



RENAISSANCE INVESTMENT MANAGERS

One battle after another—Gulf engulfed in US-Iran conflict

The US-Iran conflict, which started with Israel and US launching coordinated attacks on Iran on 28th February, has escalated sharply, and is threatening to become a wider regional conflict with serious negative implications for global growth and inflation. Brent crude oil prices have soared above US\$80 per barrel (bbl) from US\$65-70 prior to the conflict, driven by: (1) supply risks—closure of Strait of Hormuz [SoH] and stoppage of Iranian oil; (2) widespread cancellation of war-risk coverage by maritime insurers; (3) surge in insurance and freights costs; (4) rise in geopolitical risk premium on crude oil.

Further, Qatar has suspended LNG production at its largest complex, which accounts for 20% of global output, thus pushing up LNG prices by around 50% in Europe and 100% in Asia. Qatar accounts for 50% of India's LNG imports. The SoH accounts for 27%/20% of global Oil/LNG trade, but India's dependence is much higher at 50%/55%; in the case of LPG, exposure to SoH is >90%. The conflict has also disrupted the supply of fertilizers (~30% of global trade) and of Aluminum (8-9%).

A new wall of worry for India

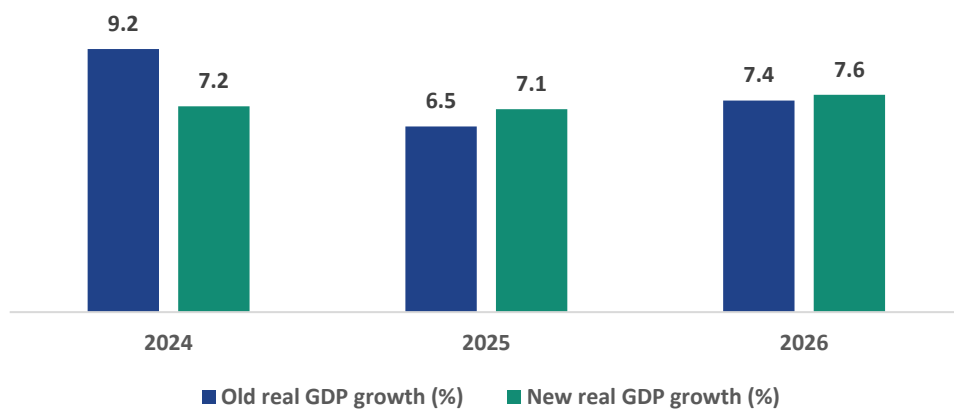
US Iran conflict has come at a time when investors were already grappling with AI-risks to India's exports and consumption growth, amid high market valuations and FPI outflows. A prolonged conflict would materially worsen India's current account deficit or CAD—each \$10/bbl crude oil price increase, translates to roughly US\$15bn of additional annual import bill for India or ~35bps of GDP. **Further, GCC countries account for 13% of India's exports, and over 35% of annual remittances.** Remittance flow from the Gulf may pick up in the near-term, but could decline in the medium-term, if the conflict were to persist. In fact, INR has seen further depreciation over the last few days, underlining India's macro exposure to the Persian Gulf, and reflecting global risk-off in equities.

GDP growth remains strong—new data series, old trends

The government completed the much-awaited revamp of GDP-methodology and data, moving the base year to FY23 (GDP = 100) from FY12 earlier. The new data series has superior methodology leading to more accurate measurements (e.g. captures digitization and formalization trends), and also exhibits lower volatility/cyclicality than before.

Based on the new series, real GDP growth for FY26 has been pegged at 7.6% by the government, vs 7.4% in the older series. The 3-yr CAGR (FY23-26E) stands marginally lower at 7.3%, vs 7.7% in the older series because of a higher (more accurate) deflator, better aligned with inflation trends. **For FY27E, the consensus GDP growth is now around 7.0% versus 6.5% previously**, based on recent reduction in US tariffs on India's goods to 15% from 18% previously, after Trump tariffs were struck down by the US Supreme Court.

Exh-1 India's real GDP growth rates based on new (FY23) and old (FY12) series, March FY-end



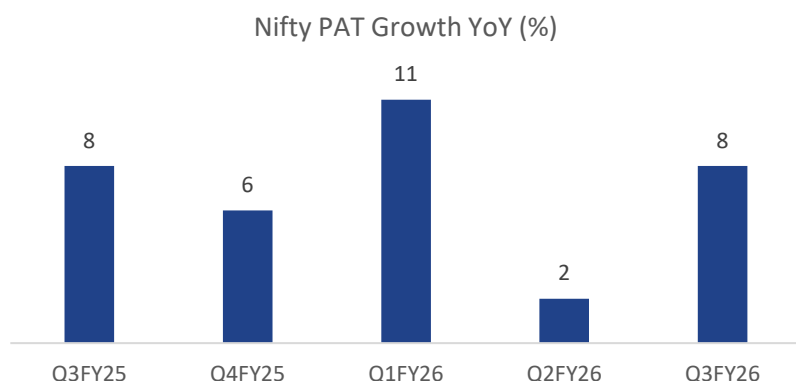
Source: MOSPI.

Because of lower contribution from the informal sector in the new series, the Nominal GDP for FY26E has been estimated at INR 345.5 trillion, about 3.3% lower than before (357.1tn). This has adverse impact on the government's fiscal deficit and debt ratios. For instance, Centre's Debt-to-GDP for Mar'26E rises to 58.1% vs. 56.2% previously. Further, the Fiscal Deficit-to-GDP ratio increases to 4.5% for FY26E vs 4.4% previously. The lower Nominal GDP increases fiscal consolidation challenges for the government in meeting its long-term (FY31E) Debt-to-GDP target of 50%.

Earnings growth recovered in 3QFY26; further acceleration is key

3Q aggregate profit growth of Nifty-50 companies was c.8% yoy, driven by profit-surge in Oil & Gas, Metals & Mining, PSU banks and Auto sectors. The 3Q earnings were slightly ahead of expectations. Earnings growth should further accelerate, and market broadly expects about 10% PAT growth in 4QFY26. Nifty-50 'EPS' forecasts for FY26 and FY27 have remained broadly stable post 3Q earnings—with implied yoy growth around the mid-teens in FY26 and in FY27.

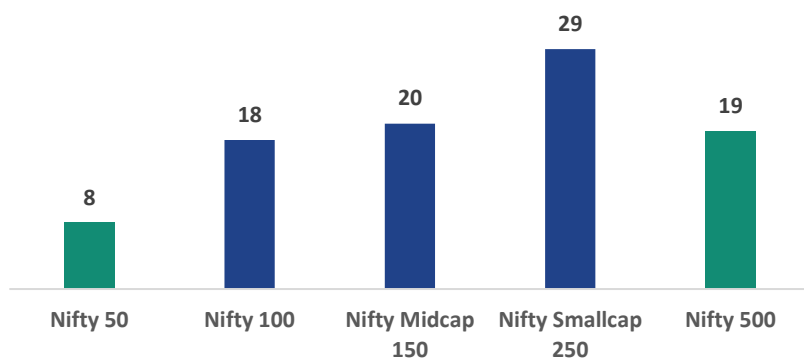
Exh-2. Nifty-50 aggregate PAT growth for last five quarters (%)



Source: Broker Report

Looking at the broader market, Nifty-500 companies delivered strong double-digit earnings growth in 3QFY26, the highest in eight quarters. Aggregate 3Q earnings of the Nifty-500 Universe were up 19% yoy [+15% excl. Metals, Oil & Gas], while 9MFY26 growth was 15% [+12%]

Exh-3. Aggregate PAT growth for key equity indices in 3QFY26 (%)



Source: Broker Report

All this gives us confidence that the corporate earnings cycle has turned, and Nifty-50 profit growth is set to further accelerate into double digits over the coming 1-2 quarters. Expected pick-up in rate of inflation and Nominal GDP growth next year, should also support corporate earnings, in our view.

Sentiment and cost of capital are key to valuation sustainability

While recovery in corporate profit growth is underway, the market's valuation multiples are not inexpensive. At Nifty-50 index value of 25,760 (5th March), its valuation at 21x 1-yr forward 'EPS' is ahead of the 10-yr average multiple (=20x). Valuations are adequately discounting medium-term earnings trajectory (low-to-mid teens CAGR), expected by us. However, a prolonged conflict in the Gulf is a potential headwind and is not priced into valuation. As time progresses, this headwind will initially reflect through higher risk-premium, and later it may as show up as higher risk free rate, if inflation were to pick up globally from higher crude oil, commodities and food prices. Thus, assuming a mild de-rating to 20x forward EPS, we expect Nifty-50 to end up in 28,000-29,000 range by March 2027, delivering 10-12% returns, based on earnings compounding and dividends.

Medium term outlook remains constructive—portfolios skewed towards credit, consumption, internet and select outsourcing plays

The ongoing US Iran war has clouded the near-term outlook, but our medium-term outlook remains constructive on the Indian equities, based on: (1) healthy, stable GDP growth; (2) recovery in corporate earnings growth; (3) stable policy regime and recent policy stimulus; and (4) stable domestic equity inflows; SIP flows remain stable (flat m/m in Jan'26 at INR 310bn), while lump-sum flows remain volatile and were down in January 2026.

Given the backdrop of improving credit growth and consumption stimulus, we remain positively biased towards private banks and select NBFCs. We believe banks are a solid way to play domestic consumption/industrial demand recovery in India; they also provide proxy exposure to the real estate sector. Within Consumption, we own select consumer staple stocks having higher discretionary sales mix and the potential for above-average earnings compounding, driven by double-digit topline growth as well as margin expansion. We are however, a lot more bullish on pure consumer discretionary names having significant moats, in segments like consumer durables, branded apparel retail, alcoholic beverages, and auto OEMs & ancillaries. We also like new age / internet businesses, mainly consumer-tech and select fin-tech plays. These companies have large addressable markets, stellar track record of execution, and sustainable competitive moats. We continue to maintain our disciplined stock selection process to ensure long term, sustainable returns for our investors.

Happy Investing

Pankaj Murarka
Founder & CIO

Renaissance Opportunities Portfolio

Inception Date: 1st January 2018

Data as on 28th February 2026

Investment Strategy

- ❖ Large cap strategy
- ❖ Blend of growth & quality
- ❖ Diversified portfolio of 25 - 30 stocks
- ❖ High conviction ideas
- ❖ Investing across businesses which are at different stages of their business lifecycle

Top Holdings

Company	Weight (%)
HDFC Bank Ltd	9.16
ICICI Bank Ltd	7.39
United Spirits Ltd	5.32
Kotak Mahindra Bank Ltd	5.18
Power Finance Corporation Ltd	4.97

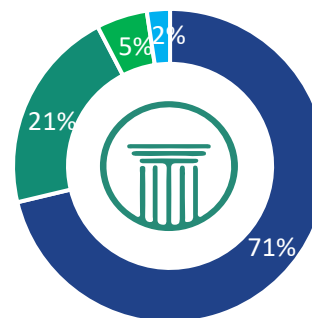
Portfolio – Fundamental Attributes

Particular	FY25	FY26E	FY27E	FY28E
PAT Growth (%)	12.1	10.3	15.5	14.6
ROE (%)	14.9	14.6	15.1	15.4
P/E	22.7	20.6	17.8	15.6
PEG	1.88	2.00	1.15	1.07

Financial Year Returns

Financial Year	ROP	Nifty 50 TRI
FY25-26 YTD	2.81%	8.24%
FY24-25	9.87%	6.65%
FY23-24	38.02%	30.08%
FY22-23	3.80%	0.59%
FY21-22	30.77%	20.26%
FY20-21	83.53%	72.54%

Portfolio Capitalization



■ Large Cap ■ Mid Cap ■ Small Cap ■ Cash

Top Sectors

Sector	Weight (%)
BFSI	37.44
Consumer Discretionary	14.65
Information Technology	12.10
Industrials	6.38
Pharma & Chemicals	5.54

Portfolio – Risk Attributes*

Particular	ROP	Nifty 50 TRI
Standard Deviation (%)	22.01	20.64
Sharpe Ratio	0.50	0.44
Beta	0.96	1.00
Treynors Ratio (%)	11.48	-
Information Ratio	0.20	-

*3 years data

Periodic Returns

Period	ROP	Nifty 50 TRI
1M	-2.04%	-0.51%
6M	1.37%	3.36%
1Y	9.78%	15.07%
3Y CAGR	16.34%	14.64%
5Y CAGR	15.58%	12.94%
7Y CAGR	15.32%	14.20%

Sustainable Quality Growth At Reasonable Price (SQGARP)TM

 Sustainability Companies with sustainable and Durable business models.	 Quality Superior quality businesses as demonstrated by Competitive edge, Pricing power ,ROE, FCF. Good quality and competent quality and competent Management teams.	 Growth Business that can deliver Superior growth over Medium term to long term	 Price Ability to invest at reasonable valuations. Fair value approach to valuation, focus on economic value of business.
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Statutory Details

Renaissance Investment Mangers Private Limited ("RIMPL") is registered under SEBI (Portfolio Managers) Regulations, 1993 as a Portfolio Manager vide Registration No. INP000005455. RIMPL is also an Investment Manager to Renaissance Alternate Investment Fund– Category III which is registered with SEBI as Alternate Investment Fund under SEBI (Alternative Investment Funds) Regulations, 2012 vide Registration No: IN/AIF3/18-19/0549.

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