



INDIA REPORT

Celebrating 31 years (1995-2026)

*Independent, objective, succinct analysis
Over 1,000 issues since 1995*

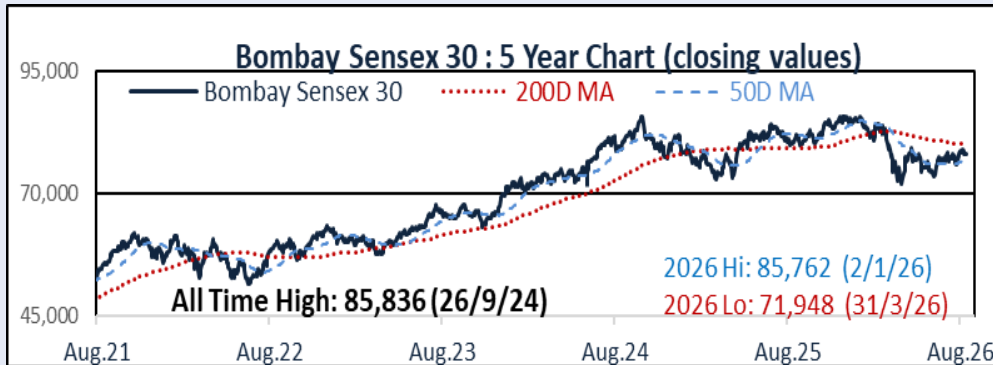


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London, 14 August 2026



Close: 14 Aug 2026	Index Level	Pts Chg- Day	% Chg YTD
SENSEX 30	78,009	-71	-9.2%
NIFTY 50	24,366	-30	-6.8%

Other Markets: Level & YTD

ASIA: CHINA Shanghai: 3,927 (-1%)
JAPAN Nikkei 225: 68,713 (+37%)
EUROPE: UK FTSE: 10,750 (+8%)
GERMANY DAX: 26,440 (+8%)
USA: Dow Jones: 53,732 (+12%)
NASDAQ Comp: 26,729 (+15%)
GOLD: \$4,375.89 (+1%)
SILVER: \$64.66 (-9%)
BRENT OIL: 88.55 (+45%)

Indian Currency:

INR ₹ / USD	\$1=	Rs95.44 (-6.2%)
INR ₹ / GBP	£1=	Rs129.17 (-6.7%)
INR ₹ / EUR	€1=	Rs110.42 (-4.6%)

⇒ **In order to stem the slide in the Indian Rupee the government is looking at several ways to attract more foreign capital.** One is by easing rules that have frustrated foreign individual investors. India is moving to make its stock market easier to enter from abroad. The Securities and Exchange Board of India (SEBI) has proposed allowing individual foreign investors to complete regulatory onboarding digitally, without travelling to India. The proposal covers non-resident Indians, Overseas Citizens of India and foreign nationals in Financial Action Task Force-compliant jurisdictions. **Intermediaries could use video-based identification and verification, alongside safeguards such as liveness checks and location capture.**

⇒ **SEBI also wants KYC records to become portable across registered intermediaries, reducing repetitive paperwork.** That matters: for overseas investors, friction at the front door can be enough to keep capital outside the market. The reform is sensible, but convenience cannot come at the expense of scrutiny. Digital access must preserve strong checks against fraud and illicit flows. **If implemented well, the proposal could turn India's vast market into a more accessible destination for global individual capital.**

⇒ **Also, in order to attract more foreign capital SEBI is proposing making it easier for foreign accredited investors—hedge funds, private credit, alternatives and sophisticated strategies—to enter India. They still face too much entry friction.** The answer is not lighter safeguards. It is smarter ones. SEBI is considering a faster, risk-based route for qualified overseas investors, with one digital KYC process, standardised documentation and predictable tax treatment. Access to AIFs, SIFs, REITs, InvITs and derivatives would be simplified, particularly for institutional investors able to absorb losses. This is increasingly aligned with SEBI's direction: recent measures target easier AIF processing, SIF certification and REIT/InvIT rules. The principle is simple: make risk-taking easier, not regulation weaker. India aims to make sophisticated capital easier to enter—and equally easy to exit. This is a move from "make risky products unrestricted" to "make sophisticated products accessible through a faster, standardised, risk-based framework." **This would preserve investor protection while reducing the regulatory and operational friction that currently makes India less attractive for overseas capital.**

⇒ **India is attracting less net foreign direct investment than major Asian peers.** The gap is prompting New Delhi to rethink how it courts

foreign capital. The government is reviewing its model bilateral investment treaty (BIT), with changes expected to go before the cabinet soon, a senior finance ministry official said this week. The review comes as India negotiates investment agreements with developed economies, including the UK. Talks have moved slowly, partly because of provisions in India's treaty framework. One sticking point is the 2016 model treaty. It requires foreign investors to exhaust domestic legal remedies for five years before taking disputes to international arbitration. "We are looking at what are red flags and we have a negative list," Economic Affairs Secretary Anuradha Thakur said in New Delhi. "We will set that aside and see what is the maximum we can put out there." **The process remains under consultation. India has signed treaties with Israel and the U.A.E. in recent years, while negotiations with other countries continue.**

⇒ **A BIT differs fundamentally from a free trade agreement.** While an FTA or CETA governs the movement of goods and services across borders, a BIT protects investors after they have invested in another country. It typically provides safeguards against unlawful expropriation, discriminatory treatment, restrictions on capital transfers and establishes mechanisms for resolving disputes between investors and host states. These protections are particularly important for long-term, capital-intensive investments such as manufacturing, infrastructure, financial services and renewable energy projects. **Which India needs.**

⇒ **India's Reliance Industries is moving deeper into defence, joining UK's Rolls-Royce to develop an indigenous combat engine for India's Advanced Medium Combat Aircraft.** The partnership would cover design, development, manufacturing and delivery, with a dedicated aerospace gas-turbine complex under consideration. It is a bet, not merely an industrial one. India wants to reduce dependence on imported military technology and build exportable capabilities. Reliance brings capital, manufacturing reach and political heft; Rolls-Royce brings decades of propulsion expertise. The hard part is execution. India's earlier Kaveri engine programme struggled to meet performance targets. Competition is also looming, notably from France's Safran. **For Reliance, the venture offers entry into a potentially large market for combat engines. For Rolls Royce it is a deeper footprint in India, where it already supplies engines for a range of defence and civil aerospace projects. For India, it tests whether ambition can become capability.**



India's Stock Exchanges: From Bombay to GIFT City

The Bombay Stock Exchange (BSE) is Asia's oldest and was formed in 1875. The Tokyo Stock Exchange, Asia's second oldest, was formed in 1878.

BSE was born in Bombay on 9 July 1875 as the "Native Share & Stock Brokers' Association", after brokers who initially traded informally under banyan trees near the Town Hall (close to where the Reserve Bank of India is today) moved nearby to Dalal Street. It later became known as the Bombay Stock Exchange (BSE); today it is BSE Ltd.

From a broker-dominated Bombay market to a national electronic exchange — and now to an international financial centre in Gujarat — India's capital markets have undergone three distinct revolutions.

From Bombay to a national market

1. The **Bombay Stock Exchange (BSE)**, founded in **1875**, was the centre of Indian equity trading for more than a century. Trading was physical, broker-led and concentrated in Bombay. Until 1995, trading was only between 12 noon – 2.30pm by open outcry in the trading ring.
2. By the 1990s, India had **more than 20 regional exchanges** — Calcutta, Delhi, Ahmedabad, Madras, Hyderabad, Bangalore and others. They served local companies and investors, but liquidity was fragmented. In 1996-97, NSE accounted for **45.6%** of turnover, BSE 19.2%, Calcutta 16.4%, Delhi 7.5% and Ahmedabad 3.2%. The five together represented 91.9% of national turnover.
3. The system was ripe for disruption. The **1991 economic reforms**, the Harshad Mehta scandal and stronger securities regulation exposed the weaknesses of an opaque, fragmented market.

Why the National Stock Exchange (NSE) was created

4. The **National Stock Exchange (NSE)** was incorporated in 1992 and began trading in 1994. Its purpose was not simply to create another exchange. It was to **break the geography and privileges of the old system**.
5. NSE introduced:
 - a. nationwide, screen-based electronic trading with longer trading hours than BSE;
 - b. anonymous order matching;
 - c. transparent price discovery;
 - d. modern clearing and settlement;
 - e. equal access for investors irrespective of location.
6. The effect was profound. Once a broker in Delhi or Ahmedabad could access the same electronic order book as one in Bombay, the economic case for a local exchange collapsed.
7. The regional exchanges gradually disappeared. **The national market won because liquidity follows liquidity.**

The two-exchange market

8. Today, India is effectively a **NSE-BSE duopoly**, but an unequal one.
9. In FY2024-25, NSE handled **93.6% of equity-cash turnover**, leaving BSE with 6.4%. NSE also had 99.9% of equity-futures turnover and 87.4% of equity-options premium turnover.
10. BSE nevertheless remains strategically important: it is the historic institution, the home of the Sensex and a major listing venue.
11. The market has therefore evolved from **many regional exchanges → BSE dominance → NSE/BSE competition → overwhelming NSE trading dominance**.



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Sensex 30 and Nifty 50: the long record

12. **SENSEX 30** was launched in 1986, but its historical base is **100 on 1 April 1979**, with base year 1978-79. It tracks 30 major BSE companies.
13. **NIFTY 50** was launched in 1996, using **3 November 1995** as its base date and **1,000 as its base value**. It tracks 50 large and liquid NSE companies.
14. At the close on **14 August 2026**, Sensex stood at **78,009** and Nifty at **24,366**.
15. On their official bases, that means:
 - a. **Sensex: 100 → 78,009** — roughly **780 times**, or about **15.3% annualised** since 1979.
 - b. **Nifty: 1,000 → 24,366** — roughly **24.4 times**, or about **10.8% annualised** since 1995.
16. These are **price-index returns, excluding dividends**. The average dividend yield is low, around 2%, because shares are usually bought for capital growth. The comparison is also not perfectly like-for-like: Sensex has a 16-year longer history.

GIFT City: bringing the offshore market home

17. **GIFT City** was conceived in 2007 as India's international financial centre. The ambition was strategic: India had a large and increasingly sophisticated economy, yet much of its international financial business was conducted in **Singapore, Dubai, London and elsewhere**.
18. GIFT's proposition is different from Mumbai's:
 - a. Mumbai: **India's domestic capital market**.
 - b. GIFT: **India's international financial market**.
19. The aim is to attract dollar trading, international funds, banking, reinsurance, aircraft and ship leasing, global treasury operations and overseas investment back to India.

Why it took so long

20. Building towers is easy. **Building a financial centre is not. A whole ecosystem needs to be built. And talent, which relies on modern infrastructure, to be attracted there.**
21. GIFT initially had infrastructure without the critical mass of banks, asset managers, lawyers, traders, investors and international clients that makes a financial centre self-sustaining.
22. The breakthrough came with the creation of **IFSCA in 2020**, providing a single regulator for the IFSC, and the subsequent liberalisation of products and tax treatment.
23. The decisive moment was **2023**, when SGX Nifty trading in Singapore was transferred to GIFT and became **GIFT Nifty**. The entire SGX Nifty liquidity migrated to GIFT IFSC.
24. The numbers now suggest genuine traction: by March 2026, GIFT IFSC had **1,147 registrations/authorisations, \$111bn+ of banking assets, \$39bn+ of cumulative fund commitments and average monthly exchange turnover of \$112bn+ in Q4 FY2025-26**.

A threat to Mumbai — but not yet a replacement

25. GIFT is **not currently threatening Mumbai's domestic stock-market supremacy**. NSE and BSE remain deeply embedded in Mumbai, and NSE dominates Indian cash trading.
26. The threat is more subtle — and potentially more important. **GIFT challenges Mumbai's position as India's international financial centre**.
27. If international derivatives, fund management, reinsurance, dollar banking and global treasury operations migrate to GIFT, the ecosystem can follow: **people, banks, advisers, capital and eventually headquarters**.
28. That creates a possible virtuous circle for Gujarat — and a slow erosion of Mumbai's monopoly over high-value financial activity.
29. Yet Mumbai has an enormous incumbent advantage: 150 years of institutional history, deep liquidity, established financial talent and the concentration of India's banks, brokers and corporations.
30. The likely outcome is therefore **Mumbai for India; GIFT for the world, and not Mumbai versus GIFT**.
31. The bigger question is whether GIFT eventually becomes sufficiently deep and international to reverse the logic that once killed India's regional exchanges: **financial activity follows liquidity — and liquidity follows financial activity**.



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Background to the 31 + years journey of the India Reports:

- The first India Report was authored by Deepak Lalwani, at the request of the then Indian High Commissioner (Ambassador) to the U.K., Dr L.M. Singhvi, for a key investor meeting.
- The meeting took place on 6 March 1995, in the Mahatma Gandhi Room at the Indian High Commission in London.
- Over the span of three decades, the India Report has expanded its global reach and is now read across five continents.
- More than 1,000 reports have been published, continuing to provide a succinct, independent, non-political and objective view of India's evolving macroeconomic landscape.
- The report is followed by a wide range of readers, including family office investors, institutional investors, hedge funds, high-net-worth investors, governments, chambers of commerce, as well as trust companies, lawyers, accountants, businessmen and media outlets, both in TV and print.
- The India Report is possibly the longest-running independent research on India's economy which has been curated consistently by the same individual, Deepak Lalwani, for over 31 years.
- Deepak Lalwani has continued his work out of passion and driven by a deep sense of gratitude to contribute to both his country of adoption, the U.K., and his country of origin, India.

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