VOLUME 1 | ISSUE 2

INDIA EDITION

VALUE BUSINESS REVIEW

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COVER STORY

The Tale of Two Banks

Can HDFC Bank get its mojo back; or will ICICI Bank gallop ahead?

CORPORATE REPORTS

- HDFC BANK
- COAL INDIA
- NARAYANA

SEPTEMBER ISSUE

CONTENTS

04 COVER STORY- THE TALE OF TWO BANKS

How India's banks are transforming through AI, digital infrastructure and innovation.

10 FOCUS SECTION -PETCHEM

Geopolitics is reshaping petrochemicals, productivity and industrial decision-making.

14 FOCUS SECTION - HOSPITALS

Inside India's rapidly evolving healthcare and hospital industry.

18 CORPORATE REPORT - NARAYANA HEALTH

How Narayana Health is scaling affordable, technology-led healthcare.

22 CORPORATE SPOTLIGHT - HDFC BANK

A closer look at hdfc bank growth, strategy and renewable ambitions.

12 CORPORATE SPOTLIGHT- COAL INDIA

Examining India's coal giant, energy transition and infrastructure expansion.

26 BOOK REVIEW

INTELLIGENT INVESTOR - Lessons from history on valuation, discipline and long-term investing.

27 STARTUPS/IPO'S

NSE prepares for a landmark IPO and a new chapter in Indian markets.

28 SNAPSHOT POLICIES

SOLAR - Key policy moves shaping India's solar expansion and renewable future.

29 GURU FOCUS - JOHN TEMPLETON

The contrarian investor who turned global markets into opportunity.

30 CHART FOCUS

The numbers behind markets, industries, businesses and investment trends.

31 TECHNOLOGY

Exploring emerging technologies reshaping business, industry and everyday life.

32 EXPLAINER

Complex business and economic ideas, explained simply and clearly.

33 BHALU & NANDI TALKS!

Sharp conversations, market wisdom and unconventional perspectives.





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LETTER FROM THE EDITOR



India's stock market infrastructure is a textbook case. The National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) together control virtually 100% of equity trading. NSE alone commands roughly 90–93% of cash market turnover and an even higher share of equity futures, with BSE trailing far behind in most segments until recent shifts in derivatives. This is not healthy competition. It is concentrated power over critical market plumbing.

Liquidity begets liquidity, so exchanges tend toward natural monopoly. That does not make the outcome benign. A single dominant platform creates single points of failure, weakens incentives for continuous innovation, and raises the cost of systemic risk. India has already lived through the consequences.

The 2021 NSE outage halted trading for hours after failures in telecom and storage systems hit risk-management and clearing infrastructure. Co-location and dark-fibre controversies exposed preferential access that undermined fair play. Governance lapses, settlements running into hundreds of crores, concentration of revenue among a handful of large brokers, and repeated technical or cyber incidents have all surfaced in recent years. When one institution processes the overwhelming majority of orders, any disruption or integrity failure ripples across the entire market and the savings of millions of investors. Reviving the Kolkata Stock Exchange (KSE, formerly CSE) and strengthening the Metropolitan Stock Exchange of India (MSEI) is therefore not nostalgia. It is risk mitigation and regional development. KSE has been dormant since trading was suspended in 2013 for regulatory non-compliance. The West Bengal government has now publicly backed its revival, arguing that a functioning eastern bourse would improve capital access for regional enterprises, lower listing and trading costs, and generate employment while restoring Kolkata's historic role as a financial centre. MSEI, already recognized and seeing gradual volume growth with broker and institutional backing, offers another alternative venue. India's capital markets have grown spectacularly. That growth should not rest on a fragile duopoly that is effectively an NSE-heavy monopoly in volumes. Healthy competition among BSE, NSE, a revived KSE focused on eastern India, and MSEI would not fragment liquidity irreparably; properly designed connectivity, clearing linkages, and regulation can preserve national liquidity while spreading operational and institutional risk. Monopolies may be efficient until they fail. India's experience shows the cost of that failure. Diversifying exchange infrastructure is simply prudent public policy.



CAN HDFC BANK GET ITS MOJO BACK; OR WILL ICICI BANK GALLOP AHEAD?

In 10 years the tables have turned for both banks. What was once loved has become the most shunned. But for how long?

For the first time in almost two decades, investors are not only wondering about whether HDFC Bank is really India's best private lender, but also whether ICICI Bank has not dislodged this incumbent.

India's biggest private bank is grappling with lower profitability, lower margins and the integration of a financial giant two years after it merged with HDFC Ltd. ICICI Bank, on the other hand, has maintained steady growth, further establishing its status as one of the most efficiently-run banks in the country.

The competition between HDFC Bank and ICICI Bank has turned into a lot more than just a comparison of the quarterly earnings. It now becomes a battle between two different strategies of building long-term value to the shareholders. The scale that HDFC Bank has achieved as a result of its historic merger is being tested to the core on sustainable growth despite front. ICICI Bank, on the contrary, has managed to come back strong with careful execution, sound risk management and operational efficiencies and has turned the tides from stressed assets to one of the best in the industry.

As the Indian economy grows, the demand for credit will also grow and technology will play a pivotal role augmented by Artificial Intelligence (AI) and deeper process automation in the financial services industry. The bigger question is now gaining prominence: Will the future be for the banks that have the largest balance sheet or for the banks that execute again and again with a higher degree of precision?

A DECADE OF CHANGE THAT SHAPED THE RIVALRY.

Ten years ago, everyone would have thought such a discussion was superfluous. By about 2015, HDFC Bank was well-positioned as a leader in the private banking sector in India. It always claimed industry best profitability, one of the lowest stressed asset ratios and conservative lending practices and good governance and disciplined execution. This consistency paid off in the valuation of shares, and HDFC was the yardstick for the value of all other private banks.

Ten years ago, the situation of ICICI Bank was similar to that of HDFC Bank today. As India's infrastructure and industrial activity slowed down, the bank was facing a problem with increasing the volume of corporate bad loans. The impact of governance issues, declining asset quality and in-



vestor confidence was significant in its performance. ICICI Bank was seen as a challenger drying up its credibility, whereas their lead was steadily being increased by HDFC Bank.

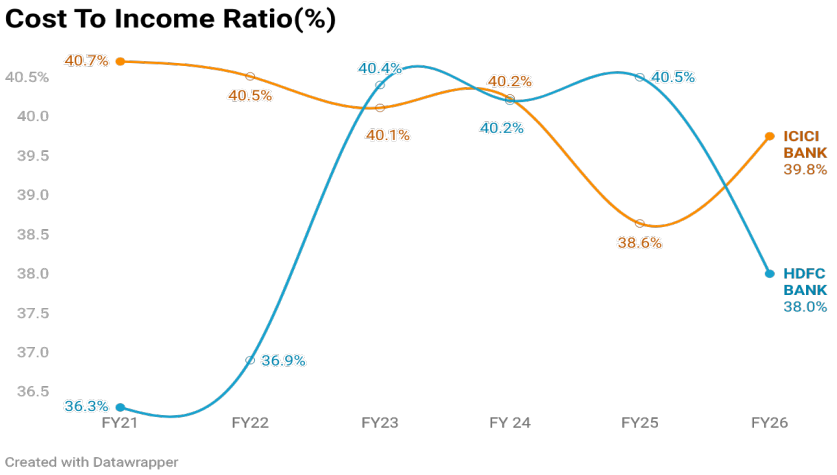
WHAT CAN ONE MAN DO?

For ICICI Bank the watershed moment followed when the Asset Quality Review by the Reserve Bank of India (RBI) started the clean-up of stressed assets in the banking industry. The Strategic reset took off in 2018 when Sandeep Bakhshi was appointed as Managing Director and CEO. ICICI Bank preferred to realign its operations for a period to fix its balance sheet, improve its risk management and strengthen its governance and profitability, rather than going in for rapid expansion. Discipline became the means to growth, not its end in itself. When necessary, the bank opted for slow growth rather than a market share strategy, accepting that as investors' confidence returns, growth will resume.

> **"CLIENT CENTRICITY IS THE ONLY DURABLE ADVANTAGE IN BANKING."**



DESPITE CHALLENGES, HDFC BANK STILL LEADS ICICI BANK ON MANY FUNDAMENTAL PARAMETRES.



THAT PHILOSOPHY FUNDAMENTALLY CHANGED ICICI BANK.

ICICI Bank continued to gradually strengthen asset quality, enhance operational efficiency and maintained good financial performance over the past few years. ICICI, which quietly closed the gap on the back of a disciplined execution, was continuing the traditional HDFC Bank growth path.

This is the latest in a series of earnings seasons that demonstrates the magnitude of this change in the competitive landscape. HDFC Bank continues to be the most dominant bank in India and the largest private lender in the country. ICICI Bank, however, has become a model of operational excellence and profitability as a bank. It's not a battle between an incumbent bank and a new challenger, it's a battle between two big banks, both on a mission to shape the future of the Indian private banking industry. The contrast is becoming more pronounced. While ICI-

CI Bank is developing a niche strategy focused on efficiency, profitability and disciplined execution, HDFC Bank is creating the largest financial supermarket on offer to consumers with a single place to get all financial products. Both strategies can be considered to be good for shareholder value creation; only the passage of time will tell which will be more profitable for the shareholders.

HDFC BANK: AN ALL-OUT ATTEMPT AT SCALE.

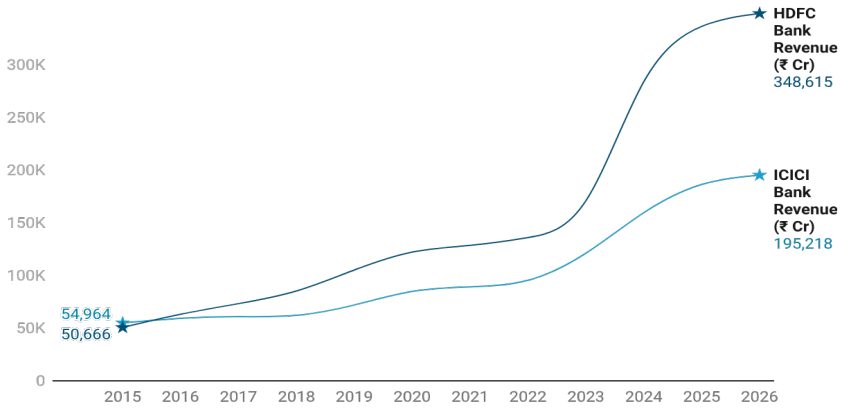
One of the big changes in India's financial world in 2023 was the combination of HDFC Ltd and HDFC Bank. The merger resulted in the formation of a banking giant, having assets worth RS44 Trillion and a customer base of over 12 million. Most significantly, it represented a transformation of the bank from being a leading bank to a comprehensive financial services firm.

Through the combination, the home loan, deposit, insurance, wealth management and investment products all came together under one roof, offering a wide range of opportunities for cross-selling and enhancing customer relationships throughout the entire financial lifecycle. The longer-term goal is very clear – to create a financial ecosystem where a single customer can access virtually all banking and financial services from a single institution.

However, merging two such organizations has been more challenging than investors thought.

The merger has been both a strength and a challenge for HDFC Bank, as evidenced by their Q1 results for FY27. Advances rose 15.4% year-on-year and net profit went up 5% to RS19,060 crore

The Revenue Race Between India's Banking Giants



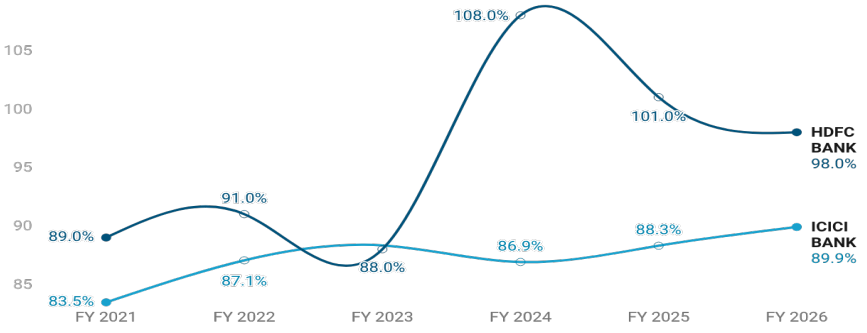
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The biggest worry was its Net Interest Margin (NIM) which slipped to 3.26%, the lowest in the bank's history.

The pressure was mainly structural. With the merger, HDFC Bank took over the higher cost borrowings of HDFC Ltd and increased relatively lower-yielding home loans. Higher deposit costs due to the intense competition in the deposit market also added to funding costs, which constricted margins and raised questions on the profitability recovery pace of the banking sector.

Management, headed by CFO

Credit to Deposit Ratio(%)



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Key Metrics	HDFC Bank	ICICI Bank
Market Cap (₹ Cr)	11,26,427	10,19,688
Stock P/E (x)	14.3	18.2
ROCE (%)	7.02	7.18
ROE (%)	13.6	15.9
ROA (%)	1.69	2.07
Dividend Yield (%)	1.78	0.84

Sashidhar Jagdishan, has consistently believed that the merger should be reviewed on a multi-year basis and not over a few quarters. That perspective carries weight. Few banks have a competitive edge over HDFC Bank—unmatched distribution network, one of India's most powerful mortgage franchises and an integrated financial ecosystem with the ability to create significant cross-selling opportunities over time.

Technology is expected to be at the heart of the realization of those synergies. The bank is incorporating Generative AI into fundamental business processes, such as creditworthiness evaluation, combating fraud, and improving customer service and employee efficiency. AI, paired with one of the largest customer databases in the country, would contribute to better underwriting, customised financial products and to scale, optimising operations.

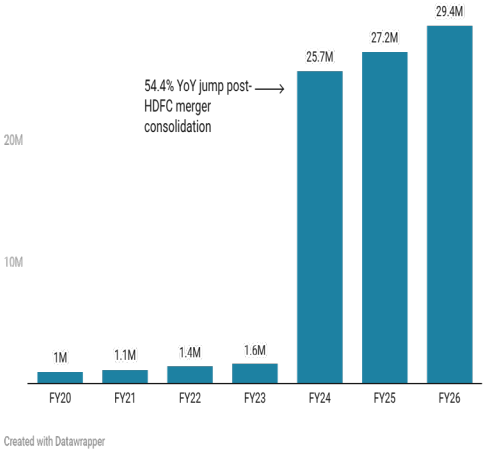
But the most significant challenge to HDFC Bank isn't only about technology. What if margins don't bounce back as management hopes? If the cost of funding continues to be high and profits continue to be disappointing for the foreseeable future, then investors may start to wonder if the advantages of scale are worth the short-term compromises. Ultimately, the long-term success of the merger will be determined by whether the balance sheet is able to translate that size into consistently higher returns.

HDFC Bank continues to be India's largest private lender and among its most powerful financial franchises at this juncture. But the leadership of these people isn't guaranteed as it was 10 years ago. Standing across the field is a rival that has spent years proving that disciplined execution can be every bit as powerful as scale.



"HDFC BANK'S REVERSE MEGER IN 2024 CAUSED TEMPORARY PAIN. THINGS WILL SETTLE SOON."

HDFC Bank Yearly Advances Growth (FY20. – FY26.)



WHAT DID ICICI BANK DO DIFFERENTLY IN RECENT YEARS?

As HDFC Bank deals with the intricacies of its biggest-ever acquisition, ICICI Bank quietly has become the standard bearer for reliability in the private banking world in India. It has undergone a remarkable makeover over the last decade, which is one of the biggest turnarounds in Indian banking. From a position of high bad loans and governance issues, the bank has regained investor confi-

dence through disciplined lending, improved risk controls and a sustained emphasis on sustainable profitability.

That was confirmed by its Q1 FY27 results. Net profit grew by 16% YoY to RS14,805 crore and Net Interest Income (NII) was up 12.7% to RS24,384 crore. Most importantly, its Net Interest Margin (NIM) stayed at an impressive 4.36%, well above the competition for deposits as far as HDFC Bank is concerned. The asset quality also remained on an improving trend and Gross Non-Performing Assets (GNPA) was also reduced to 1.38% of the total while Net NPAs stood at 0.35% of the total.

The numbers don't tell the whole story. ICICI Bank's greatest success has been the change of its philosophy. The bank refocused on profitability rather than growth for growth's sake, was prepared to take it slower where it needed to and incrementally restored trust. After taking charge at ICICI Bank, Sandeep Bakhshi focused on quality of growth, not just the quantity of loans. That disciplined approach has developed a more resilient and stronger franchise that can consistently return profits in good and bad economic cycles.

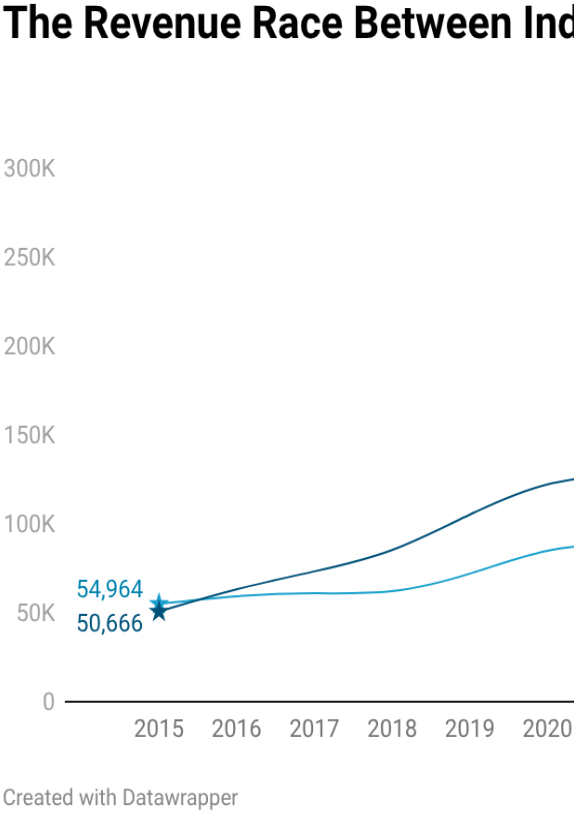
This attitude is also applied to technology. The use of digital platforms, like iMobile Pay, biometric UPI services and seamless digital onboarding, have enhanced customer experience and reduced operating costs. Unlike other institutions that see digital innovation as a separate project, ICICI has integrated technology into its banking activities and has been able to do so without compromising on risk discipline.

SMALLER BATTLES ARE OVER; THE WAR FOR SUPREMACY WILL TAKE PLAYERS OFFSHORE.

The banking sector is going through an upward swing in the Indian economy with growing credit demand, growth in corporate investment, growth in retail consumption and financialisation of household savings. As one of the world's fastest-growing major economies, India offers significant long-term opportunities for banks that can finance infrastructure, manufacturing, housing and digital commerce.

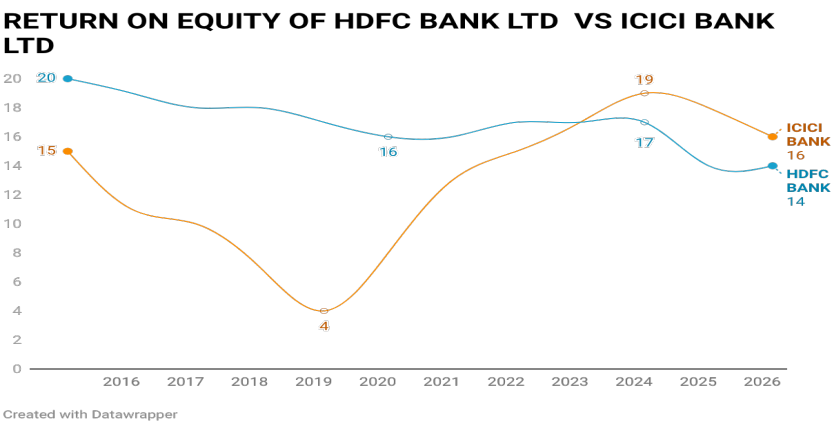
Competition, however, is getting tougher. The continued mobilisation of deposits is still difficult, due to the desire of customers to earn more, and the regulatory uncertainty, interest rate cycles and consumer preferences are putting pressure on profitability. Meanwhile, Artificial Intelligence (AI) and process automation is making an impact as a game-changer for banks, helping them enhance fraud detection, credit underwriting, routine tasks and personalize the customer experience.

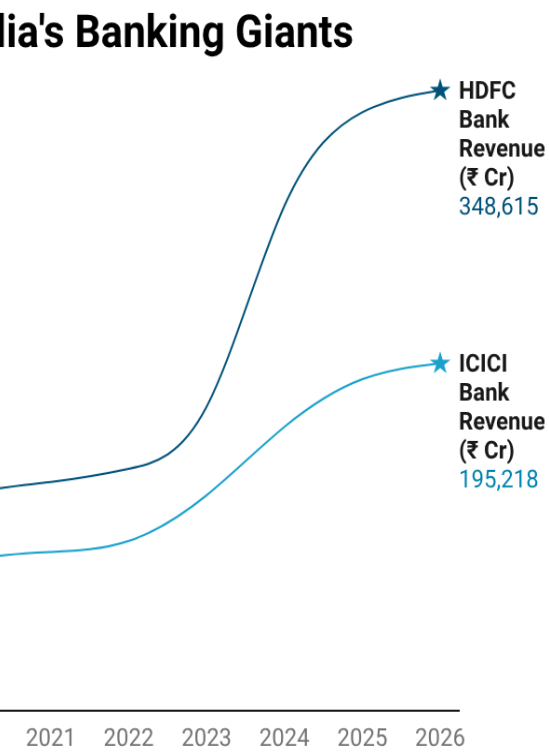
Within this context, HDFC Bank's size and integrated infrastructure gives it a significant edge, whereas ICICI Bank's agility and disciplined approach enable it to respond quickly without sacrificing profits. This competition will be churning at a higher pace, not only with respect to growth but also to adaptation.



HDFC Bank is taking a big risk of delivering superior returns in the long term through an unmatched scale, integrated financial ecosystem. While the consolidation with HDFC Ltd has already put pressure on profitability, the potential for achieving the expected synergies should help to improve profitability in the years to come if management is able to meet the challenge.

ICICI Bank, on the other hand, has





proven the power of patience and calculated execution. The gradual evolution witnessed in the past decade, is a testament to the fact that recovered prudence in lending and committed governance and operational efficiencies can reshape an institution. Once considered a bank with over-pressured corporate loans has transformed into one of the most trusted and consistent performing financial institutions in India.

The most interesting thing isn't that the pace of growth has slowed at HDFC or even that ICICI has picked up pace, but that the difference has decreased significantly. In the private banking segment, ICICI Bank was attempting to regain its credibility around 2015 and HDFC Bank remained the clear winner. Investors rate them as serious contenders today, with each having definite strengths and weaknesses.

The next chapter of this rivalry will be shaped by execution rather than ambition alone. It will be crucial for HDFC Bank to prove that the scale will yield improved margins as integration goes ahead. ICICI Bank, however, will need to demonstrate that its business and risk management strategy can sustain high quality of growth without hurting the asset quality. In a rapidly changing digital banking landscape, AI and changing customer expectations are transforming the industry, and success will require the ability to adapt and maintain financial discipline and trust.

It's too soon to call a winner today. However, HDFC Bank's greatest strength is its scale, size and a broad financial ecosystem. ICICI Bank has been moving up the ladder by being operationally efficient, careful deployment of capital and consistent execution. There are definite advantages to each strategy, as well as drawbacks.

These two institutions are not the only ones involved in the broader lesson. Precision without scalability can eventually stifle growth, and scalability without execution can water down returns. The bank that is able to bring in both the strengths together will not only be the future king of the private banking industry in India but could also pave the way for the next big thing in banking, including matching to global standards of processes and cross-country product offerings.

In the meantime, the true winner is the banking system in India. It's good to have competition between the two biggest private lenders who are driving innovation, enhancing the customer experience and making financial services for millions of Indians better. The contest between HDFC Bank and ICICI Bank isn't a contest between a market leader and challenger, but rather it's about two banking giants preparing the ground for Indian banking future.



PETCHEM: LONG ROAD TO DECARBONIZED WORLD



NOT REALLY A SUNSET INDUSTRY!

The petrochemical industry remains one of the most strategically important sectors within the global industrial economy, reflecting the growing dependence of modern society on materials derived from crude oil and natural gas. Petrochemicals serve as the foundational building blocks for thousands of products used across packaging, automobiles, construction, textiles, agriculture, healthcare, electronics, and consumer goods. From polyethylene packaging and polyester fibers to fertilizers, synthetic rubber, detergents, pharmaceuticals, and advanced medical devices, petrochemical derivatives remain deeply embedded in everyday life.

Despite increasing global attention toward renewable energy and decarbonization, petrochemicals continue to represent one of the fastest-growing segments of hydrocarbon demand. According to the International Energy Agency (IEA), the sector currently consumes approximately 13 million barrels of oil per day and nearly 300 billion cubic meters of natural gas annually, accounting for roughly 14% of global oil demand and 8% of global gas consumption. More importantly, petrochemicals are expected to contribute more than one-third of global oil demand growth through 2030 and nearly half of total demand growth by 2050, making the industry increasingly important as transportation fuel demand gradually moderates. The global petrochemicals market was valued at approximately US$641 billion in 2024 and is projected to approach US$973 billion by 2030, representing a CAGR of nearly 7.3%. Beyond direct industry revenues, petrochemicals support trillions of dollars of downstream economic activity across manufacturing, infrastructure, healthcare, transportation, packaging, consumer products, and industrial production. Demand growth continues to be driven by rising urbanization, expanding middle-class consumption, infrastructure spending, industrial manufacturing, and increasing use of plastics and specialty materials across emerging economies.

Asia-Pacific remains the largest market globally, accounting for nearly 47% of total industry revenue, while China alone contributes more than one-third of regional demand. However, the industry's future growth story may increasingly belong to India, where favorable demographics, industrial expansion, infrastructure development, and rising consumption levels are creating one of the world's most attractive long-term petrochemical markets.

India currently consumes between 25 and 30 million metric tonnes of petrochemical products annually, while per-capita consumption remains close to 12 kilograms significantly below developed-market averages and even below several Asian peers. This consumption gap highlights substantial headroom for future growth as rising incomes, urbanization, housing development, manufacturing expansion, and infrastructure investments continue accelerating domestic demand.

INDIA'S RISING POSITION IN GLOBAL PETROCHEMICAL

LANDSCAPE

MIDDLE-EAST CRISIS!

That the Middle-East crisis will only accelerate the demise of the fossil fuel industry, resulting in near death of the petchem value chain is taking things too far.

India is increasingly positioning itself as a major global petrochemical manufacturing hub. The government has announced plans involving more than RS3.28 lakh crore of investment aimed at expanding refining and petrochemical capacity by 2030. Refining capacity is expected to rise toward 667 million tonnes per annum by 2040, while significant investments are being directed toward integrated chemical parks, logistics infrastructure, strategic petroleum reserves, and export-oriented manufacturing hubs.

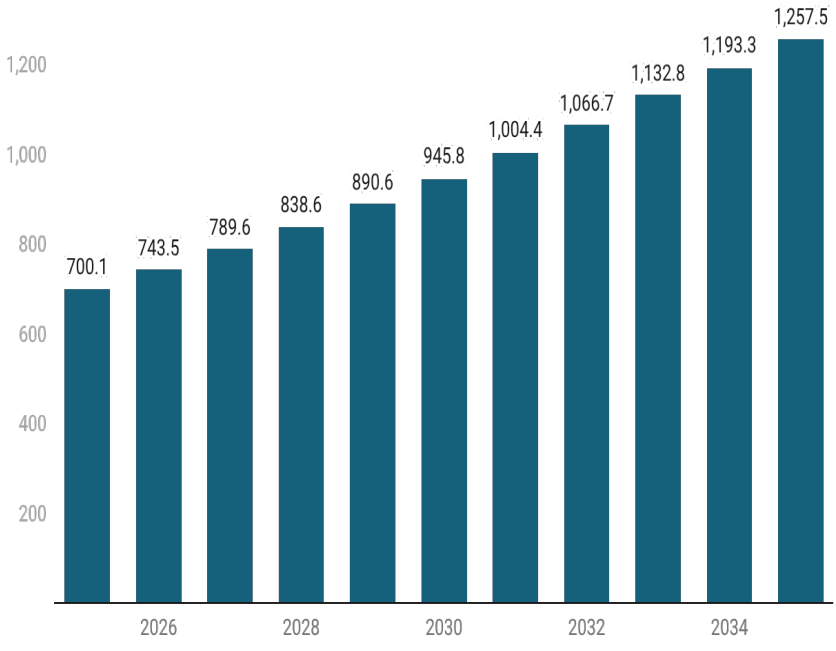
NITI Aayog has outlined an ambitious roadmap targeting US$1 trillion of chemical and petrochemical output by 2040, alongside a 12% share of global chemical value chains. Simultaneously, India aims to reduce dependence on imported specialty chemicals and intermediates while strengthening domestic manufacturing capabilities.

Major production centers across Gujarat, Maharashtra, Tamil Nadu, and Andhra Pradesh continue attracting investments from both domestic and international players due to favorable infrastructure, port connectivity, skilled labor availability, and policy support.

“THE BOOM IS SHIFTING FAST TO DOWNSTREAM PETROCHEM.”

The emergence of integrated refining and petrochemical complexes is expected to play a crucial role in this transformation. Rather than viewing refining and petrochemicals as separate industries, companies are increasingly integrating both businesses to maximize feedstock utilization, improve profitability, and reduce earnings volatility.

Global Petrochemical Market Growth



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A VALUE CHAIN BUILT ON SCALE

The petrochemical value chain begins with crude oil refining and natural gas processing, where feedstocks such as naphtha, ethane, propane, and liquefied petroleum gas are extracted and processed. These feedstocks are then subjected to cracking technologies that convert hydrocarbons into basic petrochemical building blocks, primarily olefins and aromatics.

Ethylene, propylene, butadiene, benzene, toluene, and xylene collectively form the foundation of the global

petrochemical ecosystem. Ethylene remains the largest-volume petrochemical globally and serves as the primary raw material for polyethylene plastics, polyester fibers, industrial solvents, and numerous specialty chemicals. Propylene is widely used in polypropylene production, while aromatic compounds support manufacturing across paints, adhesives, synthetic rubber, textiles, engineering materials, and consumer products.

The scale of downstream integration supported by these products is immense. Packaging remains the largest demand segment globally, while construction, automotive manufacturing, agriculture, electronics, healthcare, and consumer products collectively account for hundreds of billions of dollars in annual petrochemical consumption.

As industries become increasingly advanced, petrochemicals are also moving beyond commodity applications. High-performance polymers, engineering plastics, specialty chemicals, battery materials, semiconductor chemicals, and advanced composites are becoming increasingly important growth segments, creating new opportunities

for value-added manufacturing and innovation.

CONSOLIDATING INDUSTRY POSITION AND SETTING THE STAGE FOR PETCHEM EXPORTER

The financial performance of the petrochemical industry reflects both the scale of global demand and the increasing importance of integrated energy and materials businesses. Large refining and petrochemical companies continue to generate significant



cash flows despite cyclical volatility, supported by diversified product

volatility, supported by diversified productportfolios, downstream integration, and strong domestic demand.

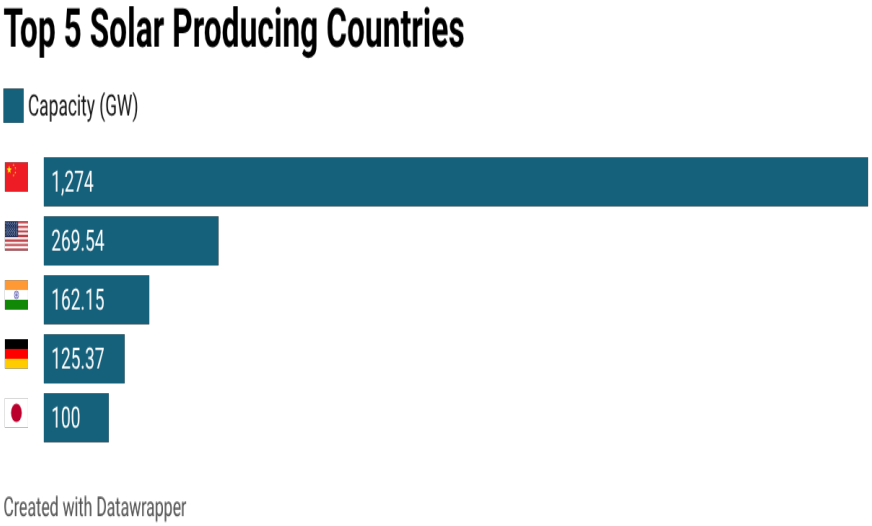
Indian refiners and petrochemical producers have reported record operating performance in recent years. Indian Oil Corporation achieved re cord crude throughput of 75.5 million metric tonnes during FY26 while petrochemical sales reached an all-time high of 3.39 million metric tonnes. Similarly, HPCL reported refining throughput exceeding 26 million metric tonnes and marketing sales approaching 51 million metric tonnes, demonstrating the resilience of domestic energy and petrochemical demand.

The long-term investment story remains equally compelling. Domestic chemical demand is expected to grow at approximately 8–9% annually over the coming decade, while the broader Indian chemical and petrochemical sector could exceed US$250 billion by 2030. Rising urbanization, infrastructure development, manufacturing growth, and increasing consumer spending continue supporting favorable long-term demand fundamentals.

As a result, companies are increasingly focusing on integrated business models that combine refining, petrochemicals,

pipelines, gas distribution, specialty chemicals, and renewable energy assets. This diversification helps reduce earnings volatility while improving returns on capital across commodity cycles.

GEOPOLITICS WILL RESHAPE THE PETROCHEMICAL EQUATION; ADVANTAGE INDIA.



> **MARKET STABILITY IS EXPECTED TO RETURN SHORTLY AND SO WILL SANITY**

One of the most significant developments shaping the industry today is the re-emergence of geopolitical risk as a major determinant of profitability.

Recent disruptions involving the Middle East, including tensions surrounding the Strait of Hormuz, have demonstrated how quickly global hydrocarbon markets can become vulnerable to supply-chain shocks. The Strait of Hormuz handles nearly one-fifth of global oil trade and remains one of the most strategically important energy corridors in the world.

Recent industry commentary from major Indian refiners highlighted disruptions in crude oil, LPG, LNG, and shipping markets following geopolitical tensions. Crude prices surged sharply, freight rates increased, LNG supply chains tightened, and companies were forced to diversify sourcing strategies across multiple geographies to ensure operational continuity.

The industry's exposure extends far beyond crude oil alone. Natural gas, LNG, LPG, petrochemical feedstocks, shipping logistics, insurance costs, foreign exchange movements, and energy prices can all be impacted by geopolitical developments. The result is increasing volatility across supply chains and profitability.

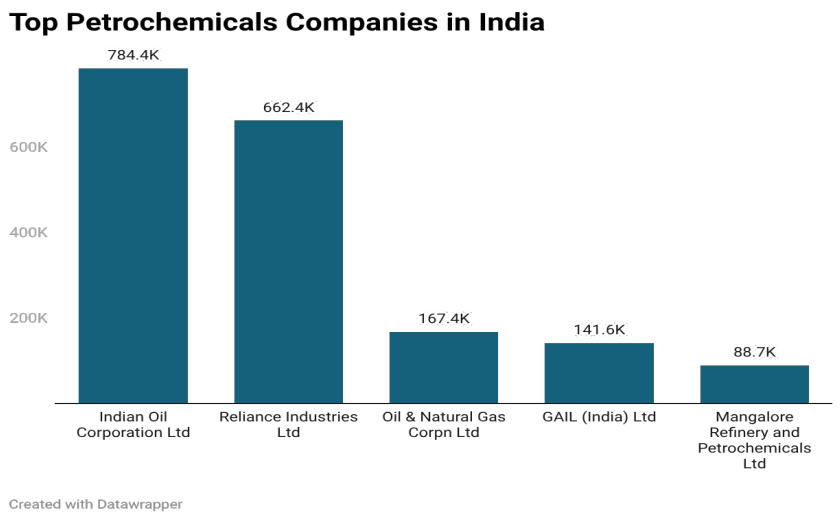
Consequently, supply-chain resilience is becoming a competitive advantage. Companies are investing in strategic storage facilities, diversified sourcing networks, shipping capabilities, pipeline infrastructure, and long-term supply agreements to reduce vulnerability to external disruptions.

In many respects, energy security is becoming just as important as production efficiency.

PROFITABILITY PRESSURE WILL BE A SHORT-TERM PHENOMENON

While long-term demand fundamentals remain attractive, profitability across the global petrochemical industry has entered one of its most challenging periods in over a decade.

Massive capacity additions across China, the Middle East, and parts of Asia have created structural oversupplyacross several key product chains, including polyethylene, polypropylene, paraxylene, and other commodity petrochemicals. Global operating rates currently hover near 70%, significantly below the historical range of 80–85% that typically supports healthy pricing power and margin expansion. China alone has invested hundreds of billions of dollars over the past decade in integrated refining and petrochemical complexes, dramatically increasing domestic self-sufficiency while simultaneously creating export surpluses that continue to pressure global spreads.
As new capacity enters the market faster than demand growth, producers worldwide are facing increased competition, weaker pricing power, compressed margins, and lower returns on invested capital. Feedstock economics remains another critical determinant of profitability. Producers operating in regions with access to low-cost natural gas and natural gas liquids particularly theMiddle East and North America con



tinue enjoying substantial structural cost advantages over naphtha-based producers in Europe and parts of Asia.

Consequently, industry leaders are increasingly prioritizing downstream integration, specialty chemicals, performance materials, and high-value applications where pricing is driven less by commodity cycles and more by technology, formulation expertise, and customer relationships.

While commodity petrochemical margins remain cyclical and volatile, specialty chemical businesses frequently generate EBITDA margins exceeding 20–25%, compared with mid-single-digit margins often experienced during commodity downcycles.

For producers globally, the challenge is no longer merely expanding capacity. The focus has shifted toward improving asset utilization, maximizing feedstock flexibility, strengthening downstream integration, enhancing supply-chain resilience, and generating sustainable returns on capital.

DOES ESG REQUIRE A COMPLETE REINVENTION?

If Artificial Intelligence represents the defining disruption facing the technology industry, sustainability and circularity increasingly represent the defining disruption confronting petrochemicals.

The industry today sits at the center of one of the largest environmental debates globally. Annual plastic production has already surpassed 460 million tonnes and could approach 1.2 billion tonnes by 2060 under current consumption trends. Simultaneously, petrochemical manufacturing remains among the most energy-intensive industrial activities globally.

The greatest long-term disruption facing petrochemicals may not be declining demand but rather the changing nature of demand itself. Governments, consumers, investors, and multinational corporations are increasingly demanding recyclable materials, lower-carbon production pathways, circular economy solutions, and environmentally responsible supply chains.

Access to capital is also becoming increasingly linked to sustainability performance. Global lenders, sovereign wealth funds, pension funds, and institutional investors are directing larger pools of capital toward companies demonstrating credible decarbonization strategies and measurable environmental progress.

Advanced recycling technologies, bio-based feedstocks, carbon capture systems, green hydrogen integration, renewable power procurement, and low-emission production pathways are therefore becoming strategic necessities rather than optional investments.

Much like AI is reshaping the economics of software and services, ESG considerations are reshaping the economics of petrochemicals. The companies that adapt fastest may secure lower financing costs, stronger customer relationships, improved market access, and greater long-term competitiveness.

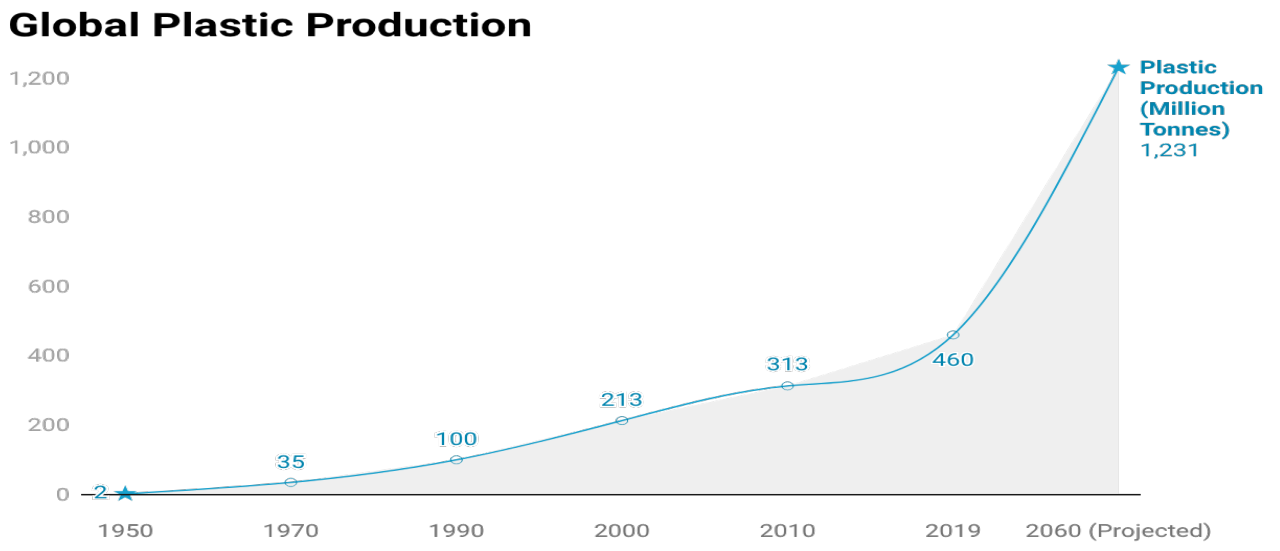
ENTERING A NEW INVESTMENT CYCLE

The current decade is witnessing one of the largest capital expenditure cycles in the history of the global petrochemical and refining industry.

Across India and other major producing regions, companies are simultaneously investing in refining expansion, petrochemical integration, renewable energy, logistics infrastructure, hydrogen ecosystems, sustainable fuels, digital transformation, and advanced manufacturing technologies.

Indian Oil is currently executing major refinery expansion projects across Panipat, Gujarat, and Barauni, representing investments exceeding RS75,000 crore. HPCL continues investing heavily in the Rajasthan refinery and petrochemical complex, while MRPL is pursuing refinery modernization, sustainable aviation fuel initiatives, retail expansion, and specialty chemical development.

Beyond physical capacity expansion, companies are increasingly investing



in productivity and operational efficiency. Cost optimization programs, digital initiatives, predictive maintenance systems, and AI-driven operational tools are helping improve asset utilization and profitability.

This shift reflects a broader industry trend. Management teams are increasingly focused not merely on increasing scale but on improving capital productivity, enhancing returns on investment, and creating more resilient business models.

FUTURE APPEARS TO BE VERY DIFFERENT

Much like previous industrial revolutions transformed manufacturing, transportation, and energy systems, the petrochemical industry is entering a period of profound structural change.

The future industry landscape is becoming increasingly integrated rather than purely refining-centric. Traditional performance measures such as Gross Refining Margins are gradually becoming less representative of value creation as companies diversify into petrochemicals, natural gas, pipelines, renewable energy, hydrogen, sustainable fuels, specialty materials, and digital services.

Several structural trends are becoming increasingly visible across the petrochemical industry, collectively reshaping how companies position themselves for long-term growth and competitiveness. The growing integration between refining and petrochemicals is helping companies stabilize earnings and reduce exposure to cyclical fluctuations in refining margins.

Alongside these investments, the adoption of artificial intelligence, advanced analytics, automation, and digital optimization tools is improving operational efficiency, reducing costs, and enhancing asset performance across the value chain. Supply-chain resilience has emerged as a strategic priority, driving investments in shipping assets, storage infrastructure, pipelines, and diversified sourcing networks to mitigate geopolitical and logistical risks. Furthermore, the industry is gradually moving toward consolidation as smaller producers face increasing challenges associated with rising capital requirements, stricter environmental regulations, and the need for continuous technological upgrades.

Collectively, these trends suggest that the future industry landscape will be defined not merely by production scale, but by integration, innovation, operational agility, and long-term sustainability.

The future winners are unlikely to be those producing the greatest volumes. Rather, they will be those capable of integrating low-cost feedstocks, specialty materials, circular economy solutions, technological innovation, digital capabilities, and carbon-efficient production systems into scalable business models.

Ultimately, petrochemicals are unlikely to disappear in a decarbonizing world. Instead, the industry appears poised to evolve into a more technologically sophisticated, environmentally conscious, and strategically important pillar of global industrial growth.

The companies and countries that successfully navigate this transition may emerge as the defining industrial leaders of the next two decades. For India, with its expanding domestic demand base, large-scale investment pipeline, favorable demographics, and growing manufacturing ambitions, the opportunity may be larger than ever before. The challenge now lies in execution.

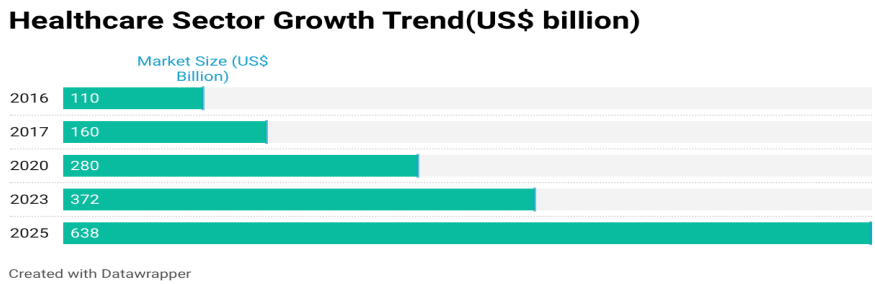
CORPORATE HOSPITALS WILL CAPITALIZE ON THE HEALTHCARE GAP

India's healthcare sector has emerged as one of the country's most strategically important industries, evolving from a fragmented service ecosystem into a capital-intensive, technology-enabled, and increasingly organized economic powerhouse. Valued at approximately USD 400 billion in 2025, the sector is projected to surpass USD 600 billion by 2030, reflecting a compound annual growth rate (CAGR) of nearly 8–10%.

The healthcare ecosystem encompasses hospitals, pharmaceuticals, diagnostics, medical devices, health insurance, telemedicine, and digital health services. Among these segments, hospitals remain the dominant contributor, accounting for approximately 55–60% of the industry's total value. India's hospital market alone is estimated to exceed USD 130 billion and continues to attract substantial private equity, sovereign wealth fund, and institutional investment due to favorable demographic trends, rising healthcare expenditure, and significant infrastructure deficits.

India's healthcare industry is expanding rapidly due to its demographic and epidemiological transformation. Rising life expectancy, urbanization, growing middle-class incomes, and increased health awareness are driving higher healthcare consumption. The disease burden is shifting toward chronic conditions like diabetes, cardiovascular diseases, obesity, respirato-





ry disorders, and cancer, with NCDs accounting for nearly 63% of deaths. This is creating sustained demand for tertiary care, specialty treatments, advanced diagnostics, and long-term disease management.

India currently has approximately one doctor for every 1,500 people compared with the World Health Organization's recommended ratio of 1:1,000. Nurse availability also remains below global benchmarks, creating constraints across healthcare delivery systems. To address these shortages, cumulative healthcare infrastructure investments are expected to exceed □ 80,000–100,000 crore by 2030.

Private healthcare providers account for nearly 70% of hospital infrastructure, 60–65% of inpatient care, and close to 80% of outpatient consultations across India. Simultaneously, government-sponsored initiatives such as Ayushman Bharat have expanded healthcare coverage to more than 550 million beneficiaries and facilitated millions of hospital admissions annually.

India's digital healthcare ecosystem is also emerging as a major growth engine. Industry estimates suggest that India's digital health market could exceed USD 35–40 billion by 2030, creating new revenue streams beyond traditional hospital services and accelerating healthcare accessibility across urban and rural markets.



As healthcare delivery becomes increasingly corporatized, competition is shifting beyond bed additions toward operational efficiency, profitability, technology adoption, patient outcomes, and ecosystem integration. The next phase of growth is likely to be led by large healthcare platforms capable of combining scale, clinical excellence, digital capabilities, and disciplined capital allocation.

Collectively, India's leading listed hospital operators have announced expansion plans involving more than 10,000–12,000 additional beds over the next three to five years. These projects include both greenfield developments and brownfield capacity additions across major metropolitan and high-growth regional markets. Industry estimates suggest that establishing a new tertiary-care hospital bed requires capital expenditure ranging between RS80 lakh and RS1.5 crore per bed depending on specialty mix and technology intensity. Consequently, the ongoing expansion cycle could involve cumulative investments exceeding RS15,000–20,000 crore, highlighting strong management confidence in long-term healthcare demand, occupancy growth, and healthcare spending trends.

Technology spending has become a critical component of hospital investment strategies. Leading healthcare providers are investing heavily in robotic surgery systems costing between RS15–25 crore per unit, advanced imaging equipment, digital patient management systems, electronic medical

Quick Snapshot: Competition will increase; affordability will not.

Company	Hospitals	Beds	FY26 Revenue (₹ Cr)	EBITDA Margin	Business Model
Apollo Hospitals	70+	10,000+	₹25,229	15%	Integrated healthcare ecosystem
Max Healthcare	22	5,000+	₹10,538	26–28%	Premium tertiary care
Fortis Healthcare	30	4,500+	₹9,128	22.8%	Multi-specialty hospitals
Narayana Health	24+	7,000+	₹7,896	21.7%	Affordable high-volume care
KIMS	15+	5,000+	₹3,931	21.1%	Regional healthcare leader
Jupiter Life Line	3	1,000+	₹1,435	23.39%	Western India focus

records, and AI-powered diagnostic platforms. These investments aim to improve clinical outcomes while enhancing operational efficiency, reducing turnaround times, and improving patient retention.

Long-term success within the hospital industry depends on optimizing four critical variables: occupancy rates, ARPOB growth, operating margins, and return on invested capital. Hospitals operating at 75% occupancy generally generate substantially higher profitability than similar facilities operating at 60% occupancy due to the industry's high fixed-cost structure.

Healthcare Economics / Comparative Analysis Across Leading Hospital Chains

Company	Primary Strategy	Key Strength	Growth Driver	Competitive Advantage
Apollo Hospitals	Integrated Healthcare Platform	Largest ecosystem	Digital health, pharmacies, diagnostics	Diversified revenue streams
Max Healthcare	Premium Healthcare	Highest profitability	Premium patient mix	Industry-leading EBITDA margins
Fortis Healthcare	Operational Efficiency	Asset optimization	Occupancy improvement	Turnaround executio
Narayana Health	Affordable Healthcare	High patient volume	Cardiac & specialty care	Lowest treatment cos
KIMS	Regional Expansion	High ROIC	South India expansion	Capital-efficient growth
Jupiter Life Line	Regional Focus	Maharashtra presence	Urban healthcare demand	Strong local brand

Artificial Intelligence is rapidly emerging as a transformative force within India's healthcare ecosystem. Industry estimates suggest AI-enabled healthcare solutions could generate economic value exceeding USD 25–30 billion annually over the next decade through improved diagnostics, workflow automation, predictive analytics, and administrative efficiency. Leading hospital chains are increasingly deploying AI-assisted radiology platforms, clinical decision-support systems, robotic surgery technologies, and predictive patient monitoring tools.

Globally, artificial intelligence has demonstrated the potential to reduce diagnostic errors by 20–30% in certain specialties while lowering administrative costs by 15–25%. AI-powered algorithms are increasingly being used to detect cancers, cardiovascular diseases, neurological disorders, and retinal abnormalities with greater accuracy. Simultaneously, predictive analytics helps hospitals optimize staffing levels, reduce patient wait times, improve bed management, and enhance resource allocation. As

labor costs continue to rise and patient volumes increase, AI adoption is expected to become a key determinant of operational efficiency and long-term margin expansion.

SECULAR GROWTH STORY; ALBEIT WITH PREMIUMIZATION.

Annual healthcare spending expected to rise steadily, and an estimated requirement for 2–3 million additional hospital beds, the sector remains one of India's largest long-term infrastructure and consumption opportunities. Rising insurance penetration, increasing healthcare awareness, aging demographics, growing prevalence of chronic diseases, and continued investment in healthcare infrastructure are expected to sustain demand across hospitals, diagnostics, pharmaceuticals, medical devices, and digital health platforms over the coming decade.

At the same time, substantial challenges remain. Infrastructure deficits, workforce shortages, affordability concerns, rising operating costs, and evolving regulatory requirements continue to shape industry dynamics. Addressing these challenges will require sustained investments in hospitals, diagnostics, medical devices, digital health infrastructure, healthcare talent development, and technological innovation.

Hospital segments performance will increasingly be influenced by occupancy optimization, ARPOB growth, insurance expansion, medical tourism, and infrastructure investments. In addition, the adoption of emerging technologies such as artificial intelligence, predictive analytics, robotic surgery, digital health platforms, and interoperable healthcare records. These factors are expected to influence both clinical outcomes and financial performance across the healthcare ecosystem.

Ultimately, India's healthcare sector represents both a major economic opportunity and a critical social imperative. While growth prospects remain substantial, long-term industry performance will depend on how effectively healthcare providers, policymakers, insurers, investors, and technology companies address the interconnected challenges of accessibility, affordability, efficiency, quality, and technological integration in a rapidly evolving healthcare landscape. As India per capita income slowly reaches global mid-income levels, access to quality healthcare can reach several million more people; but high-quality secondary healthcare's affordability could continue to remain limited to the upper middle-income bracket. And therein lies the biggest challenge.



NH: BALANCING HIGH-QUALITY HEALTHCARE WITH AFFORDABILITY.



The healthcare industry has become one of the fastest-growing sectors globally, with worldwide healthcare expenditure exceeding USD 10 trillion annually and projected to continue expanding due to aging populations, rising chronic disease prevalence, and increasing healthcare accessibility. In India, healthcare expenditure has grown steadily, supported by rising insurance penetration, urbanization, and increasing disposable incomes. The Indian healthcare market is estimated to exceed USD 370 billion by 2030, creating substantial opportunities for organized hospital chains.

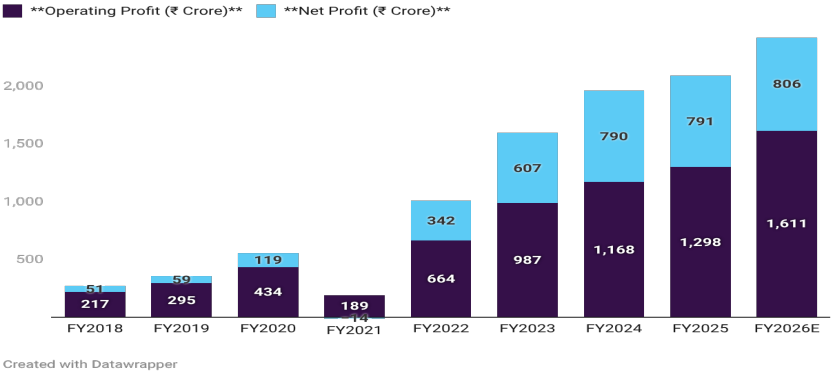
At the same time, technological advancements are transforming healthcare delivery. Artificial Intelligence (AI), cloud computing, Internet of Things (IoT), predictive analytics, and digital health platforms are enabling hospitals to improve patient outcomes while increasing operational efficiency. Against this backdrop, Narayana Health (NH) has emerged as one of India's most efficient healthcare providers. As of June 30, 2026, NH commanded a market capitalization of ~RS40,000 crore, With a network of 24 hospitals and over 7000 beds; including a very strong overseas presence; the company remains on strong foundation to deliver steady business growth while maintaining industry-leading healthcare delivery.

SHARP RAMP IN OPERATIONAL SCALE AND TARGETING AFFORDABILITY

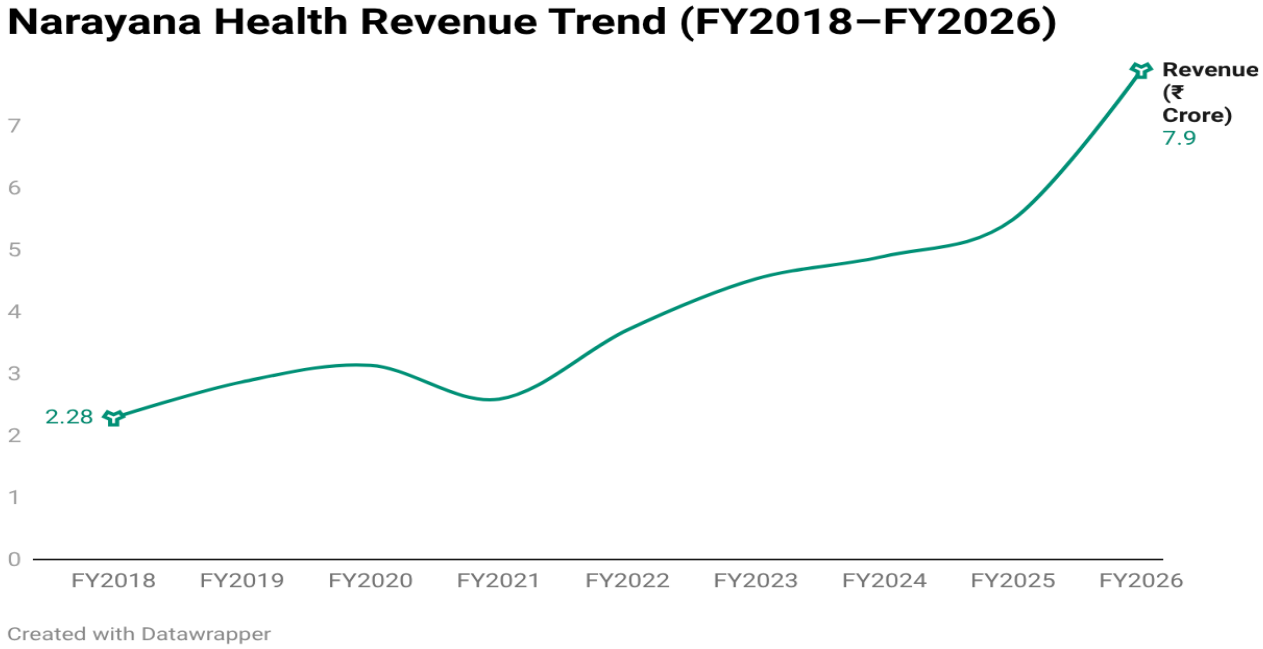
Narayana Health's operational strength is reflected in its ability to generate higher earnings without proportionate expansion in physical capacity. The company has shifted from a traditional bed-addition model toward a throughput-driven strategy focused on higher patient realizations, improved payer mix, and increased utilization of existing infrastructure.

Revenue has increased from RS2,583 crore in FY21 to RS5,483 crore in FY25, representing a cumulative growth of approximately 112% in four years. During the same period, EBITDA expanded dramatically from RS194 crore to RS1,297 crore, while EBITDA margins improved from 7.5% to 23.7%, indicating substantial operational leverage.

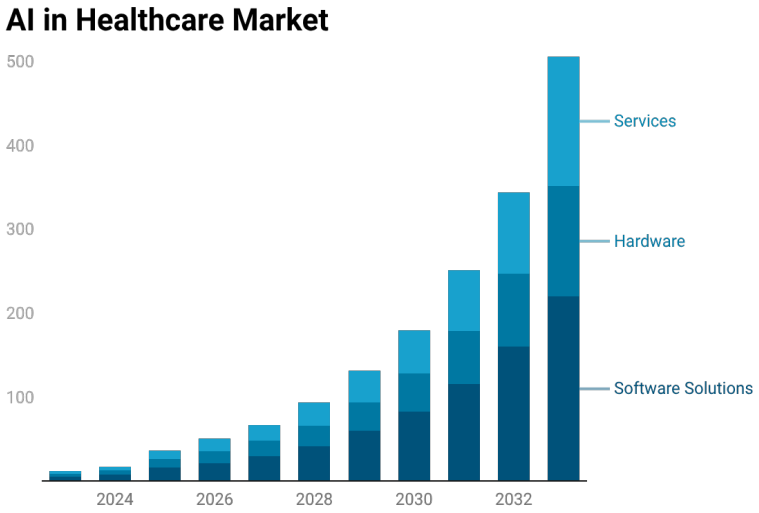
Narayana Health: Operating Profit vs Net Profit (FY2018–FY2026)



Created with Datawrapper



The company's international Cayman Islands' operation serves as a significant profitability driver. The Cayman hospital reportedly operates at EBITDA margins exceeding 40%, almost double the margin generated by most hospital businesses in India. The integrated health insurance business in Cayman also presents a potential market opportunity of USD 300–350 million, providing diversification beyond traditional hospital revenues.



NH's expansion pipeline remains significant with management guiding for projects worth RS2,800–3,000 crore, focused primarily on Bengaluru and Kolkata clusters. These projects are expected to support future capacity expansion while preserving return on capital discipline.

We believe, what differentiates NH from many hospital peers is its long-standing focus on affordability and scale economics. While several hospital operators have historically relied on premium pricing and aggressive asset expansion, NH has built its model around high patient volumes, efficient utilization of infrastructure, and standardized clinical processes. This approach allows the company to spread fixed costs across a larger patient base while maintaining accessibility. The sharp improvement in margins over the last few years demonstrates that efficiency-led healthcare delivery can generate substantial profitability without compromising affordability, creating a unique competitive position within India's hospital industry. NH's financial trajectory reflects a business benefiting from both operating leverage and improving profitability. Revenue is expected to continue growing steadily over the next three years, while EBITDA and EBIT are forecast to expand at a faster pace, indicating sustained margin improvement across the hospital network.

The company's strong cash generation and improving return ratios remain key strengths. Despite entering a more capital-intensive expansion phase, management expects ROE and ROCE to continue improving, reflecting efficient capital deployment and the abil-

ity to generate higher earnings from both existing and new assets.

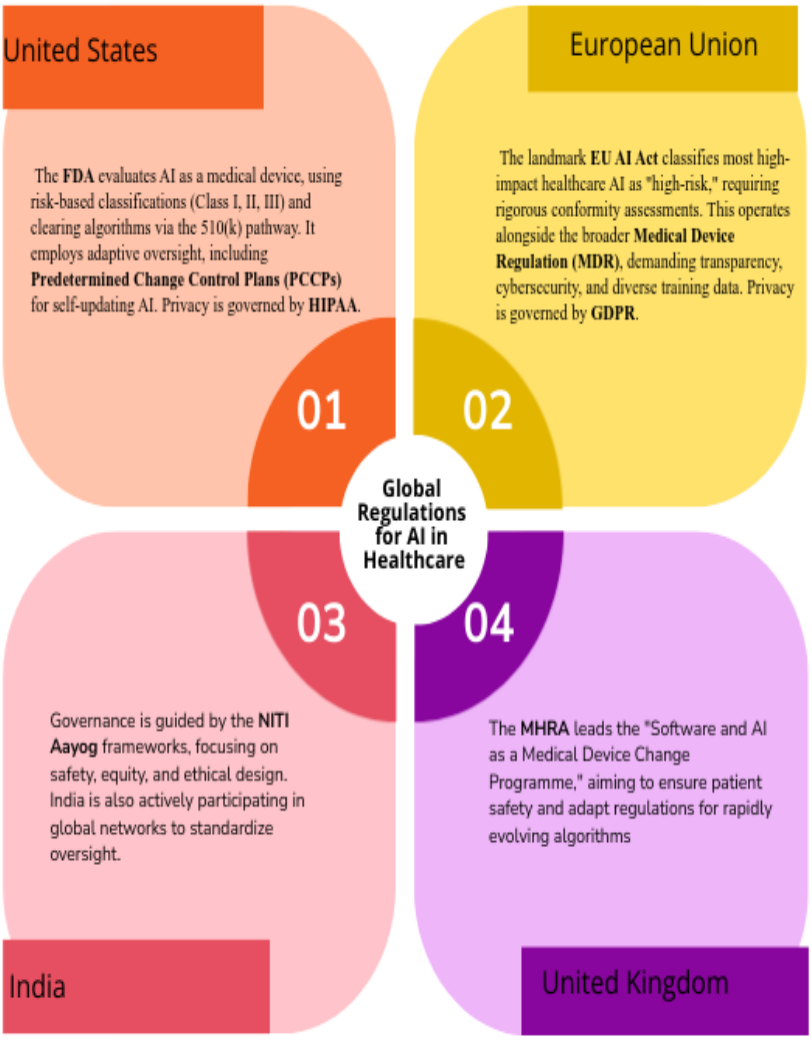
WHY AI ADOPTION IN HEALTHCARE IS A MAJOR PIVOT.

Artificial Intelligence is becoming increasingly critical in healthcare as providers seek to improve efficiency while managing growing patient volumes. Global healthcare AI spending is expected to exceed USD 100 billion within the next decade, supported by rapid advances in machine learning, cloud computing, and predictive analytics.

The healthcare sector generates enormous amounts of data through electronic health records, medical imaging, laboratory reports, patient monitoring systems, and genomic databases. Cloud computing enables hospitals to process these large datasets at lower costs and higher speeds than traditional on-premise infrastructure.

For Narayana Health, technology adoption is already visible through the increasing use of robotic-assisted surgeries and digital healthcare systems. AI applications can significantly improve patient scheduling, disease prediction, hospital resource utilization, clinical decision-making, and diagnostic accuracy. We estimate that ~1–2% improvement in bed utilization or operating efficiency can translate into substantial profitability (5% - 7%) gains given NH's revenue base exceeding RS5,500 crore annually.

As healthcare increasingly shifts toward data-driven decision-making, AI has the potential to improve patient outcomes, reduce costs, enhance physician productivity, and create scalable healthcare delivery models. For Narayana Health, AI is not merely a technology upgrade but a natural extension of its efficiency-driven operating model. The company's large patient volumes generate significant datasets that can be leveraged to improve scheduling, diagnostic accuracy, predictive treatment planning, and resource allocation.



At the same time, AI could help address one of healthcare's most persistent challenges—scaling quality care without proportionately increasing costs. Improved patient throughput, optimized staffing, reduced diagnostic turnaround times, and enhanced utilization of operating theatres could all contribute to stronger profitability. Consequently, NH's ability to successfully integrate AI and digital technologies may become an important determinant of future margin expansion and return ratios.

Hospital additions could take time to scale and achieve profitability.

Despite strong fundamentals, Narayana Health faces a few challenges. For instance, the Mumbai hospital has struggled to achieve breakeven due to high fixed costs and lower-than-expected patient volumes. Additionally, the company is entering a more capital-intensive phase of growth. With this background, the management's guidance for □ 750 crore of capital ex-

penditure in FY26, including RS300 crore for maintenance and RS450 crore for expansion initiatives; essentially a further bold bet on adding more units before the existing ones break-even.

Second is funding the capex. Management guidance on projects worth RS2,800–3,000 crore would entail significant borrowings are to fund these initiatives. The street estimates that ramp-up. The underperformance of Nevertheless, we estimate growth visibility remains strong; revenues are expected to grow by approximately 38% between FY25 and FY28, EBITDA by nearly 50%, EBIT by over 50%, and EPS by almost 40%. New capacity additions beginning FY27 are expected to unlock the next phase of growth, complementing the company's existing throughput-led model. cessfully demonstrated that affordable healthcare delivery can coexist with strong profitability, robust cash generation, and industry-leading return ratios. Its operational model, supported by improving margins and growing technological adoption, has positioned it among India's most efficient healthcare providers.

The next phase of growth, however,



consequently, the debt-to-equity ratio is projected to rise from 0.41x in FY25 to 1.0x by FY28, while interest expenses are forecast to increase from RS146 crore in FY25 to RS312 crore in FY28.

Fast expansion introduces execution risks as well. Large healthcare projects typically involve lengthy gestation periods, substantial upfront investments, and uncertainty regarding occupancythe Mumbai hospital highlights the challenges associated with scaling healthcare infrastructure in highly competitive urban markets. Similar delays in occupancy or realization improvements at future facilities could affect profitability and return metrics.

India's healthcare sector remains structurally underpenetrated relative to global standards, creating a favorable long-term demand environment for organized hospital operators. Rising insurance penetration, increasing healthcare awareness, improving affordability, and growing demand for specialized treatments are expected to support sustained industry growth over the coming decade.

NH stands to gain from the affordability plank in this secular industry growth story.

NH stands at an important inflection point. The company has successfully will depend on management's ability to scale capacity without diluting operating metrics. As the company enters a capital-intensive expansion cycle, stakeholders and street will closely monitor execution, occupancy ramp-up, leverage levels, and the effectiveness of AI-led operational improvements. If NH can successfully navigate these challenges while preserving its efficiency-driven culture, it could emerge as one of India's most scalable and profitable healthcare platforms over the coming decade.

MERGER PANGS, GOVERNANCE & MORE



For years, HDFC Bank was the benchmark every Indian private bank aspired to match. Renowned for its disciplined lending, strong asset quality and consistent profitability, it spent more than two decades setting the standard for banking excellence. Today, the conversation around HDFC Bank has changed. While it remains India's largest private sector bank with assets exceeding Rs 49 lakh crore, more than 120 million customers, and one of the country's most extensive banking networks investors are now closely watching whether its biggest strategic bet, the 2023 merger with HDFC Ltd, can translate into stronger long-term growth despite short-term pressure on profitability.

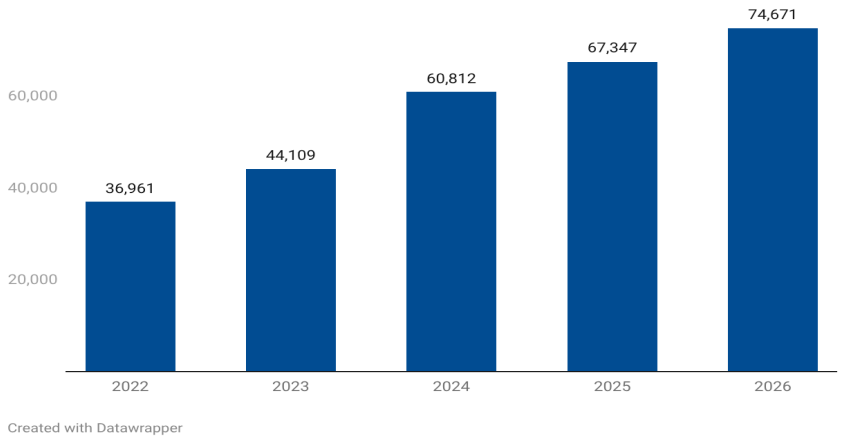
Between 2015 and 2022, HDFC Bank firmly established itself as the "gold standard" of Indian banking. It consistently delivered Net Interest Margins (NIMs) above 4%, Return on Assets (RoA) of around 2%, Return on Equity (RoE) exceeding 16–18%, and one of the lowest Gross NPA ratios among large banks. While peers such as Axis Bank and several public sector banks spent years repairing stressed corporate loan books, HDFC Bank continued to grow without compromising credit quality. Its predictable earnings and disciplined underwriting earned it premium market valuations and made it the benchmark against which every major private lender including ICICI Bank was measured.

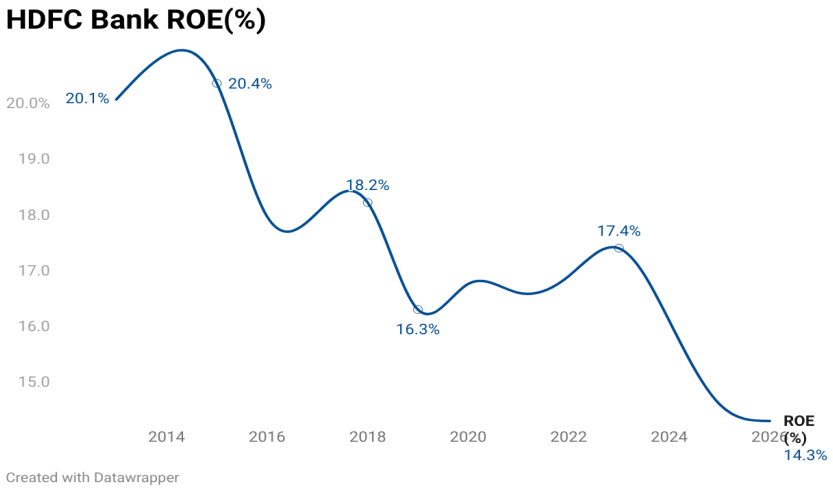
The defining moment in the bank's history came on 1 July 2023, when it completed its historic merger with HDFC Ltd, India's largest housing finance company. Valued at nearly US$40 billion, the transaction became the largest corporate merger in India's banking history. Beyond adding scale, the merger transformed HDFC Bank into a universal financial institution, bringing banking, housing finance, insurance, wealth management and investment products under one integrated platform.

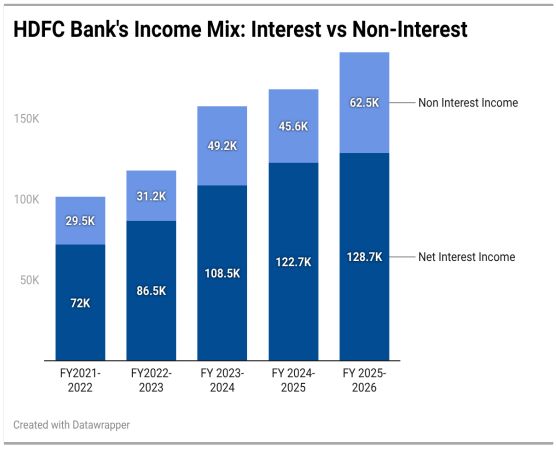
However, integrating two institutions of such scale fundamentally altered the bank's financial profile. HDFC Bank inherited HDFC Ltd's higher-cost borrowings and a large portfolio of lower-yielding mortgage loans, resulting in a significantly elevated Credit-Deposit (CD) ratio. Management has repeatedly identified this as the key constraint on loan growth, as the bank must first accelerate deposit mobilisation before expanding lending at its historical pace. The bank has guided that normalising the CD ratio is likely to be a multi-year exercise extending through FY27 and beyond.

These structural changes were reflected in Q1 FY27. HDFC Bank reported net profit of Rs19,060 crore, up 5% year-on-year, while advances grew 15.4%. However, the headline profit growth appears stronger than the underlying performance because the corresponding quarter last year included a one-time gain from the partial listing of HDB Financial Services,

HDFC Bank Profit After Tax

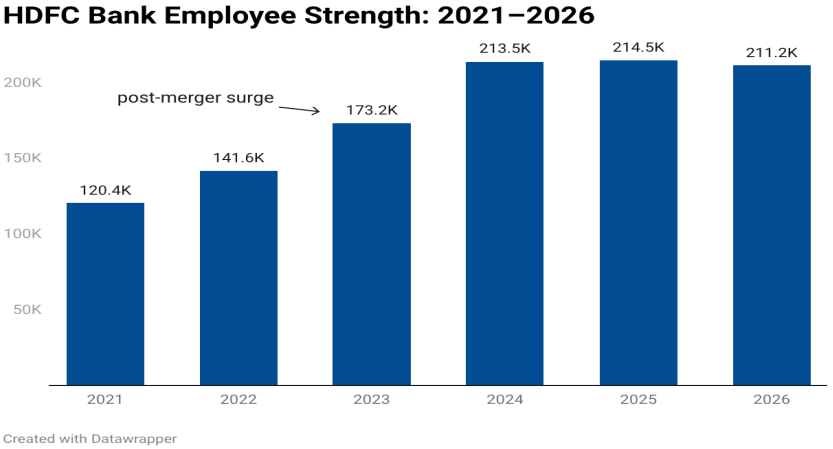






making year-on-year comparisons less straightforward. More concerning for investors was the decline in Net Interest Margin (NIM) to 3.26%, the lowest in the bank's history, reflecting elevated funding costs and merger-related adjustments. By comparison, ICICI Bank reported a NIM of approximately 4.36% during the same period, highlighting the profitability gap that has emerged between India's two largest private-sector lenders. Following the results, HDFC Bank's shares fell nearly 5%, as investors questioned how quickly margins could recover.

Management argues that the current pressure is temporary rather than structural. As the bank improves its deposit franchise and gradually brings down the CD ratio, reliance on expensive wholesale borrowings should reduce, supporting margin recovery over the next few years. The larger customer base created through the merger more than 120 million customers supported by nearly 9,700 branches and around 21,000 ATMs across the country is also expected to unlock meaningful cross-selling opportunities across savings accounts, mortgages, insurance, mutual funds and wealth management, increasing customer lifetime value while improving operating leverage.



Despite the near-term challenges, HDFC Bank continues to retain significant structural strengths. Its Gross Non-Performing Asset (GNPA) ratio of around 1.2% remains among the best in the industry, capital adequacy remains comfortably above regulatory requirements, and its designation as a Domestic Systemically Important Bank (D-SIB) by the Reserve strategy under Managing Director and CEO Sashidhar Jagdishan, with over 50,000 employees trained in Generative AI and Microsoft Copilot deployed to nearly 20,000 employees. Artificial intelligence is increasingly being integrated into credit underwriting, fraud detection, customer engagement and operational processes to improve efficiency and strengthen long-term competitiveness.

Yet the investment case is no longer as straightforward as it once was. Before the merger, HDFC Bank was valued primarily for its consistency and superior profitability. Today, investors are assessing whether the benefits of scale can outweigh the costs of integration. Key questions remain around the pace of CD ratio normalisation, deposit mobilisation, restoration of historical RoE, competitive pressure from peers such as ICICI Bank and Axis Bank, and the successful delivery of merger synergies. While management remains confident that the integration will unlock long-term value, the timeline and magnitude of those benefits will ultimately determine whether HDFC Bank can reclaim its position as the undisputed benchmark of Indian private banking.

GASIFICATION - THE GAME CHANGER?

The 2026 energy crises in India appears to be contained on surface for now; however, underneath the surface there is hectic movements to secure energy supplies which can keep a ~USD5Tr economy on its growth trajectory. A Q4GDP growth number of 7.2% is at stake for FY27, since the economy's peak power usage topped all time high in April 2026 peaking at 256 GW and this figure is only expected to rise in the summer of 2026. Severe fuel and power crunch could jeopardize this growth trajectory and push inflation higher due to rising fuel/power prices, thereby impacting country's finances and reducing personal finance budgets on discretionary spending. This cycle could slow our economy down by over 100bps in the near term and could strain the economic growth if it persists throughout remaining 2026.

India's Energy needs are fulfilled largely by fossil fuels; over 80% of which is imported and run our mobility infrastructure, air, rail, road traffic; apart from industries which use by-products of crude oil, for fertilizers, chemicals and allied industries. With global thrust for reducing dirty (fossil) fuels, world frowns upon these and most of the developed economies are reducing their usage. Coal being among the most polluting fossil fuel, preference for its usage is almost least in order.



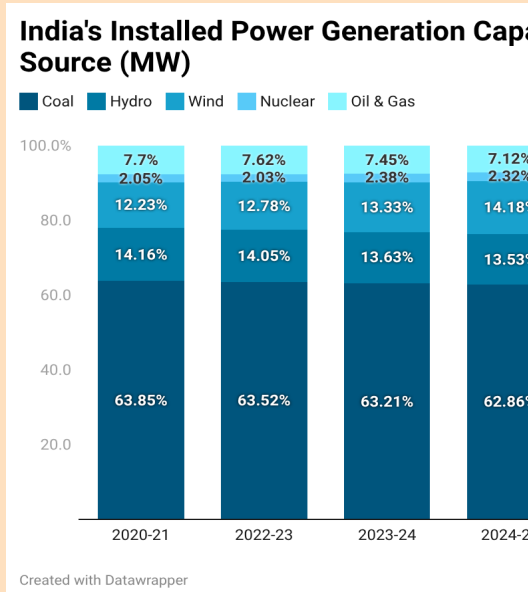
INDIA HAS COAL AND A LOT OF IT!

India possesses abundant coal reserves, making it the 5th-largest holder globally with approximately 400.7 billion tonnes of coal resources (as of April 2025), alongside significant lignite deposits. At current consumption levels, these reserves could theoretically last 200–300+ years.

India's domestic production crossed 1 billion tonne annual milestone FY25, led by Coal India Ltd (which accounts for 75–80% of output) and growing contributions from captive and commercial mines. We estimate the FY27 target output at over 1.25 billion tonnes and this is likely to accelerate till 2035.

Coal India Limited (CIL) is India's largest coal producer and the world's single largest coal mining company. CIL accounts for approximately 75-80% of India's total domestic coal production. It operates through eight subsidiaries across 84 mining areas in eight states, employing over 220,000 people. The company primarily runs large-scale opencast mines supported by a strong infrastructure network, including first-mile connectivity projects, coal washeries, and efficient logistics systems to ensure reliable supply to power plants and industries.

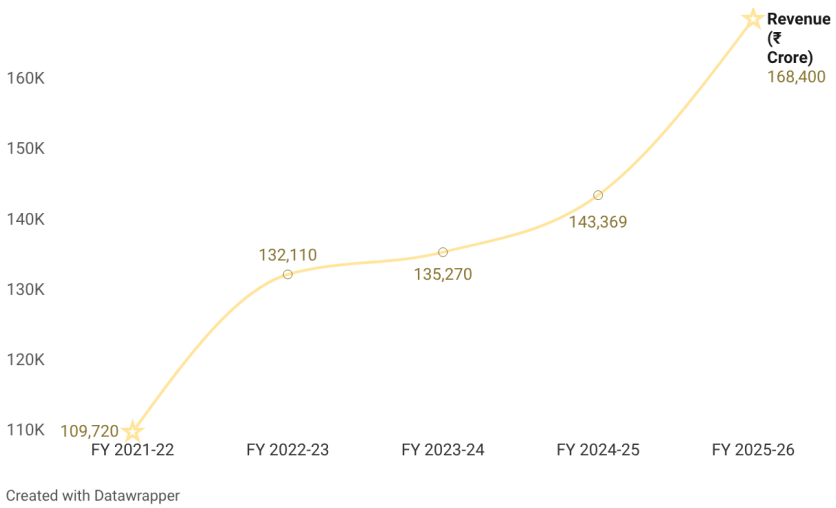
CIL plays a critical role in India's energy security. It supplies the majority of coal used for power generation,



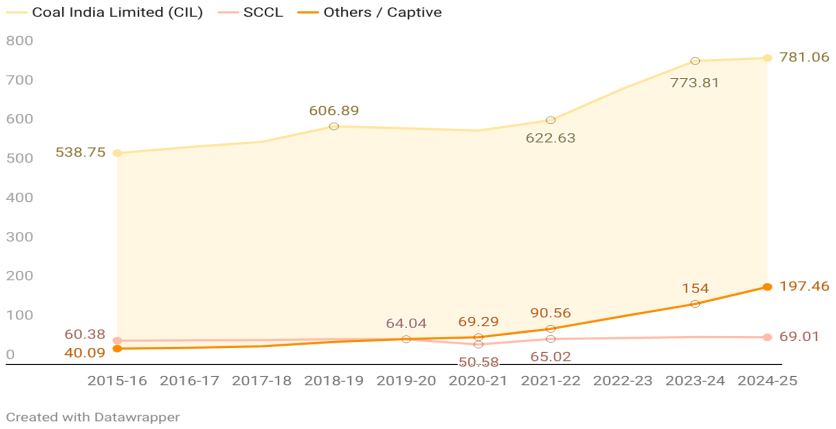
which accounts for around 70% of the country's electricity, and also serves key sectors such as steel, cement, and fertilizers. Its ability to maintain healthy pithead stocks and ramp up production has been instrumental in managing recent peak power demand surges, including the record 256 GW witnessed in April 2026. In FY 2024-25, CIL produced 781 million tonnes (MT), significantly contributing to India crossing the 1 billion tonne national production milestone.

For the quarter ended March 2026, the company reported consolidated revenue from operations of RS46,490 crore (up ~6% YoY), with net profit rising 11% YoY to RS10,839 crore (some re

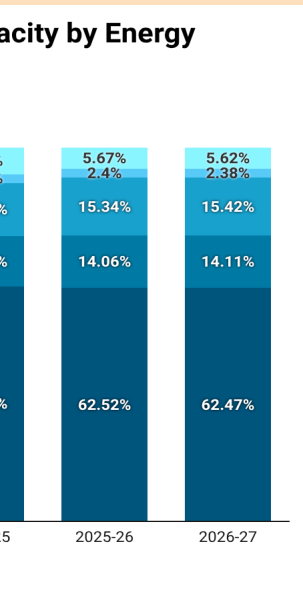
Coal India Revenues for the past 5 years



Company Wise Production of Raw Coal during last ten years (MT)



> **COAL IS FUNDAMENTAL TO INDIA'S ENERGY STORY**



COAL VS RE DEBATE; COAL IS RELIABLE

In India's power sector, there is a significant gap between installed capacity and actual electricity production. As of March 2026, non-fossil sources (mainly renewables + large hydro + nuclear) account for around 53% of total installed capacity (~283 GW out of 533 GW), with solar alone at ~150 GW. However, in terms of actual electricity generated during FY 2025-26, coal still dominates with 67–73% of total generation (roughly 1,280–1,331 billion units), while all renewables (including large hydro) contribute only about 25–29%. This disparity arises because coal-based power plants operate as reliable baseload with high Plant Load Factors (PLF) of 65–75%, running almost continuously. In contrast, solar has a capacity utilisation of only 18–22% (it generates mainly during daylight hours), and wind operates at 25–30%, depending on weather and time of day. As a result, even though India has rapidly added massive renewable capacity, coal remains essential for meeting round-the-clock demand, especially during peak summer loads like the 256 GW recorded in April 2026. This explains why the country continues to rely heavily on domestic coal while scaling up renewables and storage solutions.

which accounts for around 70% of the country's electricity, and also serves key sectors such as steel, cement, and fertilizers. Its ability to maintain healthy pithead stocks and ramp up production has been instrumental in managing recent peak power demand surges, including the record 256 GW witnessed in April 2026. In FY 2024-25, CIL produced 781 million tonnes (MT), significantly contributing to India crossing the 1 billion tonne national production milestone.

For the quarter ended March 2026, the company reported consolidated revenue from operations of RS46,490 crore (up ~6% YoY), with net profit rising 11% YoY to RS10,839 crore (some reports cite RS10,908 crore). EBITDA stood at around RS12,673–17,917 crore depending on adjustments, reflecting improved realisations and operational leverage despite marginally lower sales volumes.

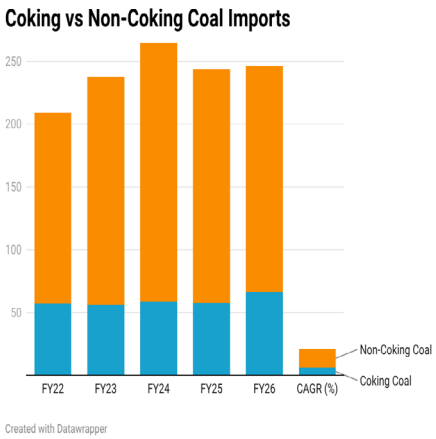
For the full FY 2025-26, revenue was largely flat at RS1,68,400 crore (marginal decline from RS1,69,177 crore in FY25), while consolidated net profit declined ~12% YoY to RS31,094 crore, primarily due to higher costs, provisions for wage revisions, elevated state levies, and lower production/offtake (coal production at ~768 MT, down ~2% YoY).

TURNING INWARDS IN CRISES!

Coal gasification is a clean coal technology that converts coal into syngas (a mixture of hydrogen and carbon monoxide) through a high-temperature chemical reaction with oxygen and steam. This syngas can then be used to produce electricity, urea, methanol, ammonia, hydrogen, or other chemicals, offering a more efficient and relatively cleaner alternative to burning coal directly.

For India, coal gasification is a strategic priority. With over 400 billion tonnes of coal reserves, the country aims to reduce its heavy dependence on imported LNG, urea, and methanol (worth nearly RS2.77 lakh crore annually) by converting domestic coal into high-value products. In May 2026, the Union Cabinet significantly boosted the sector by approving a RS37,500 crore incentive scheme to promote surface coal and lignite gasification projects. The target is to gasify 75 million tonnes of coal per year initially, scaling up to 100 million tonnes by 2030, which is expected to attract RS3 lakh crore in investments and create around 50,000 jobs.

Coal India, NTPC, NLC India, and private players like GAIL and Reliance are actively participating through joint ventures. While the technology helps lower certain emissions (SOx, NOx, and particulates) compared to traditional coal combustion and supports energy security, it still faces challenges such as high capital costs, large water requirements, and technical issues due to India's high-ash coal. In the context of India's 2026 energy situation, coal gasification serves as a pragmatic bridge — unlocking greater value from abundant domestic coal, reducing import bills, and complementing the renewable energy push while ensuring reliable energy supplies for a growing economy.



CAN GASIFICATION BECOME A GAME CHANGER FOR INDIA?

Coal gasification has the potential to be a significant growth driver and strategic game changer for Coal India, though not an immediate overnight transformation. Through joint ventures with BHEL, GAIL, IOC, and others, CIL is actively developing major projects (such as the Lakhanpur ammonium nitrate plant in Odisha) and stands to benefit the most from the government's fresh RS37,500 crore incentive scheme approved in May 2026.

The scheme aims to gasify 75 million tonnes of coal annually initially (scaling to the national 100 MT target by 2030), offering viability gap funding, long-term coal linkages, and de-risking investments worth RS2.5–3 lakh crore. For CIL, this opens new high-value revenue streams beyond traditional mining converting coal into syngas for fertilizers, chemicals, methanol, hydrogen, and cleaner fuels while reducing India's import dependence and creating a more profitable use of its vast reserves. It also supports CIL's diversification goals and long-term relevance in the energy transition. However, success will depend on execution speed, technology adaptation for high-ash Indian coal, capital deployment, and carbon capture integration. If scaled successfully, gasification could meaningfully boost CIL's earnings and strategic importance by 2030.

ARE AI GLASSES WEARABLE'S PEAK



Meta's hit the road with a $299 bet on life after the smartphone after investing over $100 billion in Reality Labs to build the metaverse, Meta Platforms is making another high-risk, high-reward bet one that could prove even more consequential. With the launch of its first self-branded smart glasses in June 2026, priced at $299, the company is betting that artificial intelligence will move beyond smartphone screens and become an everyday wearable companion.

The PC dominated computing in the 1990s before smartphones transformed everyday life following the iPhone's debut in 2007. Meta believes AI-powered glasses could drive the next technological shift by enabling users to interact naturally through voice and contextual intelligence instead of constantly looking at a screen. Every major computing transition has changed not only the devices people use but also the companies controlling access to digital services. Meta believes AI interfaces will trigger the next redistribution of power across the technology industry, provided consumers embrace wearable computing.

The new Meta Adventurer, Meta Fury, and Meta Starfire models represent a strategic shift from the company's earlier partnerships with Ray-Ban and Oakley. Those collaborations validated demand for AI-enabled eyewear but positioned the category as a premium product. By launching its own branded devices at a lower price, Meta is prioritizing market share over hardware profits while gaining greater control over branding, pricing, and distribution.

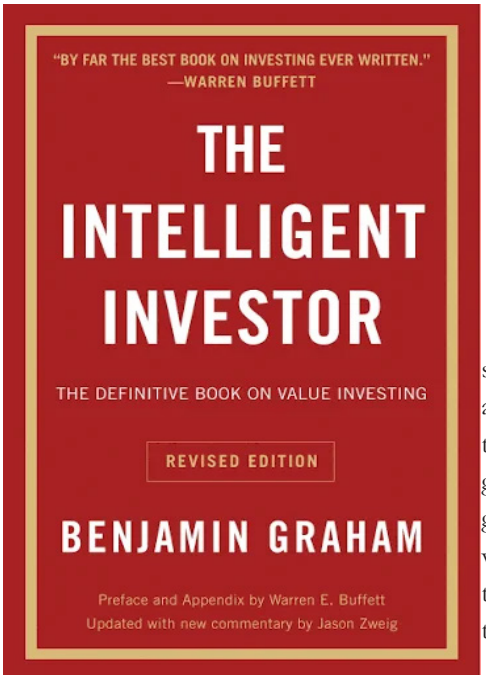
THE BIGGEST RISK AND PUSHBACK COULD COME IN ON PRIVACY AND COMPLIANCE

Meta's glasses and this category of wearables carry high risk of potential intrusion of privacy concerns from users to the general public. Privacy concerns surrounding wearable cameras, regulatory scrutiny, and public trust remain significant challenges that could slow mainstream adoption.

The use case for these wearable devices could hit a wall if its usage is restricted by regulations in public places, enforcement of stricter privacy concerns by limiting their features or just public pushback as it could be mis-used by section of users to create content that promotes privacy concerns including sexually explicit AV files and other intrusions which may raise security concerns for establishments - public or private.

If Meta is right, the next era of computing will belong not to the company making the best glasses, but to the one defining how people interact with artificial intelligence.

THE INTELLIGENT INVESTOR



Author:- Benjamin Graham

Genre:- Finance / Value Investing



Few investment books have enjoyed the longevity and influence of The Intelligent Investor. First published in 1949, Benjamin Graham's classic remains the cornerstone of value investing and continues to shape the philosophies of investors such as Warren Buffett. Written for investors willing to look beyond short-term market fluctuations, the book is less a guide to selecting winning stocks than a framework for developing sound judgement, emotional discipline and a long-term approach to wealth creation.

Rather than following a step-by-step investment formula, Graham gradually builds his philosophy through discussions on investor temperament, market behaviour, portfolio construction and security analysis. Early chapters distinguish investing from speculation, warning readers against treating the stock market as a vehicle for quick profits. What elevates the book beyond a traditional finance manual is its emphasis on psychology. Graham argues that investment success depends less on superior intelligence than on emotional restraint, an idea captured in his enduring observation that "the investor's chief problem and even his worst enemy is likely to be himself." This focus on behaviour rather than prediction explains why the book continues to resonate despite dramatic changes in financial markets.

The reading experience, however, reflects its era. Graham's prose is methodical, technical and occasionally repetitive, with lengthy discussions of bond markets, balance-sheet analysis and companies that no longer exist. Readers expecting a fast-paced or conversational style may find portions demanding. The book's limitations extend beyond its age. Graham's quantitative screening methods particularly his preference for low price-to-earnings and price-to-book ratios have become increasingly difficult to implement in markets dominated by asset-light technology companies and intangible assets. Even Warren Buffett, Graham's most celebrated student, gradually evolved beyond these rigid screening rules by placing greater emphasis on business quality and durable competitive advantages.

Likewise, while algorithmic trading and instant information have reduced obvious pricing anomalies, Graham's broader principles of valuing businesses independently of market sentiment remain remarkably resilient.

For modern readers, the revised edition featuring Jason Zweig's commentary significantly enhances the experience. Zweig supplements each chapter with contemporary examples, behavioural insights and references to events such as the dot-com bubble and the global financial crisis, demonstrating how Graham's principles continue to apply in markets very different from those of the 1940s and 1950s.

Ultimately, The Intelligent Investor is not the easiest introduction to investing, nor is it a practical handbook for today's stock selection. Instead, it is best viewed as a philosophy of investing one that teaches readers to think independently, manage risk, question market consensus and remain emotionally disciplined. For patient, long-term investors willing to engage with its demanding prose, Graham's timeless lessons continue to offer enduring value.

NSE IPO: A LANDMARK LISTING YEARS IN THE MAKING

The National Stock Exchange (NSE) is preparing for one of India's most anticipated initial public offerings after nearly a decade of regulatory hurdles. In June 2026, the exchange filed its Draft Red Herring Prospectus (DRHP) with SEBI for an Offer for Sale (OFS) of 148.9 million equity shares, representing around 6% of its equity capital. The issue is expected to raise approximately Rs30,000 crore, valuing NSE at over R5 lakh crore, potentially making it India's most valuable listed exchange.

The IPO is entirely an Offer for Sale, meaning.

OFS: JUST AN EXIT FOR EXISTING LONG-TERM INVESTORS

NSE will not receive fresh capital. Instead, proceeds will accrue to existing shareholders, including LIC (10.72%), State Bank of India, GIC Re, Temasek, and the Canada Pension Plan Investment Board. More significantly, the listing is expected to improve price discovery for long-term investors while subjecting India's largest exchange to public market disclosure standards, strengthening transparency and corporate governance.

Despite a softer FY26, NSE reported RS16,601 crore in revenue and RS10,302 crore in net profit, although revenue declined 3% and profit fell 15% year-on-year. The exchange remains India's undisputed market leader, commanding 100% market share in equity futures, 93% in cash equities, and 75% in equity options, while processing some of the world's highest daily trading volumes across millions of investor accounts.

A key positive is the Rs1,491 crore settlement in the long-running co-location and dark-fibre case, largely provided for in FY26 accounts, removing the principal hurdle that delayed the IPO. However, regulatory dependence remains a structural risk, particularly amid tighter oversight of derivatives trading. Intensifying competition from BSE, heavy reliance on derivatives-based revenues, and a premium valuation of roughly 45–50x FY26 earnings also present challenges. If successfully listed, the NSE IPO will mark more than the end of a decade-long regulatory journey. It will represent a defining milestone in the evolution of India's capital markets, bringing one of the country's most systemically important financial institutions under the discipline, transparency, and accountability of the public markets

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EXCHANGE BUSINESS IS FAIRLY SEASONED IN INDIA NOW; ONLY SCALING MATTERS.

Once NSE enters the public markets, investors will have a far clearer lens into the economics of India's exchange business. The key question will be whether its extraordinary scale can continue to translate into earnings as regulatory changes reshape derivatives trading. NSE's FY26 revenue from operations stood at Rs16,601 crore, while profit after tax was RS10,302 crore, giving it an exceptionally high PAT margin of about 51%. However, the exchange's dependence on transaction-linked revenue means trading volumes, especially in equity derivatives, will remain critical. At the same time, its Nifty franchise provides a growing second engine: assets linked to Nifty indices reached RS8.14 lakh crore in passive funds by March 2026. The listing could therefore mark a transition from a volume-driven exchange story to a broader financial-infrastructure platform, with investors judging NSE not only on market share but also on revenue diversification, regulatory resilience and the sustainability of its margins.

INDIA'S POWER PUSH



India's solar energy policy framework combines large-scale renewable energy targets with financial incentives, manufacturing support, and infrastructure development to accelerate the country's energy transition. The government has set a target of 500 GW of non-fossil fuel energy capacity by 2030 and aims to achieve net-zero emissions by 2070, positioning solar power at the center of its clean energy strategy.

On the demand side, the PM Surya Ghar Muft Bijli Yojana, launched in 2024, targets the solarization of 10 million households, enabling families to generate up to 300 units of free electricity per month through rooftop solar systems. India has also extended its rooftop solar target to 30 GW by FY2027, with installed rooftop capacity reaching 16.3 GW by January 2025. Five states—Gujarat, Maharashtra, Rajasthan, Kerala, and Tamil Nadu—account for nearly 70% of this capacity. The PM-KUSUM Scheme supports agricultural solarization through 30–50% subsidies for solar pumps and aims to add 34.8 GW of solar capacity by 2026, backed by RS344 billion in financial support.

To strengthen domestic manufacturing, the government has allocated RS240 billion under the PLI Scheme, targeting 39.6 GW of solar module production capacity. Additional protection comes through a 40% Basic Customs Duty on imported solar modules and 25% on solar cells, encouraging local production. Infrastructure initiatives such as the Green Energy Corridor, Ultra-Mega Renewable Energy Parks, and waived transmission charges for renewable projects further support sector growth. Together, these policies have made India one of the world's fastest-growing solar markets while improving energy security and reducing carbon emissions.

JOHN TEMPLETON

John Templeton's investing philosophy remains one of the most influential approaches to long-term investing, built on the principles of value investing, global diversification, and emotional discipline. Widely regarded as one of the pioneers of international investing, Templeton believed that exceptional opportunities often emerge where fear and pessimism are greatest. His philosophy was demonstrated during the Second World War, when he famously purchased shares in more than 100 companies trading below one dollar, many of which recovered substantial The foundation of Templeton's philosophy is captured in his famous principle: "Buy at the point of maximum pessimism." He argued that markets often overreact to adverse news, allowing fundamentally sound businesses to trade below their intrinsic value. Rather than relying solely on intuition, Templeton combined this philosophy with rigorous fundamental analysis, examining valuation ratios such as price-to-earnings and price-to-book multiples, earnings quality, balance-sheet strength, and a meaningful margin of safety before investing.



His approach shares similarities with Benjamin Graham's value investing but extended the search globally, enabling him to identify opportunities beyond domestic markets. Investments in markets such as South Korea following the Asian Financial Crisis reflected his belief that periods of widespread pessimism can create attractive long-term entry points for fundamentally sound businesses.

A defining feature of Templeton's strategy was his global outlook. By investing across countries and industries, he diversified economic exposure while seeking undervalued businesses worldwide. His research process required evaluating management quality, adjusting for differences in accounting standards, understanding local economic conditions, and assessing political and regulatory environments. International investing also exposed investors to risks beyond company fundamentals, including currency depreciation, capital controls, and geopolitical instability, all of which could significantly affect returns. Templeton generally viewed these risks as manageable through broad diversification rather than extensive currency hedging.

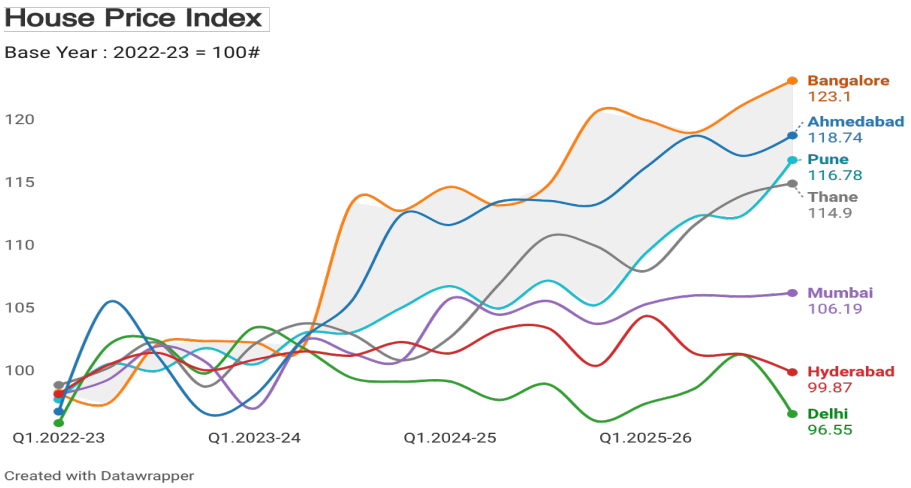
ly as global markets stabilized. This disciplined, contrarian approach also underpinned the success of the Templeton Growth Fund, which generated approximately 14–15% average annual returns over nearly four decades under his management. However, like any long-term strategy, its performance varied across market cycles and involved periods of significant volatility.

IS BEING CONTRARIAN RELEVANT TODAY?

Applying Templeton's philosophy has become more challenging in today's markets. The widespread availability of information, passive investing, quantitative strategies, and algorithmic trading have narrowed many traditional valuation gaps, making genuinely mispriced securities more difficult to identify. Nevertheless, episodes such as the 2008 Global Financial Crisis and the 2020 COVID-19 market sell-off demonstrated that fear-driven selling can still create temporary pricing inefficiencies for disciplined investors. Determining the "point of maximum pessimism" remains inherently subjective and requires combining valuation analysis with sound judgement rather than relying solely on market sentiment

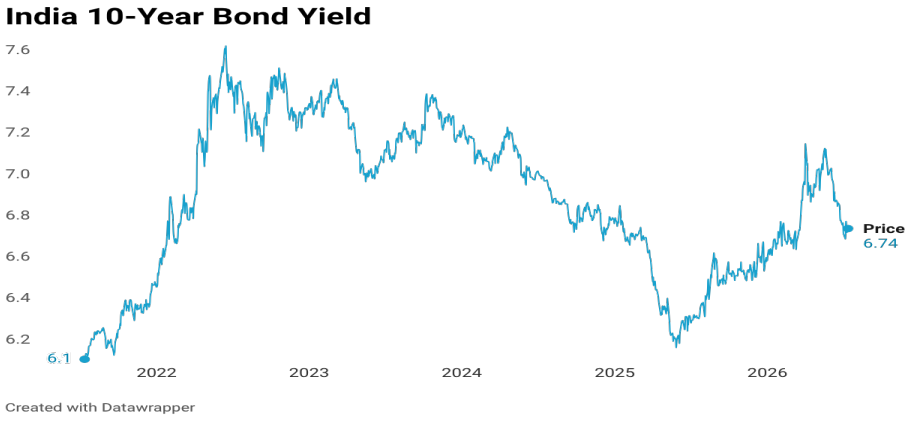
Templeton's philosophy is not without limitations. Companies experiencing severe pessimism do not always recover, and businesses facing structural decline or technological disruption can become value traps despite appearing inexpensive. His contrarian approach has also experienced periods of relative underperformance when growth-oriented stocks and momentum-driven markets dominated investor preferences

WILL RATE HIKE PLAY SPOILSPORT?



HOUSE PRICE INDEX

India's residential real estate market continues to demonstrate healthy regional divergence. Bengaluru, Ahmedabad, Pune, and Thane have recorded the strongest appreciation, supported by robust employment growth, urbanization, and sustained housing demand. In contrast, Mumbai has shown relatively moderate price growth, while Delhi and Hyderabad have remained comparatively stable during recent quarters. The data highlights the growing influence of technology hubs and infrastructure development in driving residential property values. As interest rates stabilize and urban housing demand remains resilient, the outlook for India's real estate sector continues to be constructive.



INDIA 10-YEAR BONG YIELD

India's 10-year government bond yield has remained within a relatively stable range despite heightened global economic uncertainty. After peaking above 7.5% during the tightening cycle of 2022–23, yields have gradually moderated as inflation eased and expectations of monetary policy normalization strengthened. The recent decline toward the 6.7–6.8% range indicates improving investor confidence and lower borrowing costs for both the government and corporate sector. Bond yields remain a critical macro indicator, influencing loan rates, infrastructure financing, and overall investment activity. Future movements will largely depend on inflation trends, RBI policy decisions, fiscal borrowing, and global interest rate developments.

BOB'S Q1 HEADACHE

THE NMC SAGA EXPLAINED



WHAT IS NMC HEALTH?

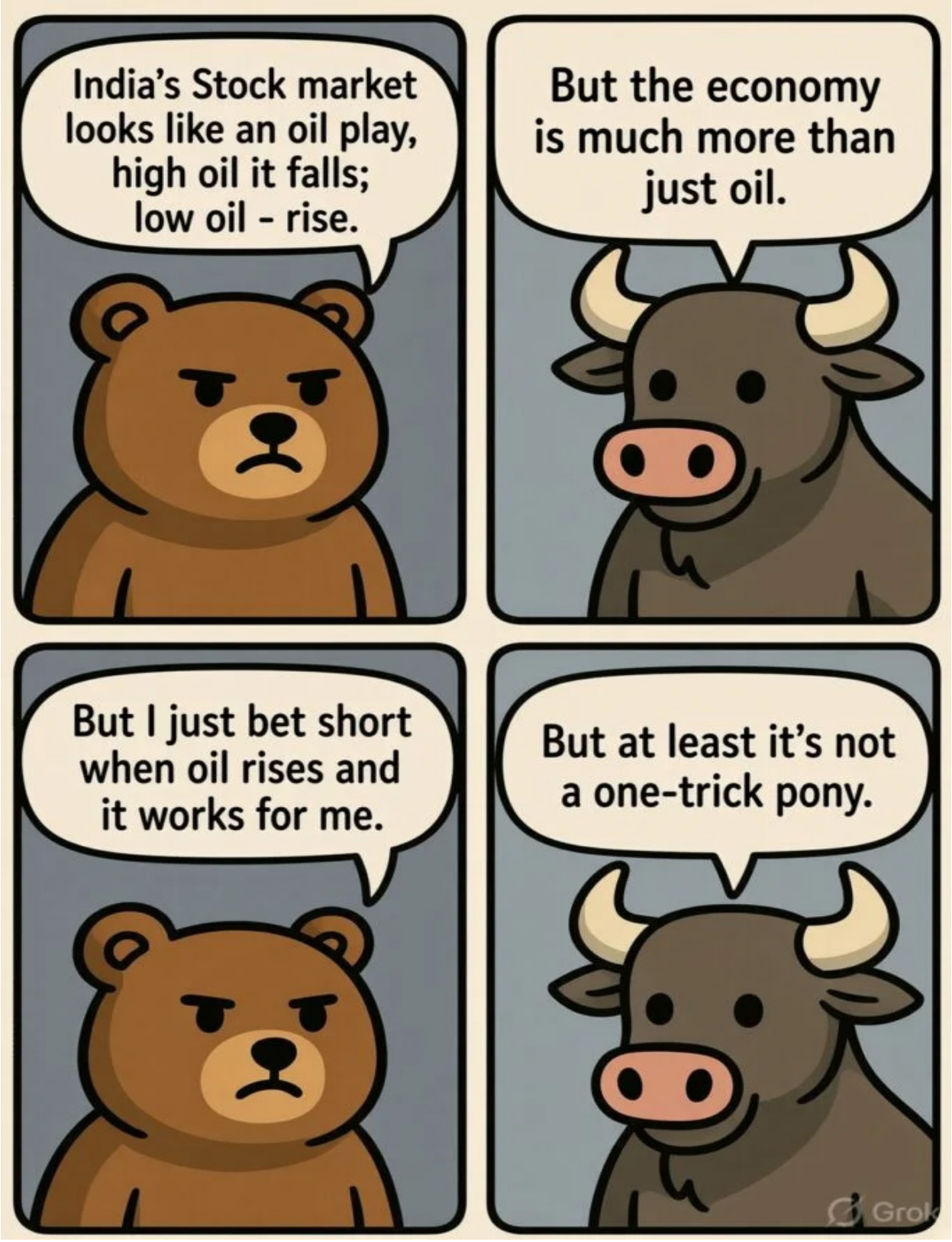
Started out over 50 years ago as a modest clinic and pharmacy in Abu Dhabi and founded by Indian businessman B.R. Shetty; NMC expanded into the largest private healthcare provider in the United Arab Emirates. NMC health rose to become a leading player in the healthcare sector and listed on the London Stock Exchange in 2012 and eventually joining the elite FTSE 100 index with a peak market valuation near $10 billion. However, setback and it's fall started rapidly in late 2019 after a short-seller investigation by Muddy Waters Research exposed massive financial discrepancies, triggering forensic audits that revealed NMC was maintaining two sets of books. The hidden accounts disguised over $4 billion in secret debts, bringing its total real liabilities to $6.6 billion and leading to the company's sudden collapse, bankruptcy, and stock delisting in 2020. While its physical hospitals were ultimately restructured to maintain patient care under new ownership, the corporate entity's total ruin left international lenders scrambling to recover billions through extensive litigation, which ultimately dragged in institutions like Bank of Baroda.

THE BOB'S Q1 HIT AND IT'S CONNECTION.

Few Indian banks have watched a single transaction reshape a quarter's earnings as dramatically as Bank of Baroda (BoB) did in Q1 FY27. Net profit plunged 72% year-on-year to RS1,278 crore. The culprit wasn't bad loans or a margin collapse it was a deliberate commercial decision: a US$600 million (roughly RS5,700 crore) out-of-court settlement that wiped out most of the quarter's earnings in a single stroke. An out-of-court settlement allows parties to resolve a dispute without waiting for a court verdict, often to avoid years of litigation, legal costs and business uncertainty.

The payment closes one of the most significant overseas legal battles an Indian public-sector bank has faced in recent years. Court-appointed administrators, led by Alvarez & Marsal, subsequently launched recovery proceedings reportedly seeking nearly US$5.4 billion against parties they believed had enabled or failed to prevent the fraud. The defendants included B.R. Shetty, former CEO Prasanth Manghat, and Bank of Baroda.

INDIA IS NOT A 1 TRICK PONY



VALUE BUSINESS REVIEW

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