

Navigating Crests & Troughs

March 4, 2026



Feb'26 sectoral PE trend

This report reviews one-year forward PE and market-cap trends across major sectors in Feb'26, benchmarking current valuations against long-term averages to assess sector positioning. Overall, valuation patterns were mixed but stable, with Auto, Auto Parts & Equipment, Capital Goods, Cement, Chemicals, Consumer Durables, Hotels, IT, Power, Pharma and Textiles trading at or above their historical averages. Agro Chemicals, Building Materials, FMCG, IT and Hospitals remained slightly below trend, while Real Estate and Retail continued to trade well under long-term trends. Defence, Oil & Gas, and Metals & Mining reflected the strongest premium multiples. Out of the 20 sectors analyzed, 7 are currently trading below their long-term averages.

PL Capital Quant
 Navigating Crests & Troughs
 February 13, 2026
Jan'26 sectoral PE trend
 In Jan'26, one-year forward sector PE valuations showed a mixed but stable trend. Several sectors such as Auto, Auto Parts & Equipment, Capital Goods, Cement, Chemicals, Consumer Durables, Hotels, IT, Power, Pharma and Textiles traded at or slightly above their long-term average PE. Other sectors like Agro chem, Building Material, FMCG and Hospitals traded slightly below their long-term average. Real Estate and Retail were clearly below their long-term trend. Overall, market valuations remained well-supported, with sectors such as Defence, Oil & Gas, and Metals & Mining showing relatively stronger premium multiples.

- Agro Chemicals** sector market capitalization (mcap) remained largely steady through Jan'26, fluctuating within a narrow band of ₹26,797bn to ₹28,797bn. PE ratio trended mildly downward, starting from 20 to 18 by 23rd Jan, before ending the month at 19. Against the long-term average PE of 20, current valuations are slightly below the trend, but within the historical range of 9–39, with ±1 standard deviation levels at 25 and 14.
- Auto Parts & Equipment** sector mcap remained largely stable through Jan'26, fluctuating within a narrow band of ₹88,911bn to ₹93,572bn. PE ratio moderated slightly during the month, starting from 32 at the start of Jan to a low of 29 by 23rd Jan, before ending the month at 30. Against the long-term average PE of 30, current valuations are broadly in line with trend and remain within the historical range of 17–45, with ±1 standard deviation levels at 35 and 24.
- Automobiles** sector mcap remained largely steady through Jan'26, fluctuating within a narrow band of ₹200,336bn to ₹212,038bn. PE ratio softened through the month, starting from 30 at the start of Jan to a low of 28 by 23rd Jan, before ending the month at 28. Against the long-term average PE of 23, current valuations remain above trend but comfortably within the historical range of 16–32, with ±1 standard deviation levels at 27 and 19.
- Building Materials** sector mcap declined gradually through Jan'26, fluctuating within a band of ₹56,375bn to ₹62,148bn. PE ratio moderated over the month, starting from 46 at the start of Jan to 42 by month-end, after touching a low of 44 on 23rd Jan. Against the long-term average PE of 49, current valuations remain below trend but well within the historical range of 32–75, with ±1 standard deviation levels at 59 and 30.
- Capital Goods** sector mcap softened through Jan'26, fluctuating within a range of ₹133,304bn to ₹147,993bn. PE ratio declined steadily during the month, starting from 31 at the start of Jan to a low of 29 by 23rd Jan, before ending the month at 30. Against the long-term average PE of 31, current valuations remain broadly aligned with trend and comfortably within the historical range of 16–32, with ±1 standard deviation levels at 38 and 24.
- Cement** sector mcap remained broadly stable through Jan'26, fluctuating within a narrow band of ₹95,562bn to ₹98,285bn. PE ratio moved moderately during the month, starting from 30 at the start of Jan to 29 for most of the month.

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- **Agro Chemicals'** PE ratio was steady at 18 throughout the month with no major fluctuations. Compared to the long-term average PE of 20, the current valuation is slightly below average, but comfortably within the historical band of 9–39, with ±1 standard deviation levels at 25 and 14.
- **Auto Parts & Equipment's** PE ratio moved slightly during the month, oscillating between 31 and 32 before ending at 32. Compared to the long-term average PE of 30, the current valuation is marginally above average, but remains well within the historical band of 17–45, with ±1 standard deviation levels at 35 and 24.
- **Automobile** PE ratio moved in a narrow band, oscillating between 28 and 29 during the month before ending at 28. Compared to the long-term average PE of 23, the current valuation remains above average, but comfortably within the historical band of 16–32, with ±1 standard deviation levels at 27 and 19.
- **Building Material** PE ratio moved slightly during the month, oscillating between 42 and 43 before ending at 43. Compared to the long-term average PE of 49, the current valuation remains below average, but comfortably within the historical band of 32–75, with ±1 standard deviation levels at 59 and 39.
- **Capital Goods** PE ratio inched up through the month, rising from 31 at the start to 33 by month-end. Compared to the long-term average PE of 31, current valuations are slightly above trend, but remain comfortably within the historical band of 19–50, with ±1 standard deviation levels at 38 and 24.
- **Cement** PE ratio held firm for most of the month, staying at 29 in the initial weeks before easing slightly to 28 by month-end. Compared to the long-term average PE of 25, the current valuation remains above average, but comfortably within the historical band of 11–39, with ±1 standard deviation levels at 31 and 19.
- **Chemicals** PE ratio remained steady at 31 for most of the month before easing slightly to 30 by month-end. Compared to the long-term average PE of 27, the current valuation is above average, but comfortably within the historical band of 11–54, with ±1 standard deviation levels at 40 and 13.

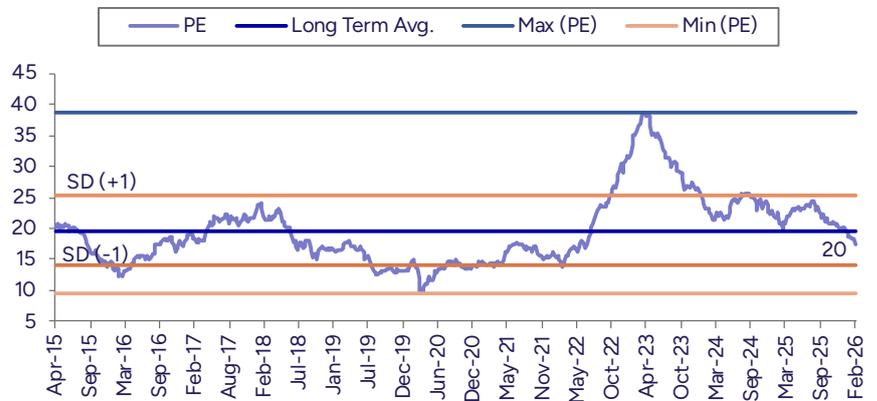
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- **Consumer Durables** PE ratio trended higher during the month, rising from 43 at the start to 45 by month-end. Compared to the long-term average PE of 40, the current valuation remains above average, but comfortably within the historical band of 18–66, with ± 1 standard deviation levels at 52 and 28.
- **Defence** PE ratio held firm at 35 throughout the month with no major fluctuations. Compared to the long-term average PE of 18, the current valuation remains significantly above trend, yet comfortably within the historical band of 6–47, with ± 1 standard deviation levels at 29 and 8.
- **FMCG** PE ratio eased slightly during the month, moving from 36 at the start to 35 for the remaining weeks. Compared to the long-term average PE of 39, current valuations remain slightly below trend, but comfortably within the historical band of 30–48, with ± 1 standard deviation levels at 42 and 35.
- **Hospitals** PE ratio trended higher during the month, rising from 43 at the start to 46 by month-end. Compared to the long-term average PE of 49, the current valuation remains below trend, but comfortably within the historical band of 28–98, with ± 1 standard deviation levels at 61 and 36.
- **Hotels** PE ratio inched lower during the month, easing from 35 at the start to 34 in the later weeks. Compared to the long-term average PE of 32, the current valuation remains above trend, but comfortably within the wide historical band of –96 to 95, with ± 1 standard deviation levels at 69 and –5.
- **IT sector** PE ratio moderated during the month, easing from 21 at the start to 19 by month-end. Compared to the long-term average PE of 22, current valuations remain slightly below trend, but comfortably within the historical band of 14–33, with ± 1 standard deviation levels at 26 and 17.
- **Metals & Mining** PE ratio moved within a narrow band during the month, oscillating between 13 and 14 before ending at 14. Compared to the long-term average PE of 9, the current valuation remains above trend, but comfortably within the historical band of 3–16, with ± 1 standard deviation levels at 12 and 7.
- **Oil & Gas** PE ratio stayed largely stable during the month, holding at 19 for most weeks before inching up to 20 by month-end. Compared to the long-term average PE of 13, current valuations remain above trend, but comfortably within the historical band of 7–21, with ± 1 standard deviation levels at 16 and 9.
- **Pharma** PE ratio remained stable at 29 for most of the month before inching up to 30 by month-end. Compared to the long-term average PE of 29, current valuations remain broadly aligned with trend and comfortably within the historical band of 17–39, with ± 1 standard deviation levels at 33 and 24.
- **Power Generation & Distribution** PE ratio held steady at 19 throughout the month with no major movement. Compared to the long-term average PE of 15, current valuations remain above trend, but comfortably within the historical band of 7–27, with ± 1 standard deviation levels at 19 and 10.

- **Real Estate** PE ratio moderated over the month, easing from 27 at the start to 25 by month-end. Compared to the long-term average PE of 36, current valuations remain below trend, but comfortably within the historical band of 12–104, with ± 1 standard deviation levels at 50 and 21.
- **Retail** PE ratio softened slightly during the month, easing from 60 at the start to 59 by month-end. Compared to the long-term average PE of 79, current valuations remain well below trend, but comfortably within the historical band of 33–169, with ± 1 standard deviation levels at 105 and 53.
- **Textiles** PE ratio eased gradually over the month, moving from 23 at the start to 21 by month-end. Compared to the long-term average PE of 18, current valuations remain above trend, but comfortably within the historical band of 5–36, with ± 1 standard deviation levels at 26 and 9.

Agro Chemicals

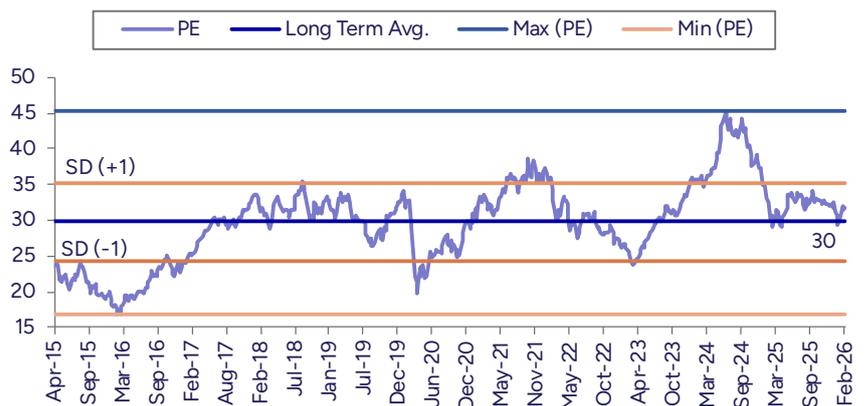
Exhibit 1: One-year forward PE trading at 18x, almost in line with its LTA 20x



Source: Company, PL

Auto Parts & Equipment

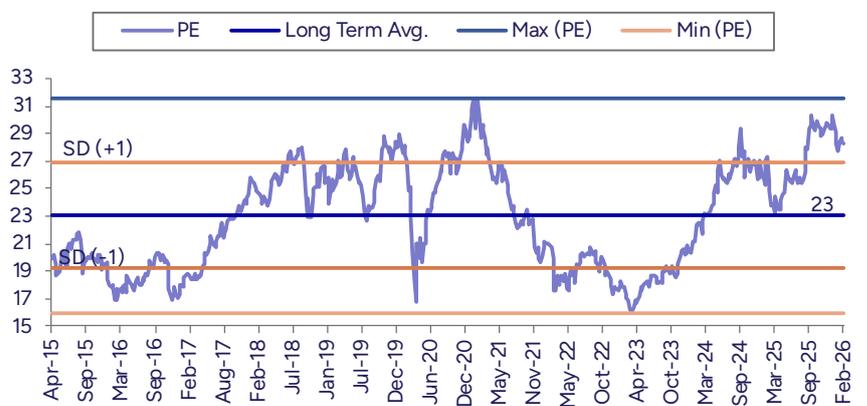
Exhibit 2: One-year forward PE trading at 32x, slightly above its LTA of 30x



Source: Company, PL

Automobile

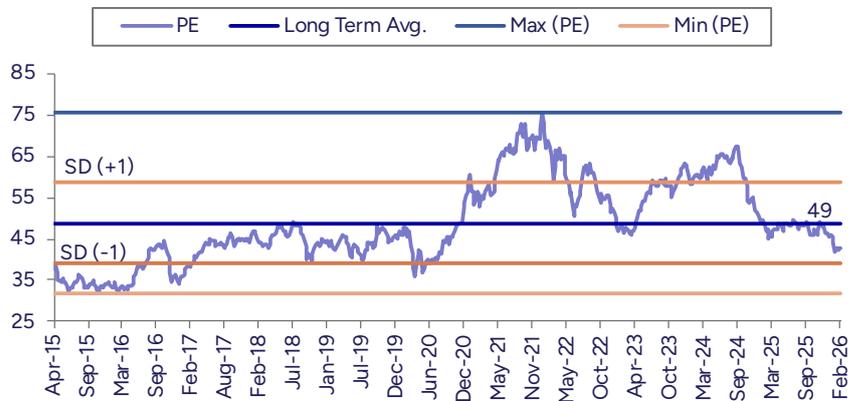
Exhibit 3: One-year forward PE trading at 28x vs. LTA of 23x



Source: Company, PL

Building Materials

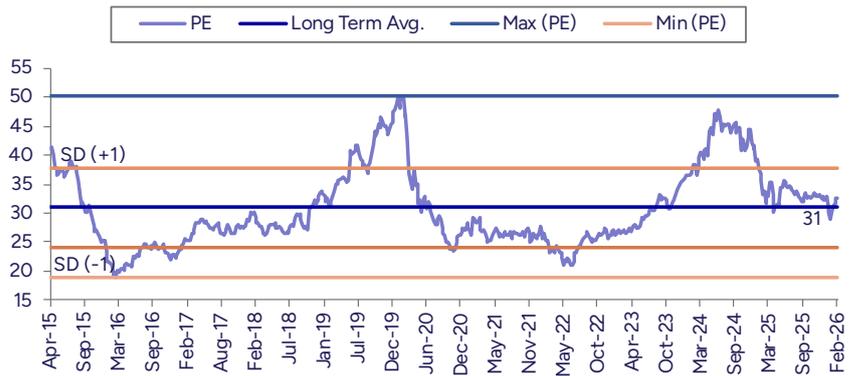
Exhibit 4: Trading at 43x of one-year forward PE vs. LTA of 49x



Source: Company, PL

Capital Goods

Exhibit 5: Trading at 33x of one-year forward PE, slightly above its LTA of 31x



Source: Company, PL

Cement

Exhibit 6: Trading at 28x of one-year forward PE vs. LTA of 25x



Source: Company, PL

Chemicals

Exhibit 7: Trading at 30x of one-year forward PE vs. LTA of 27x



Source: Company, PL

Consumer Durables

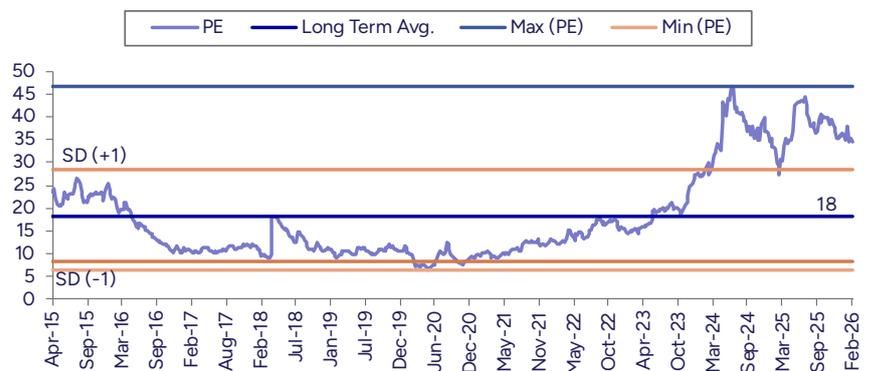
Exhibit 8: Trading at 45x of one-year forward PE, above its LTA of 40x



Source: Company, PL

Defence

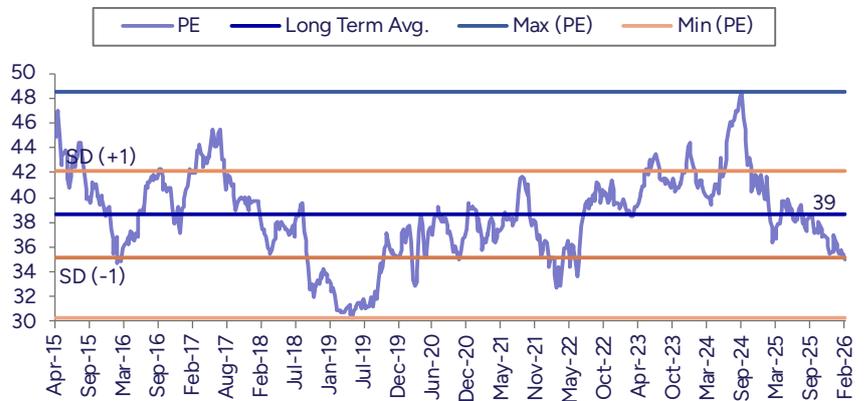
Exhibit 9: Trading at 35x of one-year forward PE, well above its LTA



Source: Company, PL

FMCG

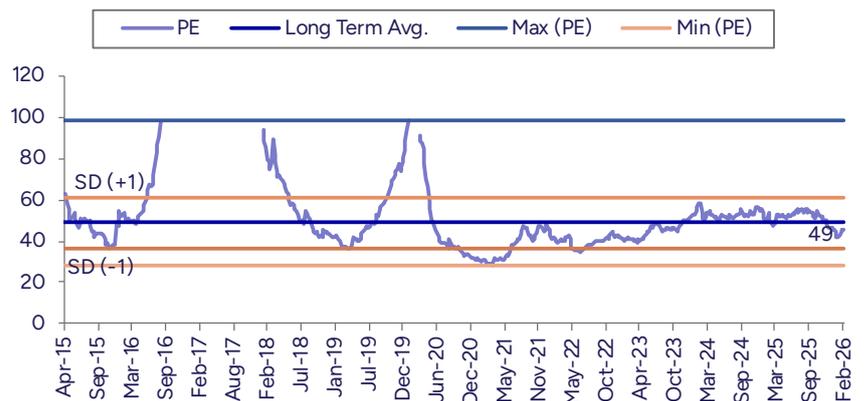
Exhibit 10: Trading at 35x of one-year forward PE vs. LTA of 39x



Source: Company, PL

Hospitals

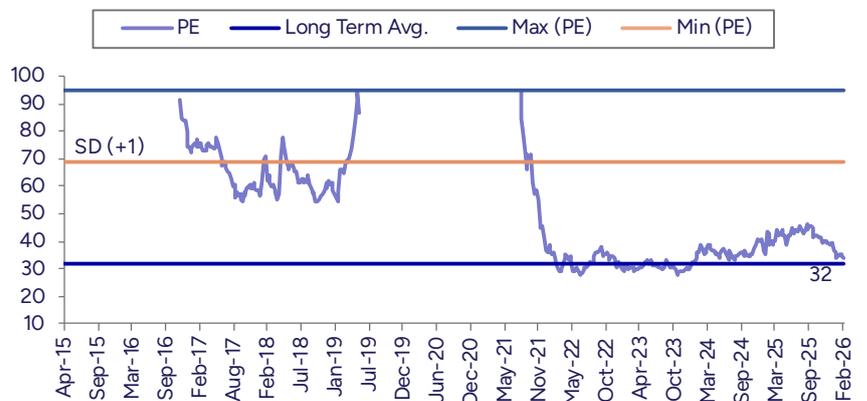
Exhibit 11: One-year forward PE trading at 46x, below its LTA of 49x



Source: Company, PL

Hotels

Exhibit 12: One-year forward PE trading at 34x vs. LTA of 32x



Source: Company, PL

IT

Exhibit 13: One-year forward PE trading at 19x, well below LTA of 22x



Source: Company, PL

Metals & Mining

Exhibit 14: Trading at 14x of one-year forward PE, well above LTA of 9x



Source: Company, PL

Oil & Gas

Exhibit 15: Trading at 20x of one-year forward PE vs. LTA of 13x



Source: Company, PL

Pharma

Exhibit 16: Trading at 30x of one-year forward PE, almost in line with LTA



Source: Company, PL

Power Generation & Distribution

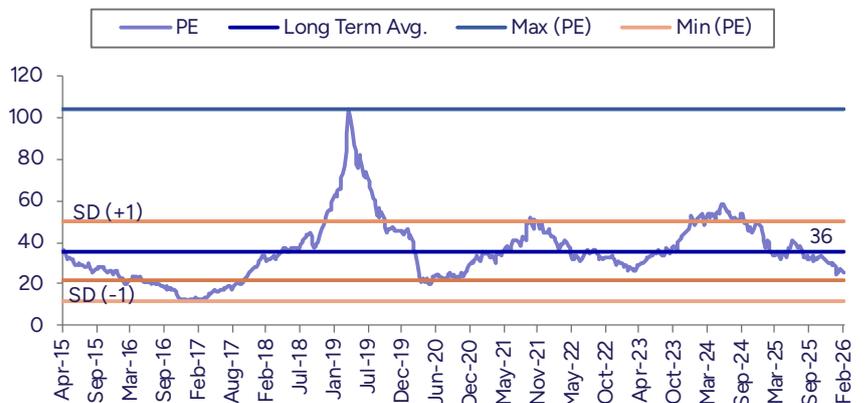
Exhibit 17: Trading at 19x of one-year forward PE, above its LTA of 15x



Source: Company, PL

Real Estate

Exhibit 18: Trading at 25x of one-year forward PE vs. LTA of 36x



Source: Company, PL

Retail

Exhibit 19: Trading at 59x of one-year forward PE, well below LTA of 79x



Source: Company, PL

Textiles

Exhibit 20: Trading at 21x of one-year forward PE, slightly above LTA of 18x



Source: Company, PL

PL's Recommendation Nomenclature

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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