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# INSIGHTS

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May 2026



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## From the MD & CEO's desk



*“Global markets witnessed improved sentiment during April following easing geopolitical tensions, although elevated crude oil prices and continued uncertainty around the Strait of Hormuz kept inflation concerns and global monetary policy risks elevated. Despite these challenges, Indian equities rebounded strongly supported by resilient domestic participation and improving valuations after the recent correction. While higher energy prices may weigh on near-term earnings, periods of heightened volatility have historically created attractive opportunities for disciplined long-term investors.”*

**Dear Investors,**

Global markets witnessed a sharp recovery in April as easing geopolitical tensions improved investor sentiment after a highly volatile March. The ceasefire between the United States and Iran provided temporary relief to global financial markets and triggered a strong rebound in U.S. equities. However, despite the ceasefire, underlying tensions in the region continue to remain elevated.

The continued U.S. naval blockade around the Strait of Hormuz has kept energy markets under pressure and disrupted shipping activity through one of the world's most critical crude oil transit routes. Given that a meaningful share of global crude movement passes through this corridor, crude oil prices have remained elevated despite the reduction in immediate military escalation risks.

For India, elevated crude oil prices remain an important macro variable due to the country's dependence on energy imports. Persistently high energy prices have the potential to keep imported inflation elevated, widen the current account deficit, and delay the pace of global monetary easing. These concerns, coupled with continued foreign institutional selling, kept overall investor sentiment cautious through much of the month.

Despite these challenges, Indian equities staged a sharp rebound during April. The Nifty 50 gained 7.5% during the month, while broader markets significantly outperformed. The Nifty Midcap 100 and Nifty Smallcap 100 indices rallied by 13.6% and 18.4% respectively, reflecting improved domestic risk appetite and strong participation from retail and domestic institutional investors.

On the global monetary policy front, the U.S. Federal Reserve chose to hold interest rates steady amid concerns that elevated energy prices and geopolitical uncertainty could keep inflationary pressures higher for longer. However, the policy decision also highlighted increasing divergence within the Federal Open Market Committee (FOMC). While some policymakers favoured maintaining a cautious stance due to inflation risks linked to higher crude prices, others expressed concerns around slowing economic momentum and weakening growth conditions.

The sharp correction witnessed in Indian equities during March has also brought valuations closer to long-term averages, particularly within large-cap stocks with the Nifty trading at ~7% discount to its long period average. Notwithstanding the oil shock, which is expected to impact corporate earnings in 1HFY27, earnings growth is expected to accelerate to 11–14% for FY27 and FY28. This should help propel Indian markets to all-time highs later this year once the uncertainty around the US Iran conflict starts abating.

In this edition of Tru Insights, we explore the implications of evolving geopolitical developments, on equities and fixed income markets and take a deep dive into “Infrastructure Investment Trusts (InvITs)”.

We thank you for your continued trust, and hope Tru Insights remains your reliable companion on the investment journey.

**Warm Regards,**  
**Dhiraj Relli**  
**MD and CEO – HDFC Securities**



# Macro Economic Highlights

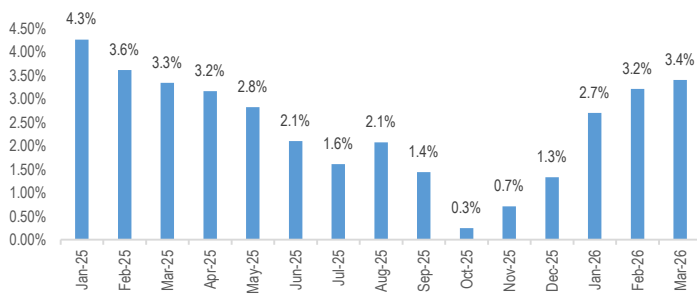
## Rising Global Pressures Test Markets yet India's Growth Momentum Holds Firm

Global macroeconomic conditions remained volatile during April amid escalating trade tensions, elevated crude oil prices, and persistent inflationary pressures. The U.S. Federal Reserve maintained rates while U.S. inflation rose sharply, reflecting the impact of higher energy costs and geopolitical uncertainty. Despite these global headwinds, India continued to demonstrate relative resilience with FY27 GDP growth projected at 6.6%, record GST collections and strong PMI trends suggesting strong resilience.

# Domestic Macro Highlights

**Inflation:** India's annual inflation rate rose to 3.4% YoY in March 2026, up from 3.21% YoY in February, marking its highest level in over a year despite falling below the 3.48% YoY market expectation. Under the new CPI weights, food inflation climbed to 3.87% YoY from 3.47% YoY in the previous month, while costs for restaurants and accommodation inched up to 2.88% YoY from 2.73% YoY. Transportation prices remained unchanged (0% YoY) compared to a -0.05% YoY decline in February, even as global energy prices surged. On a monthly basis, consumer prices increased by 0.26% MoM from the previous month's levels.

## India CPI Inflation



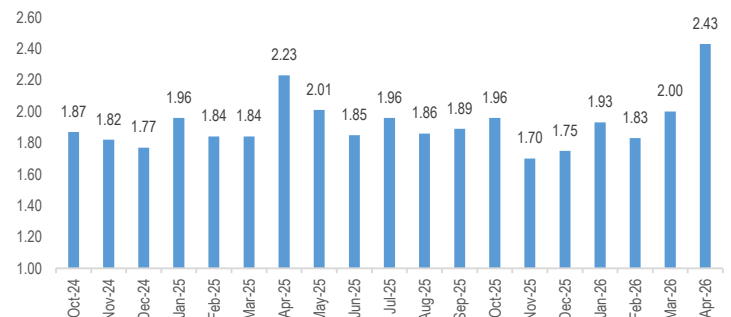
Source: MoSPI

**World Bank: India Projected to Grow at 6.6% in FY27:** The World Bank's latest India Development Update, released on April 9, 2026, raised India's FY27 growth outlook to 6.6% from 6.3% projected last October, citing robust domestic demand and strong export performance. While this represents a slowdown from previous levels due to Middle East conflict-driven energy prices and supply chain disruptions, India remains one of the world's fastest-growing major economies. Resilience is supported by strong macroeconomic fundamentals, including substantial foreign reserves, low inflation, and predominantly rupee-denominated public debt.

**India's April PMI Shows Mixed Growth:** The HSBC India Manufacturing PMI rose to 54.7 in April 2026 from 53.9 in March, though it was revised down from a preliminary 55.9 as input costs hit their highest levels since August 2022. Simultaneously, the Services PMI increased to 57.9 in April from a 13-month low of 57.5 in March, despite foreign demand hitting its weakest growth in over a year due to the Middle East war. While manufacturing output prices rose at the sharpest rate in six months, services price inflation slowed even as employment across both sectors expanded at a faster pace. Despite positive manufacturing sentiment, service providers reported weaker business confidence amid ongoing geopolitical concerns.

**GST Collections:** India's gross Goods and Services Tax (GST) collections surged to a record ₹2.43 lakh crore in April 2026, registering an 8.7% YoY increase compared to ₹2.23 lakh crore in April 2025. This milestone follows a strong March 2026 performance where net collections stood at ₹1.78 lakh crore (+8.2% YoY). After accounting for a 19.3% YoY rise in refunds (₹31,793 crore), net GST revenue for the month reached ₹2.11 lakh crore, reflecting a 7.3% YoY growth from the previous year's corresponding period.

## India's Gross GST Collections increased from Rs. 1.78 lakh crore in March-26 to Rs. 2.43 lakh crore in April-26.



Source: gst.gov.in

**India's Forex Reserves Fall Below \$700 Billion:** India's foreign exchange reserves fell by \$4.82 billion to \$698.49 billion for the week ended April 24, 2026, as per RBI data. Foreign currency assets declined by \$2.84 billion to \$554.62 billion, while gold reserves dropped by \$1.90 billion to \$120.24 billion. Special Drawing Rights slipped by \$67 million to \$18.77 billion, and the reserve position with the IMF fell by \$15 million to \$4.85 billion.

**India's March Industrial Growth Slows Sharply:** India's industrial production rose 4.1% YoY in March 2026, slowing from a revised 5.1% YoY expansion in February to mark the weakest growth in five months, though it beat the 3.7% market forecast. Manufacturing output (77% of total production) rose 4.3% YoY, decelerating from a 5.9% YoY increase in the previous month, while electricity growth slowed to 0.8% YoY from 2.3% YoY due to higher feedstock costs. Conversely, mining output surged to 5.5% YoY, picking up from 3.1% YoY in February. The overall pullback reflects the impact of the Middle East war, surging energy prices, and inflationary risks that hampered goods production during the month.

# Global Macro Highlights

## Trade & Tariff Implications

**Trump's 25% Auto Tariff Hits European Manufacturers:** On May 4, 2026, shares of European and German automakers declined after U.S. President Donald Trump announced a tariff hike on imported European cars to 25%, up from the previously agreed 15%. Trump justified the move by claiming the EU failed to comply with prior trade agreements, stating the duties would force manufacturers to "move their factory production much faster" to the United States. While Mercedes-Benz and BMW are partially insulated due to their large existing U.S. facilities, analysts warn that Porsche and Audi face higher exposure and may need to accelerate plans for U.S.-based assembly plants. This escalation comes despite a February 2026 Supreme Court ruling that struck down parts of Trump's broader tariff agenda, signaling intensified transatlantic trade friction.

**China's Export Curbs Threaten Global Mineral Output:** China's plan to further restrict sulfuric acid exports in May is expected to severely squeeze global miners, particularly in Chile and Indonesia, which relied on China for 37.1% and 61.6% of their imports respectively in 2025. The disruption, compounded by the Iran war, has already sent spot prices for sulfuric acid in Chile to \$300/mt as of April 8, a 57.9% surge since February 25. Analysts warn that these soaring costs could add at least 50 cents/pound to copper mining costs and threaten 20% of global copper supplies produced via SX-EW operations. Additionally, nickel producers in Indonesia and uranium miners in Kazakhstan face potential production cuts as higher input prices undermine thin margins, with some producers reportedly operating with less than 30 days of foreseeable supply.

## Geopolitical Landscape

**Eurozone Manufacturing Growth Reaches 47-Month High:** The euro area factory activity expanded at its strongest pace in nearly four years in April as manufacturers front-loaded their orders due to fears of the war-induced price increases and supply shock, final data from S&P Global showed Monday. The manufacturing Purchasing Managers' Index rose to a 47-month high of 52.2 in April, in line with flash estimate, from 51.6 in March.

**Japan's factory growth slows in March as Iran war weighs, PMI shows:** Japan's factory activity expanded at a slower pace in March as growth in output, orders and manufacturers' confidence cooled and cost pressures hit a 19-month high due to the Middle East conflict, a private-sector survey showed. The final S&P Global Japan Manufacturing Purchasing Managers' Index (PMI) fell to 51.6 in March from a 45-month high of 53.0 in February, but slightly overshot the flash figure of 51.4. A reading above 50.0 indicates expansion, while below that level signals contraction.

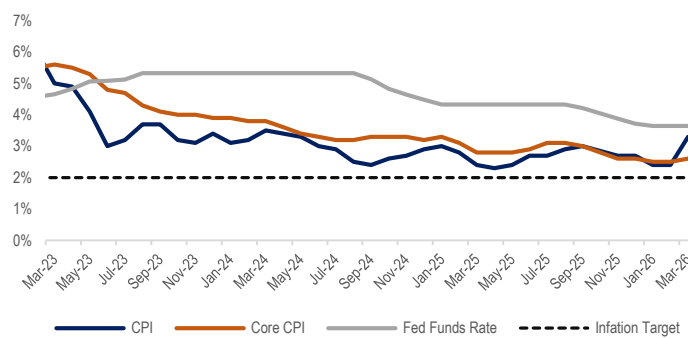
## Monetary Strategies & Inflationary Pressures

**Divided Fed Holds Rates Steady in Powell's Final Meeting:** The Federal Reserve held its benchmark interest rate steady at 3.5%–3.75% on April 29, 2026, in what was likely Jerome Powell's final meeting as Chair. However, the decision was marked by an 8-4 vote, the highest level of dissent since October 1992, reflecting deep internal divisions over persistent inflation (stuck above 3% since late 2023) and a softening labor market. While Governor Stephen Miran dissented in favor of a 0.25% cut, three regional presidents (Hammack, Kashkari, and Logan) dissented against the statement's "easing bias," arguing that elevated energy prices and tariffs necessitate a more hawkish stance.

**US consumer sentiment slumps to record low in April; inflation expectations rise:** U.S. consumer sentiment fell to a record low in April as households shrugged off a ceasefire in the war with Iran, remaining focused on the inflation fallout from the conflict. The University of Michigan's Surveys of Consumers said its Consumer Sentiment Index dropped to a final reading of 49.8 this month, an all-time low. The reading was a slight improvement, however, from the 47.6 reported earlier in the month. Economists polled by Reuters had forecast the index at 48.0. It was at 53.3 in March.

## US Inflation and Interest Rates

Benchmark interest rates and YoY change in the CPI Inflation



Source: Trading Economics, Federal Reserve

**US March Inflation Surges Amid War:** The US annual inflation rate jumped to 3.3% YoY in March 2026 from 2.4% YoY in both February and January, driven by a 12.5% YoY spike in energy costs—including 18.9% YoY for gasoline and 44.2% YoY for fuel oil. While food inflation eased to 2.7% YoY (against 3.1% YoY in Feb) and used car prices fell 3.2% YoY, monthly consumer prices rose 0.9% MoM following a 0.3% MoM gain in February. Annual core inflation climbed to 2.6% YoY from 2.5% YoY, supported by increases in transportation (4.1% YoY), medical care (3.7% YoY), and apparel (3.4% YoY), though it remained slightly below the 2.7% YoY forecast. Monthly core prices increased by 0.2% MoM, a rate that sat below market expectations of 0.2% MoM.

## Global Growth Projections:

**World Bank Cuts East Asia Growth Forecast:** The World Bank lowered its 2026 growth forecast for developing economies in East Asia and the Pacific to 4.2%, down from 5% in 2025, with a slight recovery to 4.4% expected in 2027. China's growth is projected to decline to 4.2% from 5% in the previous year, while the rest of the region is expected to slow to 4.1% from 4.9%. Thailand remains highly vulnerable as net energy imports reach 7% of GDP, and government debt stands at 66% of GDP, though its electronics exports provided support by rising 32% in 2025. Additionally, the report warned that only 13-17% of multinational subsidiaries in Thailand and China use AI, significantly lower than the 37% recorded in the United States.



# Equity Market

## Geopolitical Risks and Oil Shock Drive Market Volatility

Escalating tensions in the Middle East and renewed disruptions around the Strait of Hormuz triggered a sharp spike in crude oil prices above USD 100/bbl, leading to heightened volatility across global financial markets. Rising energy prices, persistent inflation concerns, and continued foreign institutional outflows of over ₹70,000 crore weighed on investor sentiment and pressured emerging markets including India. At the same time, strong domestic institutional participation and resilient retail inflows helped cushion part of the market correction amid shifting global capital flows and evolving macroeconomic risks.

# Equity Outlook

*Indian equities witnessed heightened volatility amid escalating US-Iran tensions and elevated crude oil prices, with Brent crude moving above USD 100/bbl and FIIs remaining net sellers to the extent of ₹70,135 crore. Despite these global headwinds, domestic markets rebounded sharply with the Nifty 50 gaining 7.5%, while Midcap 100 and Smallcap 100 indices rallied 13.6% and 18.4% respectively, supported by strong domestic participation and improving risk appetite. Elevated crude oil prices, continued geopolitical uncertainty, and persistent FII outflows kept overall investor sentiment cautious through much of the month.*

Indian equities reversed sharply as a ceasefire was announced by both US and Iran ending one month of conflict. While several rounds of discussions took place between the US and Iran mediated by Pakistan, a peace proposal proved elusive. Lack of progress on US Iran peace talks led to the U.S. announcing a Naval blockade on Iran leading to effective shutdown of the strait of Hormuz which led to sharp jump in Brent crude prices back above the USD 100/bbl mark. As a result, Indian equities sold off some of the gains in the last week of April.

Despite some profit booking in the last week of April, the Nifty 50 was up by 7.5% MoM for the month. The Nifty Midcap 100 and Nifty Smallcap 100 indices rallied by 13.6% and 18.4% respectively, reflecting improved domestic risk appetite and strong participation from retail and domestic institutional investors.

For India, elevated crude oil prices remain an important macro variable due to the country's dependence on energy imports. Persistently high energy prices have the potential to keep imported inflation elevated, widen the current account deficit, and delay the pace of global monetary easing. These concerns, coupled with continued foreign institutional selling, kept overall investor sentiment cautious through much of the month.

On the global monetary policy front, the U.S. Federal Reserve chose to hold interest rates steady amid concerns that elevated energy prices and geopolitical uncertainty could keep inflationary pressures higher for longer. However, the policy decision also highlighted increasing divergence within the Federal Open Market Committee (FOMC). While some policymakers favoured maintaining a cautious stance due to inflation risks linked to higher crude prices, others expressed concerns around slowing economic momentum and weakening growth conditions.

While continued high energy prices have raised the risk of imported inflation and a wider current account deficit for India, increased caution by central banks globally have impacted capital flows adversely. Apr-26 continued to witness FII outflows to the extent of Rs. 70,135 Cr. Continued INR depreciation is also increasing the pain for FIIs thus contributed to net selling. DIIs on the other hand continued to be net buyers of Rs. 51,063 Cr.

Despite the rally in Apr-26 Indian equities continue to trade closer to long-term averages, particularly within large-cap stocks with the Nifty trading at ~7% discount to its long period average. Notwithstanding the oil shock, which is expected to impact corporate earnings in 1HFY27, earnings growth is expected to accelerate to 11–14% for FY27 and FY28.

We continue to maintain our view that current market level presents a compelling entry point and that markets may have formed a durable bottom in March and gradual de-escalation of the US Iran war should help propel Indian markets to all-time highs later this year. Our preferred sectors are Financials, Industrials, Power, OMCs, Real Estate, and Auto. We remain underweight on, mid-cap IT, Cement, and Telecom.



# Debt Market

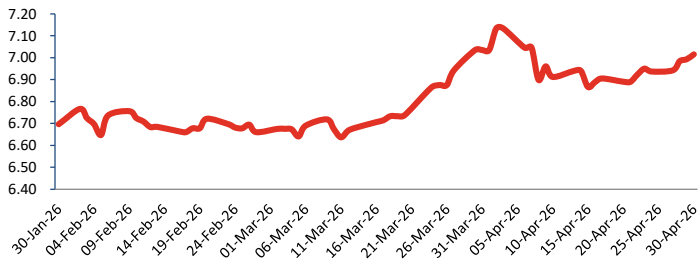
## Yield Volatility Persists Amid External Pressures and Central Bank Pauses

Bond yields exhibited volatility throughout April, driven by persistent external headwinds, including elevated crude prices, geopolitical tensions, and currency fluctuations. While domestic banking liquidity experienced a sharp improvement, both the RBI and the US Federal Reserve maintained their respective policy rates, balancing optimistic growth outlooks against divergent global inflation risks. The evolving macroeconomic backdrop points toward a flattening yield curve and shifting demand-supply dynamics, underscoring the need for cautious duration management.

# Fixed Income Outlook

India's 10-year G-sec yield eased marginally by 2 bps to 7.01% in April from 7.03% in March. Yields were volatile during the month-rising to a high of 7.13% early on before moderating and trading largely in the 6.90-7.00% range. The volatility reflected persistent external pressures, led by elevated crude oil prices and continued weakness in the rupee. Concerns around potential fiscal slippage-following the government's excise duty cut on petrol and diesel-along with the risk of imported inflation also weighed on market sentiment. As of 30 April, crude prices were hovering above USD 100/bbl, while the INR was near the 95/USD mark, keeping upward pressure on bond yields.

**India's 10-Year G-Sec Yield eased in April 2026**  
Indian 10 Year G-Sec Movement (For last 3 months)

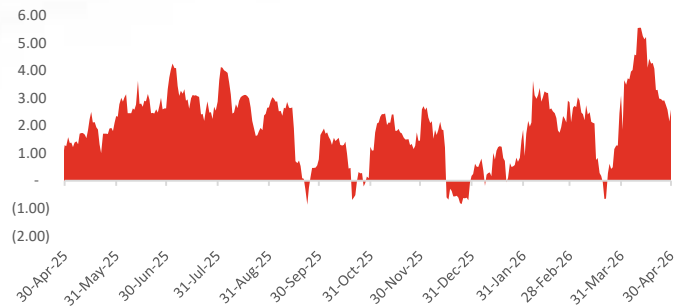


Source: CCIL

As expected, the MPC unanimously voted to keep the repo rate unchanged at 5.25%, while retaining a 'neutral' stance. RBI communication remained balanced, reflecting heightened uncertainty on global and domestic fronts, and avoided committing to any specific policy path. For FY27, the RBI projects CPI inflation at 4.6% and core inflation at 4.4%, with risks skewed to the upside. On growth, the RBI struck a relatively optimistic tone, highlighting India's strong macro fundamentals and resilience to external shocks. FY27 GDP growth is estimated at 6.9%. While markets were cautious about potential liquidity tightening considering inflation risks, the RBI clarified that it would continue to provide adequate liquidity to support productive economic activity.

India's banking system liquidity improved sharply in April, with the average surplus rising to ₹3.9 lakh crore from ₹1.5 lakh crore in March. This improvement was driven by year-end government spending and sizeable G-sec redemptions during the month. We expect liquidity to remain comfortable in H1 FY27, averaging ₹2.5-3.0 lakh crore, before moderating in H2 FY27 due to seasonal factors such as higher tax outflows and increased currency in circulation. As liquidity tightens later in the year, there could be room for further durable liquidity injections by the RBI, potentially through OMOs.

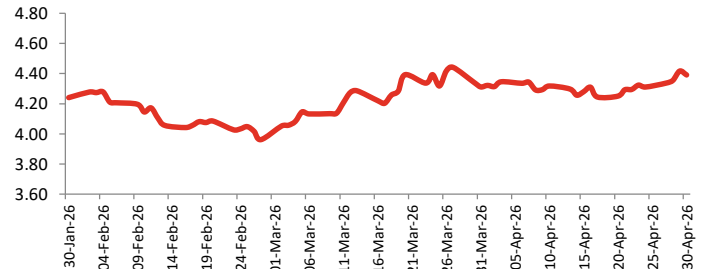
**Banking system liquidity improved in April 2026**  
India's banking system liquidity (Rs Lakh cr)



Source: RBI

The US 10-year Treasury yield rose by 8 bps in April, closing at 4.39%, driven by renewed inflation concerns amid elevated oil prices and geopolitical tensions in West Asia. Expectations that the Fed would remain cautious on rate cuts also contributed to the upward move.

**US Yields rose to 4.39% in April 2026**  
US 10 Year G-Sec Movement (For Last 3 Months)



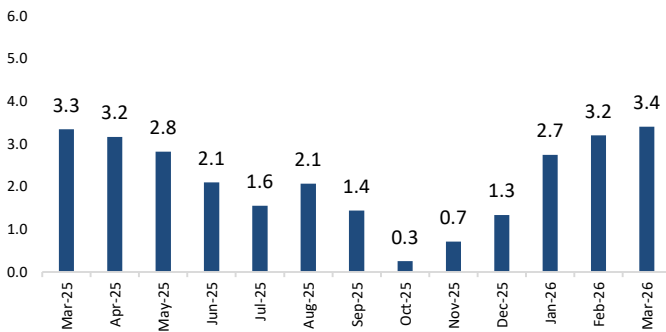
Source: Investing.com

The US Federal Reserve kept policy rates unchanged at 3.50-3.75% at its April FOMC meeting. The decision saw an 8-4 split, with one member voting for a 25bps rate cut, and three others dissenting on the tone of the statement. Chair Powell reiterated a wait-and-watch approach, noting resilient growth and consumption, but acknowledged the risk of higher inflation. Importantly, Powell indicated that the committee is gradually moving towards a more neutral stance, increasing the likelihood of more balanced policy communication as early as the next meeting- especially if geopolitical risks persist.

# Fixed Income Outlook

India's March CPI inflation remained benign at 3.40%, up modestly from 3.21% in February, largely due to higher electricity, gas, and other fuel prices following the LPG hike. Core inflation edged lower to 3.3%, suggesting limited second-round price pressures so far and muted pass-through of higher energy costs to consumers.

**India's CPI Inflation remained benign in April 2026 Driven by higher energy prices**  
 CPI Inflation YoY%



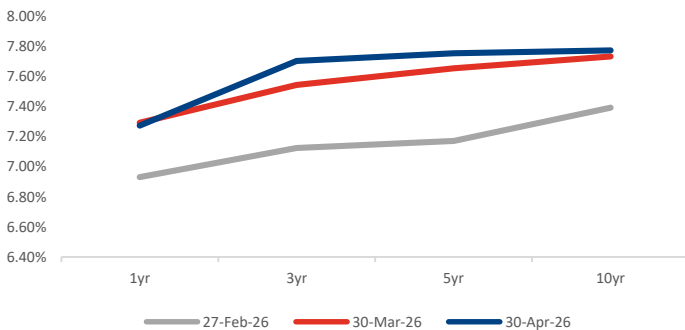
Source: MoSPI

In contrast, US headline CPI surged by 0.9% MoM in March, the sharpest rise since mid-2022, pushing annual inflation to 3.3% from 2.4% in February. The increase was almost entirely energy-driven, with gasoline prices jumping 21.2%. Encouragingly, core CPI remained relatively contained, rising 0.2% m/m and 2.6% y/y, indicating that broader inflation pressures are still moderate.

We expect the RBI to remain on pause through FY27, with the repo rate anchored at 5.25%.

Spreads in the 3–5 year AAA PSU and NBFC corporate bond segment remain attractive, in the range of 100–140 bps over corresponding G-secs, offering a compelling accrual opportunity in the current environment.

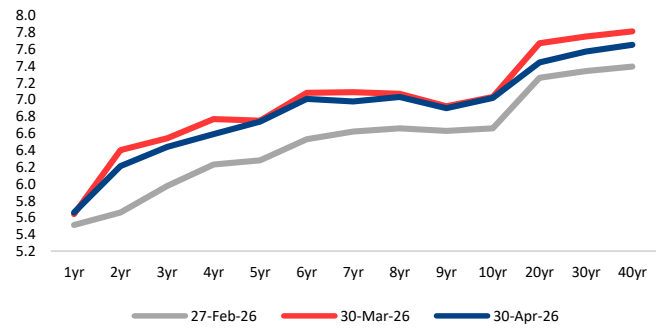
**AAA PSU Corporate Bond Yield Curve**



Source: Bloomberg

The G-sec yield curve is likely to flatten in the near to medium term, driven by higher issuance in short-to-medium maturities as per the Centre's H1 FY27 borrowing calendar.

**India's G-Sec Yield Curve continues to remain steep**  
 G-Sec Yield Curve



Source: Bloomberg

Demand–supply dynamics for long-duration bonds remain less favourable, and limited scope for meaningful fiscal consolidation could keep long-end yields under pressure. Accordingly, investors should remain cautious on long-duration strategies.



# Deep Dive

## InvITs in India

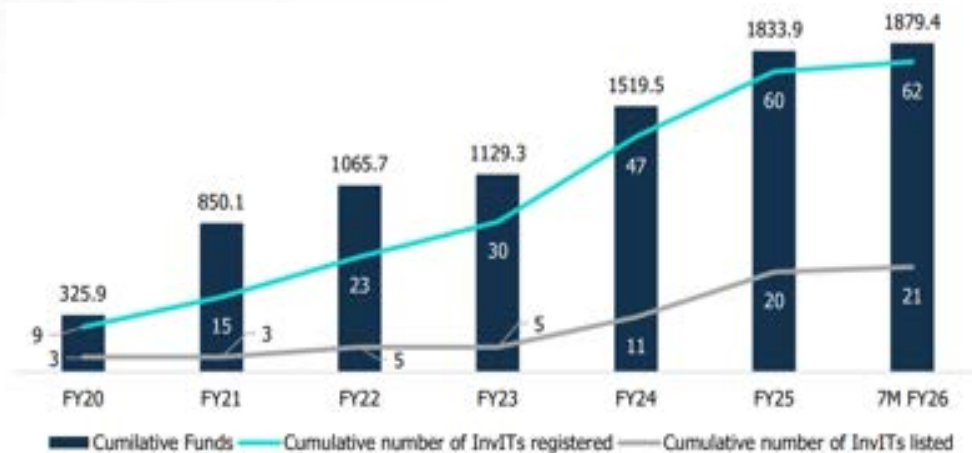
Traditionally, Indian infrastructure relied on bank finance, which limited funding options. To fix this, the 2014 Union Budget introduced InvITs, with SEBI setting the official rules later that year. This created a new way for projects to get long-term investment beyond just bank borrowing. An InvIT is a collective investment vehicle that pools capital to own and operate revenue-generating assets, such as, roads, transmission towers, wind power, solar power, seaports, airports, telecom, etc. By purchasing units, investors gain direct exposure to steady cash flows from physical infrastructure, typically securing higher yields as compared to traditional fixed-income products.



## Growth of InvITs in India

Investment in Indian InvITs has surged from ₹325.9 billion in FY20 to ₹1,879.4 billion by 7MFY26, signaling strong market confidence and a shift toward alternative infrastructure financing. This rapid growth is driven by a supportive regulatory environment and increasing trust from both retail and institutional investors. As of November 2025, the market has matured to include 62 registered InvITs, consisting of 21 public offerings and 41 private placements.

**Figure – 2: Cumulative Funds Raised via InvITs gaining some traction (Rs billion)**



**Source:** SEBI, Care Edge Research, Raajmarg Infra Investment Trust RHP.

**Note:** Cumulative funds raised across years; includes funds raised through public issue, private placement, preferential issue, institutional placement, rights issue

## Advantages of InvITs

Particulars	Description
Capital Recycling	Allows sponsors to monetise operational assets and redeploy capital into new projects, enabling higher bidding capacity and faster business growth.
Stable and Predictable Cash Flows	Operational infrastructure assets provide steady long-term revenues, making InvITs attractive for investors seeking yield stability.
Diversification of Funding Sources	Offers an alternate financing platform beyond bank loans; InvITs can raise equity and debt at the trust level, reducing funding concentration risk for the sector.
Lower Cost of Capital	Strong asset pools and predictable revenues help InvITs secure financing at competitive rates, improving net distributable cash flows and enhancing investor returns.
Deleveraging and B/S Strengthening	Asset transfer to InvITs reduces developer leverage, improves debt metrics and strengthens credit profile, enabling participation in future projects.
Attractive Long-Term Yield Instrument	InvITs provide regular cash distributions (often semi-annual/quarterly), offering investors a stable, long-duration, inflation-linked income stream.
Better Asset Management and O&M Efficiency	Professional InvIT managers prioritise asset efficiency, traffic analytics and lifecycle O&M practices, improving asset performance and durability.

## Risk Considerations

While InvITs offer an attractive blend of yield and infrastructure exposure, they are not without risks.

Key considerations include:

- **Traffic / Revenue Risk:** Road InvITs with toll-based assets are exposed to traffic volume risk, which can be impacted by alternate routes, economic slowdowns, or competing infrastructure.
- **Interest Rate Sensitivity:** As yield instruments, InvIT unit prices are inversely correlated with interest rates. A rising rate environment can compress valuations, even if underlying cash flows remain stable.
- **Refinancing and Debt Maturity Risk:** Given the leveraged nature of InvIT portfolios, near-term debt maturities and prevailing credit spreads at refinancing are key risks to monitor.
- **Regulatory and Concession Risk:** Changes in toll policy, tariff determinations, or concession terms by government authorities can materially impact revenues. This is especially relevant for government-contracted assets.
- **Liquidity Risk:** Secondary market liquidity for InvIT units can be lower than equities, particularly for smaller or privately placed InvITs. Bid-ask spreads can be wide during periods of market stress.

## Taxation of InvIT Distributions

The tax treatment of InvIT distributions is a critical input for return calculations and varies by the nature of the distribution.

Under current Indian tax regulations:

Distribution Component	Trust to Unitholder
Interest	Taxable at slab rate (TDS @ 10%)
Dividend (SPV under Old Regime)	Nil
Dividend (SPV under New Regime)	Taxable at slab rate (TDS @ 10%)
Debt Repayment	Not taxable at distribution; reduced from acquisition cost
Capital Gains on Sale	LTCG (>1yr): 12.5%+ cess, STCG: 20%+ cess

**Note:** Indicative, for residential investors only (please consult your tax advisor)

## Who Should Consider InvITs?

InvITs may be suitable for investors who:

- Seek stable, regular income with inflation-linked characteristics (via tariff escalation clauses).
- Have a medium-to-long investment horizon (3-7+ years) aligned with infrastructure cash flow profiles.
- Wish to diversify a fixed income or equity portfolio with a real asset allocation.
- Are comfortable with moderate illiquidity and the complexities of a trust structure.
- Can absorb distribution yield variability arising from traffic/revenue fluctuations or interest rate changes.

InvITs are generally less suitable for investors with short time horizons, low risk tolerance, or those requiring high secondary market liquidity. Due diligence on the specific InvIT, e.g., sponsor quality, asset profile, leverage, distribution history, and pipeline, remains essential.

## Summary: InvIT at a Glance

Parameter	Typical Range / Feature
Asset Types	Roads (toll/annuity), Power Transmission, Gas Pipelines, Renewables
Underlying Asset Type	At least 80% of the value of a public InvIT to be invested in 'completed and revenue - generating' infrastructure projects.
Distribution Yield	Listed InvITs: 9% - 13% p.a. (varies by InvIT and market price)
Distribution Frequency	At least once every half-year for public InvITs, and at least once a year for privately placed InvITs.
Distribution Pay-out	At least 90% of their net distributable cash flows (NDCF).
Minimum Investment	Listed InvITs: As per market lot (typically accessible from Rs. 500 - Rs. 1,500 per unit)
Listing	NSE / BSE (for publicly listed InvITs)
Regulator	SEBI (InvIT Regulations, 2014)
Concession Tenure	15 - 30 years (varies by asset)
Key Risk Factors	Traffic/Revenue, Interest Rates, Refinancing, Regulatory, Liquidity
Requirement of credit rating	Consolidated borrowings & deferred payments net of cash exceed 25% of the assets value.
Shareholding by the sponsors	15% collectively as sponsors on a post issue basis for not less than three years.
Aggregate total borrowings and deferred payments net of cash	Cap at 49% of the asset's valuation. Cap at 70% of the assets valuation (AAA rated entities and track record of six distributions on a continuous basis).

## Key datapoints for Listed INVITs in India

The unit price, market cap and ADTO of listed INVITs is summarized below:

Particulars	CMP 20-04-26	Market Cap (₹ Cr)	NAV (Sept'25)	52W H/L	Daily Avg Liquidity (Rs. Cr)
Indgrid InvIT	172.8	19,757	148.4	176/143	17.7
Powergrid InvIT	93.3	8,481	92.8	98.5/79.2	16.8
IRB InvIT	61.8	4,900	96.6	67/53.2	5.3
Indus Infra InvIT	126.4	5,651	112.6	130/104	1.71
Capital Infra Trust*	69.9	2,537	67.48	94.5/66.6	4.4
Raajmarg INVIT	112	6,634	-	-	-
Citius Transnet Investment Trust	105	6,410	-	-	-

\*Capital infra trust got listed on 17th Jan'25.

(Source: Company Website, BSE, screener.in)

Select operating level data points of key INVITs is summarized below:

	CMP (20-4-26)	NAV as on Sept 30, 2025	Distribution Yield (TTM) (%)	Distribution Per Unit (TTM, in Rs.)	Break-up of Total Distributions (TTM)	Dividend Status
	(Rs./Unit)	(Rs. Per unit)				
Indgrid InvIT	172.8	148.4	9.3%	16.1	Interest 74% Dividend 1% Principal Repayment 25%	Maximum Marginal Rate (MMR)
Powergrid InvIT	93.3	92.8	12.9%	12	Interest 62% Dividend 21% Principal Repayment 17%	MMR for ~81% div
IRB InvIT	61.8	96.6	11.3%	7.0	Interest 63% Dividend 7% Principal Repayment 29%	MMR
Indus Infra InvIT	126.4	112.6	9.7%	12.3	Interest 42% Dividend 0% Principal Repayment 58%	MMR
Capital Infra Trust*	69.9	67.48	17.5%	12.2*	Interest 18% Dividend 66% Principal Repayment 16%	Tax MMR for ~97% of dividend

\*Capital infra trust got listed on 17th Jan'25. Dividend for March'25 quarter is excluded from the Distribution yield calculation as it is an exceptional, non-recurring item. Distribution yield has been calculated on an annualized basis.

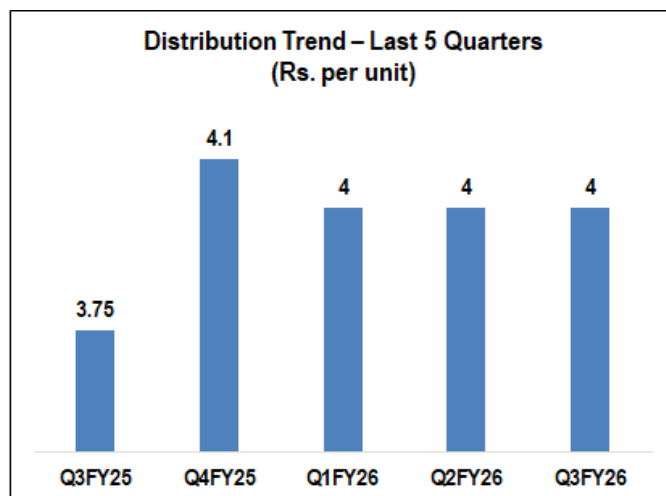
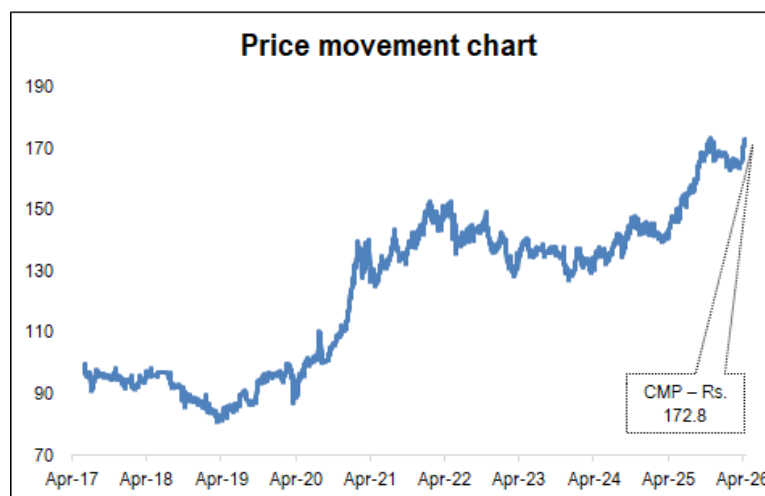
(Source: Company Website, BSE, screener.in)

## IndiGrid India Trust (IndiGrid InvIT)

- Established in October 2016, IndiGrid InvIT (IndiGrid) is India's first listed power sector InvIT.
- It is sponsored by Esoteric II Pte. Ltd ( an affiliate of KKR) and Sterlite Power Transmission Limited.
- Sponsor and Sponsor Group held 1%, Institutional investors held 40% and Non-Institutional investors held 58% stake in the InvIT as of Feb 6, 2026.
- IndiGrid owns and operates power transmission and renewable energy assets in India.
- It owns 38 operating projects, consisting of 53 EHV overhead power transmission lines and 1,155 MW (AC) of solar generation capacity as of Dec 31, 2025.
- It has a total circuit length of 9,336 kms, with 16 substations with ~25,050 MVA of transformation capacity.
- IndiGrid has presence across 20 states and 2 union territory.
- Majority of its Portfolio assets have in place long-term Tariff Service Agreements (TSAs) of 25 years.
- Average residual contract : 1. Transmission- 25.7 Years 2. Solar- 19.6 Years.

Financial Overview									
Particulars (Rs. In Cr)	FY20	FY21	FY22	FY23	FY24	FY25	Q1FY26	Q2FY26	Q3FY26
Revenue	1,243	1,675	2,222	2,332	2,966	3,287	839	827	862
EBITDA	1,150	1,447	2,023	2,111	2,540	3,034	703	725	784
PAT	506	335	343	327	296	410	72	39	100
Distribution per Unit	10.8	12.2	12.75	13.35	14.10	15.35	4.00	4.00	4.00
NDCF	720	918	944	1,035	1,244	1,400	288	363	328
NAV per Unit	102.28	146.26	131.71	131.62	133.15	144.11	-	148.4	-

(Source: Company Website, BSE, screener.in)



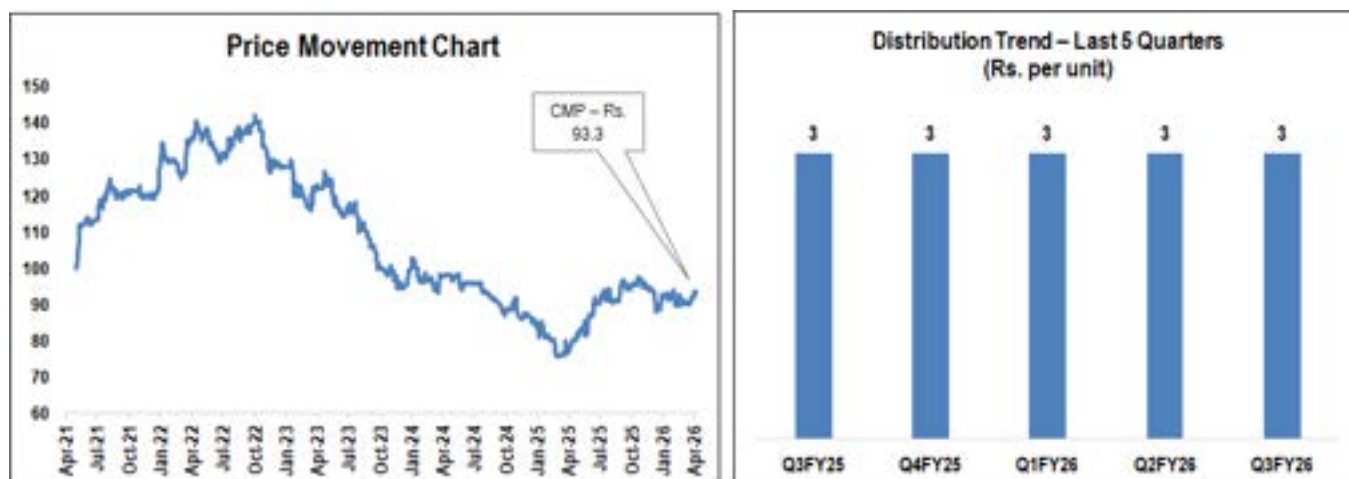
(Source: Company Website, BSE, screener.in)

## PowerGrid Infrastructure Investment Trust (PowerGrid InvIT)

- PowerGrid InvIT (PG InvIT) is set up and sponsored by Power Grid Corporation of India Limited.
- Sponsor and Sponsor Group held 15.0%, Institutional investors held 29.1% and Non-Institutional investors held 55.9% stake in the InvIT as of Dec 31, 2025.
- PG InvIT's sponsor is involved in setting up, implementing and operating transmission projects at various locations in India, where the right to provide transmission services is procured under the TBCB mechanism.
- These assets earn revenues, i.e., availability-based transmission charges, pursuant to the transmission service agreements ("TSAs"), from the DICs under such TSAs, irrespective of the quantum of power transmitted through the transmission line.
- The projects comprise 11 transmission lines, including six 765 kV transmission lines and five 400 kV transmission lines, with a total circuit length of approximately 3,699 km, and three substations with 6,630 MVA of an aggregate transformation capacity and 1,956 km of optical ground wire.
- Each asset has in place a long-term TSA of 27+ years from its Scheduled COD.
- Dec'24: Powergrid Infrastructure Investment Trust has acquired remaining 26% in Powergrid Kala Amb Transmission Ltd, Powergrid Parli Transmission Ltd, Powergrid Warora Transmission Ltd and Powergrid Jabalpur Transmission Ltd at consideration of Rs. 506.6 Cr raised by debt.

Financial Overview.								
Particulars (Rs. In Cr)	FY22	FY23	FY24	Q4FY25	FY25	Q1FY26	Q2FY26	Q3FY26
Total Income	1,217	1,286	1,265	320	1,276	313	317	325
EBITDA	1,139*	1,226*	1,120	294	1,019	292	409	297
PAT	463	(446)	982	687	1,172	191	279	198
Distribution per Unit	12.0	12.0	12.0	3.0	12.0	3.0	3.0	3.0
NDCF	962	1,102	1,098	294	1,081	276	276	261
NAV per Unit	101.1	86.4	85.3	-	94.1	-	92.8	-

(Source: Company Website, BSE, screener.in)



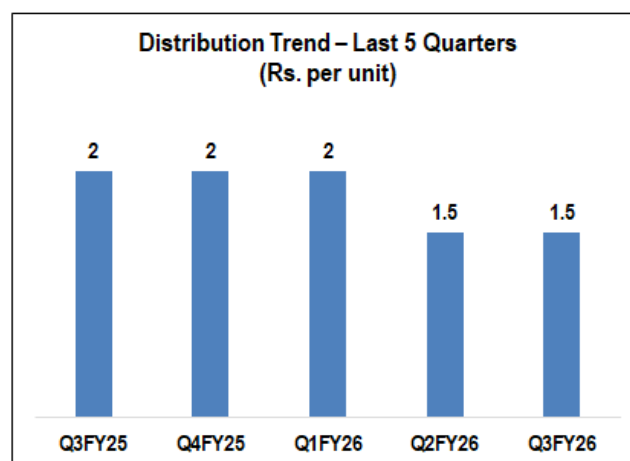
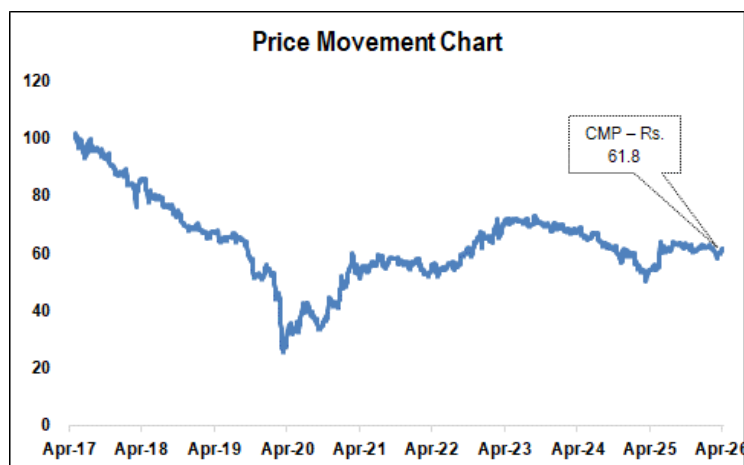
(Source: Company Website, BSE, screener.in)

## IRB Infrastructure Investment Trust (IRB InvIT)

- IRB InvIT is the first listed InvIT in India. It is one of the largest infrastructure development and construction companies in India in terms of net worth in the roads and highways sector as per NHAI data.
- It is sponsored by IRB Infrastructure Developers Ltd.
- Sponsor and Sponsor Group held 18%, Institutional investors held 41% and Non-Institutional investors held 41% stake in the InvIT as of Dec 31, 2025.
- Its sponsor is one of the largest infrastructure development and construction companies in India in terms of net worth in the roads and highways sector as per NHAI data.
- IRB InvIT's portfolio comprises of 9 Highway assets including 8 BOT Assets and 2 HAM Assets. Weighted Average residual concession period on its assets is approximately 17 years.
- Completed acquisition of the Vadodara–Mumbai Package 7 HAM asset from the Sponsor with an enterprise value of ~INR 1,200 crore in February 2026.
- Its projects are spread across the states of Maharashtra, Gujarat, Rajasthan, Karnataka and Tamil Nadu.
- Acquired three road assets with a combined EV of ~INR8,400 crore and a weighted average life of 21 years.

Financial Overview									
Particulars (Rs. In Cr)	FY21	FY22	FY23	FY24	Q4FY25	FY25	Q1FY26	Q2FY26	Q3FY26
Revenue	1,161	1,400	1,039	1,086	282	1,110	292	277	451
EBITDA	934	1,158	828	886	232	916	246	232	372
PAT	181	303	370	373	94	356	99	83	60
Distribution per Unit	8.5	9	8.05	8	2	8	2	1.5	1.5
NDCF	534	546	493	496	114	464	117	181	195
NAV per Unit	104.75	101.08	100.39	98.32	-	95.64	-	96.60	-

(Source: Company Website, BSE, screener.in)



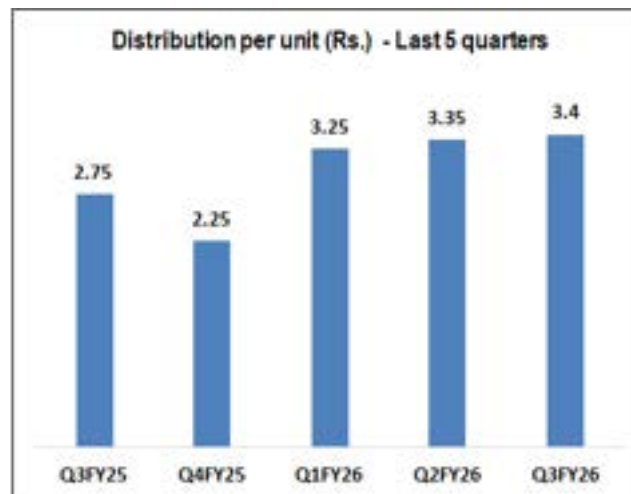
(Source: Company Website, BSE, screener.in)

## Indus Infra (Previously known as BharatHighways InvIT)

- Bharat Highways InvIT got listed on 12<sup>th</sup> March 2024. Established to acquire, manage and invest in a portfolio of infrastructure assets in India and changed its name to Indus Infra Trust
- It is sponsored by Aadharshila Infratech Private Limited (Sponsor & Project Manager) & G R Highways Investment Manager Private Limited (Investment Manager).
- Sponsor and Sponsor Group held 59%, Institutional investors held 27% and Non-Institutional investors held 15% stake in the InvIT as of Dec 31, 2025.
- Asset portfolio consists of 10 operating Hybrid Annuity Mode (HAM) Road Projects awarded by NHAI.
- Indus Infra InvIT portfolio comprises of 10 operational roads. Residual concession period on its assets is approximately 9.16-13.62 years.
- Its projects are spread across the states of Maharashtra, Gujarat, Andhra Pradesh, Bihar, Punjab and Uttar Pradesh.

Financial Overview								
Particulars (Rs. In Cr)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	FY25	Q1FY26	Q2FY26	Q3FY26
Revenue	192	171	224	268	856	204	140	198
EBITDA	144	135	163	190	632	167	97.5	141
PAT	111	104	119	147	482	120	59.3	96.4
Distribution per Unit	4	2.2	2.75	2.25	8.20	3.25	3.35	3.4
NDCF	98	97.5	122	99	416.5	147	148.9	158.8
NAV per Unit	-	-	-	-	115.81	-	112.6	-

(Source: Company Website, BSE, screener.in)



(Source: Company Website, BSE, screener.in)

## Capital Infra Trust (Previously known as National Infra Trust)

- Capital Infra Trust InvIT got listed on 17<sup>th</sup> January 2025. Established to acquire, manage and invest in a portfolio of infrastructure assets in India.
- It is sponsored by Gawar construction Limited (Sponsor & Project Manager) & Gawar Investment Manager Private Limited (Investment Manager).
- Sponsor and Sponsor Group held 32%, Institutional investors held 44% and Non-Institutional investors held 24% stake in the InvIT as of Dec 31, 2025.
- Gawar Developer's successful transfer of 12 HAM projects to the InvIT, coupled with plans for an additional 14 projects. The developer's portfolio, covering 18 states, mitigates risks tied to geographic concentration.
- As of Dec 31, 2025, Capital infra trust owns, operates and maintains the Project SPVs that comprises the Initial Portfolio Assets consisting of approximately 847 km of constructed and operational roads across 8 states in India.
- FY26 Guidance for total distribution as per management is Rs.14.61/unit

### Assets acquired in Q3FY26:

Project	JRR Highways	Hansanpur Bakhtiyarpur	Champa Korba
State	Rajasthan (NH-125)	Bihar (NH-20)	Chhattisgarh (NH-149B)
Length (Kms)	74.6	50.9	38.2
PCOD	Apr'24	Jun'24	Mar'24
End of concession	Apr'39	Jun'39	Mar'39
Bid Project Cost (Rs. Mn)	11,580	22,910	8,190
No. of annuities received	3	3	3

Financial Overview					
Particulars (Rs. In Cr)	Q4FY25	FY25	Q1FY26	Q2FY26	Q3FY26
Total Income	170.6	170.6	206.2	187.1	181.9
EBITDA	8.9	8.9	(63)	135.1	47.8
PAT	(37.3)	(37.3)	(74)	78.4	10.8
Distribution per Unit	23.89	23.89	3.61	3.25	2.34
NDCF	657.8	657.8	99.4	103.5	115
NAV per Unit	-	82.26	-	67.48	-

(Source: Company Website, BSE, screener.in)



(Source: Company Website, BSE, screener.in)

## Reading Room



### AI Labour Crisis

- **Mass Layoffs Signal Structural Shift:** Meta announced cuts of 10% (≈8,000 jobs) while Microsoft offered buyouts for the first time in its 51-year history, totaling over 20,000 potential job losses. Experts warn this reflects a permanent reorganization of work, not a temporary correction.
- **The “Fundamental Transformation” of Work:** Leadership experts describe the layoffs as evidence of a systemic shift driven by AI adoption. With nearly 92,000 tech workers laid off in 2026 alone, the cumulative total since 2020 has reached almost 900,000.
- **AI Investment vs. Human Displacement:** Big Tech firms are simultaneously spending nearly \$700 billion on AI infrastructure while aggressively reducing headcount. This duality highlights the tension between innovation and employment stability.
- **Confidence Collapse in Tech Sector:** Glassdoor’s Employee Confidence Index shows a 6.8-point drop year-over-year, the steepest decline across industries. Fewer workers are quitting voluntarily, forcing companies to rely on harsher layoffs and stricter performance reviews.
- **The Job Creation Gap:** While AI roles (engineers, specialists) are in demand, entry-level and generalized IT positions are shrinking. Salaries remain flat except in niche AI fields, widening the gap between job loss and creation.
- **The Startup Efficiency Paradigm:** Venture-backed AI startups demonstrate that companies can now reach \$50M revenue with only 50 employees. This “lean unicorn” model accelerates disruption, intensifying insecurity among workers at larger firms.

• [CLICK HERE TO READ THE FULL ARTICLE](#)

### The 2026 Oil Storage Crisis

- **Kharg Island Output Unstoppable:** Iran’s largest oil terminal continues producing crude, but exports are blocked due to the U.S. naval blockade of the Strait of Hormuz. This mismatch between supply and export capacity is pushing storage to its limits.
- **The “Dead Tanker” Revival:** Tehran has redeployed a 30-year-old rusting tanker to store excess oil offshore. This desperate measure underscores the severity of the crisis and the lack of modern alternatives.
- **Storage Capacity Nearing Breaking Point:** With Kharg Island’s facilities nearly full, Iran faces a race against time before its oil storage infrastructure collapses under pressure.
- **Geopolitical Stranglehold:** The blockade has created a choke point where Iran cannot monetize its oil output. This disconnect between production and export highlights the fragility of global energy flows in wartime conditions.
- **Economic Fallout Looms:** As crude piles up without buyers, Iran risks a forced production slowdown. The inability to export threatens government revenues and could destabilize domestic economic planning.
- **Survival Hinges on Improvisation:** With modern tankers unavailable, Iran’s reliance on outdated vessels signals a survival strategy. The scarce resource is no longer oil itself—but secure storage capacity before systemic failure.

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