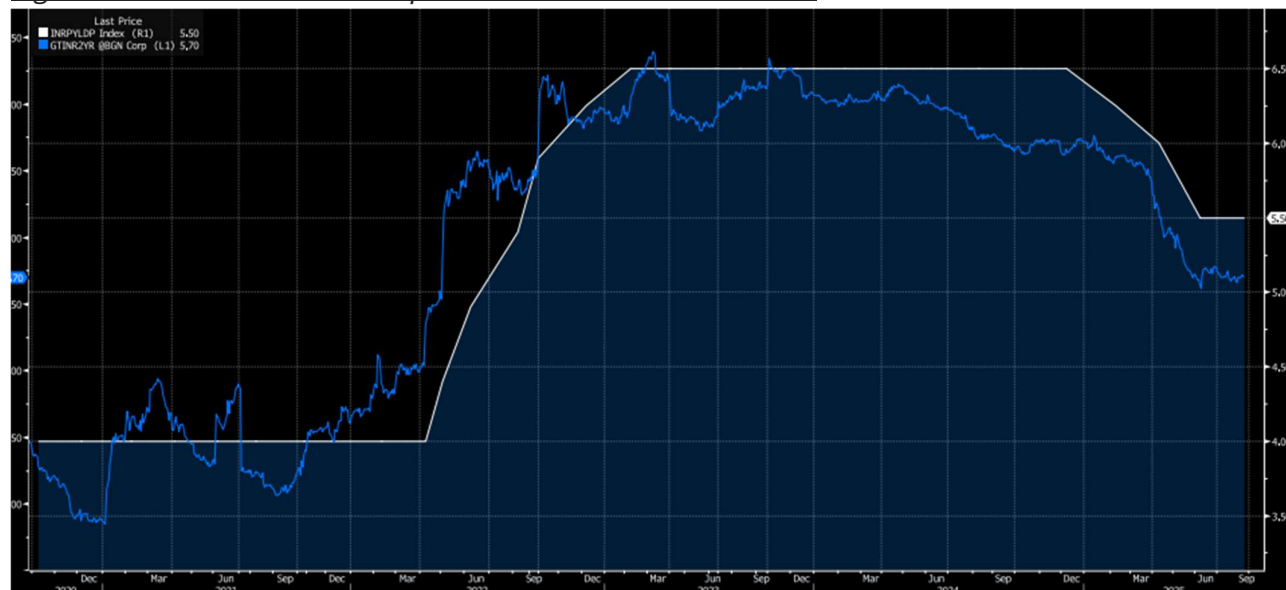




## The Macro, Valuation, Sentiment and Technical Lens

**Macro:** Last week saw the preliminary PMIs in India moderate yet remain at very high levels by historical standards, and above all regional peers. Infrastructure spending was up in August and foreign exchange reserves resilient, despite the weakness in the currency. For this week, the key date release is August Industrial production which is forecast at +5.1%, up from 3.5% prior. The RBI meets on the 1<sup>st</sup> and we expect rates to remain on hold at 5.5%. The HSBC PMI Manufacturing is released (final) for September and along with PMI services and the composite.

*Fig 1: Reserve Bank of India Repurchase Rate vs IGB 2-Yr Yield*



Source: Bloomberg Finance LP / MNI

**Valuations:** The NIFTY 50 P/E at 21.8x remains consistent with valuations over the last 3-Years. The forecast for the remainder of the year is for a very modest increase before a modest fall in 2026. The Rupee has continued to weaken, last week hitting new lows of 88.71.

Fig 2: NIFTY 50 Price to Earnings

NSE Nifty 50 Index Compare KSec> Acct Consolidated Periodicity Annuals Cur FRC (INR)								
1) Key Stats 2) Fundamentals 3) Custom 4) Shared								
10) Highlights 12) Valuation 13) Profitability 14) Leverage & Liquidity 15) Market Data								
12 Months Ending	2021 Y 12/31/2021	2022 Y 12/31/2022	2023 Y 12/31/2023	2024 Y 12/31/2024	Current 09/28/2025	2025 Y Est 12/31/2025	2026 Y Est 12/31/2026	
<b>Valuation Metrics</b>								
Price/Earnings	27.10	23.13	23.50	22.43	21.88	22.13	19.09	
Price/Earnings before ...	26.57	22.02	23.35	21.49	21.29	21.83	19.96	
Price/Earnings before ...	27.55	22.62	23.23	21.45	21.60			
Price/Book Value	3.54	3.36	3.65	3.52	3.33	3.21	2.88	
EV/Sales	3.41	3.01	2.95	2.85	2.93			
EV/EBIT	19.93	18.50	19.02	18.11	17.99			
EV/EBITDA	15.13	14.59	14.64	15.28	14.13	13.88	12.86	
Dividend Yield	1.20	1.33	1.33	1.30	1.34	1.60	1.56	
<b>Fundamentals</b>								
Gross Margin	42.64	44.45	39.69	34.71	36.92	45.21	46.35	
Operating Margin	17.12	16.29	15.49	15.74	16.29	15.61	16.59	
Profit Margin	12.31	11.94	11.75	12.40	13.37	11.60	12.28	
Return on Assets	2.40	2.68	2.63	2.78	2.74	3.24	3.59	
Return on Equity	12.70	14.30	15.20	15.81	14.94	14.51	14.44	

**Sentiment:** The equity market performance as indicator for sentiment, remains weak and when compared to the positive returns of regional peers over the last month, has underperformed. The imposition of further US tariffs for buying Russian oil and the subsequent move closer to China and Russia suggests this trend could continue.

### Technicals:

The Rupee has traded above all major moving averages in the recent period of extreme weakness. All major moving averages are upward sloping, indicating that the bearish momentum may remain in place for some time.

Fig 3: USDINR vs 20, 50, 100 and 200-day EMA



Source: Bloomberg Finance LP / MNI

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