

Valuation INDIA

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MONTHLY INSIGHTS

MARKET PULSE

May 2026

Sun Pharma writes Indian pharma's biggest cheque, Skyroot becomes the first space-tech unicorn, FEMA gets a new compliance perimeter, and oil rolls back as US-Iran talks ease.

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India Policy & Macro Pulse

MONETARY POLICY

RBI on the sidelines — rupee recovers, oil rolls back

The Reserve Bank of India had no Monetary Policy Committee meeting scheduled in May; the repo rate therefore stands at **5.25%** (SDF 5.00%, MSF / Bank 5.50%) since the April 6-8 hold, with stance *neutral*. The next MPC sits in early June. Through May, markets traded the rupee and oil rather than rate expectations: the rupee recovered from a four-week low near **96.30** to about **95.30 per USD** by 25 May on the back of easing crude and constructive commentary from RBI officials.

Headline inflation is tracking the RBI's **4.6% FY27** projection. With Brent off about **5% month-on-month** and the dollar index softer post the US-Iran rapprochement, the macro tailwinds modestly improved through May. Bond markets continue to price in **one 25 bps cut** by Q4 CY 2026, though several MPC members have publicly leaned more cautious. Promoters with floating-rate exposure should plan for the current cost of funds to hold for at least two more quarters.

DIRECT TAX

Two months into the new Income-tax regime — early lessons

With the **Income-tax Act, 2025** and the **Income-tax Rules, 2026** now in their second month, the most asked questions in our advisory queue have shifted from interpretive to operational. For valuation work specifically, three areas are settling: the **FMV computation for unquoted equity shares** under the successor to Rule 11UA, the **refreshed Form 3CEB and master file thresholds** for transfer-pricing compliance, and the **updated PAN-quoting rules** for high-value transactions including share transfers.

On the procedural side, CBDT continues to release notifications calibrating the new Forms and TDS regime — a notification dated **5 March 2026** earlier set out requirements for educational institutions under Section 35 of the Act, and similar fine-tuning is expected through the assessment season. The Board's stated objective remains a single, harmonised digital pipeline; early adopters in our client base report a smoother first ITR cycle than was anticipated.

REGULATORY

SEBI & MCA — broking reset, cleaner corporate plumbing

The new **SEBI (Stock Brokers) Regulations, 2026** took centre stage in May. The framework repeals the 1992 regulations and imposes fresh entry standards (a minimum of **two years' securities-market experience**), mandates that every broker has **at least one director resident in India for 182+ days**, and expressly permits brokers to

MARKET SNAPSHOT

as on 27 May 2026

Indicator	Level	Δ MoM
Sensex	76,574	-0.1%
Nifty 50	24,068	+0.7%
Repo Rate	5.25%	Held
10-Y G-sec*	6.42%	-3 bps
USD / INR	95.30	-1.3%
Brent (USD/bbl)	99.2	-5.0%
Gold (INR/10g)*	79,400	+1.5%
FII (May, INR cr)*	+9,840	Inflow

*Indicative levels; FII = NSDL net equity flow (May MTD).

MPC POLICY DIAL

Stance: **NEUTRAL** | Repo **5.25%**



Source: RBI MPC Resolution, 8 Apr 2026 (no May meeting)

Deal Street — M&A and IPO Intelligence

LEAD DEAL | OUTBOUND PHARMA

Sun Pharma takes Organon for USD 11.75 bn — the biggest ever from India

All-cash takeover of New Jersey's women's-health & biosimilars major doubles Sun's scale and rewrites Indian biopharma's global ambition.

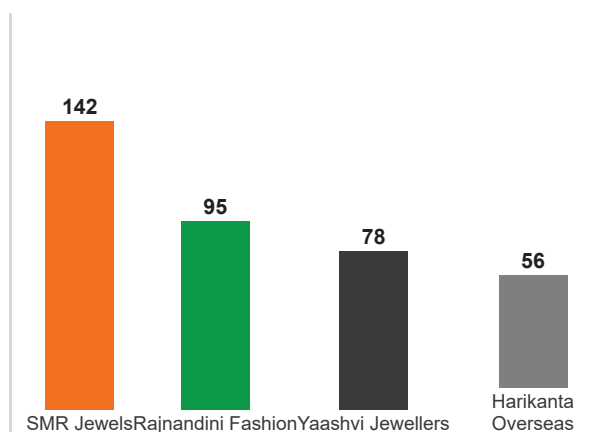
Sun Pharmaceutical Industries announced on **27 April** an **all-cash USD 11.75 billion** acquisition of New Jersey-headquartered **Organon & Co.** at **USD 14.00 per share**, with the transaction expected to close by early 2027. It is the largest-ever outbound transaction by an Indian biopharma company and, on completion, will lift Sun's consolidated revenues to about **USD 12.4 billion**, placing it inside the global top-25 by revenue. May was dominated by the deal's financing, regulatory and integration narrative, with Sun's shares up around **7%** on announcement day.

From a valuation perspective, three questions matter for clients watching this trade: **(i)** the **EV / EBITDA pay-up** on Organon's women's-health and biosimilars franchise versus listed US specialty-pharma comparables; **(ii)** the goodwill, brand and in-process R&D allocation under **Ind AS 103**, which will set amortisation drag for several years; and **(iii)** the precedent this sets for **outbound Indian deal architecture** — financing, FEMA, transfer-pricing and dual-listed disclosures. Q1 2026 already saw **710 India deals worth ~USD 20 billion (+5% YoY volumes)**; the Sun trade pushes the year's outbound mix decisively higher.

IPO PULSE

May 2026 — Public market issuances

May 2026 SME / mainboard issue sizes (INR cr, indicative)



Source: BSE / NSE filings; Valuation India estimates

The May primary calendar was **SME-heavy**. **Harikanta Overseas** ran 20-22 May (BSE SME listing 27 May); **QLINE Biotech** bid 21-25 May; **Yaashvi Jewellers** opened 25-27 May (BSE SME listing 2 June); **SMR Jewels** and **Rajnandini Fashion India** subscribed 26-29 May for 3 June listings. Mainboard issuance paused as issuers digested the Sun-Organon news cycle and reset price bands against a tighter listed-pharma cohort.

The pipeline remains the bigger story. Mega-listings from **Jio**, **Zepto** and the **NSE** are still collectively expected to mobilise approximately **INR 1 lakh crore**, with intermediary appointments and DRHP fine-tuning under way through the quarter. For founders and PE sponsors planning exits in H2 CY 2026, May's softer mainboard primary supply is a window to lock comparable-set baselines before issuance picks up; in our view, August–October is shaping up as the next dense listing window.

VALUATION INDIA TAKE

With Sun-Organon resetting the bar for Indian outbound deal-making, we expect a wave of follow-on enquiry around **PPA exercises, outbound deal financial models and FEMA / transfer-pricing structuring**. Domestically, Q1 mid-market

Sector Spotlight

01 INFORMATION TECHNOLOGY

IT, SaaS and GCC — guidance lands at 3-5%, AI super-cycle stirs

With Q4 FY26 prints now fully in — **TCS (9 Apr), Infosys (16 Apr), HCLTech (21 Apr), Tech Mahindra (22 Apr) and Wipro (23 Apr)** — the Indian IT cohort closed the year with a muted top-line but a meaningful **currency tailwind**: a weaker rupee delivered double-digit year-on-year earnings growth for several names despite flat constant-currency revenue. FY27 organic growth guidance has clustered in the **3-5% band**, the lowest in three years.

The more important story is the **AI adoption super-cycle** stirring in US enterprise spending after six quarters of cuts. TCS, Infosys and LTIMindtree have flagged a step-up in **transformational GenAI deals** — typically multi-year, AI-engineering-heavy programmes with margin profiles different from legacy ADM work. For valuation engagements in this space, we are reweighting **two factors** in DCFs: a higher probability of revenue acceleration in FY28-FY29, offset by a longer-tailed margin transition as workforce composition rebalances toward AI-engineering roles. The GCC channel remains the structurally bullish sub-segment.

02 INDUSTRIALS & MOBILITY

Manufacturing, PLI & EVs — financing the commercial-vehicle transition

The headline May development was the Ministry of Heavy Industries' announcement on **12 May 2026**, at an industry event in Bengaluru, that it is developing a **financing-support framework for electric buses and trucks**. The contemplated package includes **interest subvention and partial credit guarantees**, addressing what officials described as the single biggest constraint on commercial-vehicle electrification — capital cost rather than total cost of ownership.

The macro frame remains the **INR 26,000 crore Auto / Auto-Component PLI** (50% domestic value addition minimum) and the **INR 18,100 crore PLI-ACC** for advanced chemistry cells. Operational ACC capacity sits at **~2-2.5 GWh** today, with a runway to **100+ GWh** by 2029-30 through PLI plus private capex. For valuation work in the EV value chain, we now apply explicit **scenario weights** to the subvention-package design — a back-end credit-guarantee model implies different working-capital and DCF assumptions versus an upfront interest-subvention structure.

03 PHARMA & HEALTHCARE

Pharma & healthcare — India steps into the global top tier

Sun Pharma's **USD 11.75 billion all-cash takeover of Organon** (see page 3) is the most defining event for the Indian life-sciences complex in a decade. On completion in early 2027, Sun will rank among the world's **top-25 pharma companies by revenue**, with deep exposure to **women's health** and **biosimilars** across more than 140 countries. The trade is being read as an inflection: Indian biopharma can now credibly compete for branded specialty assets rather than purely generic portfolios.

Two second-order angles for clients. First, the deal pulls forward the **capital-allocation conversation** across the listed Indian pharma cohort — boards are now actively reviewing balance-sheet capacity for outbound M&A, which we expect to add a **visible bid premium** to specialty-pharma EV/EBITDA in CY 2026. Second, **single-specialty hospital chains, diagnostic platforms and domestic biosimilar manufacturers** are seeing PE consolidation pressure intensify ahead of an expected 2027 listing window. Our diagnostic-platform pipeline points to higher transaction multiples over the next two quarters.

Startups, ESOPs, FEMA & The Global Lens

STARTUPS & VC

Skyroot becomes India's first space-tech unicorn

May's headline was the emergence of **Skyroot Aerospace** as **India's first space-tech unicorn**. On 7 May, the Hyderabad-based launch-vehicle company closed a **USD 60 million** round at a **USD 1.1 billion pre-money valuation** — about USD 50 million in primary equity co-led by **Sherpalo Ventures** and **GIC**, with a further USD 10 million in structured debt managed by funds affiliated with BlackRock. Skyroot is the third Indian unicorn of 2026 (after Juspay in January and KreditBee in April), taking the cumulative Indian unicorn count to ~131. Through May, India has raised **USD 7.36 billion across 743 rounds**, against USD 5.62 billion to end-April — a clear month-on-month re-acceleration.

ESOPS

ESOPs — disciplined secondaries, sharper FMV scrutiny

Q1 2026 ESOP buybacks already exceeded the full-year 2024 and 2025 prints; cumulative Indian start-up ESOP liquidity since 2020 now stands at about **USD 2 billion**. In May, the conversation moved from *whether* to do a buyback to *how* to structure it under the new tax regime. Two practical reminders for founders: (i) the perquisite-tax mechanics under the **Income-tax Act, 2025** require an updated FMV report aligned to Rule equivalents in IT Rules 2026; and (ii) cash-out ratios above 30% of fresh primary continue to attract heightened diligence from secondary buyers.

GOVERNMENT

FoF 2.0 deployment begins — deep-tech in focus

With the **Startup India Fund of Funds 2.0** (INR 10,000 crore corpus) notified in April, May saw the first round of **SEBI-registered AIF allocations** being lined up, with a clear tilt towards deep-tech and manufacturing. Combined with Skyroot's milestone and a re-accelerating monthly funding run-rate, the early-stage capital backdrop has measurably improved from the soft Q1 print.

CROSS-BORDER

FEMA 401/2026 & Press Note 2 — a new compliance perimeter

Two material changes landed in May. The RBI notified the **Foreign Exchange Management (Authorised Persons) Regulations, 2026** (Notification FEMA 401/2026-RB, dated 30 April 2026, gazetted **6 May 2026**), under which **no new FFMC licence applications** will be accepted, and the AD-II perimeter for foreign-trade transactions has been expanded to **INR 25 lakh per transaction** — a meaningful relief for SME exporters and importers historically dependent on banks for commercial forex.

Second, **Press Note 2 (2026)** issued by DPIIT on 15 March became effective from **1–2 May 2026**, easing the land-border FDI regime: investor entities from China, Pakistan and other land-border countries with non-controlling beneficial ownership of **up to 10%** (per PMLA definitions) may now invest via the **automatic route**. Read with the **FEMA (Guarantees) Regulations, 2026** and the earlier ECB consolidation, India's cross-border framework has been comprehensively rewritten this calendar year.

TAX & MARKETS

Direct tax & SEBI — second-order signals

With angel tax already abolished from FY 2025-26, the operative tax conversation for founders has shifted to the **FMV documentation trail** under the new IT Rules 2026, especially for ESOP grants and secondary transfers. Independent valuer reports remain best practice for shareholder agreements, FEMA pricing and FC-TRS filings. On the markets side, the **SEBI (Stock Brokers) Regulations, 2026** transition window will play out through CY 2026, with brokers and their auditors revisiting governance, eligibility and disclosure norms.

GLOBAL MACRO

Global lens — Fed on hold, US-Iran de-escalates

The **US Federal Reserve** held the federal funds rate at its **28–29 April 2026** meeting, with the interest on reserve balances set at **3.65%** effective 30 April. There is **no FOMC meeting in May**; the next decision is on **16–17 June 2026**. The bigger narrative through May was **US-Iran de-escalation**, which pulled **Brent down ~5% MoM to about USD 99/bbl** (27 May) and helped the rupee climb from a low near **96.30 to ~95.30**. Sensex rallied 830 points on 25 May on the deal optimism. Net FII flows turned positive in May — a notable improvement on April's outflow print.

Partner with Valuation India

Valuation India is an independent advisory firm headquartered in Pune, serving CFOs, promoters, founders, private-equity sponsors and corporate boards across India, the United Arab Emirates, Singapore and the United States. Our practice is anchored in **Business Valuation**, supported by deep capabilities in financial advisory, taxation, audit assurance, financial modelling, MIS reporting, ESOP design and outsourced CFO services.

Each engagement is led by a CA/CVA-qualified partner and supported by sector specialists. Our reports are designed to withstand scrutiny from regulators, auditors, acquirers and counterparties — combining rigorous methodology with a commercial lens that promoters can act on.

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VALUATION

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FMV under Income-tax Rules, Ind AS impairment, ESOP / Sweat-equity, RBI / FEMA pricing, business / brand / intangible valuations.

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Fairness opinions, swap-ratio reports, purchase-price allocation under Ind AS 103, financial due diligence and deal structuring.

CFO & MIS

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Virtual CFO services, financial modelling, MIS reporting, board-pack design, fund-raise readiness and audit closure support.

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Thank you for reading. We look forward to partnering with you on your next valuation, transaction or finance assignment.