Valuation INDIA

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MONTHLY INSIGHTS

MARKET PULSE

June 2026

RBI holds but trims growth, the Fed pivots hawkish under Warsh, Sarvam and Square Yards join the unicorn club, and India's green capital story goes mainstream with the PFC-REC merger.

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India Policy & Macro Pulse

MONETARY POLICY

RBI holds — but growth trimmed, inflation raised

The Monetary Policy Committee, meeting from 4 to 6 June 2026, voted unanimously (**6-0**) to hold the policy repo rate at **5.25%**, with the Standing Deposit Facility at **5.00%** and the Marginal Standing Facility and Bank Rate at **5.50%**. The stance remains *neutral*. Importantly, this pause follows cumulative rate cuts of **100 basis points** since the easing cycle began in February 2025 — the Committee is now watching rather than acting.

Two important revisions: FY27 real GDP growth is now projected at **6.6%** (down from 6.9%), while CPI inflation is lifted to **5.1%** (from 4.6%). The Committee cited the West Asia conflict, energy prices and monsoon / El Niño uncertainty. For valuation work, **WACC assumptions should not be lowered** and terminal growth for India Inc. should still price a 6.5-7% trend.

DIRECT TAX

Income-tax filing season — the first real test of Act 2025

June saw the first full month of ITR filings under the **Income-tax Act, 2025** and **IT Rules 2026**. Filing traffic has been front-loaded, with our client base reporting a smoother e-filing experience across the new ITR-1 through ITR-4 forms. The bigger operational focus is now on **tax audit (Form 3CD) and transfer-pricing (Form 3CEB)** for FY ending 31 March 2026 — the first cycle under the successor to Rule 11UA. Impairment reviews under Ind AS 36 should also reflect the higher **5.1% inflation projection** in medium-term cash flows.

REGULATORY

SEBI & MCA — ESG debt framework, cleaner disclosures

SEBI's **expanded ESG-labelled debt framework** continued to consolidate through June, standardising rules for **green, social and sustainability bonds** across Indian exchanges. Read with **BRSR Core** and the RBI Green Deposit Framework, the regulatory scaffolding for India's green-capital market is largely in place. The **SEBI Stock Brokers Regulations, 2026** transition also runs through year-end.

MARKET SNAPSHOT as on 27 June 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, 6 Jun 2026 (6-0 hold)

Deal Street — M&A and IPO Intelligence

LEAD DEAL | GREEN INFRASTRUCTURE

PFC-REC merger cleared — a green-capital giant is born

Presidential nod on 10 June creates a consolidated INR 3.2 lakh cr FY27 borrowing programme aimed squarely at India's energy transition.

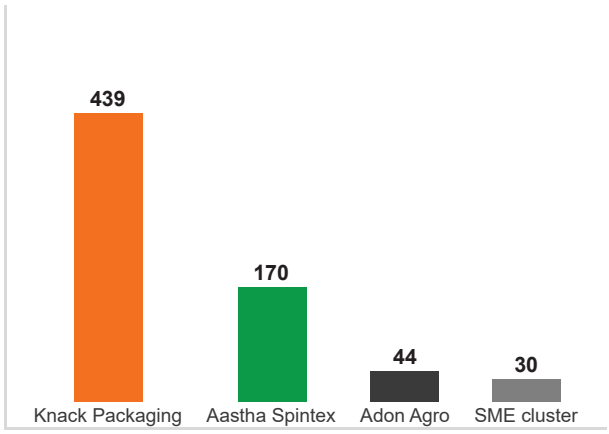
On **10 June 2026**, the President formally cleared the merger of **Power Finance Corporation (PFC)** and **REC Ltd** — India's two largest power-sector NBFCs. Ahead of the clearance, the boards of both entities had pre-emptively approved **identical FY 2026-27 borrowing programmes of INR 1,60,000 crore each**, giving the combined entity a headline capital envelope of roughly **INR 3.2 lakh crore**. PFC's blueprint earmarks **INR 20,000 crore for foreign currency instruments**, including international **green bonds**, syndicated loans and club banking lines, with diversification into JPY- and EUR-denominated tranches.

For valuation practitioners, the deal is significant on three axes: **(i)** the **combined P/B and cost-of-funds re-rating** as the merged entity moves closer to a policy-bank profile; **(ii)** the **ESG-labelled debt supply** it unlocks — expected to materially deepen India's green-bond secondary market; and **(iii)** the **read-through for renewable IPP and transmission valuations**, given cheaper long-tenor rupee and hard-currency financing. India's cumulative aligned **GSS+ issuance** is already at **USD 55.9 billion** (up 186% since 2021); PFC-REC materially extends that trajectory.

IPO PULSE

June 2026 — Public market issuances

Jun-Jul 2026 mainboard issue sizes (INR cr, indicative)



Source: BSE / NSE filings; Valuation India estimates

June's primary calendar re-opened with three mainboard names bidding at month-end: **Aastha Spintex** (INR ~170 cr, 29 Jun to 1 Jul); **Adon Agro** (INR ~44 cr, 29 Jun to 1 Jul); and **Knack Packaging** (INR 439 cr incl. OFS, 1-3 Jul). SME issuance stayed active through the second half of June.

H1 CY 2026: India tech-startup funding rose **12% YoY to USD 7.2 billion**. The mainboard IPO pipeline for Aug-Oct is widely briefed as the year's densest window. **Jio, Zepto and the NSE** collectively guide toward roughly **INR 1 lakh crore**.

VALUATION INDIA TAKE

PFC-REC creates a durable pipeline of **green-bond-financed underlying assets**; the June IPO restart signals investor appetite is holding despite the Fed's hawkish repricing. Expect engagement demand around **valuation of renewable IPPs, transmission SPVs, ESG-labelled fair-value opinions and pre-IPO refreshes**.

Sector Spotlight

01 INFORMATION TECHNOLOGY

IT, SaaS & GCC — HCLTech leads the strategic-AI trade

June's most defining IT event was **HCLTech's USD 150 million lead investment in Sarvam AI** (Bessemer, Khosla and Peak XV in co-lead) — a decisive signal that Indian tier-1 IT is investing directly into the domestic AI stack rather than only riding third-party partnerships. The Sarvam trade takes India's AI-native unicorn cohort past four in less than three years. GCC hiring pipelines remain the strongest sub-segment; the Q1 FY27 print (expected 10-15 July) is the next read-through into FY27 guidance credibility across the cohort.

02 INDUSTRIALS & MOBILITY

Manufacturing, PLI & EVs — cell manufacturing scales up

The **INR 18,100 crore PLI-ACC** for advanced chemistry cells continues to be the fulcrum of India's mobility supply chain, with operational capacity at **~2-2.5 GWh** today and a documented runway to **100+ GWh** by 2029-30. The May EV bus/truck financing framework floated by the Ministry of Heavy Industries has moved to detailed design in June, with the industry consultation window closing at end-July. For valuation work in the EV value chain, we continue to apply explicit scenario weights to **interest-subvention vs. credit-guarantee** subvention structures.

03 PHARMA & HEALTHCARE

Pharma & healthcare — the Sun-Organon integration begins

With the **Sun Pharma-Organon transaction** now under formal regulatory review, June was dominated by pre-close integration planning and updated FY27 guidance from listed peers factoring the new sector-wide capital-allocation bar. Consolidation pressure in **single-specialty hospital chains and diagnostic platforms** intensified further, with three mid-market platforms initiating banker mandates ahead of expected 2027 listings. We continue to see higher EV/EBITDA transaction multiples in regional diagnostic platforms over the next two quarters.

04 ESG & ENVIRONMENTAL IMPACT

ESG & environmental impact — India's green-capital era begins

India's sustainable-debt story crossed a visible tipping point in June. Cumulative aligned **GSS+ (green, social, sustainability, sustainability-linked plus) issuance** stands at **USD 55.9 billion** — a **186% jump since 2021** per the Climate Bonds Initiative's latest MUFG-CBI mapping. The **PFC-REC merger** (see page 3) alone unlocks a ~INR 3.2 lakh crore FY27 borrowing programme with an explicit foreign-currency **green-bond** allocation. Read alongside SEBI's expanded ESG-labelled debt framework, the RBI Green Deposit Framework and IFSCA's sustainable-finance guidance, the regulatory perimeter is now largely built.

For CFOs and boards, three practical takeaways: **(i) BRSR Core** disclosures are becoming a genuine investor input, not just a compliance file — expect them to influence borrowing spreads on FY27 refinancings; **(ii)** the National Green Hydrogen Mission's **INR 4,440 cr electrolyser incentives** and ISTS charge waivers to December 2030 make green H2 offtake economics genuinely modellable for the first time; and **(iii)** for valuation work, we now routinely run **green-premium ("greenium") sensitivities** on renewable IPPs, transmission SPVs and hydrogen ventures, and are seeing 15-30 basis points of cost-of-debt advantage for well-structured sustainability-linked issuances.

Startups, ESOPs, FEMA & The Global Lens

STARTUPS & VC

Sarvam & Square Yards — two unicorns in a month

June delivered **two new Indian unicorns**. On 15 June, **Sarvam AI** — the multilingual foundation-model start-up — raised **USD 234 million** at a **USD 1.5 billion** valuation, with **HCLTech leading at USD 150 million** and Bessemer, Khosla and Peak XV in co-lead. On 23 June, **Square Yards** joined the club after a **USD 95.1 million Series C**. Adding to the momentum, **CRED raised USD 900 million** in the 22-27 June window. India's unicorn count now stands at **~131**. **2026 YTD funding is USD 8.09 billion**; H1 tech-startup funding is up **12% YoY to USD 7.2 billion** despite fewer, larger deals.

ESOPS

ESOPs — the strategic-corporate route opens up

Sarvam's HCLTech-anchored round is a template that CFOs and boards should watch closely. **Strategic Indian corporates acting as lead investors** in AI and deep-tech start-ups is a distinctly new capital-formation pattern, with clear read-throughs for **ESOP and swap-equity architectures** in future acqui-hire style deals. Under the Income-tax Act, 2025, FMV documentation for these hybrid structures needs to be tight — expect increased CBDT scrutiny of primary-plus-secondary transactions where the strategic investor has commercial linkages.

STARTUPS DATA

H1 wrap — funding rises, unicorn count at 131

H1 CY 2026 closes with the Indian unicorn cohort at **131**, against 127 at the start of the year. Four new unicorns — **Juspay (Jan), KreditBee (Apr), Skyroot (May), Sarvam (Jun) and Square Yards (Jun)** — headlined the story. Deep-tech and AI have re-established themselves as the fastest paths to unicorn status, with Sarvam and Neysa each crossing the milestone in under three years.

CROSS-BORDER

FEMA — settled framework, active enforcement

With the ECB consolidation (First Amendment Regs 2026), the **Guarantees Regs 2026**, the **Authorised Persons Regs 2026** (FEMA 401/2026-RB, gazetted 6 May) and **Press Note 2 (2026)** on land-border FDI now in force, June was less about new rule-making and more about **enforcement rhythm** — RBI's compounding-orders cadence increased, and audit committees are budgeting for their first FY27 FEMA-compliance reviews under the new framework.

The **FEMA (Export & Import of Goods and Services) Regulations, 2026** — dated 13 January 2026 — remain scheduled to come into force on **1 October 2026**. Clients with meaningful USD-INR or EUR-INR exposures should complete their transition-readiness review well ahead of Q3 FY27.

CAPITAL MARKETS

SEBI ESG debt framework — deeper the market goes

SEBI's expanded framework for **green, social and sustainability bonds** — first formalised in mid-2025 and progressively clarified — is now the operative rulebook for ESG-labelled issuance on Indian exchanges. Alongside **BRSR Core** and the RBI's **Green Deposit Framework**, this is materially lowering the friction for domestic ESG-labelled bookbuilding. We expect H2 CY 2026 issuance calendars to feature multiple sustainability-linked issuers migrating from vanilla NCDs to labelled formats.

GLOBAL MACRO

Global lens — Warsh's Fed turns hawkish

The **US Federal Reserve**, at its **16-17 June 2026** FOMC meeting under new Chair **Kevin Warsh**, held the federal funds target range at **3.50-3.75%**. The surprise was in the **Summary of Economic Projections**: the **median end-2026 dot moved up to 3.8%** (from 3.4% in March), signalling **at least one rate hike** this year — nine of nineteen participants now expect a hike, only one sees a cut. 2026 inflation projections were lifted to **3.6% headline / 3.3% core** (from 2.7% both). Warsh, a longtime critic of forward guidance, notably declined to submit a dot. For India, the near-term implication is **heavier dollar flows and firmer US yields** — a tailwind for the rupee if oil cooperates, a headwind if it does not.

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