FIRST LIGHT

11 June 2026

RESEARCH

REAL ESTATE (REITS) | Q4FY26 REVIEW

High utilisation; expansion of leasable area to drive DPU growth

OIL & GAS | Q4FY26 REVIEW

Robust GRMs fuel OMCs' strong performance

BOB ECONOMICS RESEARCH | INDIA'S BOP IN FY26

India's CAD comfortable; risks remain

SUMMARY

REAL ESTATE (REITS): Q4FY26 REVIEW

- Leasing by GCCs and 'flight-to-quality' made for a structurally strong environment for REITs over FY26
- Leased ~17.5msf (+1.4% YoY); occupancy improved ~+360bps YoY to ~92.3% and avg. rents improved to Rs 92.8psf/m (+7.6% YoY) over FY26
- Expect annualised DPU growth of 9.2% over FY27E-29E and REITs to trade at an avg. DPU multiple of 16.6x

Click here **for the full report.**

OIL & GAS: Q4FY26 REVIEW

- OMCs reported a strong performance due to improved Refining business. Coverage cos reported an EBITDA growth of 51%YoY
- E&P performance of ONGC & Oil India benefitted from the higher crude realisations due to middle east crisis offset by volume degrowth YoY
- Maintain BUY on IGL; however, considering the subdued operational performance reduce TP to Rs184 from Rs197.

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INDIA ECONOMICS: INDIA'S BOP IN FY26

India's balance of payments situation remained comfortable in FY26. While external headwinds impacted growth in merchandise exports, import growth was resilient. Oil imports were lower largely due to lower prices, on the other hand, gold imports surged due to elevated prices. Services and remittances receipts offered support, thus keeping CAD largely in check. Capital account surplus moderated in the year, led by FPI outflows, even as FDI inflows recovered.

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REAL ESTATE (REITS) Q4FY26 Review 10 June 2026

High utilisation; expansion of leasable area to drive DPU growth

- **Leasing by GCCs and 'flight-to-quality' made for a structurally strong environment for REITs over FY26**
- **Leased ~17.5msf (+1.4% YoY); occupancy improved ~+360bps YoY to ~92.3% and avg. rents improved to Rs 92.8psf/m (+7.6% YoY) over FY26**
- **Expect annualised DPU growth of 9.2% over FY27E-29E and REITs to trade at an avg. DPU multiple of 16.6x**

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Office leasing environment remains constructive, with new supply lagging net absorption by ~-11.7% (~-1.3% avg. over 4Q23-4Q26), pushing down vacancies and improving utilisation over FY26. GCCs accounted for ~40% of GLV and IT-BPM remained the dominant segment accounting for ~27% of FY26 GLV.

Over FY26, REITs under our coverage leased ~17.5msf (+1.4% YoY) and re-leasing spreads were higher at ~+24.6% (~+267bps YoY), driven by **the robust demand for offices in REIT-managed properties**. Utilisation increased across REITs as committed occupancy averaged ~92.3% over FY26 (~+360bps YoY).

Leasable portfolios of REITs under our coverage expanded by +13.2msf (+13.9% YoY) mostly on the back of acquisitions (~9.6msf). We believe that with average blended occupancies of >93%, **expansion in leasable area remains key to driving DPU growth**.

REITs raised Rs 53,195mn of equity and Rs 199,100mn of debt capital, and average cost of debt improved by ~-88bps. However, as we expect interest rates to harden over FY27, we believe **REITs are likely to be limited in their ability to lower average cost of debt any further, over the period.**

In light of the REIT Minimum Alternate Tax (MAT) revisions and related tax-and-regulatory shifts applicable from FY27, we expect REITs to continue operating their SPVs under the old tax regime and write-off accumulated tax credits. However, we **expect no material impact to DPU growth over FY27E-29E as a result of these write-offs**.

We believe that the lease-up of vacant space, contractual lease escalations and incremental income from additional leasable area to the portfolio, will result in **NOI growth of 19.0% over FY27E-29E, translating into annualised DPU growth of 9.2%** (+540bps vs FY24-26, -110bps vs FY26) and **expect REITs under our coverage to trade at an avg. DPU multiple of 16.6x (~flat YoY)**.

Recommendation snapshot

Ticker	Price	Target	Rating
BIRET IN	319	382	BUY
EMBASSY IN	430	505	BUY
MINDSPCE IN	462	521	HOLD

Price & Target in Rupees | Price as of 9 Jun 2026

OIL & GAS | Q4FY26 Review | 10 June 2026

Robust GRMs fuel OMCs' strong performance

- **OMCs' reported a strong performance due to improved Refining business. Coverage cos reported an EBITDA growth of 51%YoY**
- **E&P performance of ONGC & Oil India benefitted from the higher crude realisations due to middle east crisis offset by volume degrowth YoY**
- **Post results, we recommend BUY on RIL, BPCL, IOC & IGL; SELL on GAIL**

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Revenue growth remained healthy across OMCs: OMCs reported healthy and improved revenue performance, led by health sales volumes. BPCL and IOCL reported revenue growth of 6.7%YoY each, while HPCL posted 4.9%YoY growth. EBITDA witnessed sharp expansion on the back of stronger GRMs. IOCL reported the strongest EBITDA growth at 65.0%YoY to Rs248bn, followed by HPCL at 58.9%YoY and BPCL at 30.2%YoY. –As for Refining margins — BPCL reported the highest GRM at USD18.1/bbl, followed by IOCL at USD15.7/bbl and HPCL at USD14.5/bbl. On volumes — IOCL continued to lead the market with domestic sales volumes growth of 6.1% YoY, followed by 3.3%YoY for BPCL and 2.6%YoY for HPCL.

RIL: Growth was driven by consumer businesses — Telecom and Retail. Overall revenue increased 12.5%YoY and 11.0%QoQ to Rs2.94trn. However, EBITDA performance was subdued, rising merely 0.7%YoY and declining 4.1%QoQ, weighed down by weaker Oil-to-Chemicals (O2C) business YoY and QoQ. O2C had lower polymer margins because of higher naphtha prices, impacted by supply constraints from the Middle East. Telecom performance was driven by growth in subscribers and ARPU.

Upstream (ONGC & Oil India): Performance of ONGC (standalone) & Oil India (standalone) on the revenue front improved, on the back of higher crude oil realisations. Volume performance was weak for ONGC, with oil production decreasing by 6%YoY and gas production declining by 3%YoY.

CGD companies: MGL and IGL reported good growth of 10.0%YoY and 5.5%YoY respectively, driven by volume growth. MGL's YoY volume growth was 11.4%, while that of IGL was 5.6%. However, Gujarat Gas disappointed, with a 9%YoY decline in revenue, due to decline in volumes – majorly with 17%YoY fall in industrial volumes. Gas costs were higher, owing to the elevated LNG price and supply constraints.

Bank of Baroda

INDIA'S BOP IN FY26

09 June 2026

India's CAD comfortable; risks remain

Aditi Gupta
Economist

India's balance of payments situation remained comfortable in FY26. While external headwinds impacted growth in merchandise exports, import growth was resilient. Oil imports were lower largely due to lower prices, on the other hand, gold imports surged due to elevated prices. Services and remittances receipts offered support, thus keeping CAD largely in check. Capital account surplus moderated in the year, led by FPI outflows, even as FDI inflows recovered.

Going ahead, pressure on CAD is likely due to higher oil prices, lower merchandise exports, and moderation in remittances. Services exports are expected to be steady. Our estimate for CAD stands at 1.8-2.2% of GDP in FY27. More importantly, recent measures by the RBI would lead to greater inflows, which would offset the shortfall in the current account. Thus, we can expect India's overall BoP to record a positive balance in FY27. This should offer some support to INR.

India's BoP in Q4 FY26

India's current account recorded a surplus of US$ 7bn (0.7% of GDP) in Q4 FY26. This was lower than a surplus of US$ 13.7bn (1.4% of GDP) in the same period last year.

The lower surplus was on account of higher merchandise trade deficit. Goods trade deficit expanded to US$ 83.4bn in Q4 FY26 versus US$ 59.3bn in Q4 FY 25. This reflects a marginal decline in exports (-2.8% YoY) and a sharp acceleration in imports (up by 11.8% YoY). Within imports, while oil imports declined, non-oil imports increased. Incidentally, gold imports jumped by over 137% in Q4 FY26. This can be attributed to an increase in gold prices which noted an increase of over 70% in Q4 FY26 on a YoY basis.

Other components of current account offered support. India's net services receipts increased to US$ 60.4bn in Q4 this year, compared with US$ 53.3bn in the same period last year. Within services, while software net services receipts continued to grow at a steady pace, traction was also noted in travel and insurance services.

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BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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