

This report reviews one-year forward price-to-earnings (PE) ratios for key sectors over the past decade. 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 global environment, supply chain issues, stricter emission norms, with higher interest rates, leading to declining profitability. Valuations improved by FY24 end with vehicle premiumization and commodity costs moderating, thereby boosting profitability, with upbeat 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 execution and better operating leverage, driving profitability across companies engage in the manufacturing of industrial machinery, electrical equipment and infrastructure projects.
- **Chemicals:** The sector PE stayed below its long-term average until 2020, surged sharply in 2021–22 on post-COVID recovery and China+1 tailwinds, and peaked near historical highs in 2023. Since then, valuations have moderated and are now close to the long-term average, reflecting normalization largely due to tepid growth across chemical companies impacted due to global agrochemical slowdown as well as cheap dumping from China.
- **Construction materials:** PE has reverted to its long-term average as earnings normalized 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 RAC brands and contract manufacturers, supported by a low base in FY24, exceptionally harsh summers, 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.
- **Electricals:** The wires & cables segment experienced a revenue and earnings uplift from FY23-25 driven by an industry-wide capex cycle across power infrastructure, renewables, manufacturing and utilities. Subsequently, the sector's valuation multiples corrected around 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 contraction in PE multiples.

December 12, 2025



PL Capital
PRABHUDAS LILLADHER

November 10, 2025

Quants
Thematic

Gross fixed assets – identifying harbingers of growth

Our analysis of long term gross fixed assets (GFA) suggests that gross fixed asset addition in five-year block period has been strongest during FY20-25 post FY10, in particular, construction material, electricity generation, and consumer goods led the addition. Metals have been on a downward trend in post two five-year periods. On the contrary, the chemical sector has been adding capacity in post two five-year periods, which is likely to give growth once demand recovery happens.

- **Transport equipment** has been ever green. Led by a surge in road infrastructure, connectivity, demand for mobility and exports and rising demand of SUVs with transport equipment or auto and auto-parts has shown consistent growth in GFA during each of past four five-year periods. Both auto and auto-parts have witnessed steady strong additions.
- **Metals, truly cyclical:** After growth of 172% in FY10-15 over FY05-10 and again 194% in FY15-20 over FY10-15 on the back of a global commodity boom and strong domestic investment, the metal sector has shown significant growth in GFA of 58% during FY15-20 and again 38% during FY20-25 due to subdued global prices, excess capacity and high leverage.
- **Chemicals:** The Chemicals sector has shown a dynamic GFA growth trajectory over the past decade. In FY10-15, the sector grew nearly 5x over FY05-10, driven by strong domestic demand, third FDI inflows, and global expansion of Indian chemical firms. However, in FY15-20, GFA contracted by 13% due to weak global demand, overcapacity in China and Europe, and high input costs. The sector rebounded strongly with 50% growth in FY20-25, supported by the China Plus One strategy, rising specialty chemical demand, and government initiatives like PCPIR (Pharmaceuticals, Chemicals and Petrochemicals Investment Regions). Growth continued at 32% in FY20-25, fueled by PSU Production Linked Incentive schemes, sustainability-focused investments, and rising domestic consumption.
- **Food and Agro-based Products:** GFA growth in Food and Agro-based sectors dropped sharply from 407.32% in FY10-15 to 24.84% in FY15-20, mainly due to a shift in public investment from large-scale to micro-irrigation projects, changes in schemes like RKVY (Rashtriya Krishi Vikas Yojana) that lowered state participation, and low rural infrastructure not being covered under agricultural sector. However, growth rebounded to 21.05% in FY20-25 and further to 30.65% in FY25-30, driven by strong government support through initiatives like PM Kisan SAMADHA Yojana, Mega Food Parks. These efforts boosted infrastructure, attracted private investment, and improved food processing capacity, helping the sector recover and grow steadily.
- **Textiles:** The textile sector has experienced significant ups and downs in GFA growth over the past two decades. It expanded to 485.28% in FY10-15, driven by strong demand, abundant raw materials, and supportive government policies. Growth slowed to 23.08% in FY15-20 due to rising input costs, infrastructure challenges, and increasing global competition. A sharp decline of 46.65% in FY20-25 followed, caused by policy disruptions, weak export demand, and quality control orders, cotton price volatility, and weak international demand. The sector made a strong comeback with 167.79% growth in FY25-30, supported by initiatives such as PM MITRA Parks, PLI schemes, SAMADHI skilling program and rising domestic consumption.

Mannat Gandhi
mannatgandhi@plindia.com | 91-22-66322356

November 10, 2025

PL Capital
PRABHUDAS LILLADHER

November 27, 2025

Quants
Slice and dice

Quarterly sectoral performance

Sales growth across sectors YoY, margins a mixed bag

- **Automobile sector profitability declines:** sales grew 7% YoY, while gross margin declined by 108bps YoY. EBITDAI and PATNI also declined 1232bps YoY. Margins across the Auto sector declined primarily due to higher raw material costs, elevated promotional expenses for new model launches, and increased depreciation and employee cost due to capacity expansion and new plant openings—resulting in reduced EBITDAI and further pressure on PATNI margins.
- **Cap goods strong sales growth of 27% YoY:** sales grew 27% YoY, while gross margin was broadly flat. Despite flat gross margin, EBITDAI and PATNI improved 1077bps YoY driven by continued strong demand from domestic Power T&D space along with healthy execution in project companies despite prolonged negotiations.
- **Chemicals' sales grows, profitability broadly flat:** sales grew 10% YoY largely driven by volume growth, realizations continue to remain under pressure, while gross margin was higher by 83bps YoY. EBITDAI improved by 448bps YoY but PATNI improved by 378bps YoY on cost base.
- **Construction materials sales grew 18% YoY:** sales grew 18% YoY, while gross margin was higher by 33bps YoY. EBITDAI improved by 448bps YoY but PATNI improved by 378bps YoY on cost base.
- **Consumer durables sales grew 14% YoY:** sales grew 14% YoY, while gross margin was lower by 57bps YoY. EBITDAI declined by 77bps YoY but PATNI was broadly flat YoY.
- **Electricals sales grew 19% YoY:** sales grew 19% YoY, while gross margin was up by 18bps YoY. EBITDAI improved by 308bps YoY and PATNI rose by 258bps YoY.
- **FMCG sales grew 8% YoY:** sales grew 8% YoY, while gross margin was lower by 103bps YoY. EBITDAI declined by 87bps YoY and PATNI also declined by 78bps YoY.
- **Healthcare sales grew 15% YoY:** sales grew 15% YoY, while gross margin was higher by 58bps YoY. EBITDAI up by 106bps YoY and PATNI has seen 28bps YoY growth.
- **Metals/Rising sales grew 10% YoY:** sales grew 10% YoY, while gross margin was higher by 223bps YoY. EBITDAI improved by 558bps YoY and PATNI also improved by 78bps YoY as better demand and cost base.
- **IT sales grew 7% YoY:** sales grew 7% YoY, while PATNI declined by 63bps YoY. Gross margin and EBITDAI improved by 87bps and 43bps YoY respectively.
- **Logistics sales grew 18% YoY:** sales grew 18% YoY. Despite decline in EBITDAI by 43bps YoY, PATNI improved 84bps YoY.
- **Retail sales grew 47% YoY:** sales grew 47% YoY, while all Gross margin, EBITDAI and PATNI declined by 103bps, 103bps and 78bps YoY respectively.

NOTE: In this report, we have selected BSE 500 companies as our sample.

Mannat Gandhi
mannatgandhi@plindia.com | 91-22-66322356

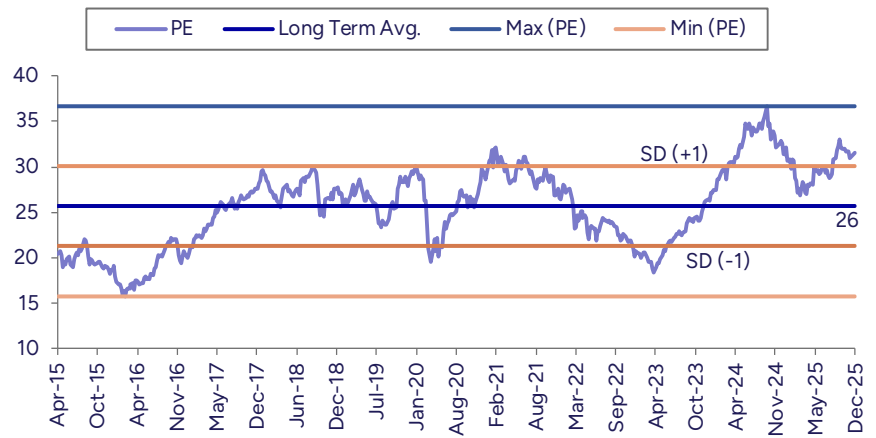
November 27, 2025

Mannat Gandhi
mannatgandhi@plindia.com | 91-22-66322356

- **FMCG:** One-year forward PEs for the sector rose steadily from Mar'22 to a peak in Nov'24 as investors sought defensives amid post-Covid recovery, benign input costs, and improving rural sentiment. Post-Nov'24, these elevated multiples corrected as volume growth softened, inflation persisted in rural markets, commodity costs turned volatile and competitive intensity from regional/e-commerce players drove earnings downgrades. More recently, partial recovery in rural consumption and easing inflation coupled with favorable macro environment have helped stabilize earnings visibility, which is why PE is now hovering around its long-term average.
- **Healthcare:** Healthcare sector valuations continue to trade above their long-term averages over last 2 years given stable US pricing, resilient domestic demand, INR depreciation, and controlled input costs. We believe the sector's PE has limited room to re-rate forward and sector performance will be driven largely by earnings trajectory.
- **IT:** IT services' PE multiples have corrected meaningfully in the last year amid macro uncertainty, tariff risks, and absence of a revival in discretionary tech spending, pushing valuations toward their long-term mean PE band. However, as macro conditions stabilize, deal momentum remains steady, and traction in AI-led programs increases, growth visibility is gradually improving (with some segment-level exceptions). These factors are supporting an early and gradual uptick in the sector's PE trajectory.
- **Logistics:** The PE band chart for the logistics sector shows that valuations have moved down to the lower band, below the long-term average. Similar declines have happened before during periods of weak economic activity.

Automobile & Ancillaries

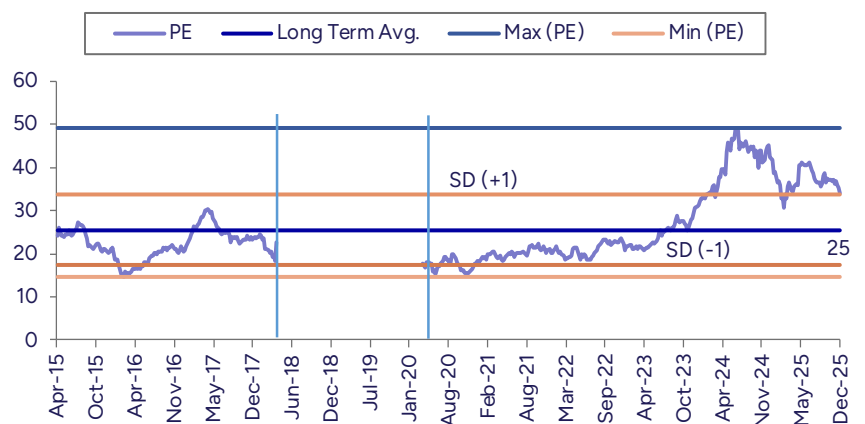
Exhibit 1: One-year forward PE of automobile & ancillaries trading at 31x



Source: Company, PL

Capital Goods

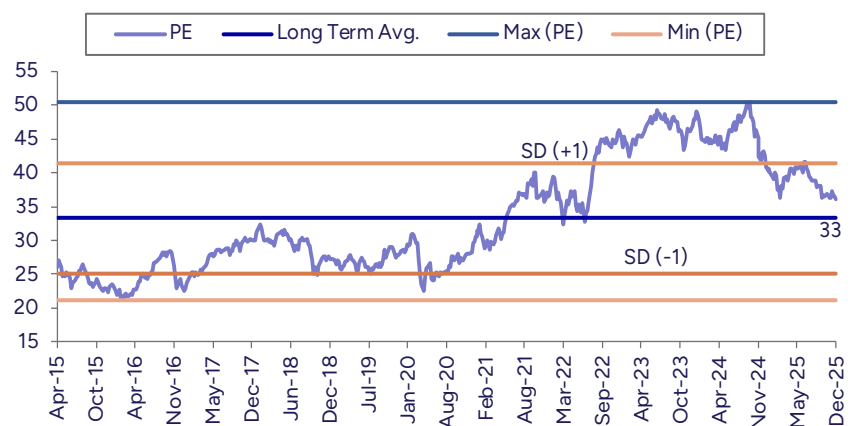
Exhibit 2: Capital goods trading at 34x of one-year forward PE



Source: Company, PL; * Unusual spike seen in PE from Mar'18 to Apr'20 due to sharp PAT decline in a few companies like BHEL, Graphite India Ltd, and Suzlon Energy Ltd

Chemicals

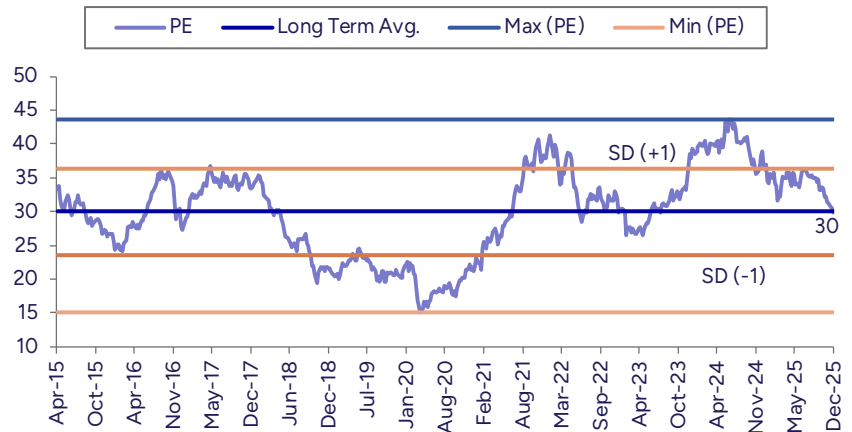
Exhibit 3: Chemicals trading at 36x of one-year forward PE



Source: Company, PL

Construction Materials

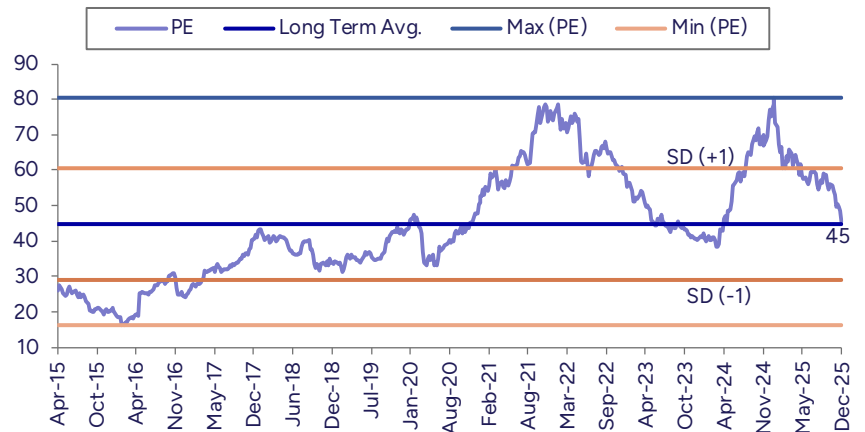
Exhibit 4: Construction materials trading at long-term mean at one-year forward PE



Source: Company, PL

Consumer Durables

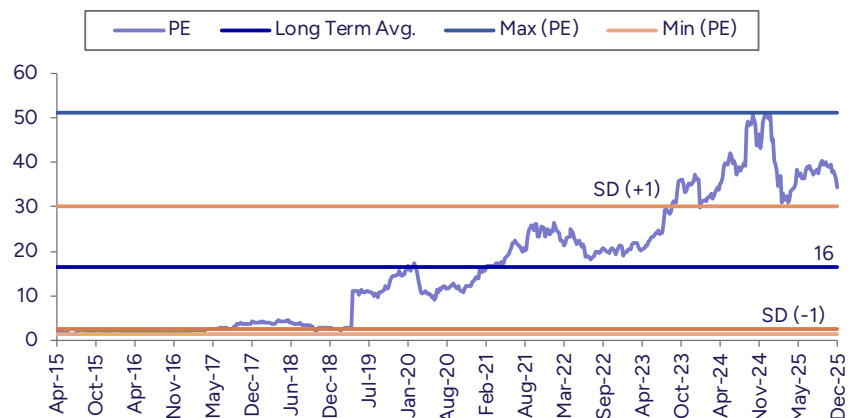
Exhibit 5: Consumer durables trading at long-term mean at one-year forward PE



Source: Company, PL

Electricals

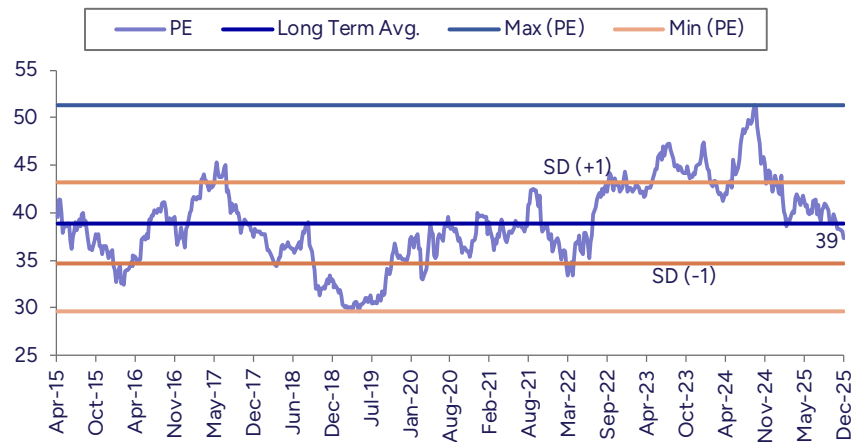
Exhibit 6: One-year forward PE of electricals trading at 34x



Source: Company, PL

FMCG

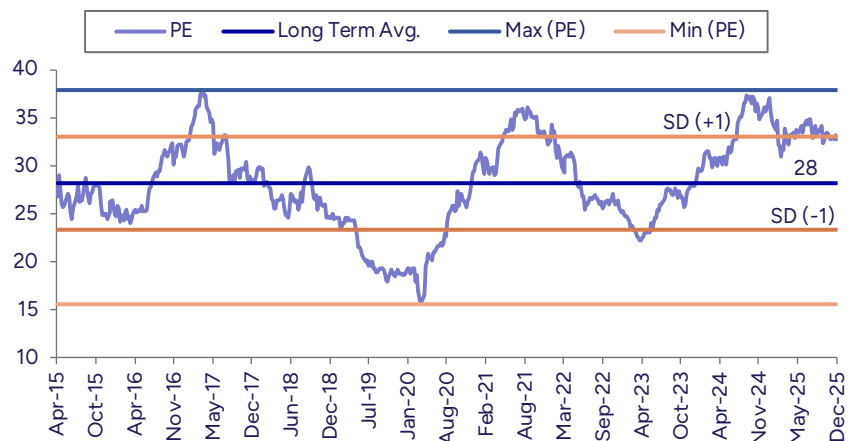
Exhibit 7: FMCG trading at 37x of one-year forward PE



Source: Company, PL

Healthcare

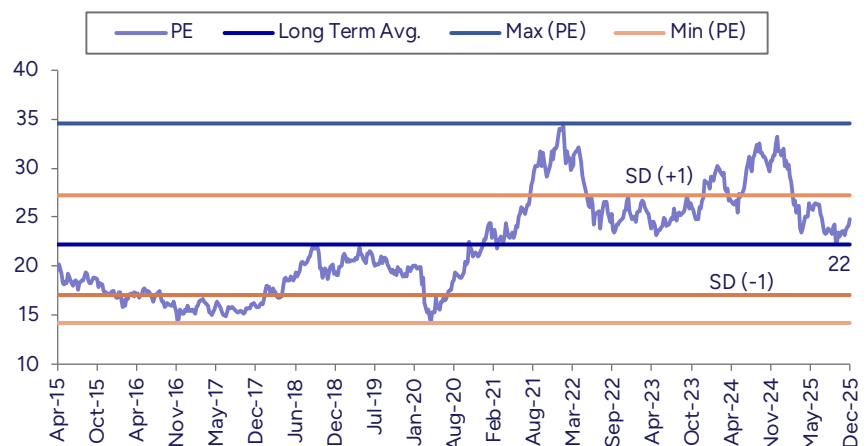
Exhibit 8: One-year forward PE of healthcare trading at 33x



Source: Company, PL

IT

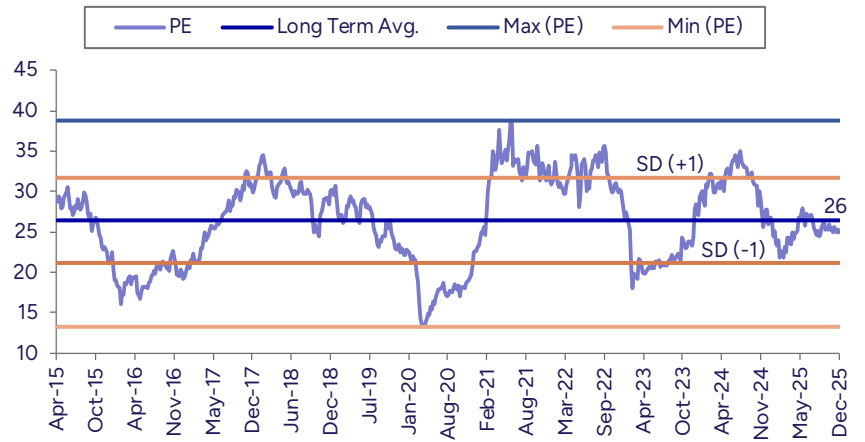
Exhibit 9: One-year forward PE of IT trading at 25x



Source: Company, PL

Logistics

Exhibit 10: Logistics trading at 25x of one-year forward PE



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

ANALYST CERTIFICATION

(Indian Clients)

We/I Ms. Mannat Gandhi- MBA Banking & Finance Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Ms. Mannat Gandhi- MBA Banking & Finance Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com