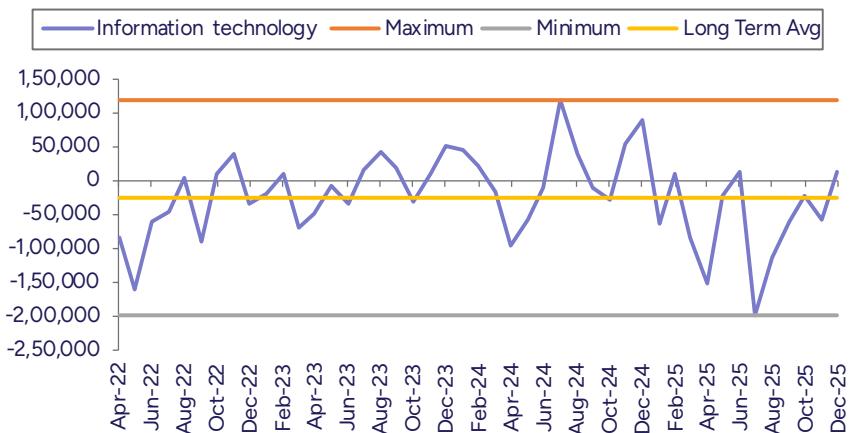
Exhibit 9: FII/FPI outflow at Rs 29,940 mn against LTA inflow of Rs 7,176 mn



Source: Company, PL

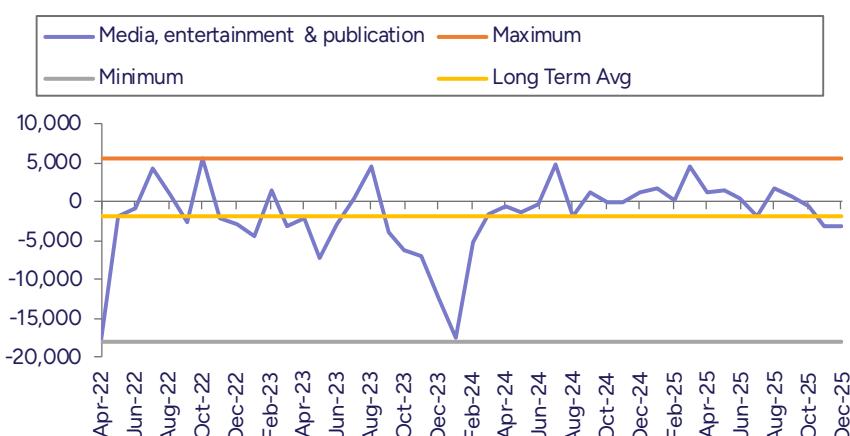
IT

Exhibit 10: FII/FPI inflow at Rs 11,260 mn against LTA outflow of Rs 24,448 mn



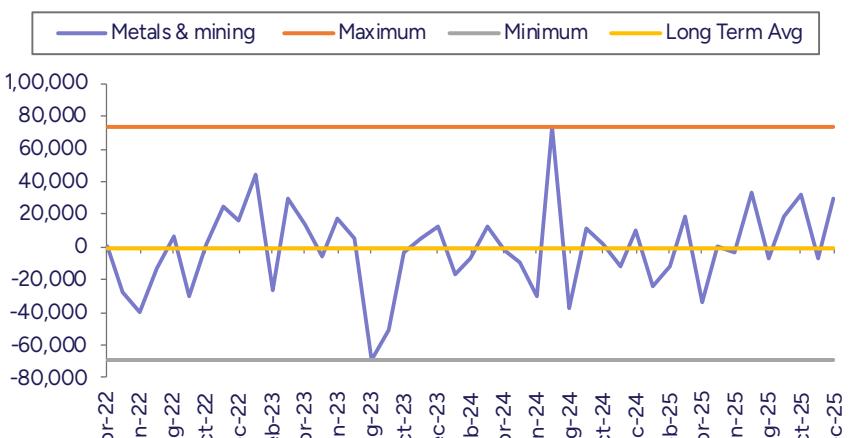
Media, entertainment & publication

Exhibit 11: FII/FPI outflow at Rs 3,200 mn against LTA outflow of Rs 1,754 mn



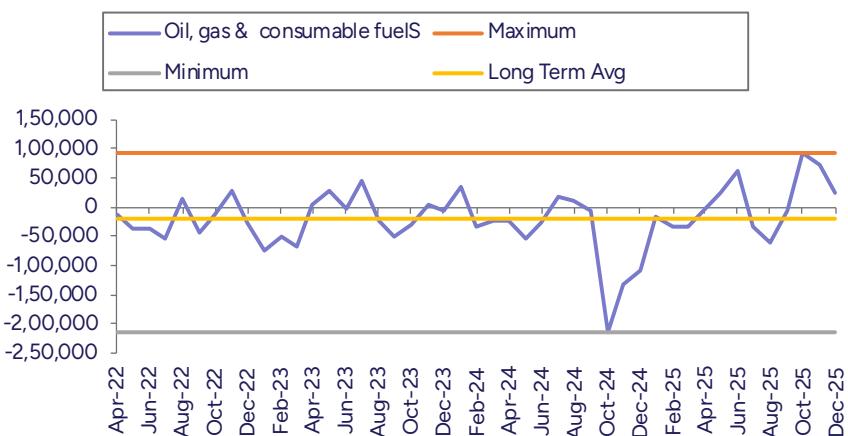
Metals & mining

Exhibit 12: FII/FPI inflow at Rs 29,840 mn against LTA outflow of Rs 1,072 mn



Oil, gas & consumable fuels

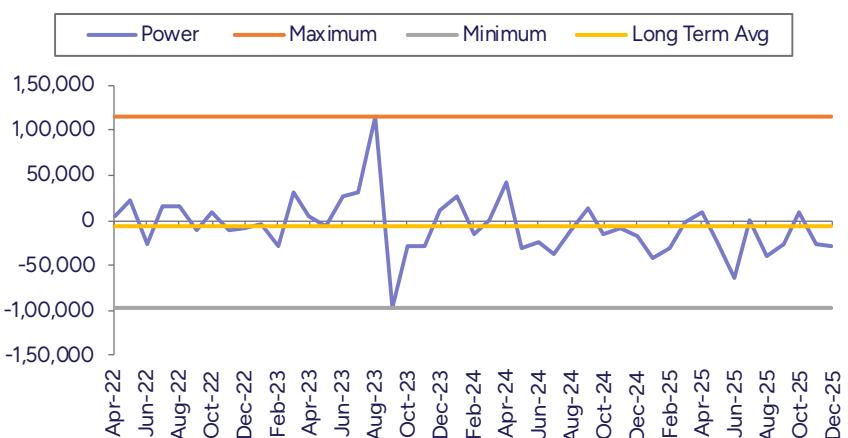
Exhibit 13: FII/FPI inflow at Rs 23,560 mn against LTA outflow of Rs 19,778 mn



Source: Company, PL

Power

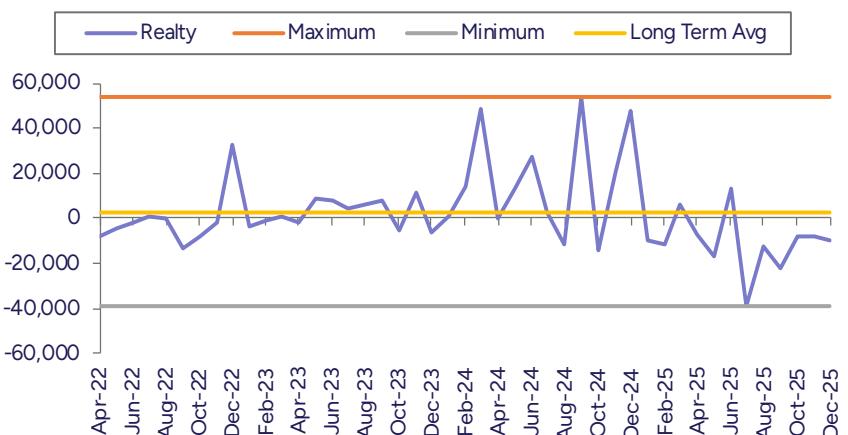
Exhibit 14: FII/FPI outflow at Rs 27,530 mn against LTA outflow of Rs 6,806 mn



Source: Company, PL

Realty

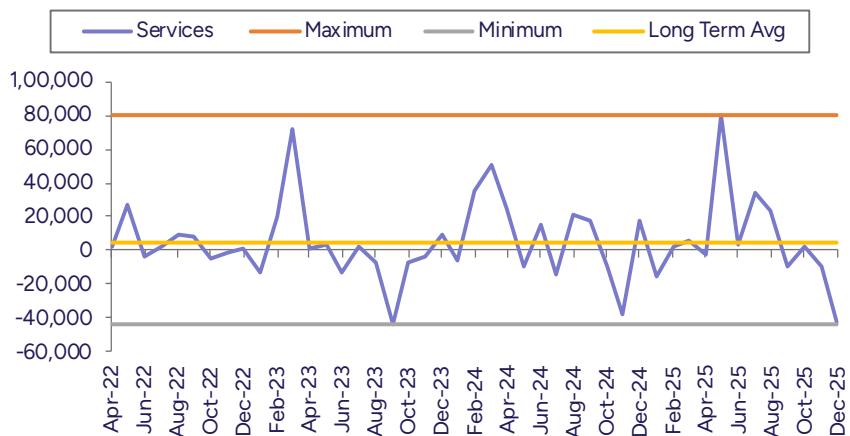
Exhibit 15: FII/FPI outflow at Rs 9,410 mn against LTA inflow of Rs 2,218 mn



Source: Company, PL

Services

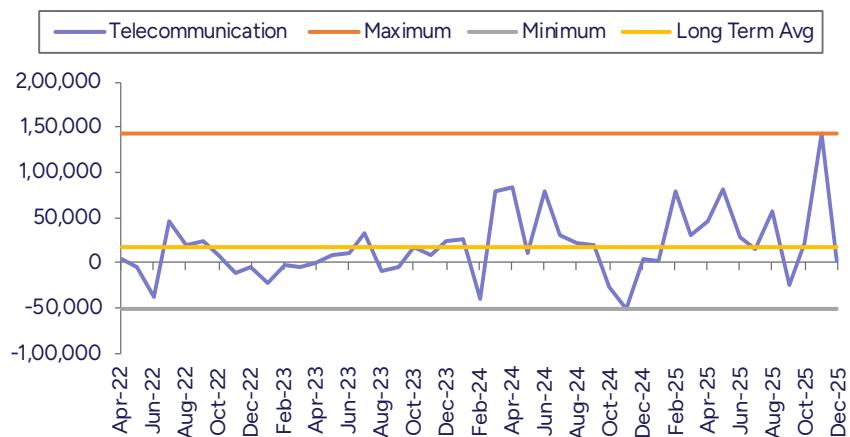
Exhibit 16: FII/FPI outflow at Rs 42,780 mn against LTA inflow of Rs 5,227 mn



Source: Company, PL

Telecommunication

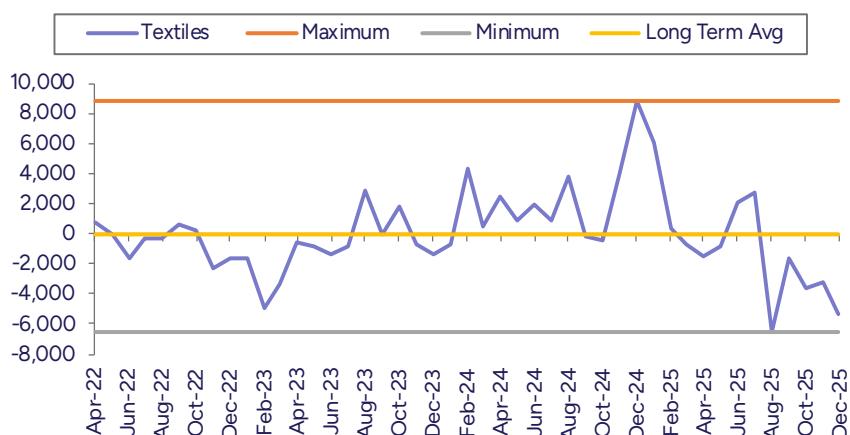
Exhibit 17: FII/FPI inflow at Rs 2,340 mn against LTA inflow of Rs 18,163 mn



Source: Company, PL

Textiles

Exhibit 18: FII/FPI outflow at Rs 5,370 mn against LTA outflow of Rs 24 mn



Source: Company, PL

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Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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