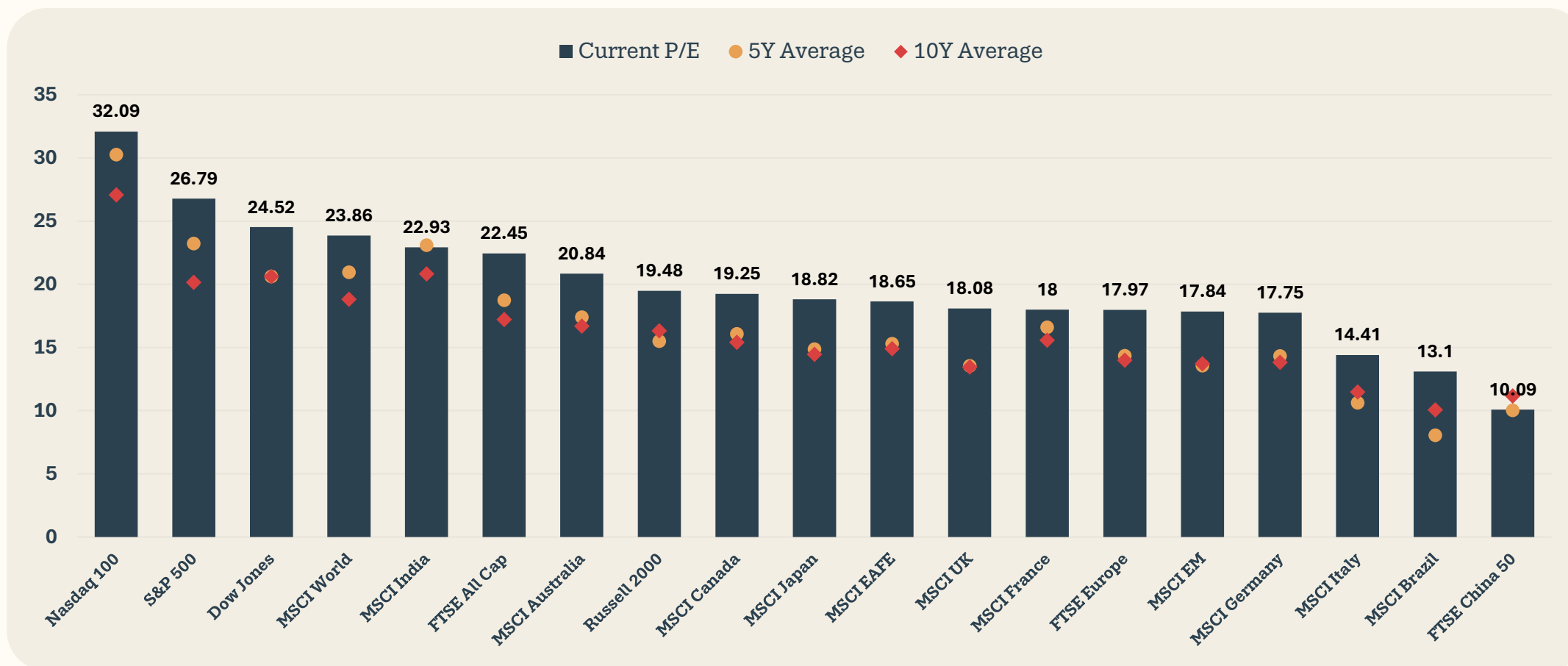


# Global Equity & AI: Where India Stands.

EQUITY · AI VALUE CHAIN · INDIA · June 2026

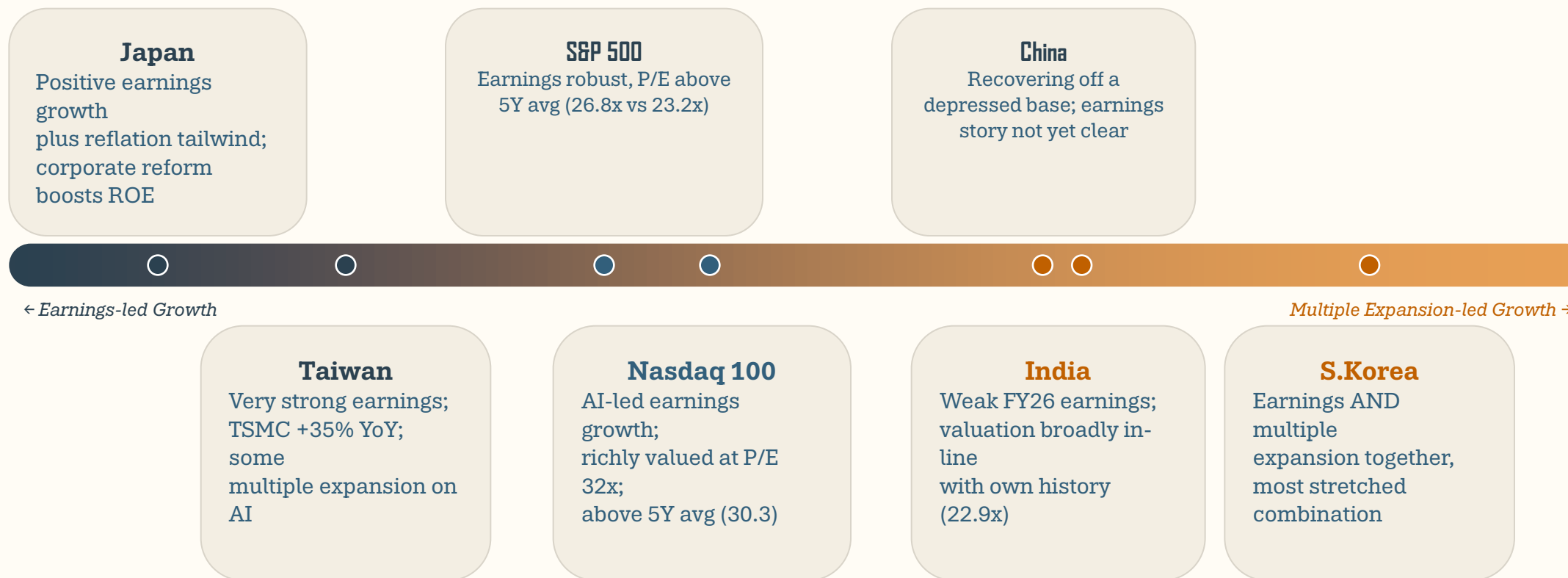
P/E VALUATIONS · EARNINGS QUALITY · AI INFRASTRUCTURE · INDIA AI POSITIONING · LRS · GIFT CITY · DOMESTIC MFs · \$7BN CAP BOTTLENECK

## Valuation Snapshot: Current P/E vs 5-Year & 10-Year Averages



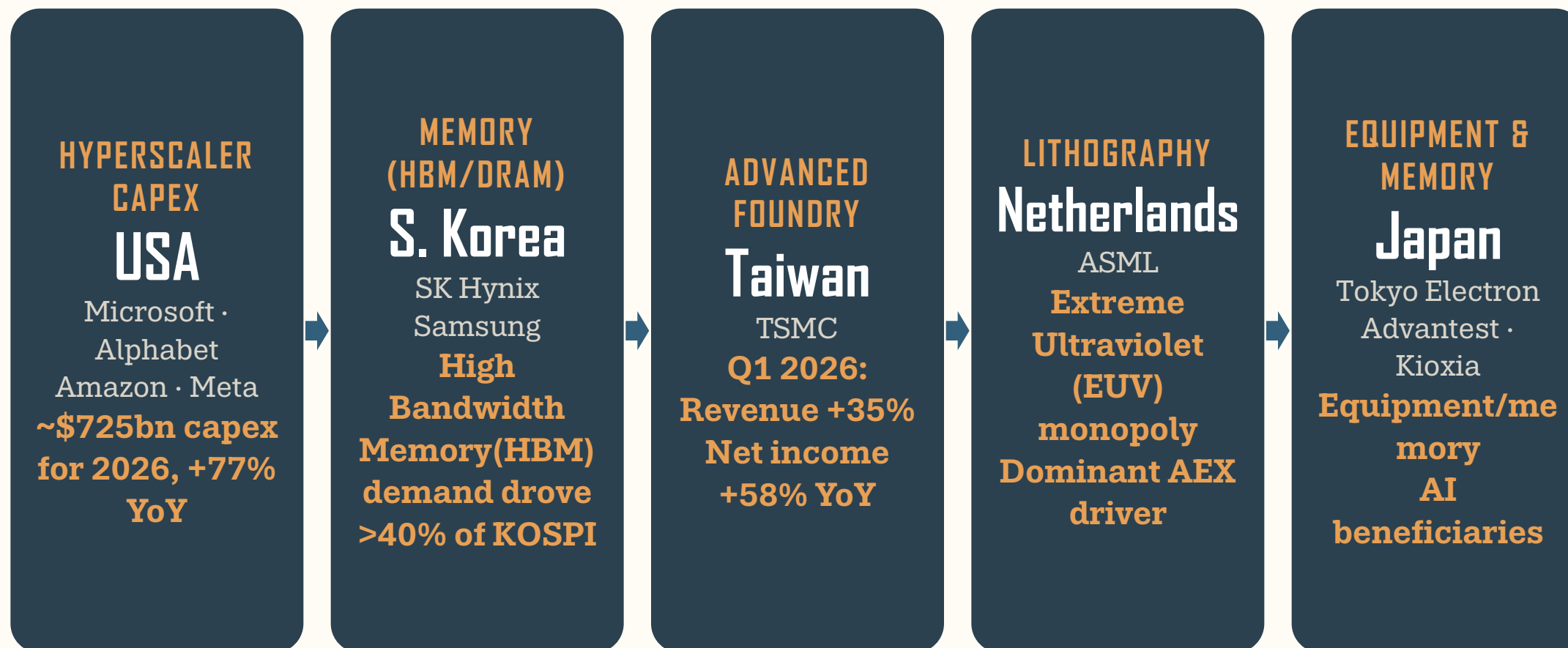
Most major indices trade above their 5-year average P/E, India and China are the two exceptions, sitting at or below theirs.

## What's Driving Returns: Earnings vs Multiple Expansion



The same headline return can come from very different sources, an earnings-led rally is more durable than one driven purely by multiple re-rating.

## AI Value Chain - Where the Money Flows



Every major 2025-26 equity winner sits somewhere in this same AI infrastructure buildout, the trade spans mostly 5 countries across 3 continents.

## AI Value Chain - The Map

| Value Chain Stage                | USA                                      | Taiwan | S. Korea            | NL / Japan                                     | India              |
|----------------------------------|------------------------------------------|--------|---------------------|------------------------------------------------|--------------------|
| <b>Chip Design / EDA</b>         | Nvidia, AMD, Broadcom, Synopsys, Cadence |        |                     |                                                |                    |
| <b>Advanced Foundry</b>          |                                          | TSMC   |                     |                                                |                    |
| <b>Memory (DRAM/HBM/NAND)</b>    | Micron                                   |        | Samsung<br>SK Hynix |                                                |                    |
| <b>Lithography / Equipment</b>   |                                          |        |                     | ASML (NL)<br>Tokyo Electron,<br>Advantest (JP) |                    |
| <b>Cloud / Hyperscalers</b>      | Microsoft, Alphabet, Amazon, Meta        |        |                     |                                                |                    |
| <b>Data Centre Power/Cooling</b> | Vertiv, Eaton, Constellation             |        |                     | Schneider Electric (FR)                        |                    |
| <b>Downstream Applications</b>   | Enterprise SaaS                          |        |                     |                                                | GCCs & IT Services |

No single country owns the chain, the AI trade is geographically distributed by design, which means index-level exposure is more diversified than it appears.

## Where India Sits - and Where It Doesn't

### ✓ CURRENT STRENGTHS

2,117 Global Capability Centres with \$98.4bn in revenue, up from \$61.4bn in FY21

2.36 million technology professionals; ~250,000 AI specialists

Deep chip-design talent, Qualcomm ran a 2nm tapeout entirely from India

Growing engineering pipeline with world-class IITs and R&D investment

### ✗ CURRENT GAPS

No advanced frontend fabrication, zero logic fabs below 28nm domestically

**No frontier chip IP or architecture ownership; dependent on US/Taiwan for design**

No domestic memory manufacturing (DRAM/NAND); fully import-dependent

No equipment or materials supply base, ASML, Lam Research all imported

### TRAJECTORY:

ISM 2.0 allocates >\$13bn · Tata-PSMC fab: first silicon targeted late 2026 at 28nm (mature node) · Realistic mature-node / packaging / design-services hub by 2028-30

India is positioned in services and design talent, not in frontier hardware and that gap will not close within 3-5 years.

## Three Routes for Indian Investors to Access Global AI Equity

How Indian investors can access the AI equity theme from within India

### LRS

Liberalised Remittance Scheme

**LIMIT** \$250,000 / resident / year (LRS quota)

**ELIGIBLE** US / global stocks, ETFs, bonds - direct ownership

**PLATFORM** RBI-authorized dealers (Dhan, IND money, Vested, Kotak)

**TAX** India capital gains rates; TCS applicable\*

Best for: Individual investors wanting direct control

### GIFT City

IFSC - Offshore Financial Hub

**STRUCTURE** Offshore fund vehicles in GIFT IFSC; INR or FX-denominated

**ELIGIBLE** Global equities, bonds, alternatives, derivatives

**FEATURES** IFSCA + SEBI oversight; regulatory sandbox;

**TAX** IFSC exemptions - reduced withholding, STT waiver for FPIs

Best for: HNIs, family offices, institutional accounts

### Domestic Funds

SEBI-registered Feeder MFs / ETFs

**STRUCTURE** Fund-of-funds investing into US / global ETFs or stocks

**KEY FUNDS** Mirae NYSE FANG+, Motilal Nasdaq 100, Franklin US Feeder

**LIMIT** \$7bn industry-wide cap;

**TAX** Debt fund tax post-2023 - marginal rate

Best for: Retail investors; SIP-friendly; easy entry

No single route dominates - LRS for direct control, GIFT City for institutional flexibility, domestic MFs for retail scale. The \$7bn cap of investment in overseas mutual fund schemes by MFs and a maximum of USD 1 billion in per schemes is the key bottleneck for retail access to the AI theme.

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