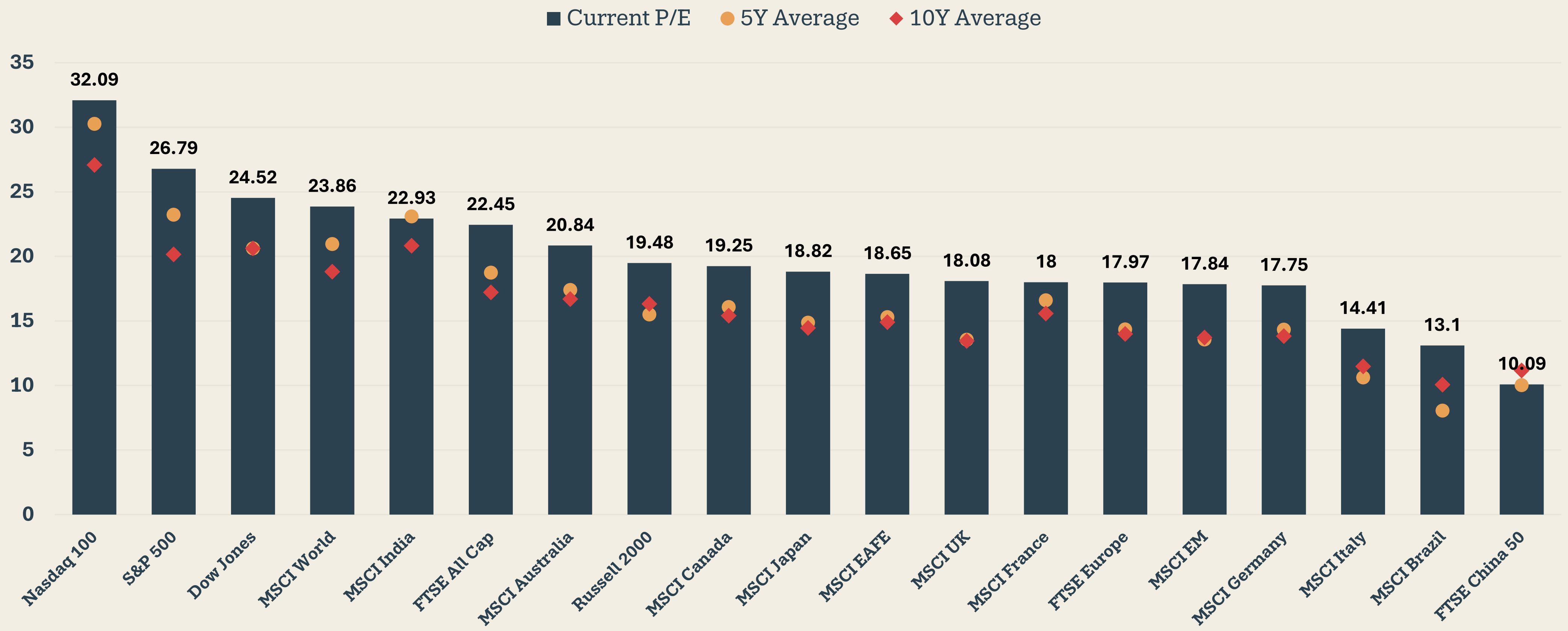
Global Equity & AI: Where India Stands.

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.

SECTION 2 - EARNINGS QUALITY

What's Driving Returns: Earnings vs Multiple Expansion

Japan
Positive earnings growth plus reflation tailwind; corporate reform boosts ROE

S&P 500
Earnings robust, P/E above 5Y avg (26.8x vs 23.2x)

China
Recovering off a depressed base; earnings story not yet clear

← Earnings-led Growth

Multiple Expansion-led Growth →

Taiwan
Very strong earnings; TSMC +35% YoY; some multiple expansion on AI

Nasdaq 100
AI-led earnings growth; richly valued at P/E 32x; above 5Y avg (30.3)

India
Weak FY26 earnings; valuation broadly in-line with own history (22.9x)

S.Korea
Earnings AND multiple expansion together, most stretched combination

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

HYPERSCALER CAPEX

USA

Microsoft · Alphabet Amazon · Meta

~$725bn capex for 2026, +77% YoY

→

MEMORY (HBM/DRAM)

S. Korea

SK Hynix Samsung

High Bandwidth Memory(HBM) demand drove >40% of KOSPI

→

ADVANCED FOUNDRY

Taiwan

TSMC

Q1 2026: Revenue +35% Net income +58% YoY

→

LITHOGRAPHY

Netherlands

ASML

Extreme Ultraviolet (EUV) monopoly Dominant AEX driver

→

EQUIPMENT & MEMORY

Japan

Tokyo Electron Advantest · Kioxia

Equipment/memory AI beneficiaries

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
Chip Design / EDA	Nvidia, AMD, Broadcom, Synopsys, Cadence				
Advanced Foundry		TSMC			
Memory (DRAM/HBM/NAND)	Micron		Samsung SK Hynix		
Lithography / Equipment				ASML (NL) Tokyo Electron, Advantest (JP)	
Cloud / Hyperscalers	Microsoft, Alphabet, Amazon, Meta				
Data Centre Power/Cooling	Vertiv, Eaton, Constellation			Schneider Electric (FR)	
Downstream Applications	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.

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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-authorised 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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