

FIRST LIGHT

16 January 2026

RESEARCH

BOB ECONOMICS RESEARCH | WPI

WPI out of deflation

INFOSYS | TARGET: Rs 1,791 | +12% | HOLD

Selectively optimistic on FY27; ADR move likely over reaction

HDFC LIFE | TARGET: Rs 918 | +24% | BUY

GST impact to moderate

HDFC AMC | TARGET: Rs 3,178 | +24% | BUY

Continued steady performance

PHARMACEUTICALS

China focuses on large molecules; India on small molecules

SUMMARY

INDIA ECONOMICS: WPI

WPI inflation eased to 0.8% in Dec'25 versus 2.6% increase in Dec'24. Inflation was higher than (-) 0.3% decline in Nov'25. Compared with last year (Dec'24), softening in prices was helped by food and manufactured product inflation. Fuel inflation was slightly higher than last year. Core inflation also inched up to 2% in Dec'25 from 0.7% in Dec'24. Within food, vegetable, fruits, spices and eggs, meat and fish helped drag the index down, while milk inflation increased. Food grain inflation remains muted, led by pulses. Amongst cereals, wheat prices fell more steeply in Dec'25, and paddy price index also cooled.

[Click here for the full report.](#)

INFOSYS

- 3Q revenue beats estimate on quick ramp-up of recently won large deal - NHS UK (life sciences) and those in Financial Services
- Guidance increase driven by 3Q beat. Sounds positive on FS and EURS for FY27. The ~10.5% ADR up move post 3Q seems an overreaction
- Mid-single-digit growth likely in FY27 too. Retain HOLD rating. Expect AI to be a headwind at least for the next 12-18 months, if not more

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HDFC LIFE

- HDFCLIFE performance was marginally below our expectations, APE was at Rs 39.7bn vs our estimate of Rs 40.4bn
- VNB margin stood at 24% vs. 26.1% in Q3FY25 vs our estimate of 24.2%, expect to offset the GST impact by Q4FY26
- We maintain BUY on HDFCLIFE with TP to Rs 918 (earlier Rs 933), implying 2.4x in its Dec'27 P/EV. HDFCLIFE remains our top pick

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HDFC AMC

- HDFC AMC reported operating performance above expectations with core earnings revenue growth of 15% YoY (up 5% QoQ)
- QAAUM grew 18% YoY, equity AUM was up 18% YoY and debt AUM rose 17% YoY
- We maintain BUY on HDFCAMP with TP of Rs 3,178 (earlier Rs 3,518), implying 35x Dec'27E EPS. HDFC AMC remains among our top picks

[Click here for the full report.](#)

PHARMACEUTICALS

- We hosted Pharma experts with 30+ years of experience in MNCs like Wuxi, Sandoz, GSK, etc., sharing insights mainly about Chinese market
- India & China have evolved from servicing at regional level to global level, driven by regulatory improvement and growing talent pool
- Wuxi Aptec and Wuxi Biologics are clearly affected in the US by the Biosecure Act, though growing strong in Europe

[Click here for the full report.](#)

WPI

14 January 2026

WPI out of deflation

WPI inflation eased to 0.8% in Dec'25 versus 2.6% increase in Dec'24.
Inflation was higher than (-) 0.3% decline in Nov'25. Compared with last year (Dec'24), softening in prices was helped by food and manufactured product inflation. Fuel inflation was slightly higher than last year. Core inflation also inched up to 2% in Dec'25 from 0.7% in Dec'24. Within food, vegetable, fruits, spices and eggs, meat and fish helped drag the index down, while milk inflation increased. Food grain inflation remains muted, led by pulses. Amongst cereals, wheat prices fell more steeply in Dec'25, and paddy price index also cooled.

Sonal Badhan
 Economist

Under manufactured products, softness in inflation was driven by items like food, textiles, wearing apparels, computers/electronics, and chemical/leather products. Slower pace of deflation in fuel inflation was driven by mineral oil index. However, globally, prices of oil have come down in Jan'26 so far. Other commodity prices (lead, zinc, aluminium) are also noting downside pressures. However, a depreciating rupee may increase the cost of imported goods higher. Any escalation in tensions between US and Iran may also push commodity prices upwards and add to upside risks to inflation.

Food inflation continues to support headline WPI:

Headline WPI inflation rose to 8-month high of 0.8% in Dec'25. However, this is still lower than 2.6% registered in Dec'24. Compared to last year (Dec'24), food inflation was flat (0%) versus 8.9% increase in last year. Vegetable inflation index declined for the 11th consecutive month in Dec'25, and fell by (-) 3.5%, versus 28.6% increase recorded during the same period last year. This was helped by decline in index for potato, onion, tomato, cabbage, and pumpkin. Index for spices and condiments (-10.9% versus -3.2% in Dec'24) remains in contraction for the 17th consecutive month in Dec'25. That of food grain inflation also declined in Dec'25 (-3.6% versus 6.4%), led by dip in inflation index for pulses (-13.9% versus 5.0%). Cereals also registered deflation, mainly due to movement in wheat inflation (-1.6% versus 7.5% in Dec'24). Paddy inflation also noted considerable deceleration (0.1% versus 6.9%). Comparing cereal prices on a global level (World Bank's pink sheet) shows that domestic paddy prices are following international trend. Paddy prices internationally have fallen by (-) 22% in Dec'25, versus (-) 19.5% decline noted in Dec'24. However, pace of decline in international wheat prices appears to be slowing (-3.4% versus -11.7%). Inflation index for fruits (2% versus 11.2%) and eggs, meat and fish (1.1% versus 5.4%) remained muted compared with last year. On the other hand, index for milk (3.2% versus 2.1%) prices inched up.



HOLD**TP: Rs 1,791 | ▲ 12%****INFOSYS**

| IT Services

| 15 January 2026

Selectively optimistic on FY27; ADR move likely over reaction

- 3Q revenue beats estimate on quick ramp-up of recently won large deal
 - NHS UK (life sciences) and those in Financial Services
- Guidance increase driven by 3Q beat. Sounds positive on FS and EURS for FY27. The ~10.5% ADR up move post 3Q seems an overreaction
- Mid-single-digit growth likely in FY27 too. Retain HOLD rating. Expect AI to be a headwind at least for the next 12-18 months, if not more

Revenue growth better than expected: The 0.6% growth in CC QoQ terms vs our estimate of 0.7% decline, seems largely driven by (1) quick ramp-up of a recently won deal in Lifesciences vertical - NHS UK – a deal of US\$1.6bn (over 15 years) (2) bolstered by recently won deals in Financial Services vertical. Offset by declines in Hitech and 'others'.

Guidance upped for FY26. Unwilling to commit to FY27 but seems certain of pick-up in FS and EURS: Unlike in the past when it never used to make such statements, Infosys stated seeing growth in both these verticals, in FY27. The company was also optimistic on demand for AI services in FY27. However, it said that other verticals have not displayed similar strength yet and hence, did not want to give a view on FY27 overall. Expect it to come out with FY27 guidance post 4QFY26 results. Infosys increased guidance for FY26 from 2-3% earlier to 3-3.5% in CC terms, post a stronger-than-expected 3QFY26.

The ~10.5% move in the Infosys ADR seems an overreaction: While there were some modest positives in the quarter and in management commentary, we did not feel that Infosys revenue growth is going to be in high single digits in FY27, which the move seems to imply.

TTM Net new large TCV is good, but difficult to read much into it: On a TTM basis, large deal TCV was up 6% YoY. On a Net new TTM basis, large deals were up 24% YoY. This does set up things positively on the revenue front, going forward. But without ACV numbers, it is difficult to make out the strength in FY27.

Broadly maintain estimates for FY27/FY28, target PE multiple and rating: Post 3QFY26, we have tweaked our estimates. We are assuming a flat QoQ in CC terms in 4Q revenue. Maintain target PE multiple of 22.8x on Dec '27 EPS (5% premium to that accorded to TCS). We maintain HOLD rating. We favour Tech Mahindra and Infosys among Tier-1s, though our HOLD rating is currently across all. We are unwilling to give higher multiples as we believe the industry is in a structurally slow growth phase for Tier-1 players (see our industry view inside for more details).

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Key changes

	Target	Rating
▼	◀ ▶	

Ticker/Price	INFO IN/Rs 1,600
Market cap	US\$ 72.9bn
Free float	86%
3M ADV	US\$ 139.7mn
52wk high/low	Rs 1,967/Rs 1,307
Promoter/FPI/DII	15%/30%/42%

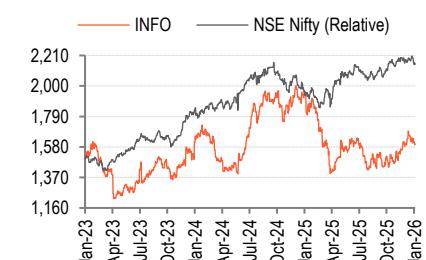
Source: NSE | Price as of 14 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	1,629,900	1,779,304	1,921,248
EBITDA (Rs mn)	392,350	422,172	450,526
Adj. net profit (Rs mn)	267,130	283,602	296,902
Adj. EPS (Rs)	64.4	69.0	73.8
Consensus EPS (Rs)	64.4	69.9	74.7
Adj. ROAE (%)	28.9	35.0	42.3
Adj. P/E (x)	24.9	23.2	21.7
EV/EBITDA (x)	17.3	15.9	14.7
Adj. EPS growth (%)	1.7	7.2	7.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



BUY**TP: Rs 918 | ▲ 24%****HDFC LIFE**

| Insurance

| 16 January 2026

GST impact to moderate

- **HDFCLIFE performance was marginally below our expectations, APE was at Rs 39.7bn vs our estimate of Rs 40.4bn**
- **VNB margin stood at 24% vs. 26.1% in Q3FY25 vs our estimate of 24.2%, expect to offset the GST impact by Q4FY26**
- **We maintain BUY on HDFCLIFE with TP to Rs 918 (earlier Rs 933), implying 2.4x in its Dec'27 P/EV. HDFCLIFE remains our top pick**

Vijiya Rao
 Research Analyst
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APE and VNB margin below our expectations: HDFCLIFE performance was marginally below our expectations. APE came in at Rs 39.7bn (up 11% YoY) vs. our estimate of Rs 40.4bn. Notably, the company's total APE growth was also below the private industry growth of 14% in Q3FY26. Additionally, APE growth in 9MFY26 (up 11% YoY) improved vs 1HFY26 growth (up 10% YoY), indicating a pickup in business after GST changes. Management expects the growth momentum to sustain in the ensuing quarters as well. VNB margin stood at 24% vs. 26.1% in Q3FY25 vs our estimate of 24.2%. However, the company was able to maintain VNB margins on a sequential basis.

VNB margin stable sequentially: VNB margin remained stable sequentially. This was primarily on account of significant growth in the retail protection (up 40% YoY), higher rider attachment to ULIPs and an improved margin profile across products, supported by longer policy tenures and higher sum assured and favourable yield curve movements. Absolute VNB grew muted by 3% YoY in Q3FY26 (up 7% YoY in 9MFY26) to Rs 9.6bn vs. our estimate of Rs 9.8bn.

Expected GST ITC loss impact on VNB margins moderates: Management reiterated confidence in nullifying the impact of unavailability of ITC by Q4FY26. Previously, in Q2FY26, the company guided for a 300bps impact on VNB margin which has now been revised downward to 200bps. Further, it reiterated its long-term guidance of doubling its VNB every 4 years.

Maintain BUY: We expect a short-term impact from GST implementation and ITC disallowance for HDFCLIFE. VNB margin remained stable during the quarter. Management plans to offset this through multiple strategies over the next 3-6 months. The company targets mid-teen APE growth and aims to outpace industry growth in FY26E. Further, the company expects growth in retail protection to sustain coupled with a pickup in non-par and credit life segments. We believe HDFCLIFE is well positioned to navigate these headwinds. We maintain BUY with a revised TP of Rs 918 (earlier Rs 933), valuing stock at 2.4x Dec'27 P/EV and continue to prefer it as our top pick.

Key changes

	Target	Rating
	▼	◀ ▶

Ticker/Price	HDFCLIFE IN/Rs 743
Market cap	US\$ 17.6bn
Free float	50%
3M ADV	US\$ 20.9mn
52wk high/low	Rs 821/Rs 584
Promoter/FPI/DII	50%/25%/13%

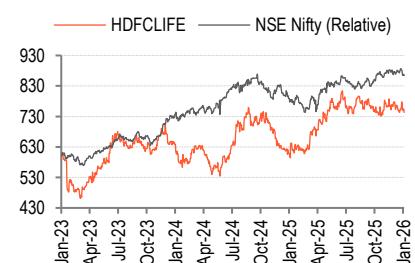
Source: NSE | Price as of 14 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NBP (Rs mn)	3,33,653	3,92,346	4,51,197
APE (Rs mn)	1,54,790	1,74,139	1,99,389
VNB (Rs mn)	39,626	41,984	49,418
Embedded Value (Rs mn)	5,54,230	6,38,031	7,35,971
VNB margin (%)	25.6	25.0	25.7
EVPS (Rs)	257.4	296.3	341.8
EPS (Rs)	8.4	9.9	11.1
Consensus EPS (Rs)	-	-	-
P/EV (x)	2.9	2.5	2.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



BUY**TP: Rs 3,178 | ▲ 24%****HDFC AMC**

| Diversified Financials

| 15 January 2026

Continued steady performance

- HDFC AMC** reported operating performance above expectations with core earnings revenue growth of 15% YoY (up 5% QoQ)
- QAAUM** grew 18% YoY, equity AUM was up 18% YoY and debt AUM rose 17% YoY
- We maintain **BUY** on **HDFCAMP** with TP of Rs 3,178 (earlier Rs 3,518), implying 35x Dec'27E EPS. **HDFC AMC** remains among our top picks

Vijiya Rao
 Research Analyst
 Niraj Jalan
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Operating performance above expectations: **HDFC AMC** reported healthy core earnings revenue growth of 15% YoY (up 5% QoQ), above our estimate (up 1%), with revenue yield at 46bps, despite the softening of equity markets. Equity share improved marginally to 66.9% from 66.1% in Q2FY26 (on closing QAAUM basis). Equity market share improved to 13% from 12.9% in Q2FY26, owing to better fund performance in 1Y and 3Y buckets.

Healthy PAT growth: The company reported PAT growth of 20% YoY (7% QoQ) aided by 15% YoY core revenue growth. Other income rose significantly (up 71% YoY, 66% QoQ), driven by mark to market gains. Core PBT recorded a healthy growth of 14% YoY in Q3FY26. Equity yields came off slightly at 56-57bps vs. 58bps in Q2FY25. However, equity market share improved to 13% vs 12.9% in Q2FY26 vs 12.8% in Q3FY25. This is primarily on account of continued broad-based improvement in fund performance. Going forward, **HDFCAMP** intends to maintain operating margins in the range of 33–36 bps, while remaining mindful of industry challenges and focusing on cost rationalisation and operating leverage.

QAAUM: **HDFCAMP**'s QAAUM grew 18% YoY and 5% QoQ to Rs 9,249bn. Equity AUM was up 18% YoY (6% QoQ) and debt AUM rose 17% YoY (up 0.3% QoQ). Overall market share continued to be stable at 11.4% Q3FY26. Its market share in equity, debt and liquid segments was 13%, 12.9%, 11.2% in Q3FY26 vs 12.9%, 13.2% and 11.4% in Q2FY26. Management expressed confidence in sustained industry growth over the medium to long term, supported by continued strength in SIP inflows and rising investor participation.

Maintain BUY: **HDFC AMC** remains well positioned to deliver steady growth, supported by its strong franchise, high equity mix, and superior profitability, which together justify its premium valuation. We expect PAT to grow by 19-20% over FY26–28E. We maintain **BUY** with TP of Rs 3,178 (Rs 3,518 earlier), valuing the stock at 35x Dec'27E EPS. **HDFCAMP** is one of our top picks.

Key changes

	Target	Rating
Ticker/Price	HDFCAMP IN/Rs 2,554	
Market cap	US\$ 12.1bn	
Free float	37%	
3M ADV	US\$ 20.8mn	
52wk high/low	Rs 2,967/Rs 1,782	
Promoter/FPI/DII	63%/8%/18%	

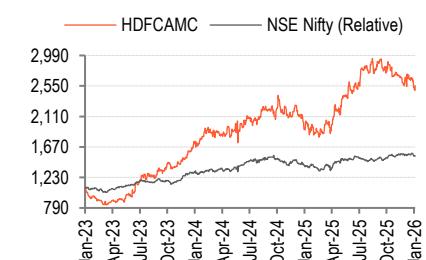
Source: NSE | Price as of 14 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Core PBT (Rs mn)	27,239	32,660	38,647
Core PBT (YoY)	43.7	19.9	18.3
Adj. net profit (Rs mn)	24,602	29,559	34,321
EPS (Rs)	115.2	69.0	80.1
Consensus EPS (Rs)	115.2	69.0	80.1
MCap/AAAUM (%)	16.0	13.0	10.8
ROAAAUM (bps)	35.9	35.2	33.9
ROE (%)	32.4	34.7	37.0
P/E (x)	22.2	37.0	31.9

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



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15 January 2026

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China's Evolving Role: From Foreign-Drug Market to Global Innovation Hub

Today, China is shifting from being a generic producer to an innovation-driven Pharma powerhouse, due to shift on the regulatory front. A lot of Chinese companies were outsourcing newly developed or innovative products across the globe. Large Chinese companies like CSPC, BeiGene, Innovent and Hengrui are expanding pipeline in Oncology, Immunotherapy, Metabolic, among other high value areas. Chinese contribution to global R&D now ranks 2nd to the US across NCEs and NBEs, leading to increased regulatory approvals of innovative products. Previously, there was a 7-8-year lag between the first approval in the US and launch in China. Today, many drugs are launched at par with the US; and in some cases, first in China and later in the US. This has resulted in innovative drugs becoming a major revenue driver and boosting exports.

Chinese companies' in-licensing deals – road to expedite innovation

Chinese biotech firms are accounting for nearly one third of all pharma drug licensing deals, and that's how major innovation is being sourced. Eg. 1) Pfizer struck a deal to license an experimental Cancer treatment from China's 3S Bio for USD 1.25bn upfront and USD 4.8bn, tied to development milestones. 2) GSK will pay USD 12.5bn to a Chinese company for exclusive global rights to develop 12 drugs (one being a COPD drug, GSK's focus area) showcasing how China's research labs are capturing market share in the global pharma and biotech industries and 11 preclinical programs owned by Jiangsu Hengrui Pharma 3) AstraZeneca has signed licensing deals worth USD 13.6bn with 5 Chinese biotechs. These collaborations helped Chinese companies gain global reach and help multinationals fill their development pipelines.



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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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