



S.P. HINDUJA

BANQUE PRIVÉE

# India House View

## January 2026



# Thoughts of the CEO

“India 2026: Where Structural Growth Meets Global Uncertainty”

As we enter 2026, India stands at a defining intersection of resilience and reinvention. The past year has reaffirmed the economy's ability to navigate global uncertainty with relative stability, even as the external environment has grown more fragmented and volatile. Growth remains among the strongest globally, inflation has moderated meaningfully, fiscal policy continues to prioritise productive investment, and external buffers remain robust. These fundamentals provide an important anchor as markets and policymakers adjust to a shifting global cycle.

Yet India's story today goes well beyond macro stability. Beneath the surface, the economy is undergoing a structural transformation that will shape its trajectory for years to come. Investment-led growth is replacing the consumption-heavy patterns of the past; manufacturing and supply-chain integration are deepening; digital public infrastructure is enabling innovation at unprecedented scale; and the energy transition is evolving into a coherent industrial strategy. These changes are not cyclical in nature—they reflect a deliberate repositioning of India's growth model toward higher productivity, greater formalisation, and stronger global integration.

At the same time, the global backdrop remains complex. Geopolitical realignments, trade frictions, evolving energy markets, and volatile capital flows continue to generate uncertainty. For India, this creates both risks and opportunities. External shocks—whether from oil prices, tariffs, or global financial conditions—will remain a source of short-term volatility. However, India's improving competitiveness, policy continuity, expanding domestic market, and rising role in global supply chains position it better than many peers to absorb these cross-currents while continuing to compound long-term growth.

This edition of our India House View examines how these forces intersect in 2026. We assess the macroeconomic landscape, evaluate the evolving policy and external environment, and identify the structural themes reshaping India's medium-term outlook. We also outline the

implications for financial markets, sectoral positioning, and portfolio construction at a time when valuations are elevated, liquidity conditions are shifting, and selectivity matters more than ever.

Our central conclusion is a balanced one. India in 2026 is neither immune to global volatility nor defined by it. The more plausible path is one of steady, resilient growth—supported by domestic demand, rising investment, institutional depth, and technological adoption—punctuated by episodic volatility driven by global factors. For long-term investors and businesses, this environment reinforces the importance of patience, discipline, and alignment with structural rather than purely cyclical opportunities.

As always, we encourage readers to engage with this outlook not as a forecast set in stone, but as a framework for decision-making—one that recognises uncertainty, prioritises quality, and remains anchored to India's long-term fundamentals and evolving place in the global economy. We also believe that active management, risk calibration, and thoughtful diversification will be essential in translating opportunity into sustainable outcomes.

We hope this report provides a clear framework to navigate the year ahead and to position thoughtfully for India's continuing transition.

Yours sincerely,



Fabrice d'Erm



**S.P. HINDUJA**

BANQUE PRIVÉE



## India 2026: The Road Ahead

India enters 2026 at a moment of both strength and transition. The domestic macroeconomic environment is notably stable, with growth rates among the highest in the world, inflation trending toward the policy band, and a fiscal path that prioritises capital formation. But beneath the stability lies a deeper story: India's economic structure is shifting. The country is moving from a consumption-heavy, services-centric model toward one driven more by investment, manufacturing, digital infrastructure, and green energy. At the same time, global geopolitical shifts, supply-chain rewiring, and the turbulence in global commodity and currency markets are reshaping India's external environment. The year ahead will therefore be defined by this interplay between resilience and volatility, between India's internal tailwinds and the external cross-currents shaping its trajectory.

### Macroeconomic Landscape

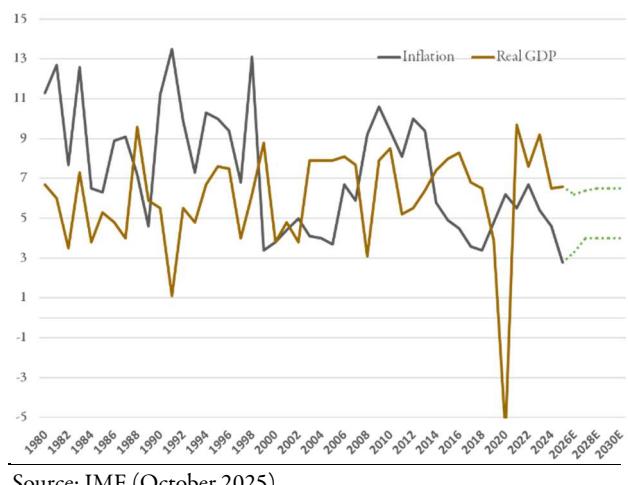
Growth through 2025 has been supported by a combination of robust consumption and a renewed push in government capital expenditure. Lower personal taxes have expanded disposable incomes, helping revive demand in urban centres, while the state continues to direct significant resources into infrastructure such as highways, logistics corridors, rail modernisation, and renewable-energy networks. As of early FY26, agencies such as IMF project GDP growth of about 6.5 percent (if this a projection for FY26 then the sentence is a bit confusing), a figure that underscores both India's cyclical momentum and its detachment from the slower growth seen in much of Europe and parts of East Asia.

Inflation dynamics have also turned favourable. Core CPI has softened meaningfully, reflecting both improved domestic capacity and easing global goods prices. Food inflation remains the key source of volatility, particularly given climate variability and monsoon sensitivity, yet the broader trajectory is constructive. This disinflation has allowed the Reserve Bank of India to begin unwinding its earlier tightening cycle. Rate cuts through late 2025 signal a shift to a more accommodative posture, and further easing, should inflation remain within range, is possible in 2026. The liquidity environment has normalised, and the RBI's communication points toward supporting growth without compromising on medium-term stability.

India's fiscal architecture is evolving along similar lines. The government remains committed to fiscal consolidation, but not at the expense of capital formation. Public capital expenditure remains high as a share of GDP, and states, whose fiscal health has improved post-pandemic, are increasingly contributing to infrastructure spending. Strong goods and services tax (GST) collections, higher formalisation, and efficiency gains in tax administration continue to provide fiscal room. The fiscal deficit is expected to gradually narrow toward the 5 percent of GDP range in

FY26, a path that balances prudence with developmental imperatives.

Fig.1: India GDP & Inflation



Source: IMF (October 2025)

Externally, India's current account deficit is likely to remain modest, supported by robust services exports and resilient remittances. This provides a buffer against global volatility and helps maintain currency stability. Even so, risks remain. The possibility of trade tensions with major partners, especially the United States, where tariff disputes have surfaced, could complicate the external outlook. A sharp rise in crude oil prices due to geopolitical instability could widen the current account deficit and place pressure on the rupee.

Notwithstanding, India's high foreign-exchange reserves (USD 693 bn; source: RBI as of 14 November) and relatively low external debt provide significant insulation against such shocks.

### External Catalysts: US Tariffs and Russian Oil

We believe a negotiated tariff settlement between India and the United States appears increasingly likely, with both sides



S.P. HINDUJA

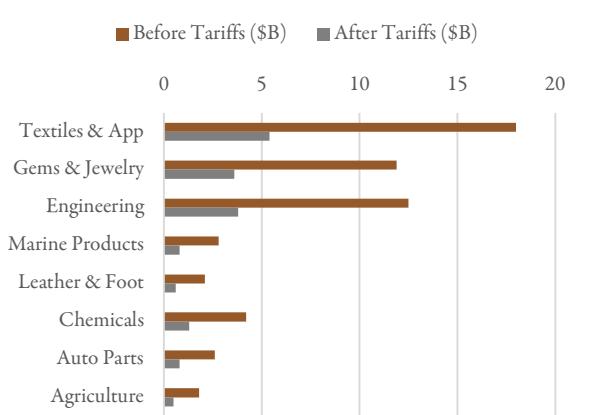
BANQUE PRIVÉE



signalling willingness to unwind the tariff escalation. A deal that brings down the additional duties would have immediate consequences for India's external sector: labour-

intensive exporters in textiles, leather, engineering goods, and gems and jewellery would regain competitiveness, export order books would stabilise, and margins, badly compressed during the tariff period, would begin recovering through FY27. More importantly, a tariff rollback would remove an overhang that had weighed on investor sentiment, thereby improving foreign portfolio inflows into manufacturing, renewables, and consumption-linked plays. With this resolution, the drag on GDP growth previously estimated for FY26 is likely to be lower than feared, and the risk premium embedded in India's currency and bond markets could ease meaningfully.

Figure 2: Trump Tariffs on Indian Exports



Source : [www.sify.com/ai-analytics/how-india-can-effectively-fight-trumps-tariffs-with-ai](http://www.sify.com/ai-analytics/how-india-can-effectively-fight-trumps-tariffs-with-ai)

The possibility of a de-escalation in the Russia–Ukraine conflict in 2026 has significant implications for India. A stabilisation of the conflict would normalise the global crude supply chain: Russian barrels, previously rerouted under shadow fleets and sanction-complex channels, would re-enter mainstream trade flows, easing freight distortions and reducing risk premiums embedded in oil futures. Even a partial relaxation of sanctions would put substantial downward pressure on benchmark crude prices and narrow the gap between Russian grades and global prices.

### Structural Transformations: Manufacturing, Green Energy, and Digital Infrastructure

Beyond the cyclical picture, India's economic story in 2026 is dominated by structural changes that are reshaping the country's long-term growth potential. The most visible of

these is the emerging manufacturing ecosystem, strengthened by the Production-Linked Incentive (PLI) schemes and global supply-chain realignments. India has made significant progress in electronics manufacturing,

particularly in mobile phones, but the shift is now moving upstream into components, semiconductors packaging, and specialised materials. Value addition in domestic electronics has risen steadily, and global contract manufacturers as well as Indian firms are expanding capacity.

A parallel transformation is underway in green energy. India is positioning itself for leadership in solar and wind manufacturing, and more importantly, in the emerging value chain for grid-scale battery storage. Investments in advanced chemistry cell plants under the PLI framework are likely to accelerate through 2026, while India's established wind-turbine component industry is strengthening its role as a significant exporter. The combined momentum in solar modules, wind equipment, and batteries suggests that India's energy transition is no longer merely a climate objective but a major industrial strategy in place.

Technology and digital infrastructure represent another force reshaping India's economic landscape. The digital public infrastructure model (UPI, Aadhaar, ONDC, Account Aggregator) has allowed India to leapfrog many countries in financial inclusion and digital services. This foundation is now supporting a new wave of innovation. Global capability centres are scaling rapidly and moving up the value chain into AI engineering, cybersecurity, cloud architecture, and deep-tech solutions. Domestic investment in data centres, AI compute capacity, and edge-cloud networks is rising sharply, reflecting both global demand and local consumption of digital services. By 2026, India is likely to be one of the world's most dynamic AI-services and data-engineering hubs, not just a cost-competitive outsourcing destination.

Artificial intelligence (AI) is becoming central to how businesses reposition themselves. Indian companies, from legacy IT services to product startups, are increasingly embedding AI into offerings: predictive analytics, generative AI in enterprises, cloud-native AI applications, and automation are rapidly moving from pilot mode to production. On the public front, India's digital public infrastructure (Aadhaar, UPI, Account Aggregator) is enabling faster adoption of AI-powered financial services, credit underwriting, and risk management. The confluence of AI with India's large, digitally-enabled population offers businesses a fertile ground to scale new platforms,



S.P. HINDUJA

BANQUE PRIVÉE



particularly in fintech, health tech, and edtech.

Sectors such as pharmaceuticals, healthcare devices, biosimilars, and digital diagnostics are also gaining momentum. India's large generics industry is now

complemented by a rising focus on biologics, complex generics, and value-added contract manufacturing. Meanwhile, early-stage healthcare startups are building products that blend hardware, software, and analytics to serve both domestic and export markets.

India's infrastructure pipeline continues to be one of the strongest pillars of its medium-term growth story. The Cabinet Committee on Economic Affairs in 2025 cleared multi-tracking rail projects worth over INR 110 billion to ease congestion on critical rail corridors. Another transformative project is the Surat–Chennai Expressway, an ambitious 1,271 km, six-lane controlled-access highway that will drastically reduce travel time between Gujarat and Tamil Nadu and enhance connectivity across six states. On the metro front, major urban lines continue to develop, though some are likely to complete only beyond 2026. These infrastructure projects matter for more than logistics: they directly contribute to reducing supply-chain costs, improving freight efficiency, enabling migration to manufacturing hubs, and supporting long-term private capex.

### Risks: Domestic and Global Variables to Watch

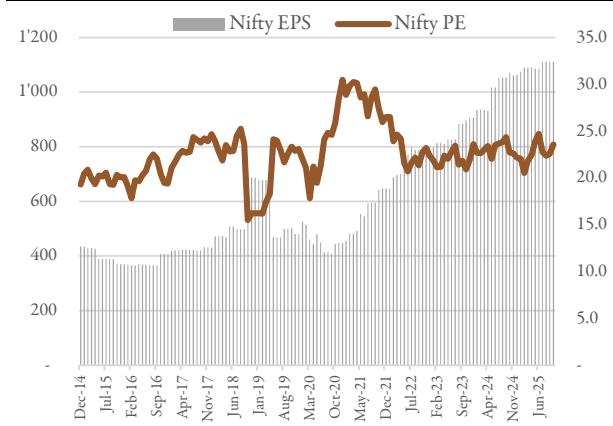
- Despite a constructive outlook, risks remain material. Food inflation is the most immediate domestic variable to monitor, given India's climatic volatility and supply-chain constraints in agriculture. A poor monsoon or a series of weather shocks could undermine rural demand and reignite inflation, forcing the RBI to halt or reverse its easing cycle.
- A slowdown in global demand, or further escalation of protectionist tendencies in advanced economies, could impede India's export ambitions. Dependence on imported components in sectors like electronics and solar equipment poses external supply-chain risks.
- Meanwhile, labour-market frictions persist, and the challenge of creating high-quality formal jobs remains a critical long-term concern. This is made harder by the fact that India still lacks fully reliable, steady, high-frequency labour statistics, which limits clear diagnosis and policy calibration.

- Globally, the biggest risks are geopolitical. Any significant escalation in the Middle East could trigger a spike in crude oil prices, worsening India's trade balance and inflation profile. A sharper-than-expected slowdown in the US or China could reduce demand for Indian goods and services. Global financial conditions, while easing, remain vulnerable to inflation surprises in advanced economies. Such shocks could trigger volatility in capital flows.
- A major risk for India's technology services firms lies in recent tightening of US immigration policies. The combination of higher visa costs and tighter policy may encourage technology firms to shift more work to remote or non-US-based centers, accelerate automation, or expand delivery centers in India or other geographies. From a macro perspective, this could dampen remittances and reduce high-skilled migration, while pushing Indian IT services firms to adapt by investing more in local talent, artificial intelligence, and cloud-native models.

### Financial Markets: Premium Valuations, Domestic Flows, and New Asset Classes

India's financial markets enter 2026 in a position of unusual strength. Equity markets continue to command premium valuations relative to emerging-market peers, largely because investors are willing to pay for policy stability, earnings visibility, and the structural growth narrative. Domestic retail participation has risen to record levels, with mutual fund SIP (Systematic Investment Plan) flows providing a steady cushion under the market. Institutional flows from domestic pension, insurance, and sovereign funds have deepened, reducing the historical dependence on foreign portfolio investors.

Figure 3: Nifty EPS & PE Ratio



Source: Bloomberg



**S.P. HINDUJA**

BANQUE PRIVÉE



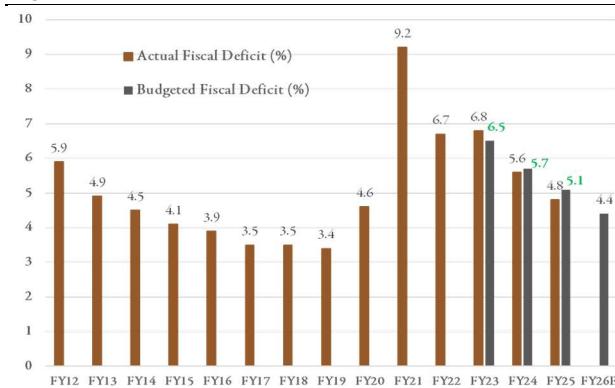
Corporate earnings, particularly in banks, capital goods, renewables, defence, and consumer discretionary, remain robust. Corporate balance sheets are the healthiest they have

been in a decade, with deleveraging providing room for new investment. Order books for capital goods companies reflect the depth of India's capex cycle, and sectors such as defence manufacturing and electronics are beginning to see multi-year earnings visibility.

The IPO pipeline is expected to continue the strong momentum. For institutional investors, new listings represent a chance to back high-growth structural stories rather than just rely on blue chips. However, valuation discipline will be key: the market's recent exuberance, combined with macro risk (tariffs, oil inflation), means that only companies with sound business models and visible earnings growth will likely sustain strong post-IPO performance.

On the fixed-income side, the inclusion of Indian government bonds into global indices has introduced new sources of foreign inflows. Yields have moderated from their peak, and the bond market is positioned for incremental easing if global rate cycles stabilise. At the same time, green finance is rising rapidly, with both public and private firms issuing green bonds to fund energy-transition projects. If the RBI continues its easing cycle, as many expect it will in 2026, assuming inflation remains stable, lower policy rates should reduce yields on government securities, making G-secs more attractive to both domestic and foreign investors. On the corporate side, rate cuts could lower borrowing costs significantly, enabling companies to refinance expensive debt, fund capex, and issue green bonds more profitably. However, the risk remains that if rate cuts are too aggressive and inflation surprises, bond markets may get repriced, leading to potential volatility.

Figure 4: Central Government Fiscal Deficit (% of GDP)



Source: Invesco

The Indian rupee is under pressure from multiple fronts: higher import costs (especially if Russia crude declines), external pressure from the USD, risk-off sentiment and geopolitical risk. The tariff tensions with the US and rising oil import bills create a dual risk of weaker capital flows and widening current account deficits. Unless offset by strong foreign direct investment or stable services inflows, the rupee could depreciate further. However, India's relatively large foreign exchange reserves and modest external debt provide some cushion, giving the RBI room to intervene judiciously.

### Equity Strategy: Preferred Sectors, Style & Size

Our equity positioning remains anchored in domestic demand and India's multi-year infrastructure build-out. Within this framework, we continue to favour financials, selective consumer discretionary, and industrial/capital-goods companies, where earnings visibility is stronger and balance sheets are well positioned to benefit from sustained domestic investment. Banks and non-bank lenders remain central to this thesis, supported by healthy credit growth, improving asset quality, and operating leverage as loan growth outpaces cost inflation. Capital adequacy across large private banks remains comfortable, allowing them to fund both retail consumption and infrastructure-linked credit demand.

Selective consumer discretionary exposure is preferred over staples. Record-low food inflation has materially improved purchasing power, particularly for rural and lower-income households, creating a more supportive environment for discretionary categories such as autos, consumer durables, housing-linked demand, and select mass-market consumption segments. This tailwind stands in contrast to staples, where growth remains muted and valuations continue to price in optimism that is not yet visible in earnings delivery. As a result, staples appear expensive relative to their medium-term growth outlook and offer limited margin of safety at current levels.

Industrials and capital goods remain a core overweight, reflecting the depth and duration of India's infrastructure and manufacturing capex cycle. Order inflows across sectors such as power equipment, railways, defence manufacturing, and urban infrastructure remain strong, providing multi-year revenue visibility. Exposure to select commodity-linked companies with strong linkages to infrastructure development, such as building materials, metals with domestic demand exposure, and logistics-linked plays, can also be attractive, provided balance-sheet strength and pricing discipline are evident.



S.P. HINDUJA

BANQUE PRIVÉE



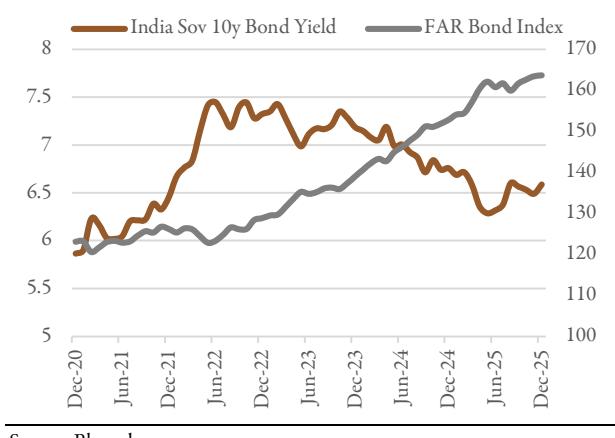
In contrast, large-cap IT services and energy remain relatively unattractive in the current environment. Growth in these segments is largely constrained to single digits, while valuations continue to trade at a premium to both their own historical averages and the broader market's growth profile. For exporters, (including IT services) and select manufacturing exporters, we prefer to avoid for now, but remain open to increasing exposure once there is clear confirmation of a trade resolution with the United States and improved visibility on global demand. A meaningful easing of tariff-related uncertainty would be a key trigger for reassessing export-oriented sectors.

Overall, after nearly five consecutive years of a strong bull run, return expectations from Indian equities should be moderated. While markets have undergone a time correction rather than a sharp price correction, valuations remain rich by historical standards. In this context, sector selection, earnings quality, and balance-sheet strength are likely to matter far more than broad market direction.

### Fixed Income: Rates, Duration, & Credit Quality

Within fixed income, we remain constructive on Indian government bonds in the near term. Ten-year yields have stabilised in the mid-6 percent range, supported by the Reserve Bank of India's renewed bond purchases, improving systemic liquidity, and a clear moderation in core inflation. Foreign investor interest is high in Indian sovereign debt, especially in Fully Accessible Route (FAR) and index-linked tenors. This provides an important technical tailwind for longer-dated government securities and adds depth to the market. In this environment, we prefer liquid benchmark G-Secs and high-quality corporate bonds in the AAA and AA+ segments, particularly in the 2–5-year maturity bucket, where the risk-reward profile remains favourable.

Figure 5: India Government Bond Yield & Index



Source: Bloomberg

We remain cautious on lower-rated credit, long-dated low-coupon corporate bonds, and State Development Loans with weak secondary-market liquidity. These instruments tend to carry disproportionate credit and mark-to-market risks during periods of volatility, without offering sufficient compensation in yield.

### Alternatives and Private Markets

Within alternatives, listed real estate investment trusts continue to offer a stable income proposition. High-quality office portfolios, improving occupancy in prime assets, and predictable rental escalations support steady cash-flows, making REITs a useful portfolio diversifier in a low-to-moderate growth environment.

Precious metals remain an important strategic allocation. Gold continues to serve as a hedge against geopolitical uncertainty, supported by sustained central-bank buying and structurally constrained supply growth. Silver is gaining increasing relevance, driven by its dual role as a precious and industrial metal, with demand supported by solar energy, electric vehicles, and electronics manufacturing.

We remain cautious on Private Credit. While demand for non-bank financing has risen, spreads have compressed and underwriting standards are beginning to diverge across managers. In this environment, the margin for error is narrowing, particularly in strategies that rely on leverage, weak covenants, or collateral with limited liquidity. Selective opportunities may still exist in senior, well-secured transactions with conservative structures, but overall, we believe the risk-adjusted return profile of private credit is less compelling than in earlier phases of the cycle.

In Private Equity, our preference is to back established managers with long operating histories, cycle-tested track records, and consistent value-creation capabilities. Larger, reputable platforms are better positioned in the current environment, given their deeper sourcing networks, stronger governance standards, and greater ability to support portfolio companies through volatile exit cycles. In a more discerning capital environment, underwriting discipline and operational expertise are likely to matter more than financial engineering alone.

### A Year of Transition and Opportunity. What investors should look at

In 2026, India combines macroeconomic stability with deep structural change. Strong fundamentals support growth,



S.P. HINDUJA

BANQUE PRIVÉE



---

while manufacturing, digital infrastructure, climate initiatives, and formalisation drive transformation, positioning India as a key global supply-chain hub, clean-tech manufacturer, and center for AI-led digital services.

Inflation shocks, global volatility, and labour-market adjustment represent major risks. The most plausible scenario is one of steady, resilient growth underpinned by domestic demand, policy continuity, rising investment, and expanding global relevance. For long-term investors and businesses, India in 2026 is not just a growth story but a structural opportunity, driven by strong domestic momentum amid a changing global landscape.

To conclude, we recommend investors align portfolios with those sectors where policy support, capex and earnings visibility are converging. In particular, opportunities look strongest across (i) advanced manufacturing and supply-chain upgrading such as electronics, semiconductors, defence-linked industrials and capital goods; (ii) climate and energy transition plays, including renewables, solar and wind ecosystems, and related clean-tech manufacturing; (iii) digital infrastructure and AI-enabled services, spanning platform growth, data centres, cloud, and the broader tech/innovation stack; (iv) India's deepening healthcare and life-sciences complex like generics, biosimilars, med-devices and digital diagnostics; and (v) beneficiaries of formalisation and domestic demand such as high-quality financials and select consumer leaders. Exposure to these themes offers a way to participate in India's 2026 "transition and opportunity" phase while staying anchored to the sectors most consistently reinforced throughout the outlook.



**S.P. HINDUJA**

BANQUE PRIVÉE



# India Asset Allocation

January 2026

Asset Class	Strategic Opinion	Tactical Opinion	Constituents	Most Preferred	Least Preferred	Commentary
Cash	-	=				Liquidity and stability in portfolios. Tactical buffer. Cash to offset exposure to rich valuations in risk assets, preserving capital in case of a correction.
Fixed Income			Segments	Core fixed income. Sovereigns and PSU issuers. Credit in the upperscale of IG rating. Infrastructure bonds and Tax-free bonds.	Sub-investment grade issuers	We remain constructive on Indian sovereigns in the near term as 10Y yields stabilise in the mid-6% range, supported by RBI's renewed bond purchases and improving liquidity conditions.
						Core inflation has softened, and the RBI has room to signal an easing bias in early 2026. If fiscal consolidation stays on track and global rates ease gradually, yields can compress further, offering both carry and potential capital gains. Foreign investor interest is returning, especially in Fully Accessible Route (FAR)/ index-linked tenors, adding an important technical tailwind to long-dated government securities.
	=	+	Duration	Medium-term		We prefer liquid benchmark G-Secs and AAA/AA+ corporate bonds in the 2–5 year bucket. We would avoid lower-rated credit, long-dated low-coupon corporate bonds, and State Development Loans (SDLs) with weak liquidity, for these carry disproportionate credit and mark-to-market risk in volatile phases.
Equities			Sectors	Private Banks	Big IT	Indian equity outlook remains fundamentally resilient even as global uncertainty persists. The economy is still on track to deliver around 6.5% annual growth, and there is meaningful upside if two swing factors break favourably: i) an easing of trade and tariff tensions with the US, and ii) a long-awaited acceleration in private-sector capex.
				Consumer Discretionary	Staples	
				Interest Rate Sensitives	Energy & Materials	
			Styles	Infrastructure - Capital Goods, Industrials		After nearly five consecutive years of a strong bull run, overall return expectations from Indian stocks should be modest. Markets have gone through a time correction, but overall valuations remain rich by historical standards. In this environment, large-caps offer a more attractive risk-reward, with private-sector banks standing out as the most compelling allocation, supported by strong balance sheets and relatively reasonable valuations versus the broader market.
				Well Diversified large caps	Momentum driven strategies such as defensives	One of the strongest domestic tailwinds is record-low food inflation, which has materially lifted purchasing power, especially for rural and lower-income households. This creates a more supportive backdrop for discretionary demand, and select mass-market categories.
				Thematic Plays		Indian large-cap IT and staples remain unattractive, with growth stuck in the mid-single-digit range and valuations still stretched at 25–30x PE.
Alternatives				Growth Capital & Late Stage Pre-IPO	High Yield	Within alternatives, REITs remain a steady income option, supported by high-quality office portfolios, improving occupancy in prime assets, and stable rental escalations. We also continue to like Precious Metals. Gold play a crucial hedging role, supported by central-bank buying, geopolitical uncertainty, and structurally limited supply growth. Silver funds are gaining relevance, driven by rising industrial demand from solar, EVs, and electronics.
				Precious Metals and REITs		We are constructive on private credit, supported by rising demand for non-bank financing and strong collateral structures. This creates attractive risk-adjusted returns for senior and secured deals.
						As far as PE is concerned, we prefer backing established PE managers with long operating histories, proven cycle-tested track records, and consistent value-creation playbooks, as they tend to demonstrate superior underwriting discipline and stronger downside protection. Large, reputable platforms are better positioned in the current environment because they have deeper sourcing networks, stronger governance standards, and the ability to support portfolio companies through volatile exit cycles.
Opinion	++			very attractive		
	+			attractive		
	=			neutral		
	-			unattractive		
	--			very unattractive		

Opinion legend: (--) very unattractive; (-) unattractive; (=) neutral; (+) attractive; (++) very attractive.



S.P. HINDUJA

BANQUE PRIVÉE



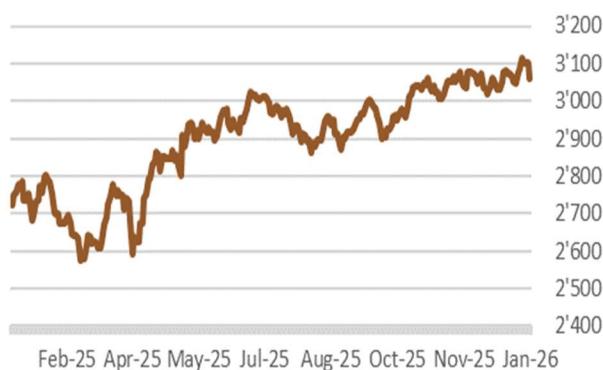
## India macro data and projections \*

	2021/22	2022/23	2023/24	2024/25	2025/26E
Real GDP (percent growth) Fiscal Year	9.7	7	8.2	6.4	6.6
CPI (percent growth) Fiscal Year	5.5	6.7	5.4	3.4	4.1
Industrial Production (percent growth)	-8.4	11.4	5.2	4.0	4.1
Interest Rates (percent) Fiscal Year	4.00	6.25	6.50	6.50	5.50
Fiscal Deficit (percent of GDP)	-6.7	-6.5	-5.6	-4.8	-4.4
Trade Balance (percent of GDP)	-3.8	-6	-7.9	-6.8	-7.1
Current Account Balance (percent of GDP)	-1.2	-2	-0.7	-0.6	-1.3
Public Debt (percent of GDP)	83.5	82	82.7	82.7	81.4
FX reserves (USD bn)	607	578	646	659	674

Sources: IMF

\* Data are for Apr-Mar fiscal years

### MSCI India (USD) 1Y Performance



Source: Bloomberg

### Nifty50 (INR) 1Y Performance



Source: Bloomberg

Sector Performances	Index Market Cap (USD Bn)	CY 2025	December 2025	% YTD	Fwd PE (x)
Nifty Realty	24.4	-16.6%	-1.8%	4.5%	30.4
Nifty Pharma	91.2	-2.9%	-0.7%	0.1%	28.5
Nifty IT	166.2	-12.6%	0.9%	-0.3%	24.0
Nifty Financial Services	535.3	17.4%	-0.7%	0.9%	16.5
Nifty Auto	143.0	23.5%	0.7%	2.5%	22.7
Nifty Metal	90.4	29.1%	7.9%	2.9%	15.1
Nifty Energy	269.0	0.4%	-0.6%	2.1%	14.3
Nifty FMCG	122.2	-2.3%	0.0%	-3.7%	33.1
Nifty India Consumption	387.5	8.2%	-1.4%	-0.1%	35.0
Nifty Media	4.3	-20.5%	-1.4%	1.9%	18.2
INR/USD		-5.0%	0.4%	-0.5%	

Source: Bloomberg



**S.P. HINDUJA**

BANQUE PRIVÉE



## Figure of the Month

7.1

India issued over 7.1 GW of new renewable energy tenders in December 2025 alone. This single-month surge in tenders, accompanied by \$2.5 billion in clean power investments, pushed India's cumulative RE capacity toward its 2030 goals. It represents the "Green Transition" figure, showing that even amidst a global slowdown, India's commitment to energy infrastructure remained a high-conviction area for capital expenditure.

### S. P. Hinduja Banque Privée S.A. – A family-owned Swiss Bank with Indian roots.

S.P. Hinduja Banque Privée S.A. is an innovative Swiss bank with roots in India, offering wealth management and investment advisory services to entrepreneurial clients. We partner with clients to create exponential economic and social impact, as our family has aspired to do for over 100 years.

Founded in Geneva in 1994 by Srichand Parmanand Hinduja with a vision to provide clients with a bridge between East and West, our institution remains the only Indian-owned Swiss bank in history. With an active presence in Switzerland, India, UAE and the UK, S.P. Hinduja Banque Privée offers its clients the reliability of Swiss regulatory oversight, while providing specialized access to high-growth markets.

We are a private bank with an entrepreneurial spirit, embracing collective action and building creative solutions that advance the world, economically and socially.

*The future of banking is emerging at the intersection of profit and purpose.*

#### Contact :

S.P. Hinduja Banque Privée S.A.  
Place de la Fusterie 3bis  
1204 Geneva - Switzerland

Phone : +41 58 906 08 08  
Fax : +41 58 906 08 00  
Email : [info@sphinduja.com](mailto:info@sphinduja.com)  
Website: [sphinduja.com](http://sphinduja.com)



**S.P. HINDUJA**

BANQUE PRIVÉE



---

## Disclaimer

This report has been exclusively prepared and published by S.P. Hinduja Banque Privée SA (“SPH”). This publication is for your information only and is not intended as an offer, or a solicitation of an offer, to buy or sell any investment or any other specific product. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. Certain services and products are subject to legal restrictions and cannot be offered worldwide and/or on an unrestricted basis. Although all information and opinions expressed in this document were obtained from sources believed to be reliable and in good faith, no representation or warranty, express or implied, is made as to its accuracy or completeness. All information and opinions indicated are subject to change without notice. Some investments may not be readily realizable if the market in certain securities is illiquid and therefore valuing such investments and identifying the risks associated therewith may be difficult or even impossible. Trading and owning futures, options, and all other derivatives is very risky and therefore requires an extremely high level of risk tolerance. Past performance of an investment is no guarantee for its future performance. Some investments may be subject to sudden and large falls in value and on realization you may receive back less than you invested or may be required to pay more. Changes in foreign exchange rates may have an adverse effect on the price, value or income of an investment. SPH is of necessity unable to take into account the particular investment objectives, financial situation and needs of our individual clients and we recommend that you take financial and/or tax advice as to the implications (including tax liabilities) of investing in any of the products mentioned herein. This document may not be reproduced or circulated without the prior authorization of SPH. SPH expressly prohibits the distribution and transfer of this document to third parties for any reason. SPH will not be liable for any claims or lawsuits from any third parties arising from the use or distribution of this document. This report is for distribution only under such circumstances as may be permitted by applicable law.

---

Editorial closing date: January 9<sup>th</sup>, 2026



**S.P. HINDUJA**

BANQUE PRIVÉE