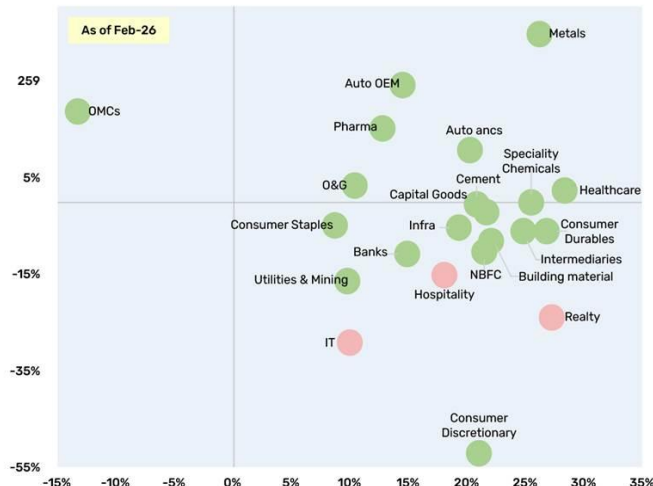


# VALUATION COMFORT IMPROVES ACROSS THE MARKET

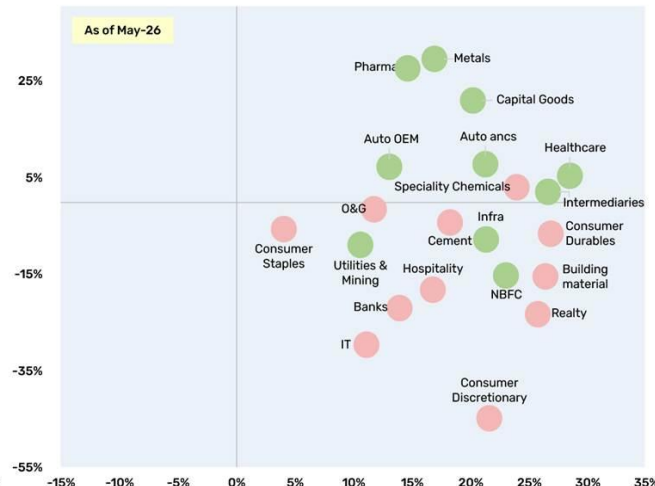
29<sup>th</sup> May 2026

## ACROSS SECTORS

**FY26-28 Earnings CAGR vs. Relative Valuation (1Y Fwd vs. 5Y Avg)**



**FY26-28 Earnings CAGR vs. Relative Valuation (1Y Fwd vs. 5Y Avg)**



X-axis: FY26-28 Earnings Estimates CAGR | Y axis: Premium / Discount % of 1Y Forward Valuation to its 5Y average | Colour - Green/Red denotes Positive/Negative sector returns in the last 1Y

A higher number of sectors are now trading at a discount to 5Y average compared to pre-war without any meaningful cut to FY27 estimates.

## ACROSS MARKET CAPS

**% of stocks trading at a premium/ in line/ discount to their 10y average**

MCAp	Sep-24			Mar-25			Feb-26			Mar-26			May-26		
	Premium	In Line	Discount	Premium	In Line	Discount	Premium	In Line	Discount	Premium	In Line	Discount	Premium	In Line	Discount
Large	76%	8%	16%	41%	32%	27%	54%	23%	23%	34%	30%	35%	46%	30%	24%
Mid	75%	14%	10%	41%	28%	31%	40%	29%	31%	31%	20%	48%	42%	25%	33%
Small	64%	17%	19%	25%	23%	51%	24%	20%	55%	16%	14%	70%	28%	21%	51%
Total	70%	15%	15%	34%	27%	40%	36%	24%	41%	25%	19%	56%	36%	24%	40%

Vs Feb'26 to May'26 most stocks continue to trade in similar valuation buckets.

Over the last two years, markets saw elevated downgrades as expectations had run ahead of fundamentals. With the excessive froth now corrected through price declines, more sectors and stocks are trading at valuation discounts despite limited cuts to FY27 estimates. Even amid current geopolitical uncertainty, 1-year forward earning expectations remain robust, improving the overall risk-reward for investors.

Source: Avendus Spark Research, Bloomberg. Data as on 20th May 2026. Past performance may or may not be sustained in future. Please note that the reference to any industry/sector/stock is provided for illustrative purposes only. This should not be construed as a research report or a recommendation to buy or sell any security or sector.

**Mutual Fund investments are subject to market risks, read all scheme related documents carefully.**