Valuation INDIA

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MONTHLY INSIGHTS

MARKET PULSE

July 2026

Fed holds but three dissent and Warsh hints at September; Q1 FY27 IT prints land modest, Emergent joins the unicorn club, and the sovereign green bond programme scales.

INSIDE THIS ISSUE

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India Policy & Macro Pulse

MONETARY POLICY

RBI in observation mode; markets digest the June revisions

With no MPC scheduled in July, the policy repo rate stays at **5.25%** (SDF 5.00%, MSF / Bank 5.50%) with a *neutral* stance since the unanimous **6-0 hold on 4-6 June**. The Committee's downgraded **FY27 GDP forecast to 6.6%** and lifted **CPI inflation to 5.1%** continue to anchor the market's rate expectations. Domestic yields drifted a few basis points higher through July, tracking the June revisions and firmer US Treasuries.

Two things matter for corporate treasuries this month. First, **cost of long-tenor rupee debt has firmed** — issuers who expected sub-7% coupons on 5-10 year NCDs are now printing 25-40 bps wider. Second, **hedging costs** against a firmer dollar have edged up; CFOs with FY27 US-dollar payables should revisit forward-cover ladders. Valuation India continues to hold **WACC assumptions unchanged** and pushes terminal growth for India Inc. at the 6.5-7% trend rather than higher.

DIRECT TAX

Filing season peaks — Act 2025 goes fully operational

July was the peak month of the first ITR cycle under the **Income-tax Act, 2025** and **IT Rules 2026**. Individual and non-audit-case filers cleared the **31 July deadline** in record numbers, with the Income-tax portal reporting sustained traffic through the last week. For corporates, the focus now shifts to **tax audit (Form 3CD) and transfer-pricing (Form 3CEB)** for the year ended 31 March 2026 — the first cycle under the successor to Rule 11UA. Impairment reviews should also reflect the higher **5.1% inflation projection** in medium-term cash flows.

REGULATORY

Sovereign green bonds scale — INR 15,000 cr planned H1 FY27

The Government's H1 FY27 (April-September) borrowing calendar confirms **INR 15,000 crore of sovereign green bonds** — the largest half-yearly programme yet. Combined with SEBI's ESG debt framework, BRSR Core disclosures and the RBI Green Deposit Framework, India's green-capital market is now fully calibrated for scale. The **SEBI Stock Brokers Regulations, 2026** transition continues through year-end.

MARKET SNAPSHOT

as on 30 Jul 2026

Indicator	Level	Δ MoM
Sensex	79,240	+1.4%
Nifty 50	24,180	−1.3%
Repo Rate	5.25%	Held
10-Y G-sec*	6.54%	+6 bps
USD / INR	94.10	+0.8%
Brent (USD/bbl)	95.5	+1.1%
Gold (INR/10g)*	80,500	+0.5%
FII (Jul, INR cr)*	+12,300	Inflow

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

MPC POLICY DIAL

Stance: NEUTRAL | Repo 5.25%

Source: RBI MPC, 6 Jun 2026 (no July meeting)

Deal Street — M&A and IPO Intelligence

LEAD STORY | SOVEREIGN GREEN BONDS

India's sovereign green bond programme goes big

INR 15,000 cr H1 FY27 tranche is the largest half-yearly sovereign green issuance yet — pricing the greenium for scale.

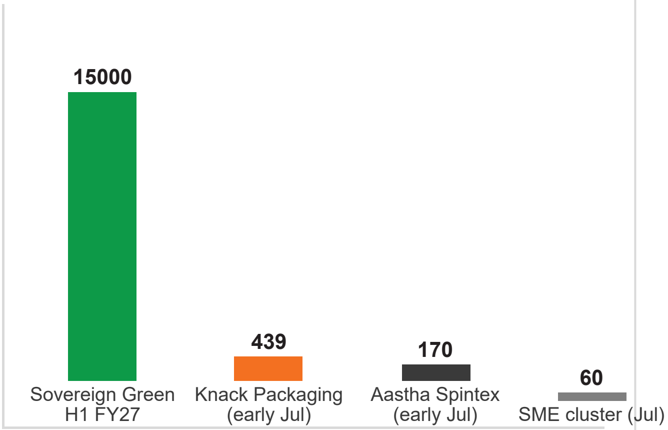
The Government's **H1 FY27 (April-September 2026) borrowing calendar** confirms a scaled-up **INR 15,000 crore sovereign green bond programme** — the largest half-yearly issuance since the sovereign green framework was launched in 2023. Read with the recently cleared **PFC-REC merger** (whose combined INR 3.2 lakh crore FY27 borrowing programme includes an explicit green-bond tranche), India's **green-capital market** is entering a genuinely scaled phase after four years of build-out.

For valuation practitioners, three implications: **(i)** a deeper sovereign green curve gives corporates a **cleaner spread benchmark** for their own green issuance — expect 15-30 bps of pricing advantage for well-structured labelled paper; **(ii) renewable IPP and transmission SPV valuations** should factor lower long-tenor financing costs into terminal-value assumptions; and **(iii)** boards should expect BRSR-Core disclosures to feature more prominently in lender diligence packs on FY27 refinancings.

IPO PULSE

July 2026 — Public market issuances

H1 FY27 sovereign green bond tranche vs recent IPOs (INR cr)



Source: BSE / NSE filings; Valuation India estimates

Mainboard issuance carried over the June-end names into early July: **Aastha Spintex** (INR ~170 cr) and **Knack Packaging** (INR 439 cr incl. OFS, 1-3 Jul) listed successfully. The SME calendar remained active through July, with a healthy pipeline of smaller issuances into month-end.

Ahead: the mainboard IPO pipeline for Aug-Oct — **Jio, Zepto and the NSE** collectively guiding roughly **INR 1 lakh crore** — remains the year's most-watched issuance window. Anchor-book conversations for the first cohort are actively under way.

VALUATION INDIA TAKE

A scaled sovereign green programme plus PFC-REC's own green-bond pipeline anchors **India's green capital narrative** into H2. Expect engagement demand around **valuation of renewable IPPs, transmission SPVs, ESG-labelled fair-value opinions and pre-IPO refreshes** ahead of the Aug-Oct listing window.

Sector Spotlight

01 INFORMATION TECHNOLOGY

IT, SaaS & GCC — Q1 FY27 prints, Infosys narrows the band

Q1 FY27 IT results landed in July. **TCS reported on 9 July**, opening the cohort. **Infosys, on 23 July**, posted revenues of **USD 5,082 million (+2.4% YoY, +1.0% QoQ CC)**, operating margin of **21.1%**, EPS growth of **+14.9% YoY**, and large-deal TCV of **USD 3.6 billion (61% net new)**. Notably, **AI services represented 8.2% of Q1 revenue**, growing double-digit sequentially for several quarters. Infosys narrowed its **FY27 CC revenue guidance to 1.5-3.5%**, with operating margin at 20-22%.

02 INDUSTRIALS & MOBILITY

Manufacturing, PLI & EVs — Ather raises INR 1,200 cr

The mobility story picked up meaningfully in July with **Ather Energy raising INR 1,200 crore** in a fresh round — one of the largest domestic EV two-wheeler raises this cycle. The **INR 18,100 crore PLI-ACC** for advanced chemistry cells remains the sector fulcrum, and the Ministry of Heavy Industries' **EV bus/truck financing consultation** closes end-July with the sector expecting the final framework in the coming weeks. Valuation work in the EV value chain continues to apply explicit scenario weights to **subvention design**.

03 PHARMA & HEALTHCARE

Pharma & healthcare — Q1 prints reinforce the specialty tilt

Q1 FY27 results from the listed pharma cohort continued to reinforce the sector's **specialty and biosimilar tilt**, with the **Sun Pharma-Organon** integration narrative dominating investor conversations even ahead of close. Diagnostic-platform and single-specialty hospital chains continue to see PE consolidation pressure, with several banker mandates opening through July ahead of the expected 2027 listing window. We continue to see higher EV/EBITDA transaction multiples in regional diagnostic platforms.

04 ESG & ENVIRONMENTAL IMPACT

ESG & environmental impact — sovereign green scales, greenium priced

July confirms India's green-capital market is scaling from framework to flow. The **INR 15,000 crore sovereign green bond programme** for H1 FY27 (see page 3) adds a deeper benchmark curve, while **NHAI's green issuance** for solar streetlights and sustainable infrastructure sustains the corporate pipeline. Cumulative aligned **GSS+ issuance** stands at **USD 55.9 billion** (+186% since 2021, Climate Bonds Initiative). BRSR Core, the RBI Green Deposit Framework and IFSCA guidance now provide a fully calibrated regulatory perimeter. Well-structured sustainability-linked issuers continue to capture **15-30 bps of greenium** versus vanilla NCDs.

Startups, ESOPs, FEMA & The Global Lens

STARTUPS & VC

Emergent turns unicorn; July funding cools 67% MoM

July's headline was **Emergent AI**, the Indian "vibe-coding" startup that turns natural language into functional applications. On **15 July**, Emergent raised a **USD 130 million Series C** at a **USD 1.5 billion post-money valuation**, led by Creaegis, Claypond Capital and Sentinel Global (with Khosla, SoftBank Vision Fund 2, Lightspeed and Y Combinator following). Total funding now at USD 230 million. Emergent becomes India's newest AI unicorn — less than 18 months from launch. Beyond the marquee, aggregate **July funding cooled 67% MoM to INR 6,315 crore**. YTD 2026 funding is around **USD 10 billion across ~1,000 rounds**, with **AI up over 4x YoY**.

ESOPS

ESOPs — AI-native firms redraw the vesting playbook

AI-native cohorts (Emergent, Sarvam, Neysa) are reaching unicorn valuations in under three years, which materially **compresses ESOP vesting economics** for their early employees. Founders structuring new grants should factor: **(i)** tighter FMV cadence — quarterly rather than annual valuations for growth-stage AI cos; **(ii)** perquisite-tax mechanics under the **Income-tax Act, 2025**; and **(iii)** secondary-buyer diligence on cash-out ratios above 30% of primary.

STARTUPS DATA

Unicorn tracker — six new in 2026 so far

With Emergent added in July, India's 2026 unicorn class now stands at **six** — **Juspay (Jan), KreditBee (Apr), Skyroot (May), Sarvam (Jun), Square Yards (Jun) and Emergent (Jul)**. Deep-tech and AI dominate this cohort; three of the six crossed the unicorn threshold in under three years. Cumulative Indian unicorn count now sits around **~132**.

CROSS-BORDER

FEMA — countdown to 1 October changes

Attention has shifted to the **FEMA (Export & Import of Goods and Services) Regulations, 2026**, which come into force on **1 October 2026**. Exporters and importers with active USD-INR or EUR-INR flows should now be in the final stages of **documentation, hedge-accounting and forward-cover reviews** ahead of the transition. The ECB, Guarantees and Authorised Persons regulations remain the operative framework; RBI's compounding-orders cadence continued through July.

CAPITAL MARKETS

Capital markets — Q1 earnings absorbed, IPO pipeline holds

July's Q1 FY27 earnings season provided the first real read into corporate India's FY27 trajectory. The **modest IT prints** (see page 4) weighed on the Nifty IT index while broader Nifty and Sensex traded firmer on FII inflows (~INR 12,300 cr in July). The IPO pipeline for the coming Aug-Oct window remains the single-largest data-point for H2 CY 2026 comparable-set repricing.

GLOBAL MACRO

Global lens — Fed holds, three dissents, September in play

At its **28-29 July 2026** FOMC meeting, the US **Federal Reserve** held the target range at **3.50-3.75%**, but **three officials dissented in favour of a hike**. Chair Kevin Warsh, whose second meeting delivered a notably shorter, forward-guidance-free statement, said holding rates was "especially prudent at these uncertain times". The Fed hinted at a possible move at its **15-16 September** meeting, with September's decision hinging on the July and August CPI prints. For India, the near-term implication is a firmer dollar backdrop, though FII flows to Indian equities remained positive through July.

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