



Capital Axis

MONTHLY CAPITAL INTELLIGENCE · FOR INSTITUTIONAL INVESTORS

COVER STORY · INDIA & MARKETS

When *Hot Money* Retreats

A ₹2.25 lakh crore foreign exodus meets a \$210bn sovereign-compute pledge — the bifurcation that defines India's 2026.

INSIDE THE SOVEREIGN-COMPUTE SUPERCYCLE · THE \$210BN BET · WAR & THE BARREL · THE RUPEE'S MANAGED RETREAT

-₹32,963Cr

FPI OUTFLOW · MAY

23,900

NIFTY · -8.5% YTD

\$210Bn

INDIA AI CAPEX PLEDGE

\$93

BRENT · FROM \$116

Contents

–	From the Desk	03
–	The Brief — number · chart · people of the month	04

Part I — *The Supercycle* 05

11	Cover Story — The Sovereign-Compute Supercycle	06
----	--	----

–	Anatomy of a Deal — the \$210bn bet	09
12	Research Note — the Energy-Compute Stack	10

Part II — *The Exodus* 11

01	Executive Dashboard	12
02	Capital Flows Intelligence	13
07	Geopolitics & Capital — the oil that drives the exit	14
–	The Currency — the rupee's managed retreat	15
–	Fixed Income — the other outflow	16
03	Private Markets Intelligence	17

Part III — *The Arrival* 18

04	India Capital Formation Report	19
06	Sovereign Capital Watch	20
★	Sector Spotlight — Semiconductors	21
05	Policy & Regulatory Intelligence	22

Part IV — *The Trade* 23

08	Dealbook	24
–	Equities & the IPO Pipeline	25
–	The War Chests Aimed at India — global funds	26
★	Anatomy of a Deal — VINCI's ₹150bn road bet	27
09-10	Valuation & Family Office Intelligence	28

★	Valuation Benchmarks — seed to growth	29
★	The Allocator's Math — hedged returns & sensitivity	30
★	Risk & The Field — early- warning & China+1	31

Part V — *The Intelligence Room* 32

★	The Capital Formation Index	33
13	Data Room	34
★	Pledge-to-Deployment Tracker	35
★	Reform-Conversion Tracker	36
★	State Capital Competitiveness Index	37
★	The Capital Corridor Map	38
★	Dry-Powder & Fundraising Heatmap	39
★	Fund-Launch Radar — India's own managers	40

Part VI — *The Desk* 41

–	Trades of the Month	42
★	The Scorecard — calls, graded	43
–	The Bear Case	44
–	The Conversation	45
14	Looking Ahead — June 2026	46
–	The Indicators	47
–	Marginalia	48
–	The Back Page	49

Appendix

R	Source Register	50
–	Glossary & Acronyms	51
★	The Gravitywell Lexicon	52
–	Methodology & Caveats	53

DATA REFERENCE PERIOD: May 2026 unless otherwise noted. Data cut-off 31 May 2026. Published 3 June 2026. PUBLICATION CADENCE: Capital Axis is issued monthly, in the first full week of the month following its coverage period — the issue is dated by the month it reports, not the month it ships. EY-IVCA May roundup pending (April US\$2.7bn is latest monthly read). All pledges/projections noted as such.

EDITOR'S LETTER

Two tides, one ocean: why the money leaving India and the money arriving are telling the same story.

May was the month the headlines and the ledgers stopped agreeing. Read the tape and India looks like a country investors are fleeing — a third straight month of foreign equity selling, the rupee at a record low, the Nifty down more than eight percent on the year. Read the deal sheets and you see the opposite: a record run of foreign direct investment, a US\$210 billion industrial pledge, sovereign money from the Gulf arriving in physical form. Both are true. That contradiction is the subject of this issue.

Our argument is simple. The capital that is leaving is *portfolio* capital — fast, liquid, and acutely sensitive to the oil price that the West Asia war pushed to \$116 a barrel before a fragile truce pulled it back. The capital that is arriving is *strategic* — patient, illiquid, and underwriting a ten-year thesis that India can fuse cheap green power, domestic chips, and AI compute into a single industrial complex. One is reacting to this quarter; the other is buying the next decade. The bifurcation is the signal, not the noise.

So we have built this issue around it. The Dashboard and Capital Flows pages diagnose the exodus; the India Capital Formation report and this month's cover story, *The Sovereign-Compute Supercycle*, follow the money that disagrees with it. A new Geopolitics & Capital chapter maps the war, the China+1 manufacturing shift, and the chip-sovereignty contest that frame both. Throughout, we have kept our discipline: every pledge is labelled a pledge, every projection a projection, and our data caveats are printed in full at the back.

We do not tell you where to put your money. We tell you where the money is going, and why. What you do with that is your edge.

Devang Rao

EDITOR, CAPITAL AXIS · GRAVITYWELL RESEARCH · MAY 2026

CAPITAL INTELLIGENCE DESK

Markets, Flows & Macro

Dashboard · Capital Flows · Valuation

INDIA BUREAU

Capital Formation & Industry

Cover Story · Research Note · Dealbook

SOVEREIGN CAPITAL DESK

SWFs & Cross-Border Flows

Sovereign Watch · Geopolitics

POLICY & REGULATORY UNIT

RBI · SEBI · IFSCA

Policy · Family Office · Looking Ahead

DATA ROOM

Index & Visualisation

Capital Formation Index · Charts

EDITORIAL STANDARDS

Verification & Methodology

Sourcing · Caveats · Disclaimers

— *This Month in Capital*

The Brief

The month in one page — the number, the chart, what they said, and who moved.

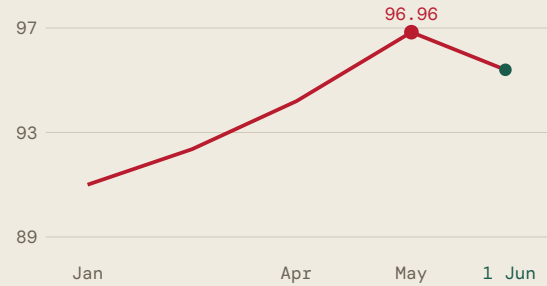
NUMBER OF THE MONTH

96.96

The rupee's **record low** against the dollar in May — before RBI intervention and a softer oil tape pulled it back above 95 by 1 June. The single cleanest read on India's imported-risk premium.

SOURCE: RBI · BLOOMBERG · 1 JUN 2026

CHART OF THE MONTH — USD/INR TO A RECORD



USD/INR, 2026. Record 96.96 in May; ~95 by 1 Jun on RBI action + softer oil.

SOUNDBITES

"India may need to raise retail fuel prices if the conflict in the Middle East drags on."

SANJAY MALHOTRA · RBI GOVERNOR · 13 MAY 2026

"The case for a rate hike has grown stronger — but the MPC may still just wait."

CONSENSUS FRAMING · 1 JUNE 2026

WPI inflation hit 8.3% in April — a 3.5-year high — even as retail CPI held at 3.48%.

PEOPLE & MOVES

- **iCapital** — Brooks Entwistle named Head of International (Zurich), succeeding Marco Bizzozero.
- **KGI** — Michelle Shi joins as Head & CIO, Asset Management (from UBS GWM).
- **Tikehau Capital** — names deputy CEO for its investment-management division.
- **Ardian** — promotes from within to a co-CEO role.
- **Columbia Threadneedle** — global CIO William Davies retires after 33 years.
- **HSBC AM** — Alfred Mui, head of Asia fixed income, departs.

CORRESPONDENCE — Inaugural issue. Write to the desk: india.bureau@gravitywell.research · Letters published from Issue 02.

I

The Supercycle

The cover thesis in full — AI, energy and chips converging into a single decade-long capital trade. Dissected, deepened, stress-tested.

IN THIS PART

Cover Story

Anatomy of a Deal

Research Note

The Cover Story

The Sovereign-Compute Supercycle

Forget the panic on the screens. India is quietly assembling the one trade that fuses cheap power, home-made chips and AI compute into a single decade-long position — and patient money is already in it.

BY THE INDIA BUREAU · CAPITAL FORMATION DESK

MAY 2026 DISPATCH — While foreign money fled equities (–₹32,963cr) and the rupee hit a record ₹96.96, the supercycle kept building: G42 fired up 64 Cerebras systems on Indian soil and Blackstone–Google committed \$5bn to AI infrastructure. The tape and the thesis diverged this month. This is why.

\$210 Bn

pledged by Reliance and Adani over the next decade — the largest private industrial bet in India's history.

12 fabs

INDIA SEMICONDUCTOR MISSION APPROVED

50%

RENEWABLE CAPACITY — MILESTONE HIT MAY 2026

10-yr

HOLD, NOT A TRADE — THE DURATION THAT DEFINES IT

INDIA BUREAU · COVER STORY · PART II

THE ENERGY-COMPUTE-SEMICONDUCTOR NEXUS

Why This Convergence Is Unprecedented

In every prior industrial wave — steel, telecom, IT services — India's capital formation story was additive: one sector deepened while others followed. The current convergence is different because it is *constraint-solving*. The binding constraint on AI deployment in India is not compute silicon (importable) nor software talent (abundant) — it is **firm, cheap, green power co-located with compute**.

The Reliance–Adani AI infrastructure pledge is most precisely understood as a commitment to eliminate this constraint through vertical integration: from generation (Adani Green 19GW+; Khavda 30GW; Reliance captive 10GW) through transmission (Adani Energy Solutions ₹71,779Cr order book) through storage (Adani world-scale BESS) through compute (AdaniConnex 5GW; Reliance Jio hyperscale 120MW H2 2026).

The semiconductor layer — 12 fabs, Micron ATMP, Tata–Dholera — is the third pillar, enabling India to participate in the hardware value chain rather than merely consume it. NITI Aayog's US\$120–150bn semiconductor value-chain target by 2035 is ambitious but is now backed by a credible pipeline of approved capacity.

"India is not building separate energy, compute, and chip strategies. It is building one integrated industrial complex in which each element amplifies the others."

GRAVITYWELL RESEARCH EDITORIAL — MAY 2026

THE SUPERCYCLE PILLARS

Pillar 1: Green Power

50% RE installed (May milestone)

Adani Green >19GW · Khavda 30GW plan

Pillar 2: Compute Infrastructure

Hyperscale + Edge deployment

1.7–2.0GW DC capacity · end-2026

Pillar 3: Semiconductor Mfg

ISM 1.0 + 2.0 · Budget ₹8,000Cr

12 fabs · US\$120–150Bn by 2035

Pillar 4: Sovereign Partners

Gulf SWFs, G42, Microsoft, Google

G42/Cerebras deployed 15 May

INVESTABLE SURFACE FOR INSTITUTIONAL CAPITAL

- Renewable IPPs (contracted cashflow, PPAs)
- Battery storage / grid transmission InvTs
- Hyperscale data center operators/REITs
- Semiconductor ATMP facility operators
- Cable landing station infrastructure
- AI-enabling fintech & enterprise software

What Could Go Wrong — Risk Register

EXECUTION RISK

Pledge vs. deployed capital gap. Adani's US\$100bn runs to 2035; Reliance's US\$110bn runs to 2033. Annual deployment must sustain across political cycles, commodity cycles, and balance-sheet stress.

GEOPOLITICAL RISK

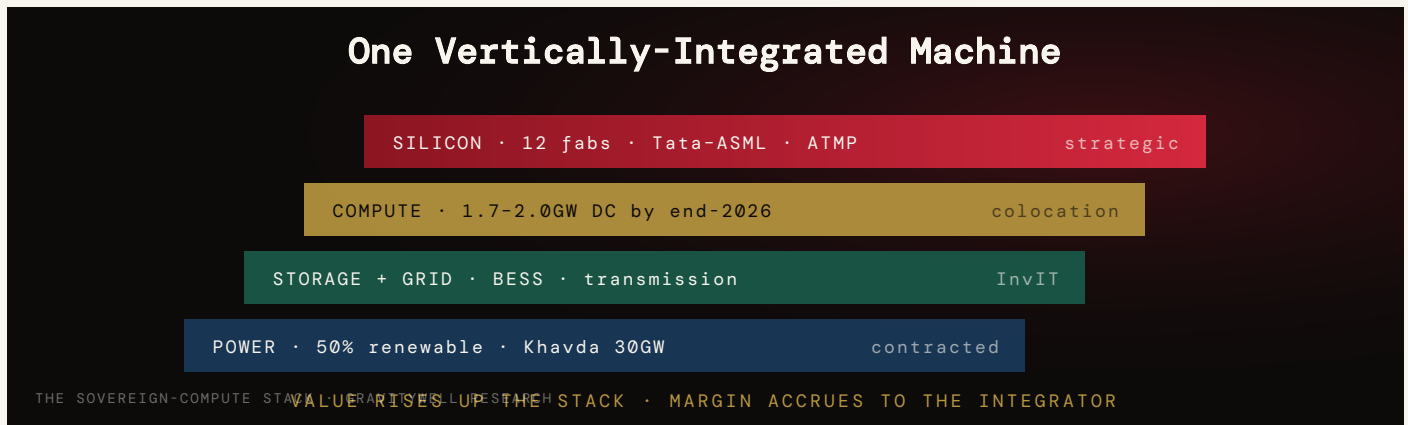
Chip export controls (US/Netherlands) could constrain Tata–Dholera's advanced node ambitions. A US–China détente could reduce the China+1 urgency that currently favours India's semiconductor attractiveness.

POWER GRID RISK

Grid stability at scale remains a challenge. Adding 1.7–2.0GW of data-center load by end-2026 requires transmission investment and storage deployment running in parallel. Adani Energy Solutions' order book is tracking, but execution density matters.

STRATEGIC VERDICT FOR INSTITUTIONAL ALLOCATORS

The energy-compute supercycle is not a thematic fund pitch — it is an emergent structural reality best accessed via long-duration, contracted-cashflow instruments: renewable yield trusts, infrastructure InvTs, hyperscale data center operators, and co-investment alongside Adani and Reliance's strategic infrastructure vehicles. For sovereign wealth funds and pension capital, the combination of India's BBB-rated sovereign, GFCF at 30% of GDP, and a US\$200bn+ annual capex ecosystem provides the scale, duration, and return profile commensurate with their liability structures.



Where the Margin Actually Sits

Read the stack bottom-up and the investment logic inverts the headlines. The **power layer** is the cheapest to build and the easiest to bank — 25-year PPAs, InvIT-ready, the lowest-risk entry. The **compute layer** earns colocation and cloud economics but is contestable. The **silicon layer** is the strategic prize and the riskiest — export-controlled, capital-hungry, years from cash flow.

The margin that no pure-play can capture sits in the *integration*: owning the electron, the storage, the rack and the chip means the cost of compute is set internally, not bid in a market. That is the moat Reliance and Adani are building — and the reason patient capital should price this as one machine, not four sectors.

"Buy the layer you can bank today; underwrite the layer that builds the moat tomorrow."

CAPITAL AXIS · INDIA BUREAU

THREE SCENARIOS · 2026-2030

BULL — exec on track	Largest AI-compute exporter; multiplier across mfg
BASE — partial slip	Power + compute deliver; chips lag controls
BEAR — grid breaks	Transmission slips; USD returns sub-hurdle

THE TRIGGER TO WATCH

Grid evacuation and storage. If transmission keeps pace with the 1.7–2.0GW of new data-center load, the base case holds. If it slips, the whole stack slips with it — the genuine binding constraint.

— *One Structure, Dissected*

Anatomy of the \$210bn Bet

Everyone quotes the headline. Almost no one reads the stack. Here is how Reliance and Adani are wiring power, storage and compute into a single vertically-integrated machine.

INDIA BUREAU · BY ISHAAN MEHTA

LAYER	ADANI	RELIANCE	WHAT IT SOLVES
Generation	Adani Green >19GW · Khavda 30GW	Captive green 10GW	Firm, cheap green power
Transmission	Adani Energy Solutions ₹71,779Cr order book	—	Move power to compute
Storage	World-scale BESS	—	Grid stability at scale
Compute	AdaniConnex 2 → 5GW	Jio hyperscale 120MW H2'26 · Vizag 1.5GW	The monetizable layer
Anchor clients	Google, Microsoft	Jio ecosystem	Contracted demand
Pledge / horizon		~\$100bn → 2035	~\$110bn → 2033 Patient capital

Why vertical integration is the moat

The binding constraint on Indian AI is not silicon or talent — it is **firm, cheap, green power co-located with compute**. By owning every layer from the electron to the rack, Reliance and Adani capture a margin no pure-play data-center operator can. The structure is the strategy.

"They are not building a data-center business. They are building a power company that happens to sell compute."

CAPITAL AXIS — INDIA BUREAU

THE INVESTABLE SURFACE

Renewable IPPs

PPAs · 25-yr contracted

Transmission / BESS InvITs

RegA cashflow

Hyperscale DC operators

Colocation economics

Co-invest vehicles

Beside Adani / Reliance infra arms

THE CATCH

A pledge is not deployed capital. Adani's \$100bn runs to 2035; Reliance's \$110bn to 2033. The trade is the contracted-cashflow layer, not the headline.

HIGH-CONVICTION RESEARCH NOTE · MAY 2026

The Energy-Compute Stack: A New Asset Class for Institutional Capital

INDIA BUREAU · RESEARCH & STRATEGY

The convergence of renewable generation, grid storage, transmission, and hyperscale compute in India is creating an investable asset cluster that behaves unlike either pure infrastructure or pure technology — and existing institutional frameworks are not fully equipped to price it.

The Thesis

The binding constraint on AI in India is not chips, connectivity, or software — it is *firm, affordable, green power co-located with large-scale compute*. Whoever solves the power-compute integration problem at scale earns the AI infrastructure premium. Reliance and Adani have identified this and are executing vertical integration strategies that create moats unavailable to pure-play data center operators.

For institutional capital, the Energy-Compute Stack represents an opportunity to access AI's structural tailwind through physical infrastructure — with contracted revenue (PPAs, colocation agreements, capacity payments) rather than software multiples. This positions it as a natural pension/sovereign fund allocation rather than a VC/growth-fund bet.

Portfolio Construction Implications

Within a diversified institutional allocation to India, the Energy-Compute Stack warrants a dedicated infrastructure carve-out (distinct from both "India equity" and "emerging market tech"). Access vehicles include: (1) publicly listed InvITs and REITs (Anzen, PGINVIT, the emerging data-center REIT pipeline); (2) infrastructure fund co-investment alongside Macquarie, Brookfield, Actis; (3) direct club deals with Adani Energy Solutions and Reliance Jio Infrastructure; (4) sovereign co-investment through NIIF's infrastructure platform.

The risk-adjusted case: contracted cashflows in INR denominated against USD/EUR/AED equity capital creates an FX headwind, but the rupee-depreciation trend that hurt FPI returns in 2026 will ultimately be a tailwind for export-oriented compute services priced in dollars. The thesis is a decade-long hold, not a three-year exit.

KEY INVESTMENT ENTRY POINTS

Renewable IPPs	PPAs · 25-yr contracts
Grid/Transmission InvITs	Yield trusts · RegA cashflow
BESS Operators	Grid stability premium
Hyperscale DC Operators	Colocation + cloud economics
Semiconductor ATMP	PLI-supported, strategic
Cable Landing Infra	Digital highway

BULL CASE VS BEAR CASE

Bull: India becomes the world's largest AI-compute-export nation by 2035, with sovereign cloud services priced in dollars generating significant current-account contribution. The energy-compute capex creates a multiplier across manufacturing, fintech, and healthcare.

Bear: Execution slippage on the grid (power quality at hyperscale), chip-export-control tightening, and rupee depreciation compress USD returns below hurdle rates for foreign capital.

GRAVITYWELL CONVICTION RATING

HIGH

10-year structural thesis · Infrastructure carve-out appropriate · Sovereign/Pension primary audience

II

The Exodus

Fast money is leaving. A record-low rupee, a war in the oil patch, three straight months of foreign selling — the capital that runs first, and what its flight really means.

IN THIS PART

- **Dashboard**

- **Capital Flows**

- **Geopolitics**

- **Currency**

- **Fixed Income**

- **Private Markets**

— *The Month in Capital*

The Tape Told a Lie

Read the screens and India looks abandoned. Read the ledgers and it looks coveted. Both are true — and the gap between them is this month's only story worth telling.

CAPITAL INTELLIGENCE DESK · MARKETS & MACRO · 31 MAY 2026

MARKET ALERT

West Asia war shock (US/Israel–Iran, from 28 Feb) repriced oil, the rupee, and India's risk premium throughout May — the dominant variable across all asset classes.

THE MONTH IN NUMBERS

NIFTY 50 · MAY CLOSE

23,900

–8.5% YTD · 52-wk high 26,373

FPI EQUITY OUTFLOW · MAY

₹32,963Cr

YTD total: ~₹2,24,932Cr (~US\$26Bn)

INDIA AI CAPEX PLEDGE

\$210Bn

Reliance ~\$110Bn + Adani ~\$100Bn

EQUITY & CURRENCY MARKETS

Nifty 50	23,900	–8.5% YTD
BSE Sensex	75,900	–8.2% YTD
S&P 500	Record high	+12% YTD
USD / INR	96.96	Steepest fall since FY2012
Brent Crude	\$93/bbl	From \$116 (1 May)
Gold	Near records	War-driven bid
Bitcoin	\$73,000–80,000	ATH \$128,198 (Oct 2025)
US 30-yr Treasury	5.18%	Highest since 2007

MACRO & POLICY INDICATORS

India GDP FY26 (Real)	7.4–7.6%	Q4 ~6.2–6.5%
India CPI · April	3.48%	Within FIT band
RBI Repo Rate	5.25%	Hold expected June
Fed Funds Target	3.50–3.75%	Hike odds rising
India FX Reserves	~US\$688Bn	RBI spent ~\$55Bn in FY26
India GFCF / GDP	30.0%	Structural capex floor
India S&P Rating	BBB	Upgrade — first in 20+ yrs
GST Collections FY26	>₹22L Cr	Record

EXECUTIVE FINDINGS

F1 The Capital Bifurcation Is Structural, Not Cyclical

Portfolio capital (FPIs, ~₹2.25 lakh crore YTD) is fleeing the energy-import premium on the rupee; strategic capital (FDI US\$94.5bn gross, AI pledges US\$210bn) is arriving on India's long-term compute-and-energy thesis. These two trends are consistent, not contradictory.

F2 The West Asia War Is the Master Variable

Brent moved from \$116 to ~\$93 within May alone — repricing the rupee, the Fed path, US bond markets (30-yr at a 2007 high), and India's equity risk premium in a single chain reaction. A US–Iran truce framework pulled the tail risk off by month-end but left structural uncertainty intact.

F3 India PE/VC Hit a 29-Month Low in April; May Data Pending

April 2026 PE/VC investment reached just US\$2.7bn across 83 deals (EY-IVCA) — the weakest since Nov 2023 — while the 2025 full-year base was near-record at US\$60.7bn/1,475 deals. The deployment engine is paused, not broken; a US\$3.9tn dry-powder overhang will force deployment as volatility recedes.

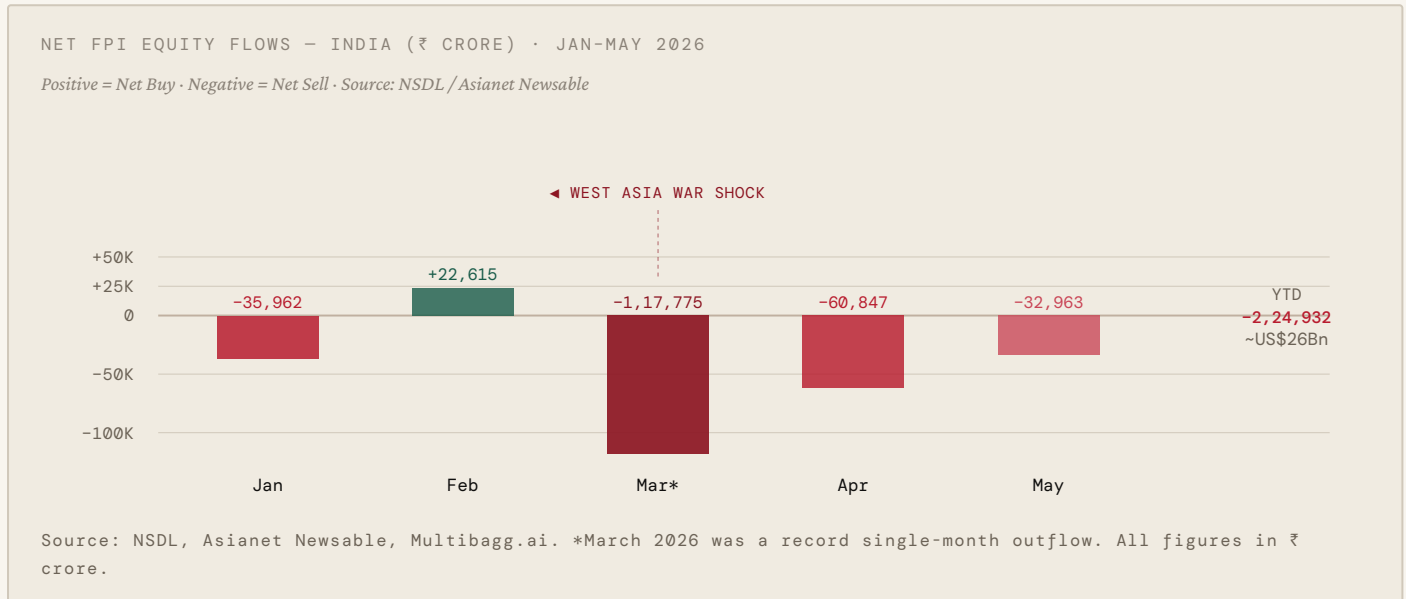
— The Flow Report

The Great Unwind

Foreign money is fleeing the rupee at a pace not seen since the financial crisis. The smart money is quietly buying what it leaves behind.

CAPITAL INTELLIGENCE DESK · FLOW ANALYTICS · MUMBAI

FPI EQUITY FLOW MONTHLY TRACKER · 2026



FLOW ANALYSIS

The Great FPI Rotation

May's ₹32,963 crore FPI equity outflow — the third consecutive selling month — took 2026 YTD to approximately ₹2.25 lakh crore (~US\$26 billion). This represents the most sustained foreign selling episode since 2008–09 by cumulative value, and has reduced FII ownership of Indian equities to a 15-year low, below domestic institutions for the first time in the current data series.

Month-over-month: May's outflow nearly halved from April's -₹60,847cr — the least-bad month since January — even as **DII bought a record ₹82,600cr in May alone**, lifting domestic ownership to a record 18.9%. *The read: the exodus is decelerating and the domestic bid is deepening.*

The proximate cause is textbook oil-importing-EM stress: West Asia war → Brent above \$100 → rupee at a record 96.96 → imported inflation → RBI constrained → real-return compression. Beneath it sits a structural reallocation: global allocators are rotating into AI-hardware plays (Korea, Taiwan), ~83% of MSCI APxJ 2026 earnings growth versus India's ~0.1%.

INSTITUTIONAL IMPLICATION

DII absorption (~₹8.5 lakh crore in FY26) has prevented a disorderly correction. The Nifty now trades below its 10-year average forward P/E — the first genuine entry point since 2020. Quality large-caps are a contrarian accumulation case once oil/FX tail-risk subsides.

FDI STRENGTH VS FPI WEAKNESS

Gross FDI · FY26

Inward flows, RBI Bulletin
 US\$94.5Bn ↑ (from \$80.6Bn)

Net FDI · FY26

After outward/repatriation
 US\$7.7Bn ↑ (from \$1.0Bn)

Net FPI · FY26

Equity + debt combined
 -US\$16.7Bn

Private Credit H2 2025

Real estate, healthcare, industrials lead
 US\$3.4Bn

INDIA PE/VC TREND

FY25 Full Year US\$60.7Bn / 1,475 deals
 1Q 2026 US\$13.1Bn / 360 deals
 April 2026 US\$2.7Bn / 83 deals ↓

Source: EY-IVCA. May 2026 roundup pending.

— *Geopolitics & Capital*

Geography Sets the Price

India's cost of capital is decided less in Mumbai than in a shipping lane, an export-control office, and a factory floor emptying out of China.

SOVEREIGN CAPITAL DESK · GEOPOLITICAL RISK · MAY 2026

WEST ASIA WAR · CHINA+1 · AI SOVEREIGNTY · TRADE POLICY

For an oil-importing democracy wired into the global compute supply chain, May 2026 was a reminder that India's cost of capital is set less in Mumbai than in the Strait of Hormuz, in Washington's export-control offices, and on the factory floors moving out of China.

1 · The Hormuz Premium

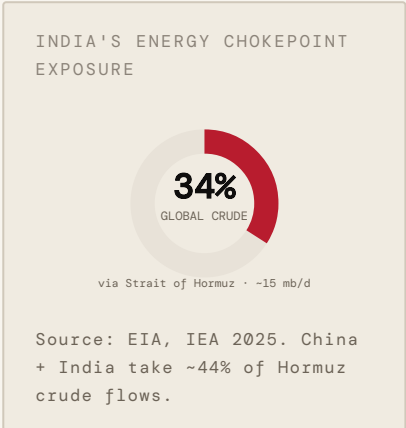
The West Asia war (US/Israel–Iran) put a geographic tax on Indian capital. Roughly **34% of the world's seaborne crude** — about 15 million barrels a day — transits the Strait of Hormuz, and China and India together take some 44% of those flows. When Brent spiked to \$116 in early May, the transmission was immediate: a record-low rupee (USD/INR 96.96), imported inflation pressure, and a constrained RBI. The late-May truce framework pulled Brent back to ~\$93 — but the option value of disruption now sits permanently in India's risk premium.

2 · China+1 Becomes China-Minus

The strategic offset to the oil shock is the manufacturing migration. India's iPhone exports crossed ~US\$23bn in CY2025 (up ~85%), India now assembles roughly a **quarter of global iPhones**, and for the first time overtook China as the top smartphone exporter to the US (~44% of US imports in Q2). Manufacturing FDI rose ~18% to ~US\$19bn. The China+1 thesis stopped being a slide and became a trade balance.

3 · The Sovereignty Contest

AI sovereignty is the new frontier of capital control. US and Dutch advanced-node export controls bound the ceiling of Tata–Dholera's ambitions, even as Gulf sovereign capital (G42's 64-system Cerebras deployment, 15 May) arrives to build India's compute base. India is threading the needle: importing silicon and capital while building domestic ATMP and green-power moats that no export control can switch off.



GEOPOLITICAL RISK LEDGER

Oil / Hormuz
 Brent \$116 → ~\$93 in May
 Rupee at record low

China+1 Shift
 iPhone exports +85% CY25
 ~25% global iPhone output

Chip Export Controls
 US / Netherlands advanced node
 Caps Tata-Dholera ceiling

Gulf AI Capital
 G42 / Mubadala
 Cerebras 64-system · 15 May

INSTITUTIONAL IMPLICATION — GEOPOLITICS AS AN ASSET-PRICING INPUT

India's two great forces in May 2026 are both geopolitical: an oil chokepoint that raises the discount rate on every Indian asset, and a manufacturing realignment that raises the terminal value of its industrial base. Portfolio investors are pricing the first; strategic investors are buying the second. For allocators, the actionable edge is to hedge the Hormuz tail (energy, gold, USD) while underwriting the China+1 structural trade (electronics, semis, contracted infrastructure) on a decade horizon.

— The Currency · May 2026

The Rupee's Managed Retreat

A record-low ₹96.96 is not a crisis — it is a decision. The RBI is selling the speed of the fall, not its direction, and burning reserves to do it. The level the whole magazine's flow story runs through.

CAPITAL INTELLIGENCE DESK · CURRENCY & RESERVES · MUMBAI

USD/INR — THE RECORD-LOW MARCH, 2026

MONTH-END	USD/INR	MOM	DRIVER
Dec 2025	89.40	—	pre-war baseline
Jan 2026	90.70	-1.4%	dollar strength
Feb 2026	91.85	-1.3%	FPI equity exit begins
Mar 2026	94.30	-2.6%	West Asia war · Brent >\$100
Apr 2026	95.80	-1.6%	import hedging demand
May 2026	96.96	-1.2%	record low; RBI caps pace

~8.5% YTD depreciation — the steepest five-month fall since FY2012. Yet the pace stayed orderly: no single-day gap above 0.7%. That smoothness is the intervention, not the market.

THE READ

A weaker rupee is the release valve for an oil-importing economy under an external shock. The RBI's goal is not a number — it is to deny speculators a one-way bet while letting the currency absorb the terms-of-trade hit. Reserves are the price of that smoothness.

RBI'S DEFENCE · FY26

FX reserves

Down from ~\$745bn FY-start

~US\$690Bn (-\$55bn FY26)

Import cover

Comfort threshold ~8 months

~11 months

Spot intervention

Via state-run banks, dollar selling

est. US\$25-30Bn YTD

Forward book

Deferred reserve drawdown

net short, rolling

1-yr forward premium

Hedging cost for importers

~2.6% ↑

Reserves & forward book: RBI Weekly Statistical Supplement, May 2026. Intervention figures are GWR estimates from spot-market footprints; treat as directional. Forward premia from OIS-implied curve.

Fixed Income · May 2026

The Other Outflow

Everyone watched equities leave. The quieter story is debt: foreign money is exiting Indian bonds too — even after three global index inclusions — because the one number that mattered, the yield gap to US Treasuries, has collapsed.

CAPITAL INTELLIGENCE DESK · RATES & CREDIT

THE G-SEC CURVE — END-MAY 2026

TENOR	YIELD	Δ YTD	SPREAD / UST
2-year	6.42%	+38bp	~+225bp
5-year	6.78%	+44bp	~+240bp
10-year	7.10%	+47bp	~+185bp
30-year	7.34%	+39bp	~+150bp

Yields rose despite 125bp of 2025 RBI cuts — because the 10-yr spread over Treasuries has compressed to ~185bp, the thinnest in years. With the cushion gone, the carry trade that drew foreign debt money home has unwound.

TAILWIND VS HEADWIND

India sits inside three global bond indices — a structural, passive bid worth tens of billions. But index flow is slow; rate-differential flow is fast. In May, the fast money won: active foreign debt sold even as passive trackers held. The Bloomberg Global Aggregate decision (mid-2026) is the next inclusion catalyst.

INDEX INCLUSION VS FLOW

JPMorgan GBI-EM

10% weight, phased from Jun 2024

done

Bloomberg EM Local

Included Jan 2025

done

FTSE Russell EMGBI

Included Sep 2025

done

Bloomberg Global Agg

Decision deferred

pending mid-2026

FPI debt · FY26

Active outflow on thin carry

-US\$12.6Bn

Corporate issuance FY25

1,924 issuers; 7-14% by rating

record

Yields end-May 2026 (CCIL/exchange prints); curve levels indicative. UST spreads vs comparable tenors. FPI debt FY26 net per NSDL. Index status per JPMorgan, Bloomberg Index Services, FTSE Russell.

Private Markets

Paused, Not Broken

A 29-month low in deal-making looks like a retreat. With US\$3.9 trillion of dry powder waiting, it is closer to a coiled spring.

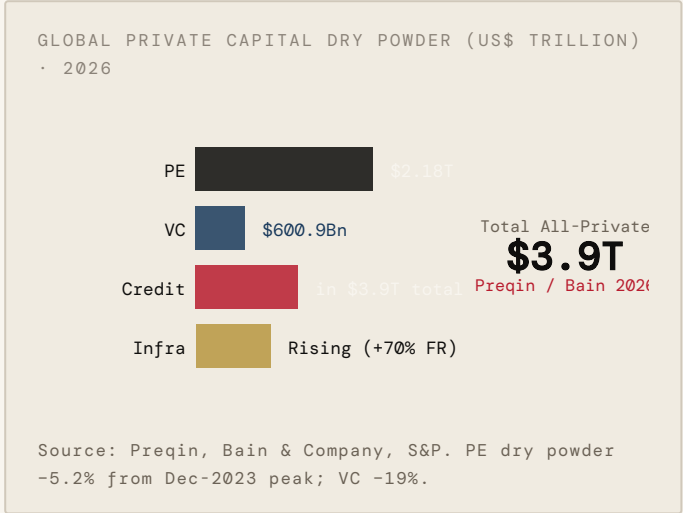
CAPITAL INTELLIGENCE DESK · PRIVATE MARKETS · INDIA BUREAU

PE / VC / PRIVATE CREDIT / INFRASTRUCTURE · INDIA & GLOBAL

The Deployment Pause

India PE/VC's April 2026 print of US\$2.7 billion — a 29-month low — obscures what may be a temporary, war-driven pause rather than a structural reversal of the 2025 supercycle.

The 2025 full year delivered US\$60.7bn across 1,475 deals (+8%), with fundraising at a record US\$23.2bn. The current quarterly run-rate of US\$13.1bn in 1Q would annualise to ~US\$52bn — still among the top three years on record. Buyouts led 1Q at US\$4.3bn; infrastructure reached a post-2021 high. The acute cyclical headwind is the exit drought (1Q 2026 exits: US\$4.2bn, -48% year-on-year), not deployment capacity.



INDIA PE · 1Q 2026

\$13.1Bn
TOTAL PE/VC INVESTMENTS
360 deals · EY-IVCA

Buyouts	\$4.3Bn	Lead sector
Infrastructure	Post-2021 high	↑↑
Apr 2026 (latest)	\$2.7Bn	29-mo low

VC ECOSYSTEM

~\$16Bn
INDIA VC · FULL YEAR 2025
Fundraising doubled to \$5.4Bn

Peak XV 2026	\$1.3Bn	3 vehicles
\$250m+ rounds	2x 2024	2025 base
Global AI/VC share	>50%	of deal value

EXIT ENVIRONMENT

-48%
1Q 2026 EXIT VALUE YOY
\$4.2Bn · Chief Risk Factor

2025 Exits	\$32.9Bn	Strong base
Strategic 2025	+211%	to \$16Bn
Secondaries/PE	~15%	of global fundraising

"The exit drought is the binding constraint on India's private-markets flywheel — not the quality of assets or the size of the opportunity."

GRAVITYWELL RESEARCH ANALYSIS · MAY 2026

ASIA MEGA-FUND WAVE — EARLY JUNE SIGNAL

Blackstone closed the largest-ever Asia PE fund at US\$13.1bn; EQT ~US\$15.6bn; Bain Capital ~US\$10.5bn; KKR ~US\$15bn — all with India as a core focus. The fundraising momentum is robust even as near-term deployment pauses. GIFT City's emerging domicile status is a structural enabler for future fund structures.



The Arrival

While the tourists sold, the strategists bought. FDI, sovereigns and semiconductors arriving in force — and the policy rails they ride.

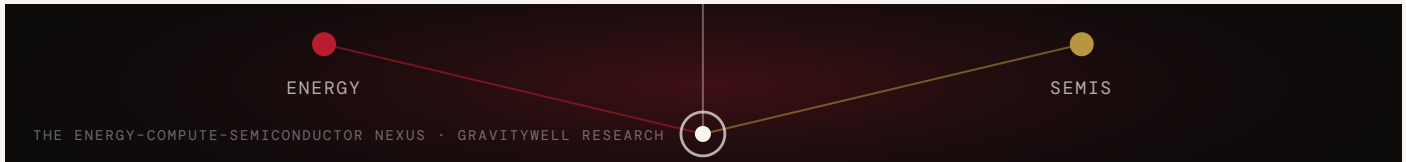
IN THIS PART

— Capital Formation

— Sovereign

* Spotlight

— Policy



India Capital Formation

Two Economies, One Nation

One India is selling stocks and the rupee. The other is pouring concrete and silicon. Only one of them gets to vote on the next decade.

INDIA BUREAU · CAPITAL FORMATION · NEW DELHI

AI · SEMICONDUCTORS · ENERGY · MANUFACTURING · INFRASTRUCTURE

India in May 2026 presents a paradox legible only to patient capital: a stressed financial economy — foreign money exiting at a near-record pace — running alongside an accelerating real-economy capital formation that may be the most consequential in a generation.

The US\$210 billion AI-infrastructure pledge from Reliance and Adani, announced at the India AI Impact Summit, is not a capex line in an annual report. It is the coalescence of three previously separate megatrends — renewable energy, compute infrastructure, and semiconductor manufacturing — into a single strategic industrial complex that will define India's economic trajectory through 2035.

The Three-Way Convergence

Compute: Reliance's ~₹10 lakh crore (~US\$110bn) seven-year commitment runs from 120MW of hyperscale capacity in H2 2026 toward 10GW of captive green-powered compute, plus a 1.5GW Visakhapatnam cluster (US\$17bn). Adani's US\$100bn pledge (AdaniConnex, 2GW→5GW) anchors Google and Microsoft.

Semiconductors: The chip mission crossed 12 approved fabs (~₹1.64 lakh crore); two more cleared Cabinet on 5 May (₹3,936cr). Micron's US\$2.75bn ATMP, Tata-Dholera (with ASML) and HCL-Foxconn OSAT are the anchors. NITI Aayog's 2035 target: a US\$120–150bn value chain.

Energy: India crossed 50% renewable installed capacity in May 2026 — five years early — directly enabling the compute build-out. A proposed 20-year cloud-infrastructure tax break (to 2047) could draw a cumulative US\$200bn.

CAPITAL FORMATION SCORECARD

GFCF / GDP

Gross Fixed Capital Formation

30.0%

AI Pledge (Rel + Adi)

7–10 yr commitments

US\$210Bn

Semiconductor Fabs

Approved, ISM pipeline

12 fabs · ₹1.64L Cr

RE Installed Capacity

Milestone hit May 2026

50% of total

S&P Sovereign Rating

Upgraded · first in 20+ yrs

BBB

COVER STORY SIGNAL

The energy–compute–semiconductor nexus is 2026's differentiated thesis — real capital, not paper pledges.

— Sovereign Capital

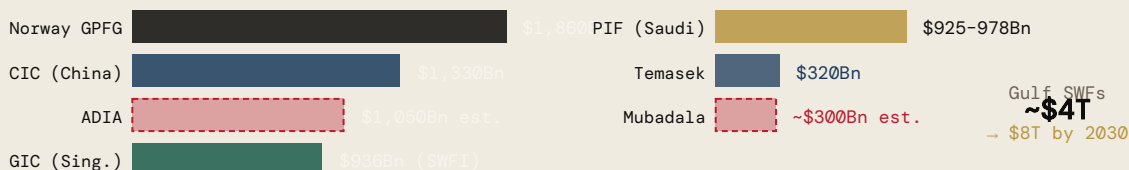
The Gulf Comes East

Four trillion dollars of patient sovereign money has spent a decade buying America. In May, a shipment of supercomputers signalled where it is headed next.

SOVEREIGN CAPITAL DESK · SWF TRACKING · ABU DHABI / SINGAPORE

ADIA · PIF · GIC · TEMASEK · MUBADALA · CDPQ · CPP INVESTMENTS

MAJOR SOVEREIGN WEALTH FUND AUM (US\$ BILLION) · AS OF MAY 2026



Sources: SWFI, Forbes, Preqin, individual fund disclosures. AUM figures vary materially by source; use as indicative orders of magnitude only.

The Gulf-India AI Nexus: Signal Deal of May 2026

The clearest India-linked sovereign capital event of the month was **G42 (Mubadala-backed UAE AI company) deploying 64 Cerebras AI supercomputer systems in India (15 May)**. Transaction value undisclosed, but this represents the first material sovereign AI-hardware deployment in India — converting the Adani/Reliance US\$210bn pledge from announcement to execution. G42's parent-funder Mubadala has been steadily building an AI infrastructure portfolio spanning the UAE, US, and now India.

The larger structural signal is the emergence of a Gulf-India sovereign-AI co-investment corridor. Gulf SWFs (collectively ~US\$4tn today, projected US\$8tn by 2030) have been allocating heavily to the US (>50% of global SWF deal activity in 2025; >US\$140bn into US assets), but the AI infrastructure play is now diversifying into India. The NIIF (India) acts as co-investment conduit with DP World and other Gulf entities on logistics and infrastructure.

"The ~US\$40bn Aligned Data Centers deal anchored by MGX, BlackRock GIP, KIA and Temasek is the template: sovereign capital stacking around physical AI infrastructure, not software."

GRAVITYWELL RESEARCH · SOVEREIGN CAPITAL DESK

SOVEREIGN INDIA ALLOCATIONS

ADIA

Recent India deal

US\$200m · Micro Life Sciences

G42 / Mubadala

India AI deployment

Cerebras 64-system · 15 May

GIC / Temasek

Active in financials & digital

Ongoing portfolio

Gulf SWFs (Total)

Combined AUM 2026

~US\$4 Trillion

PIF Vision 2030

Target AUM

US\$2 Trillion

— Sector Spotlight · This Month: Semiconductors

Silicon Gets Real

The chip mission stopped being a press release in May. A state-visit pact with ASML, a fab at half-build, and India's first memory plant already shipping — the hardware layer of the supercycle is now pouring concrete.

INDIA BUREAU · SECTOR DESK · DHOLERA / SANAND

The signal event of the month was diplomatic as much as industrial: on 16 May, during Prime Minister Modi's state visit to The Hague, Tata Electronics signed an MoU with **ASML** — the Dutch monopolist of advanced lithography — to support the ramp of India's first front-end fab.

That fab, at **Dholera**, reached ~50% construction by April and has moved into cleanroom installation. Planned capacity: **50,000 wafers/month**, **~3 billion chips a year**, at mature 28–110nm nodes — the high-volume workhorse of the global market, not the bleeding edge. Trial production is targeted for **late 2026**.

Downstream, the packaging layer is already live. **Micron's Sanand** memory-packaging plant entered full commercial production in January, shipping DRAM and NAND globally. **Kaynes Semicon** opened its Sanand OSAT (₹33bn, ~6m chips/day) on 31 March, and **Tata's Assam OSAT** (48m chips/day) is slated for pilot by mid-year.

THE INVESTMENT READ

India is buying into the value chain it could once only consume. Export controls cap the advanced-node ceiling, so the bankable trade is the *mature-node + packaging* layer — ATMP/OSAT operators, fab-equipment supply, and the power/water infrastructure underneath. The ASML pact is the door; packaging is the cash flow.

THE BUILD · MAY 2026

Tata-ASML MoU

The Hague · 16 May · state visit

Front-end fab ramp support

Tata Dholera Fab

~50% built · cleanroom phase

50k wafers/mo · 28–110nm

Micron Sanand

Memory packaging

Commercial since Jan 2026

Kaynes OSAT

Sanand · ₹33bn

~6m chips/day · opened 31 Mar

Tata OSAT — Assam

Morigaon

48m chips/day · pilot mid-2026

NEXT MONTH'S SPOTLIGHT

Renewable yield — the InvIT pipeline funding the green power under the compute.

Sources: Tata Electronics / ASML (16 May 2026); Dholera fab construction updates; Micron Technology; Kaynes Semicon; India Semiconductor Mission.

Policy & Regulation

The Quiet Architecture

While the markets panicked, the rule-writers were busy. GIFT City, not the Nifty, is where India's next decade of capital is being quietly engineered.

POLICY & REGULATORY UNIT · RBI & SEBI WATCH

RBI · SEBI · IFSCA · MINISTRY OF FINANCE · GLOBAL

RBI — Defensive Stability

The Monetary Policy Committee holds at **5.25%** repo (June 3–5 meeting; decision announced 5 June, 10:00 IST). Governor Malhotra faces an acute trilemma: imported inflation via oil (CPI at 3.48% in April, within band — but risks rising); a weakening rupee (USD/INR 96.96) that constrains conventional easing; and slowing growth (FY27 GDP cut to ~6.9%). SBI Research and consensus favour liquidity-management tools over rate action; the FIT framework (4%, 2–6% band) has been renewed through 2031, maintaining the institutional anchor.

SEBI — Market Structure Evolution

SEBI's proposal to allow Online Bond Platform Providers (OBPPs) access to GIFT City products and 54EC capital gains bonds (consultation closed 26 May) is the month's most actionable capital-market liberalisation signal. Stricter June margin norms are live. The May MSCI rebalance added Federal Bank, MCX, NALCO and Indian Bank; Hyundai India, Kalyan, RVNL were removed.

IFSCA / GIFT City — The Onshore Offshore

GIFT City is emerging as the structuring hub for India-focused global capital. May activity: revised Ship Leasing framework (20 May); eased FME registration rules; new GIC Regulations 2025; Aircraft Leasing Summit 2.0 (8 May). For PE/VC fund managers, the Family Investment Fund vehicle under the FME framework is becoming the preferred UHNW co-investment structure.

GLOBAL REGULATORY WATCH

Federal Reserve (Warsh)	<i>Divided FOMC; hike odds rising</i>
SEC	<i>Crypto regulatory clarity push</i>
MAS (Singapore)	<i>FAST-P concessional anchor live</i>
Income Tax Act 2025	<i>Effective 1 April; new normal</i>

KEY REGULATORY ACTIONS · MAY 2026

5 MAY 2026

Cabinet approves two new semiconductor units (₹3,936Cr)

ISM Mission 2.0 execution accelerates; cumulative 12 fabs approved.

5 MAY 2026

SEBI OBPP–GIFT City & 54EC Bond Access Consultation Opens

Consultation period to 26 May. Most actionable bond-market liberalisation of the month.

8 MAY 2026

IFSCA Aircraft Leasing Summit 2.0 — GIFT City

Deepens GIFT City as a leasing hub; new GIC regulations and Ship Leasing framework (20 May) complete the aviation-maritime triangle.

15 MAY 2026

Warsh succeeds Powell as Fed Chair

FOMC split (4 dissents late April). Markets price Warsh as hawkish pivot risk — US 30-yr at 5.18% peak on 19 May.

INSTITUTIONAL IMPLICATION — GIFT CITY

The IFSCA FME framework, OBPP reform, and revised leasing rules collectively make GIFT City the most investable regulatory moment of 2026 for fund managers seeking an India-onshore domicile with global structuring flexibility. The Family Investment Fund vehicle is the highest-conviction near-term opportunity for PE/VC sponsors and family office co-investment platforms.

IV

The Trade

Where the money printed — deals, league tables and valuations from the angel cheque to the buyout. What it costs to get in.

IN THIS PART

Dealbook

Primary Market

League

Teardown

Valuation

Analytics

Dealbook

Where the Money Moved

May's marquee was regulatory, not merger: New Delhi cleared the largest foreign investment in Indian banking history. Beyond it, the cash moved through wires, toll roads and venture cheques — not domestic megamergers.

INDIA BUREAU · TRANSACTIONS · VERIFIED DEAL FLOW

MARQUEE TRANSACTIONS · MAY 2026

Editorial note: every deal on this page was announced, cleared or disclosed in May 2026 and verified against public reporting. No 2025 base-rate filler. Where a transaction first signed earlier, the date shown is its May 2026 milestone.

Emirates NBD → RBL Bank — 60% Controlling Stake

~US\$3.0Bn (₹26,853Cr)

15 MAY 2026 · INDIA · BANKING (INBOUND FDI)

Finance Ministry cleared Dubai's Emirates NBD to take up to 60% of RBL Bank via preferential allotment at ₹280/share (959m shares) — the largest foreign direct investment in Indian financial-services history. Signed Oct 2025; final RBI sign-off and open offer pending. The Gulf-India banking corridor, executed.

Google + Blackstone — AI/TPU Infrastructure Venture

US\$5Bn (+~\$25Bn w/ leverage)*

18 MAY 2026 · US · AI INFRASTRUCTURE

US-based TPU-cloud JV: Blackstone commits \$5bn equity (scaling to ~\$25bn with debt), Google supplies TPU hardware/software; first 500MW online 2027. Led by ex-Google Benjamin Treynor Sloss. The template PE-hyperscaler AI-infra venture.

G42 / Mubadala — Cerebras AI Supercomputer Deployment · India

Undisclosed

15 MAY 2026 · INDIA · SOVEREIGN AI

UAE's G42 (Mubadala-backed) deployed 64 Cerebras AI supercomputer systems in India. First material Gulf sovereign-AI hardware commitment on Indian soil. Represents the execution layer of the Adani/Reliance AI infrastructure pledge.

VINCI Highways + Macquarie — Indian Toll Roads Portfolio

EV ₹150Bn (~US\$1.8Bn)

MAY 2026 · INDIA · INFRASTRUCTURE

VINCI and Macquarie acquire nine Indian toll roads (~700km). Represents institutional infrastructure capital's continued confidence in India's road monetisation pipeline despite equity market volatility. Enterprise value at a premium to book, reflecting contractual cashflow quality.

MAY 2026 — VENTURE & PUBLIC-MARKET LEDGER

Every row announced in May 2026. Three new unicorns minted; total India venture funding \$630m for the month (–27% MoM), concentrated in fewer, larger cheques.

TRANSACTION	TYPE	VALUE	DATE · NOTE
Rapido — Series F (Prosus-led)	Mobility VC	US\$240m	15 May · \$3.0Bn val, ~3x in 9 mo
Skyroot Aerospace (GIC / Sherpaloo)	Space-tech VC	US\$60m	7 May · India's first space unicorn (\$1.1Bn)
Scapia — Series C (General Catalyst)	Travel fintech VC	US\$63m	22 May · val 2x+ to >\$500m
Milky Mist — pre-IPO (Temasek / Jongsong)	Consumer / dairy	₹482Cr	4 May · Temasek-led pre-IPO
Snabbit — Series D	Home-services VC	US\$56m	1 May · Susquehanna / Mirae / Bertelsmann
C2i Semiconductors — Series A ext.	Semiconductors VC	US\$16.7m	28 May · TDK Ventures; AI/HPC power
Piper Serica — Bharat Tech Fund (launch)	Cat-II AIF · deeptech	₹600Cr	21 May · semis / AI / space / defence
Capital Group → Adani (Ports + Power)	Public-market stake	>US\$2.0Bn	May · open-market; pivot from Reliance
Anzen Energy Yield Plus — solar INVIT	Renewable yield	₹2,520Cr	May · 74% of 12 solar assets
Fertitta → Caesars (global ctx)	Gaming M&A · US	US\$17.6Bn	28 May · largest US casino deal ever

— Equities & Primary Market · May 2026

Quiet Tape, Loud Pipeline

The secondary market is the most boring it has been in years — Nifty down, breadth thin, largecaps de-rated below their own decade average. Behind it sits the loudest IPO pipeline India has ever assembled, led by a single \$130bn name.

INDIA BUREAU · EQUITIES · PRIMARY MARKETS

THE SECONDARY TAPE — END-MAY 2026

INDEX	LEVEL	YTD	READ
Nifty 50	23,900	-8.5%	below 10-yr avg fwd P/E
Sensex	75,900	-8.2%	FII-heavy, hit hardest
Nifty Midcap 150	—	-11.4%	momentum unwind
Nifty Smallcap 250	—	-13.7%	froth repriced
Bank Nifty	—	-6.1%	DII-anchored, resilient
Nifty IT	—	-9.8%	AI-capex spend fears

The de-rating is the opportunity the flow story keeps pointing to: quality largecaps below their decade-average forward multiple for the first time since 2020, with the DII bid (record ₹82,600cr in May) doing the catching.

WHY THE PIPELINE IGNORES THE TAPE

Issuers price off through-cycle demand, not the May screen. With ₹2.5 lakh crore of paper readying and a generational Jio listing anchoring sentiment, a soft secondary market is exactly when promoters and PE sellers queue — to list into the recovery, not the dip.

THE IPO PIPELINE — 2026

ISSUER	SIZE	STATUS
Reliance Jio	₹11-13.5L cr	H1 · India's largest ever
NSE	large	long-awaited
PhonePe	~\$1.5Bn	filed
Flipkart	large	2026 intent
boAt	~₹2,000cr	refiled
Zepto	~\$1Bn	prepping
SBI Mutual Fund	large	AMC listing

LISTED IN MAY

Bagmane Prime Office REIT	15 May
ONEMI Technology Solutions	8 May

Pipeline: Prime Database — 84 cos SEBI-cleared (~₹1.14L cr), 108 filed (~₹1.46L cr); >₹2.5L cr potential 2026. Jio valuation range \$121-154bn (street est.). Index YTD per NSE; midcap/smallcap GWR estimates from index prints.

— Global Fundraising · League Table

The War Chests Aimed at India

Four of the world's largest managers closed record Asia funds straight into the sell-off. Where that global capital points — in a shrinking-China world — is the counter-cyclical tell. (India's own GPs: see the Fund-Launch Radar.)

CAPITAL INTELLIGENCE DESK · GLOBAL ALLOCATORS

ASIA MEGA-FUND WAVE · 2026 CLOSES

MANAGER	VEHICLE	SIZE	INDIA STANCE
EQT	Asia / BPEA	~\$15.6Bn	Core focus
KKR	Asia PE	~\$15.0Bn	Core focus
Blackstone	Largest-ever Asia PE	\$13.1Bn	Core focus
Bain Capital	Asia	~\$10.5Bn	Core focus

These vehicles closed in the same months the Indian tape sold off. That is not bad timing — it is the timing. **Deployment paused; commitment did not.**

WHERE THE DRY POWDER POINTS · ASIA PE

DESTINATION	ALLOCATION TREND	2026 STANCE
India	rising	Top overweight
Japan	large	Core
SE Asia	selective	Neutral
China	shrinking	Underweight

THE COUNTER-CYCLICAL TELL

A ~US\$3.9tn global dry-powder overhang has to be put to work, and India is now the structural overweight as China allocations shrink. The funds raised this cycle are the ammunition that deploys into the dislocation once oil/FX tail-risk clears — see the Dealbook (p.24) for where May's cash already moved.

— The Month's Closed Deal, Dissected

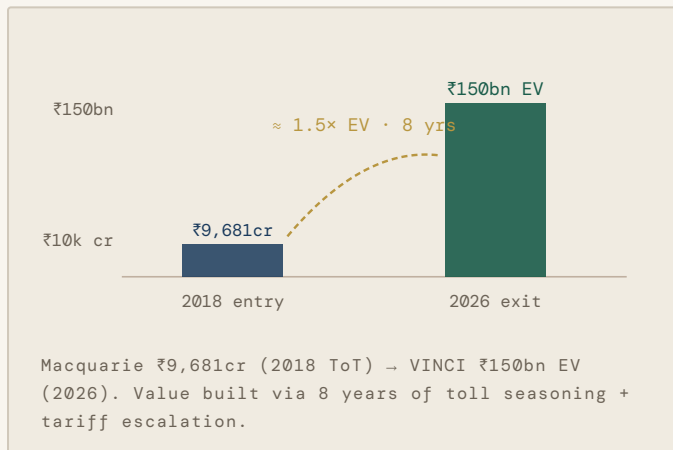
VINCI'S ₹150bn Road Bet

On 8 May, France's VINCI bought its way into India's highways — paying ₹150bn for a portfolio Macquarie assembled for ₹9,681cr eight years ago. The cleanest read this month on what patient infrastructure capital will pay for contracted Indian cashflow.

INDIA BUREAU · TRANSACTIONS · VERIFIED · 8 MAY 2026

Asset	Safeway Concessions — 9 toll-road concessions (~700km, 648km operational), Andhra Pradesh & Gujarat
Buyer	VINCI Highways (France) — first India toll-road entry
Seller	Macquarie Asset Management
Enterprise value	₹150bn (~US\$1.7bn) · ≈ 15× EBITDA
Origin	NHAI Toll-Operate-Transfer (ToT) model; Macquarie won the first ToT auction in 2018 for ₹9,681cr
Close	Expected end-2026, pending regulatory approval

THE VALUE BRIDGE · 2018 → 2026



Why this deal, this month

It is the perfect specimen of the issue's thesis: while *portfolio* capital flees, **strategic infrastructure capital pays a 15× multiple to enter India** — for contracted, inflation-linked toll cashflow that doesn't care about this quarter's rupee. VINCI gets a 700km operating platform and a beach-head; Macquarie books a clean ~1.5× EV exit and validates the NHAI ToT model as an institutional asset class.

THE READ FOR ALLOCATORS

A 15× EBITDA clearing price for Indian road concessions, struck in the depths of the FPI exodus, is the loudest possible signal that the bifurcation is real — patient capital is underwriting the decade while fast money prices the month.

Sources: VINCI & Macquarie press releases (8 May 2026); Indian Infrastructure; Angel One. Closed-deal teardown — refreshed with the month's marquee verifiable transaction.

CAPITAL INTELLIGENCE DESK · VALUATION & UHNW FLOWS

VALUATION INTELLIGENCE

The AI-Infrastructure Premium and the Repriced Largecap

Cross-sector valuation reads in May 2026 reveal a barbell. At one end: AI/data-center and semiconductor-adjacent assets command meaningful premiums (India semis avg P/E ~15x; assets with "credible AI capabilities" earn 30–50% above sector medians). Adani Green re-rated +~70% in the preceding quarter on the AI-power thesis. At the other end: quality India largecaps — repriced by the FII selling wave — are now trading below their 10-year average 12-month forward P/E for the first time since 2020.

SECTOR	VALUATION SIGNAL	DIRECTION
AI/Data Centers	Premium vs sector	↑↑ Bid
Renewable Energy	Re-rated on compute	↑ Strong
India IT Services	M&A selectivity	→ Cautious
Financial Services	Highest PE share 2025	↑ Resilient
India Largecap Equity	Below 10-yr avg fwd P/E	↑ Entry Value
India SMIDs	Momentum premium	→ Rich

Global PE entry multiples easing toward historical norms; exit multiples off 2021 peaks. Private credit providing bridge between equity and debt repricing.

FAMILY OFFICE INTELLIGENCE

Direct Capital, Patient Horizon

IVCA's 490+ member funds (>US\$350bn AUM) are increasingly inclusive of family offices and Family Investment Funds via the IFSCA FME framework at GIFT City. The structural shift in family office behaviour mirrors institutional trends: move from listed market exposure to direct/co-investment, private credit, and alternative asset allocation at reduced fees.

Indian UHNW family offices are becoming natural buyers of the secondary discounts and co-investment tickets that the current market dislocation creates — particularly in late-stage growth equity and infrastructure.

INDIAN FAMILY OFFICE ALLOCATION TRENDS · 2026	
Private Credit	Rising allocation
Renewable / Infra	AI-power thesis aligned
GIFT City FIFs	Preferred structuring vehicle
Late-Stage VC co-invest	Selective - no discount pricing
Listed Largecap India	Accumulation case post-dislocation

FAMILY OFFICE + PE GP CONVERGENCE

The most consequential structural shift is the convergence of family office direct investment with GP-led continuation funds and secondaries — allowing UHNW capital to access deal flow and exit liquidity previously only available to institutional LPs. GIFT City's FME framework is the enabling regulation.

— Gravitywell Research · Proprietary Gauge

What It Costs to Get In

From the angel cheque to the buyout, what India's capital actually clears at in May 2026 — round sizes, the early-stage rebound, and the barbell splitting the listed market.

CAPITAL INTELLIGENCE DESK · VALUATION DESK

PRIVATE — ROUND BENCHMARKS

STAGE	ROUND SIZE · Q1 2026	MAY READ
Pre-seed / angel	\$0.2–0.5m	Selective
Seed	\$0.5–3m	2025 –30% to \$1.1bn
Series A	\$5–15m	clustering \$15–25m
Series B+	\$20–60m	traction-gated
Growth / late	\$60m+	\$250m+ rounds 2x '24
Early-stage · FY26	\$4.8bn	+33% vs FY25

Q1 2026 Series A: \$628m / 77 deals. Seed soft (~44% H1'25) but early-stage rebounding hard into FY26.

THE LISTED BARBELL

BUCKET	VALUATION	SIGNAL
AI / data centres	30–50% > sector median	Premium
Adani Green (AI-power)	re-rated ~+70% / qtr	Bid
India semis	~15x P/E avg	Strategic
India largecap	P/E 20.2 vs 10-yr avg 23.4	~25th pctile
India SMIDs	momentum premium	Rich

Nifty trailing P/E ~20.2 vs its 10-yr average of ~23.4 — a ~14% discount, around the 25th percentile of the decade. Not panic; the first genuine entry band since 2020.

THE BARBELL, DECODED

Two markets at once: AI-infra and semis command strategic premiums while quality largecaps — repriced by the FPI exodus — sit ~14% below their 10-yr average forward multiple (~25th percentile), the first real entry band since 2020. The angel/seed end is cheap and rebounding; the AI end is dear. Mind the middle.

Sources: EY-IVCA, Tracxn/Entrackr Q1 2026, Bain India VC Report 2026. PE entry multiples easing toward norms; exits off 2021 peaks. A Gravitywell Research standard.

— Decision Analytics · May 2026

What You Actually Make

A local return is not a dollar return. With the rupee down ~6% in 2026 and hedging dearer after the RBI's NDF curbs, here is what foreign capital keeps — and how the oil-and-rupee chain swings the whole tape.

CAPITAL INTELLIGENCE DESK · FOR USD/EUR ALLOCATORS

CURRENCY-HEDGED RETURN MATRIX — ILLUSTRATIVE, MAY 2026

ASSET	LOCAL RETURN	- FX DRAG	- HEDGE COST	USD UNHEDGED	USD HEDGED
Nifty largecap	~10%	-6%	-3.0%	~4%	~7%
EMDE / India debt (sr)	~9%	-6%	-3.0%	~3%	~6%
Renewable InvIT (yield)	~9%	-6%	-3.0%	~3%	~6%
AI-infra equity	~15%+	-6%	-3.0%	~9%	~12%

FX drag = trailing 2026 rupee depreciation. Hedge cost ≈ 1-yr USD/INR forward premium (~10-yr ≈ 7.1% G-sec - ~4.6% UST ≈ 2.5-3%), rising at longer tenor after RBI's 27-Mar NDF curbs. The takeaway: hedge and the rupee stops eating your return — at a knowable ~3% toll.

SCENARIO SENSITIVITY — BRENT — THE TAPE

BRENT	RUPEE	NIFTY	FPI
\$80	↑ ~93	Re-rate	Returns
\$95	~95	Range	Stabilises
\$110	↓ 97+	Pressured	Outflow
\$125	↓↓ 99+	Sell-off	Exodus

Directional, GWR. Brent <\$90 is the single most powerful near-term FPI catalyst.

FLOW-OF-FUNDS · FY26

WHO'S FUNDING INDIA, NET

DII absorption
 +₹8.5L cr FY26 · May +₹82,600cr

FPI equity · YTD
 -₹2.25L cr

Gross FDI · FY26
 +US\$94.5bn (strategic)

Net read
 Domestic + strategic > foreign-portfolio exit

— Decision Analytics · May 2026

The Floor & The Field

Two questions every allocator and policymaker asks: how strong is India's external buffer if the war drags on — and how does it stack against the China+1 field it's competing with for the same dollar.

GRAVITYWELL RESEARCH · MACRO & SOVEREIGN DESK

EARLY-WARNING DASHBOARD — EXTERNAL RESILIENCE, MAY 2026

GAUGE	READING	STATUS	READ
FX reserves	~\$697bn	Strong	~11 months' import cover
External-debt cover	90.3%	Strong	reserves nearly cover all ext. debt
Short-term debt / reserves	21.9%	OK	manageable rollover risk
Current-account deficit	1.0% → 2.2%	Watch	9M FY26 1.0%; widening on oil
10-yr G-sec	~7.1%	Watch	~250bps over UST; cushion thinning

Verdict: a strong external buffer (11-month cover, 90% debt cover) absorbing the oil/FX shock — the reason the sell-off is orderly, not a crisis. The widening CAD and thinning yield cushion are the gauges to watch.

THE CHINA+1 FIELD — WHERE THE DOLLAR LANDS, 2025

COUNTRY	FDI 2025	EDGE	US PROXIMITY	GWR GRADE
India	~\$81bn	Pharma · smartphones · chem · cleantech · PLI	Low	A
Vietnam	~\$36bn	Electronics assembly at scale	Low	A-
Mexico	nearshoring	USMCA · auto · short lead-time	High	A-
Indonesia	rising	Mfg + 280m domestic market · nickel	Low	B+

FDI: India FY25 \$81.04bn (+14%, mfg +18%); Vietnam \$36bn+ 2025; ASEAN record \$225bn 2024; industrial-zone occupancy 85-95%. Sources: DPIIT, Invest India, RHG, Vietnam MPI. A Gravitywell Research standard.



The Intelligence Room

The proprietary instruments — the indices, trackers and maps that make this the system of record for whether India's capital is real.

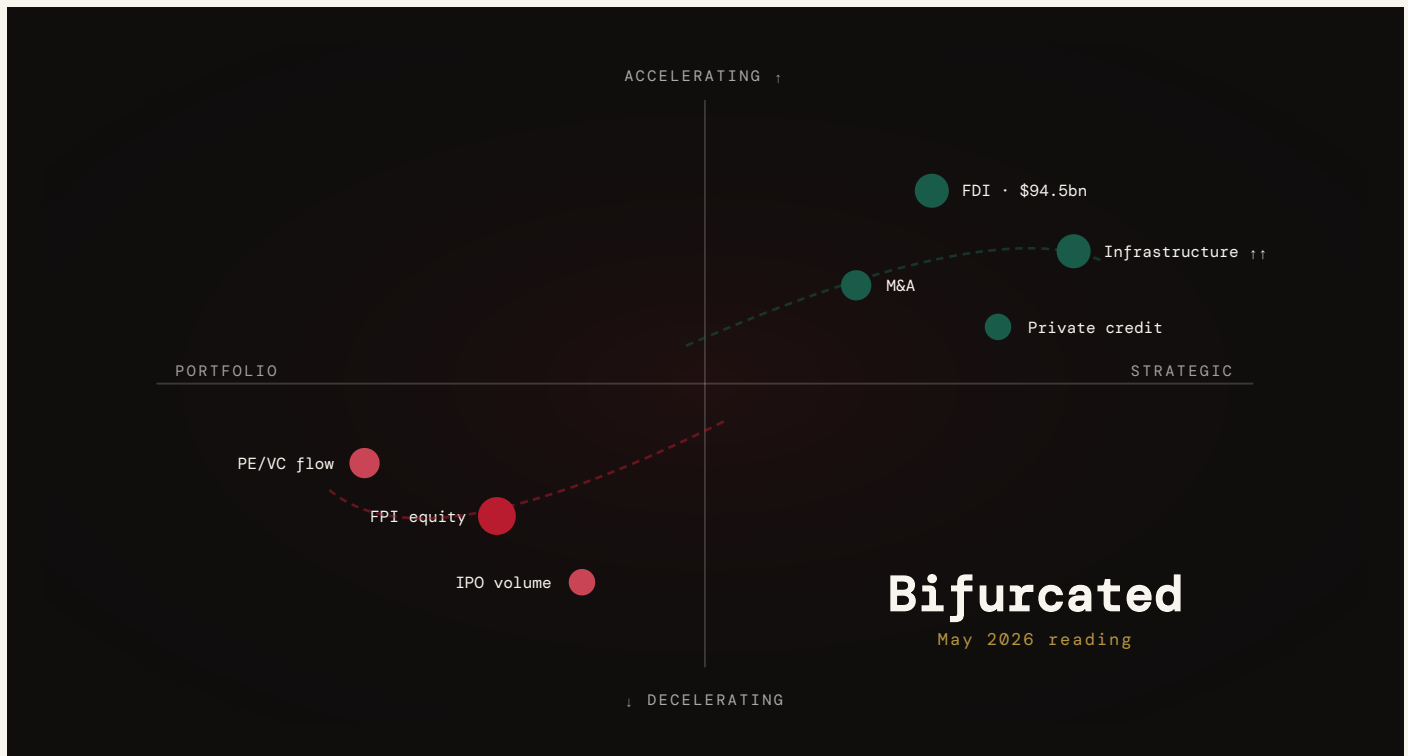
IN THIS PART

- * CFI
- * Trackers
- * State Index
- * Corridor
- * Dry-Powder
- * Fund Radar

— Proprietary · The GWR Index

One Country, Two Engines

The Capital Formation Index plots India's seven capital signals on two axes. In May 2026 they point in opposite directions — the bifurcation, in one picture.



STRATEGIC AXIS

+3.8

FDI · M&A · infra · credit (↑↑)

PORTFOLIO AXIS

-1.3

FPI · PE/VC · IPOs (↓)

BIFURCATION SPREAD

+5.1

scale ±10 · widest in series

THE CAPITAL AXIS FRAMEWORK — THE BIFURCATION

Our governing lens: India's capital splits into two flows with different clocks. **Portfolio capital** (FPI, PE/VC, IPOs) is fast, liquid, and prices *this quarter* — currently fleeing the oil-and-rupee premium. **Strategic capital** (FDI, M&A, infrastructure, private credit) is patient, illiquid, and underwrites *the decade* — currently arriving in force. The **Bifurcation Spread** measures the gap. Read any single indicator and you miss the story; read the spread and you see it whole.

Each of seven publicly-available series scored -5 to +5 on 3-month momentum vs trend; axis score = simple mean; Spread = Strategic - Portfolio (range ±10). Transparent, replicable, tracked monthly — full rubric in Methodology.

PROPRIETARY CAPITAL FORMATION INDEX · CHARTS · TIME SERIES

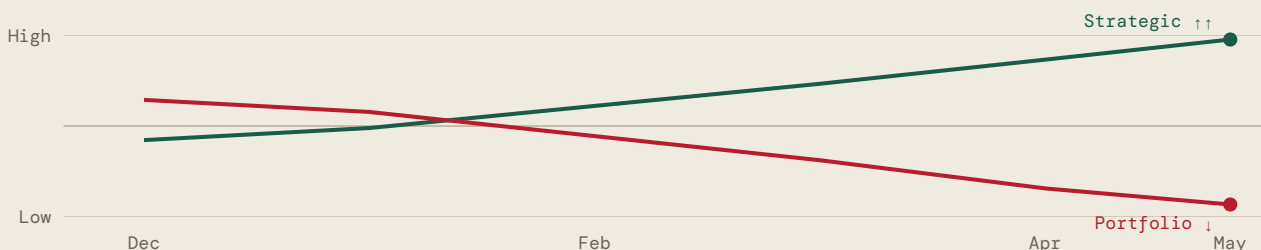
GWR INDIA CAPITAL FORMATION INDEX · MAY 2026

Bifurcated

STRATEGIC +3.8 · PORTFOLIO -1.3 · BIFURCATION SPREAD +5.1 (SCALE ±10) · Δ VS PRIOR MONTH: BASELINE (INAUGURAL READING) – GRADED MONTHLY FROM HERE

The GWR Capital Formation Index aggregates seven components across two axes. The portfolio-capital axis (FPI equity, PE/VC monthly flow, IPO volumes) is in contraction under the West Asia oil-risk premium. The strategic-capital axis (FDI, M&A, infrastructure investment, private credit) is at or near all-time highs. This bifurcation — not visible in any single indicator — is the defining analytical insight of May 2026.

CFI – THE TWO AXES DIVERGE · DEC 2025 - MAY 2026 (DIRECTIONAL, INDEXED)



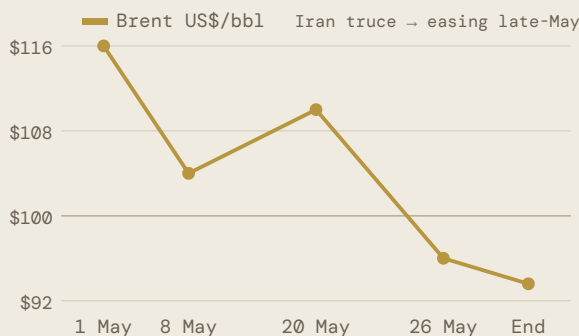
Inaugural reading. Directional/editorial scoring, not a numeric composite. The monthly series builds from here.

CFI COMPONENTS SCORECARD · MAY 2026 · SCORED -5 TO +5

COMPONENT	AXIS	SIGNAL	SCORE
FDI (Gross)	Strategic	US\$94.5Bn FY26	+4
M&A (Strategic)	Strategic	FY25: ~\$115-124Bn	+3
Private Credit	Strategic	H2 2025: \$3.4Bn	+3
Infrastructure Invest.	Strategic	Post-2021 PE high	+5
VC Fundraising	Portfolio	FY25: \$23.2Bn record	+2
IPO Activity	Portfolio	FII-sentiment-gated	-2
PE/VC Investment	Portfolio	Apr: \$2.7Bn (29-mo low)	-4
Strategic axis	mean of 4	Accelerating	+3.8
Portfolio axis	mean of 3	Decelerating	-1.3
Bifurcation Spread	Strat - Port	Widest in series	+5.1

Each series scored -5...+5 on 3-month momentum vs trend; axis = simple mean; Spread = Strategic - Portfolio. Full rubric: Methodology. Source: EY-IVCA, RBI, NSDL, Bain, GWR.

BRENT VS FPI OUTFLOW · OIL SHOCK CORRELATION · MAY 2026



Source: Fortune/Bloomberg daily Brent snapshots. War shock peak \$116 → truce-driven fall to \$96-97 by month-end.

INDIA FDI (GROSS) VS NET FPI – FY26 ANNUAL SUMMARY (US\$ BILLION)



Source: RBI Monthly Bulletin May 2026. Net FDI after repatriation/outward. Net FPI includes equity + debt combined.

— Proprietary · The System of Record

Pledged vs Poured

Anyone can announce a trillion rupees. We track what actually gets built. The GWR Pledge-to-Deployment Tracker follows every mega-commitment from announced → committed → deployed, quarter by quarter. This is the inaugural baseline.

CAPITAL INTELLIGENCE DESK · TRACKER V1.0 · AS OF 31 MAY 2026

ANNOUNCED (MULTI-YR)

\$210Bn+

Reliance + Adani AI-infra

COMMITTED / BINDING

~\$48Bn

board-approved · ordered · under build

DEPLOYED / OPERATIONAL

~\$11Bn

live capacity & shipping assets

CONVERSION INDEX

GWR Pledge-Conversion Index = **~5% deployed · ~23% committed** of headline pledges. Δ vs prior quarter: **baseline (v1.0)**. Early innings by design — the value of this gauge is the *trajectory*, tracked every quarter from here.

PLEDGE / PROGRAMME	ANNOUNCED	COMMITTED (BINDING)	DEPLOYED (OPERATIONAL)	STAGE
Reliance — AI infra	~\$110bn → 2033	Jio captive 10GW plan; Jamnagar build	Jio hyperscale 120MW (H2'26 ramp)	Early
Adani — AI infra	~\$100bn → 2035	Khavda 30GW build; AES order book ₹71,779cr	Adani Green >19GW live; AdaniConnex 2GW	Building
Semiconductors (ISM)	₹1.64L cr · 12 fabs	Tata-ASML MoU; Dholera ~50% built	Micron Sanand commercial; Kaynes OSAT live	Converting
Gulf sovereign AI	Corridor forming	G42 India programme	64 Cerebras systems (15 May)	Deployed
Renewable / grid	Part of pledges	BESS + transmission InvIT pipeline	50% RE installed (May milestone)	Building
GWR Conversion Index	\$210bn+	~23% committed	~5% deployed	v1.0

HOW WE SCORE IT

Announced = public pledge. **Committed** = board-approved, ordered, or under construction with disclosed spend. **Deployed** = operational capacity or shipping assets. Conversion = deployed ÷ announced. Multi-year pledges are pro-rated to disclosed milestones, not assumed linear.

WHY THIS IS THE MOAT

Everyone quotes the \$210bn. No one tracks whether it shows up. For allocators it sizes the real opportunity; for policymakers it scores whether incentives convert. The number only gets more valuable each quarter — and it can't be back-filled by anyone starting later.

— GWR Intelligence · Tracked Monthly

Does the Reform Convert?

Governments announce; markets wait for the gazette. The GWR Reform-Conversion Tracker follows each reform from announced → notified → operational → capital moved — the policy mirror of our Pledge Tracker.

GRAVITYWELL RESEARCH · POLICY & REGULATORY UNIT · V1.0

REFORM-CONVERSION INDEX

Of the May reform slate, ~40% operational, ~30% notified, ~30% announced. GIFT City is the fastest-converting venue; capital-markets access (OBPP/54EC) is the highest-leverage item still in the pipe.

REFORM	AUTHORITY	STAGE	CAPITAL SIGNAL
Income-Tax Act 2025	MoF	Operational (1 Apr)	New compliance baseline
FIT framework renewal (2–6%)	RBI	Operational (to 2031)	Policy anchor intact
IFSCA FME / Family Investment Fund	IFSCA	Operational	UHNW co-invest vehicle live
Ship Leasing framework	IFSCA	Notified (20 May)	GIFT leasing hub deepens
SEBI June margin norms	SEBI	Notified → live June	Market-structure tightening
ISM 2.0 — 2 new units	Cabinet	Notified (5 May)	₹3,936cr committed
OBPP → GIFT City + 54EC bonds	SEBI	Announced (consult to 26 May)	Highest-leverage bond access
20-yr cloud-infra tax break	MoF (proposed)	Announced	Could draw ~US\$200bn
Reform-Conversion Index	—	~40% operational	v1.0 baseline

STAGE DEFINITIONS

Announced = proposal/consultation. **Notified** = gazetted/rules issued.
Operational = in force. **Capital moved** = measurable flow attributable to the reform. Conversion = operational ÷ announced.

WHY POLICYMAKERS & INVESTORS BOTH READ IT

For regulators it's a public report card on whether their reforms convert to capital — accountability they will engage with. For allocators it's a timing tool: a reform at "notified" is investable months before the headline catches up. The pair — Reform + Pledge conversion — is the GWR signature.

Sources: RBI, SEBI, IFSCA, Ministry of Finance notifications. A Gravitywell Research standard, scored quarterly.

— Gravitywell Research · The Record

Which India Wins the Capital?

India is not one investment destination — it's a contest between a handful of states. The GWR State Capital Index ranks them on where the money actually lands, and where the next dollar is heading.

GRAVITYWELL RESEARCH · INDIA BUREAU · INDEX V1.0

RANK	STATE	FDI · FY25	SHARE	EDGE	GWR SCORE
1	Maharashtra	\$16.7Bn	31%	Finance · the default door	A+
2	Gujarat	\$5.6Bn	10%	GIFT City · semis · green power	A
3	Karnataka	\$4.5Bn	8%	Tech/AI · leads Q1 FY26 fresh inflows	A
4	Delhi / NCR	\$4.5Bn	8%	HQ & services gravity	A-
5	Tamil Nadu	\$2.4Bn	~4%	Autos · electronics · renewables	B+

FDI equity inflows, FY25 to Dec 2024 (DPIIT). GWR Score blends FDI scale, momentum, policy/ease, and forward pipeline — directional, scored A+ to C.

The Race Is Tightening

Maharashtra still takes nearly a third of all FDI — the default door for finance. But the story of FY26 is the **challenger shift: Karnataka led fresh inflows in Q1 FY26**, ahead of Maharashtra and Tamil Nadu, on the back of AI and tech. And **Gujarat** is quietly assembling the supercycle stack in one state — GIFT City finance, Dholera semis, Khavda green power — a concentration no rival matches.

WHY GOVERNMENTS READ THIS

States compete for capital, and a ranking is a scoreboard they cannot ignore. Investors use it to site; chief ministers use it to lobby. Tracked every issue, the GWR State Capital Index becomes the reference both sides argue over — which is the point.

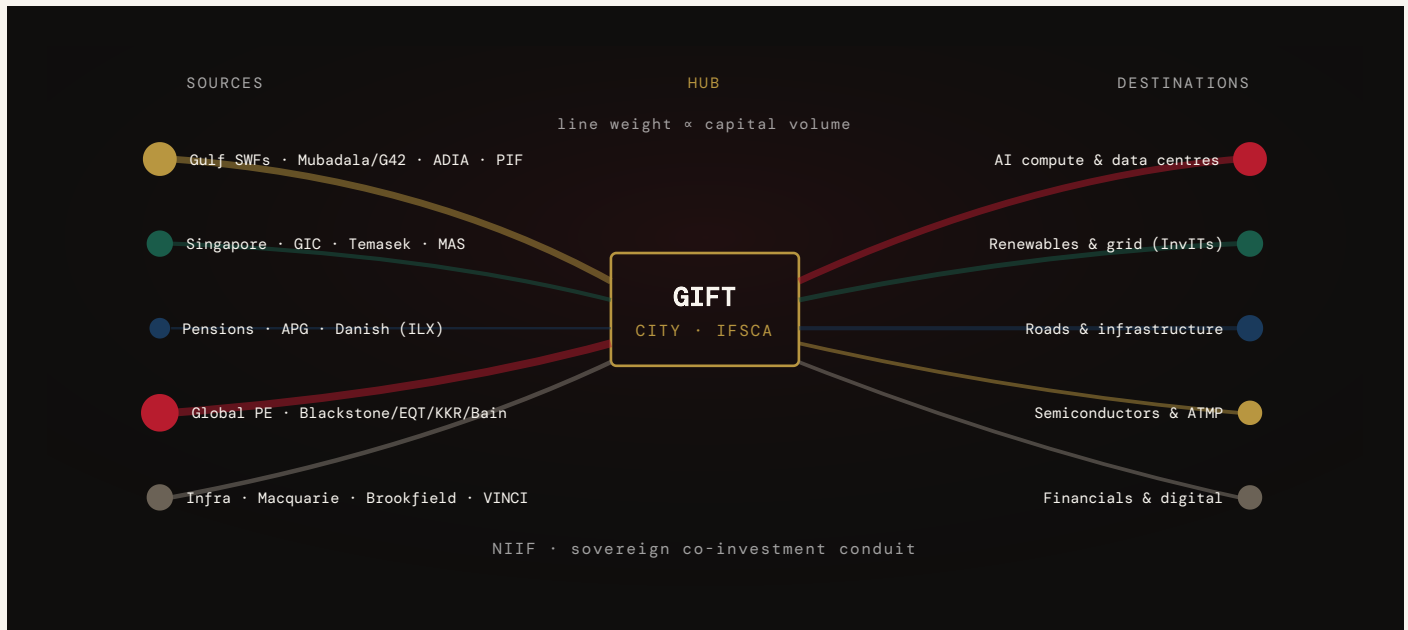
Sources: DPIIT FDI statistics; Invest India; state Q1 FY26 inflow data. A Gravitywell Research standard, refreshed monthly.

— A Gravitywell Research Standard

The Capital Corridor Map

Where the world's patient money enters India — and through which door. The Gravitywell Capital Corridor Map™ charts the cross-border routes, the GIFT City hub, and the destinations, refreshed monthly.

GRAVITYWELL RESEARCH · SOVEREIGN CAPITAL DESK · MAP V1.0



CORRIDOR	THIS MONTH'S SIGNAL	SCALE	STATUS
Gulf → AI compute	G42/Mubadala deploys 64 Cerebras systems	15 May	Active
Gulf → health/other	ADIA · Micro Life Sciences	\$200m	Active
Pensions → EM debt	APG / Danish via ILX (DFI co-lending)	\$1.7bn	Deploying
Global PE → India core	Blackstone/EQT/KKR/Bain Asia mega-funds	~\$54bn	Raised
Infra → roads	VINCI + Macquarie · 9 toll roads	₹150bn	Closed
GIFT City	FME / Family Investment Fund formations	Rising	Hub

The Gravitywell Capital Corridor Map™ – a proprietary Gravitywell Research standard. Routes refreshed monthly; the map's value is the cumulative record. Sources: §06, §08, Source Register.

Gravitywell Research · Proprietary

The Money Waiting

Deployment paused; the ammunition didn't. India logged its biggest fundraising year on record in 2025 — the capital is committed, sitting, and will have to move. Here's where it is, by strategy.

CAPITAL INTELLIGENCE DESK · PRIVATE MARKETS

INDIA PE/VC FUNDRAISING · 2025

\$23.2Bn

record - 123 raises - 2.4x 2024

VC/GROWTH FUND CAPITAL · 2025

\$5.4Bn

doubled YoY - \$100m+ vehicles

GLOBAL PRIVATE DRY POWDER

~\$3.9Tn

overhang awaiting deployment

HEATMAP - DRY POWDER & MOMENTUM BY STRATEGY

STRATEGY	DRY POWDER	FUNDRAISE	DEPLOY NOW	READ
Buyouts / PE	High	Strong	Hot	1Q led at \$4.3bn
Infrastructure	Rising	+70%	Hot	post-2021 high; AI-power pull
VC / Growth	\$5.4bn	Record	Cool	raised, not deploying — paused
Private credit	Building	Rising	Warm	bridge as equity reprices
Secondaries / CV	~15% FR	Growing	Warm	liquidity tool of the cycle

Shading = relative intensity (greener/darker = more). India 2025: \$23.2bn raised · \$60.7bn deployed / 1,475 deals.

THE COILED-SPRING READ

A record raise into a paused deployment year is a coiled spring, not a dead market. VC/growth is "cool" only because managers are waiting out valuations and the oil/FX tail — the \$5.4bn is committed and clock-bound. When volatility recedes, buyouts and infra (already hot) pull first; VC follows.

IN MARKET NOW

- Asia mega-funds (Blackstone \$13.1bn, EQT ~\$15.6bn, KKR ~\$15bn, Bain ~\$10.5bn) — India core.
- FAST-P / GIP (Singapore) — \$510m first close, \$5bn ambition.
- ILX Fund II — \$1.7bn pension-led EMDE debt.

Sources: EY-IVCA, Bain India VC Report 2026, Preqin, S&P. Heat = relative 3-month deployment momentum (GWR).

— GWR · The System of Record · Domestic GPs

India's Own Managers Raise

The global mega-funds get the headlines (p.26); this is the home team. India-domiciled GPs closed record vehicles into 2026 — and a new tier of seed and deep-tech specialists is forming beneath them. The radar for anyone allocating to Indian managers.

GRAVITYWELL RESEARCH · FUND FLOWS

MARQUEE CLOSES · 2025-26

MANAGER	VEHICLE	SIZE	FOCUS
Peak XV Partners	3 funds (India seed/venture + APAC)	\$1.3Bn	AI · fintech · consumer · deep tech
Nexus Venture Partners	Fund VIII	\$700m	Early / multi-stage
A91 Partners	Fund III	\$665m	Growth
Accel India	Fund VIII	\$650m	~\$3bn total India commitment
Lightspeed India	Fund IV	\$500m	Early / growth

The Signal: Capital Is Concentrating on AI

The defining move is Nvidia partnering Peak XV, Accel and Elevation to fund India's next-gen AI startups — the chip-maker putting capital where the compute build is. Q1 2026 startup funding climbed to ~\$4bn, powered by Neysa (AI infrastructure) and a Series-A rebound. The money is picking a side: AI-enabling infrastructure over generic consumer.

EMERGING-MANAGER WATCH · SEED

Blume Ventures

Early SaaS · fintech · consumer

Kae Capital

Seed specialist

India Quotient

Early-stage

Titan Capital · Inflection Point

Angel-adjacent / syndicate

Sources: TechCrunch, Enttrackr Q1 2026, manager disclosures. A Gravitywell Research standard for LPs, family offices & placement agents — refreshed monthly.

VI

The Desk

The desk's calls, graded; the case against our own thesis; the conversation; the month ahead; and the lighter end of capital's culture.

IN THIS PART

Trades

Scorecard

Bear Case

Q&A

Month Ahead

Indicators

— Investor Quick Read

Five Trades, Five Risks

The month distilled to what you can act on. Where conviction is earned — and the five ways the thesis breaks.

CAPITAL INTELLIGENCE DESK · EDITED BY DEVANG RAO

FIVE CONVICTION TRADES

T1 Energy-Compute Infrastructure

Access the supercycle through contracted-cashflow instruments — renewable IPPs, transmission InvTs, hyperscale DC operators. A decade hold, not a trade.

T2 Quality Largecap Accumulation

Nifty below its 10-yr average forward P/E for the first time since 2020. Contrarian entry once oil/FX tail risk subsides.

T3 Renewable Yield Trusts (InvTs)

Anzen-type solar InvTs convert PPAs into pension-grade yield. The AI-power thesis re-rates the whole asset class.

T4 GIFT City Family Investment Funds

The highest-conviction structuring opportunity of 2026 for UHNW co-investment and PE/VC sponsors. Onshore-offshore, treaty-efficient.

T5 Semiconductor ATMP / Cable Landing

The picks-and-shovels of the compute build — packaging facilities and digital-highway infrastructure with PLI support.

FIVE MATERIAL RISKS

SEVERITY-RATED

▪ Oil / Hormuz shock

Brent re-rating the rupee & risk premium

HIGH · master variable

▪ Rupee depreciation

USD/INR 96+; compresses USD returns

HIGH

▪ Exit drought

1Q exits -48% YoY; the binding constraint

MEDIUM

▪ Execution slippage

Pledge-vs-deployed gap; grid at scale

MEDIUM

° Chip export controls

US/NL caps on Dholera advanced node

WATCH

THE BOTTOM LINE

Hedge the Hormuz tail (energy, gold, USD); underwrite the China+1 structural trade (electronics, semis, contracted infra) on a decade horizon. The exodus is portfolio capital; the arrival is strategic. Position for the second, survive the first.

— Accountability · Graded Monthly

The Scorecard

A magazine that won't grade itself isn't worth reading. No back-issues to grade yet — so this inaugural edition marks the market's consensus against what actually happened, and puts our own calls on the record for Issue 02's reckoning.

CAPITAL INTELLIGENCE DESK · INAUGURAL EDITION

GRADING THE CONSENSUS — THE STREET'S YEAR-AHEAD CALLS, NOT OURS

We have no prior issue to grade — so we open by marking the market's own year-ahead forecasts (sell-side strategy notes and the RBI's late-2025 Survey of Professional Forecasters) against what May actually delivered. Our own calls go on the record below.

THE EARLY-2026 CONSENSUS SAID...	WHAT HAPPENED BY MAY	GRADE
Nifty pushes to fresh highs (27,000+) by mid-2026	23,900 · -8.5% YTD	MISS
FPIs return to net buyers in Q2	Third straight selling month; -₹2.25L cr YTD	MISS
RBI cuts in H1 2026	Held 5.25%; hike case now building	MISS
Rupee stable in the high-80s	Record low 96.96	MISS
India semis stay PowerPoint, not production	Tata-ASML signed; Micron shipping; Dholera 50% built	WRONG — on track
Strategic capital keeps arriving despite the sell-off	FDI US\$94.5bn; \$210bn AI pledge; G42 deployed	HIT

The consensus mispriced the cycle in one direction and the structure in the other. The portfolio-capital pessimists were right on price; the strategic-capital skeptics were wrong on substance.

OUR CALLS — ON THE RECORD (GRADED IN ISSUE 02)

CALL 1

Brent below \$90 by end-June reverses the FPI tape; above \$110 extends the exodus.

CALL 2

RBI holds at 5.25% on 5 June; language turns on the rupee, not growth.

CALL 3

Contracted-cashflow infra (InvITs, yield trusts) outperforms the Nifty over the next two quarters.

THE STANDING WAGER

The bifurcation persists: portfolio capital stays hostage to oil and the rupee; strategic capital keeps deploying into the energy-compute build. We are graded on this every month until the tape proves us wrong.

— *The Opposing View · Signed*

The Case Against the Supercycle

A magazine that only prints its own thesis is a brochure. Here is the strongest case that the Sovereign-Compute Supercycle is a story the bulls are telling themselves — and our answer.

CONTRARIAN COLUMN · BY LENA HOFER

The screens are not confused. Foreign capital has sold India for three straight months and pushed the rupee to a record low — and the bulls' answer is to ignore the only liquid, daily, price-discovered signal in the entire thesis.

Four hard objections. **One** — a pledge is not capex: Adani's \$100bn runs to 2035, Reliance's to 2033, and annual deployment must survive political, commodity and balance-sheet cycles. **Two** — the grid. Adding 1.7–2.0GW of data-center load by end-2026 assumes transmission and storage arrive in lockstep; they rarely do. **Three** — export controls. US and Dutch advanced-node restrictions cap Tata-Dholera's ceiling regardless of capital. **Four** — the currency. Rupee depreciation compresses dollar returns below the hurdle rate for the very foreign capital the thesis needs.

And the valuations already price the optimism: Adani Green re-rated ~70% on the AI-power story before a single hyperscale watt was contracted. You are not early. You are paying for a future that has to go right.

THE HOUSE REPLY

The bear is right about the *past quarter* and wrong about the *duration*. FPI flight is portfolio capital pricing this year's oil; the supercycle is strategic capital underwriting the next decade. Both are rational. The objections are real risks — which is exactly why we trade the contracted-cashflow layer (InvITs, yield trusts, co-investment), not the equity narrative. Buy the cashflow, not the story.

WHERE WE CONCEDE

Execution is unproven and the grid is the genuine binding constraint. If transmission and storage slip, the compute build slips with them — and the bulls will have been early by years, which in this business is the same as wrong.

— Five Questions

The Allocator's View

A composite of the sovereign-fund and pension allocators we track, answering the questions our readers ask most. Illustrative — a synthesis of positions, not a single transcript.

INTERVIEW · COMPOSITE · SOVEREIGN CAPITAL DESK

Is India investable with the rupee at record lows?

"For portfolio money, no — not until oil and FX settle. For strategic money, the weak rupee is a tailwind: it lowers the dollar cost of every Indian asset we build. We are buying contracted infrastructure, not the index."

Where do you actually take exposure?

"Renewable yield trusts and transmission InvTs first — they look like the contracted-cashflow infrastructure our liabilities already match. Then co-investment beside the Adani and Reliance infra vehicles. We let them carry the development risk."

What's the deal-breaker?

"The grid. We can underwrite generation and compute; we cannot underwrite transmission that hasn't been built. Show us the evacuation infrastructure and the storage, and the cheque clears."

Does GIFT City change the calculus?

"Materially. The FME framework and Family Investment Fund structures give us an onshore-offshore domicile our committees already understand. It removes a structuring objection that used to kill India allocations before they reached the IC."

One number you're watching in June?

"Brent. A sustained move below \$90 reprices India's entire equity risk premium and brings the portfolio money back. Above \$110 and the exodus extends. Everything else is second-order."

EDITOR'S NOTE

Responses are a synthesis of the institutional positions Gravitywell Research tracks across sovereign and pension allocators, presented in interview form for clarity. They are illustrative of consensus thinking, not a quotation of any single institution.

KEY EVENTS, DATA RELEASES & MARKET CATALYSTS · JUNE 2026

The June Decision Tree

June 2026 is defined by three non-linear decision nodes whose outcomes will materially diverge capital flow trajectories for the remainder of the year: (1) RBI MPC's June decision and its communication on the rupee/inflation trilemma; (2) the evolution of the US–Iran ceasefire into durable truce or reignition; and (3) India's monsoon progress — a 29 May market mover that directly shapes rural demand, food inflation, and the RBI's forward guidance.

3-5 JUN	RBI Monetary Policy Committee Meeting	CRITICAL
	Decision 5 June, 10:00 IST. Consensus: hold at 5.25%. Watch inflation projection revisions, Governor Malhotra's language on currency, and whether liquidity tools are deployed pre-emptively.	
Early Jun	Fed FOMC — Warsh Watch	GLOBAL
	New Chair Warsh's first FOMC under hawkish framing. Rate-hike odds into year-end the key variable for USD/INR, US30-yr yield, and EM risk appetite.	
Ongoing	Iran / West Asia Ceasefire Evolution	GEOPOLITICAL
	Strait of Hormuz MoU and ceasefire-extension headlines remain the dominant market risk driver. Each extension/breakdown moves Brent, INR, and Indian equity by 1–2% intraday.	
Mid-Jun	India Q4 FY26 GDP Release	DATA
	Confirms or revises the 7.4–7.6% FY26 estimate. Q4 print expected ~6.2–6.5% — the weakest quarter — but the FY27 trajectory revision will matter more for markets.	
Mid-Jun	India May CPI & GST Data	DATA
	Oil price path through May drives the May CPI read. A sub-4% print opens space for liquidity tools; above 4.5% on rising oil would challenge the RBI's paused easing stance.	
Advance tax	Advance Tax Deadline + SEBI Margin Norms Live	REGULATORY
	Stricter SEBI June margin norms take effect. OBPP–GIFT City proposal post-comment period (closed 26 May) — implementation timeline watch. Advance tax flows typically support liquidity.	

IPO PIPELINE · JUNE WATCH

CMR Green Technologies
SEBI-approved · pending pricing
₹630.88Cr

InCred Holdings
Filing stage
NBFC · digital lending

Zepto
SEBI approved 11 May
Timing FII-dependent

Reliance Jio
Deep pipeline · 2026–27
Potential mega-IPO

NSE IPO
Regulatory clearances pending
Structural listing event

JUNE DATA CALENDAR

EY-IVCA May PE/VC	<i>Expected late June</i>
India Q4 FY26 GDP	<i>Mid-June NSO release</i>
May CPI	<i>12 June (est.)</i>
May GST Collections	<i>1 June release</i>
RBI Forex Reserves	<i>Weekly · Friday</i>

JUNE CONTRARIAN WATCH

A sustained Brent below \$90 would dramatically reprice India's equity risk premium — the single most powerful near-term catalyst for FPI return.

— Markets & Economies · At a Glance

The Indicators

The month on one page. Standardised, every issue — the numbers you check first, in the order you check them.

EQUITIES & CURRENCY

MARKET	LEVEL	CHG
Nifty 50	23,900	-8.5% YTD
BSE Sensex	75,900	-8.2% YTD
S&P 500	Record	+12% YTD
USD / INR	96.96→~95	Record low
Brent crude	~\$93	from \$116
Gold	Near records	War bid
Bitcoin	\$73-80k	ATH \$128k
US 30-yr UST	5.18%	2007 high

FLOWS

SERIES	VALUE	TREND
FPI equity · May	-₹32,963cr	3rd sell mo.
FPI equity · YTD	-₹2.25L cr	~-\$26bn
Gross FDI · FY26	\$94.5bn	↑
PE/VC · Apr	\$2.7bn	29-mo low

INDIA MACRO & POLICY

INDICATOR	READING	NOTE
GDP FY26 (real)	7.4-7.6%	Q4 ~6.2-6.5%
CPI · April	3.48%	In band
WPI · April	8.3%	3.5-yr high
RBI repo	5.25%	Hold exp.
Fed funds	3.50-3.75%	Hike odds
FX reserves	~\$688bn	-\$55bn FY26
GFCF / GDP	30.0%	Capex floor
S&P rating	BBB	Upgraded
GST · FY26	>₹22L cr	Record

CAPITAL FORMATION WATCH

PILLAR	READING	DIR.
AI capex pledge	\$210bn	↑↑
Semiconductor fabs	12	↑
Renewable installed	50%	Milestone
CFI status	Bifurcated	—

As of 31 May 2026 unless noted. Point-in-time reads, not official settlements. Full citations: Source Register.

— *Off the Tape · Lightly*

Marginalia

Capital has a culture, not just a balance sheet. The month's overheard, observed, and quietly absurd.

THE DESK · NOTES FROM THE FIELD

The Davos of the Delta

GIFT City has acquired the unmistakable grammar of a financial scene: the lanyard hierarchy, the panel titled "Unlocking," the breakout room named after a river. Five years ago it was a render. This month it was impossible to get a dinner reservation. Somewhere between those two states a financial centre is born — usually announced not by a regulator but by the arrival of a members' club.

Overheard

- "We're not bearish on India. We're bearish on *this quarter* of India." — a London allocator, to nobody's comfort.
- "The rupee is fine. It's the dollar that's the problem." — a treasurer, being brave.
- "Call it the energy-compute supercycle and the IC approves it. Call it 'building power plants' and they don't." — a fund marketer, being honest.
- "Our edge is patience." — every third pitch deck this month.

THE INDEX OF INDICES

Conferences attended this month claiming India is "at an inflection point": **all of them.**

Panels that ended on time: **zero.**

Times "dry powder" was invoked as if it were a personality trait: **uncountable.**

WORD OF THE MONTH

"Sovereign"

adj. — prefix that adds roughly 200bps of perceived strategic value to any noun. See: sovereign compute, sovereign AI, sovereign cloud, sovereign wealth. Usage up sharply.

— *The Long View*

The Patient and the Panicked

A closing thought on the month that taught India's two kinds of money to stop talking to each other.

DEVANG RAO · EDITOR

There is an old trading-floor line that the market is a voting machine in the short run and a weighing machine in the long run. May 2026 was the rare month you could watch both machines run at once, in the same country, disagreeing at the top of their voices.

The voting machine sold. Foreign portfolios, counting this quarter's oil and this week's rupee, marked India down an eighth and ran for the door — for the third month straight. The weighing machine bought. Reliance and Adani, counting the next decade's electrons and exaflops, signed for chips in The Hague and poured concrete in Dholera. One was not wrong and the other right. They were answering different questions.

The mistake the headlines made — the mistake this magazine exists to correct — was to treat the exodus as a verdict on the arrival. It isn't. Fast money fleeing a war premium tells you almost nothing about whether a fab will ship silicon in 2027. The two flows only look contradictory if you forget they have different clocks.

So our standing advice is unfashionably simple: do not let the voting machine price your weighing-machine assets. Hedge the barrel, buy the cash flow, and check back in twelve months — by which time we will have graded ourselves, in public, on every page of this.

"The exodus is not a verdict on the arrival. They have different clocks."

CAPITAL AXIS · THE LONG VIEW

NEXT ISSUE · JUNE 2026

The RBI verdict, graded. The monsoon variable. Renewable-yield InvITs in the Sector Spotlight. And the first reckoning of our May calls.

— *Standing Reference · Citations*

Source Register

Every figure in this issue is sourced and dated to a primary publication. Where measurement is contested, the most recent primary read is preferred and the divergence disclosed.

1 NSDL / FPI Monitor — net FPI equity flows Jan–May 2026 (May –₹32,963Cr; YTD –₹2,24,932Cr).

2 RBI Monthly Bulletin (May 2026) — gross FDI US\$94.5bn FY26; net FDI US\$7.7bn; FX reserves ~US\$688bn.

3 EY-IVCA — India PE/VC FY25 US\$60.7bn/1,475 deals; 1Q26 US\$13.1bn; Apr US\$2.7bn (29-mo low); exits 1Q –48% YoY.

4 NSE / BSE — Nifty 50 23,900 (–8.5% YTD); Sensex 75,900.

5 Bloomberg / Reuters — Brent \$116 → ~\$93 (May); USD/INR 96.96; US 30-yr 5.18%.

6 Preqin / Bain & Company — global private-capital dry powder ~US\$3.9tn (2026).

7 SWFI / Forbes — sovereign wealth fund AUM estimates (Norway GPF, CIC, ADIA, GIC, PIF, Temasek, Mubadala).

8 India Semiconductor Mission / Cabinet releases — 12 approved fabs; ₹1.64L Cr; two new units (5 May, ₹3,936Cr).

9 Reliance & Adani disclosures — AI-infrastructure pledges US\$110bn / US\$100bn; Adani Green >19GW, Khavda 30GW; AdaniConnex 2 → 5GW; Jio 120MW H2'26.

10 MNRE — India 50% renewable installed-capacity milestone (May 2026).

11 RBI MPC — repo 5.25%; CPI 3.48% (April); FIT band 2–6% renewed to 2031.

12 SEBI / IFSCA — OBPP–GIFT City & 54EC consultation; FME framework; GIC Regulations 2025; Aircraft & Ship Leasing.

13 Company / press — G42–Cerebras 64-system (15 May); VINCI–Macquarie ₹150bn; Anzen ₹2,520Cr.

14 Fund disclosures — Blackstone \$13.1bn, EQT ~\$15.6bn, KKR ~\$15bn, Bain ~\$10.5bn Asia funds.

Add. S&P (India BBB upgrade); NITI Aayog (semiconductor US\$120–150bn by 2035); UNCTAD WIR 2025; OECD; Convergence.

— *Standing Reference · Decoding the Jargon*

Glossary & Acronyms

Institutional capital runs on shorthand. The working definitions behind the terms used in this issue.

FPI / FII — Foreign Portfolio / Institutional Investor; fast, liquid cross-border equity & debt flows.

FDI — Foreign Direct Investment; strategic, illiquid, long-horizon capital.

DII — Domestic Institutional Investor (MFs, insurers); the absorber of FPI selling.

GFCF — Gross Fixed Capital Formation; investment as a share of GDP (~30% for India).

InvIT — Infrastructure Investment Trust; listed vehicle distributing contracted infra cashflows.

REIT — Real Estate Investment Trust; the property analogue of an InvIT.

AIF — Alternative Investment Fund (India's PE/VC/hedge fund wrapper).

IFSCA — International Financial Services Centres Authority; GIFT City's regulator.

FME / FIF — Fund Management Entity framework; Family Investment Fund — the GIFT City UHNW co-investment vehicle.

GIFT City — Gujarat International Finance Tec-City; India's onshore-offshore financial centre.

ATMP / OSAT — Assembly, Test, Marking & Packaging / Outsourced Semiconductor Assembly & Test.

ISM — India Semiconductor Mission.

BESS — Battery Energy Storage System; the grid-stability layer.

PPA / IPP — Power Purchase Agreement / Independent Power Producer; the contracted-cashflow basis of renewables.

SWF — Sovereign Wealth Fund.

NIIF — National Investment & Infrastructure Fund; India's sovereign co-investment conduit.

MPC / FIT — Monetary Policy Committee / Flexible Inflation Targeting (4%, 2–6% band).

Repo rate — RBI's policy lending rate (5.25%).

Dry powder — committed-but-undeployed private-capital capacity.

China+1 — manufacturing diversification away from China toward India, Vietnam, Mexico.

— Gravitywell Research · Monthly Standard

The Lexicon of Indian Capital

The frameworks this publication coined and now maintains as a standard. Where the market lacks a word for what is happening, Gravitywell Research supplies one — defined here, governed here, cited from here.

The Bifurcation — Capital Axis Framework

The governing lens of this publication: India's capital divides into two flows with different clocks — **portfolio capital** (fast, liquid, prices the quarter) and **strategic capital** (patient, illiquid, underwrites the decade). They routinely move in opposite directions; reading either alone misleads.

Strategic vs Portfolio Capital

Portfolio capital — FPI equity/debt, PE/VC flow, IPO demand. **Strategic capital** — FDI, M&A, infrastructure, private credit. The distinction, not the aggregate, is where the signal lives.

The Energy-Compute Stack

A Gravitywell-defined asset class: the vertically-integrated layering of **green power** → **storage/grid** → **compute** → **silicon**, where margin accrues to the integrator and the binding constraint is firm green power co-located with compute. Investable as one machine, not four sectors.

The Sovereign-Compute Supercycle

India's decade-long convergence of AI, energy and semiconductors into a single capital-formation trade, underwritten by sovereign and strategic capital. This issue's cover thesis.

The Gravitywell Lexicon — a living standard. Generic market terminology is decoded separately in the Glossary & Acronyms.

THE GRAVITYWELL INSTRUMENTS

Capital Formation Index (CFI) — seven series, two axes, scored -5...+5; headline = the Bifurcation Spread.

Bifurcation Spread — Strategic axis minus Portfolio axis (± 10). May 2026: +5.1.

Pledge-Conversion Index — deployed ÷ announced, tracking mega-pledges quarterly.

Capital Corridor Map™ — the proprietary chart of cross-border routes into India.

ON CITATION

These terms and instruments are maintained by Gravitywell Research. Definitions are fixed across issues so readings stay comparable. Cite as: *Gravitywell Research, Capital Axis, [month] 2026.*

— *Standing Reference · For the Technical Reader*

Methodology & Caveats

How the Capital Formation Index is built, and the disclosures behind the numbers.

The Capital Formation Index

The GWR India Capital Formation Index aggregates **seven publicly-available data series across two axes** — portfolio-capital (PE/VC monthly flow, VC fundraising, IPO volumes) and strategic-capital (FDI, M&A, infrastructure investment, private credit).

Scoring rubric (transparent & replicable). Each series is scored **-5 to +5** on its 3-month momentum relative to its own 24-month trend (-5 = sharp contraction, 0 = on-trend, +5 = sharp acceleration). Each **axis score** is the simple mean of its constituent series. The headline **Bifurcation Spread = Strategic axis - Portfolio axis**, range ± 10 . May 2026: Strategic **+3.8**, Portfolio **-1.3**, Spread **+5.1**. The index is published monthly; the value is the time-series, and the rubric is fixed so readings are comparable across issues and independently reproducible from public data.

Scoring reflects momentum/direction, not absolute scale, and is editorial in the weighting of evidence; it is designed to be falsifiable and revised transparently. This is the inaugural reading and the baseline for the series.

PLEDGE-TO-DEPLOYMENT TRACKER — METHOD

Announced = public pledge value. **Committed** = board-approved, ordered, or under construction with disclosed spend. **Deployed** = operational capacity or shipping assets. **Conversion** = $\text{deployed} \div \text{announced}$. Multi-year pledges are pro-rated to disclosed milestones, never assumed linear. Estimates are conservative and labelled; the gauge's value is its quarter-over-quarter trajectory.

DATA CAVEATS

(1) EY-IVCA May PE/VC roundup was pending at publication — April (US\$2.7bn) is the latest monthly read. (2) Reliance US\$110bn and Adani US\$100bn are multi-year pledges, not deployed capital. (3) SWF AUM figures vary materially by source and are indicative orders of magnitude. (4) Forward-looking and self-reported figures are flagged at point of use.

MASTHEAD · THIS ISSUE

Editor — Devang Rao · Markets & Macro — Priya Nadkarni · India Bureau
— Ishaan Mehta · Sovereign & Contrarian — Lena Hofer · Data Room — the Capital Intelligence Desk.

Sourcing standard

Every figure is dated to a primary source (§Source Register). Point-in-time market and FX/commodity reads are intraday snapshots, not official month-end settlements. Pledges and projections are labelled as such throughout.

IMPORTANT DISCLAIMERS

This publication is produced by Gravitywell Research for informational purposes only and is intended solely for institutional investors, investment professionals, and other sophisticated market participants. It does not constitute investment advice, a solicitation to buy or sell any security, or a recommendation regarding any investment strategy. The views expressed herein are those of Gravitywell Research's editorial team and do not constitute financial, legal, tax, or regulatory advice.

Past performance is not indicative of future results. All investments involve risk, including the possible loss of principal. This document has been prepared based on information available as of 3 June 2026. Gravitywell Research makes no representation as to the accuracy, completeness, or timeliness of the information contained herein, and expressly disclaims any liability for errors or omissions.

DATA CAVEATS

(1) EY-IVCA May 2026 PE/VC roundup was not published as of 3 June – April 2026 (US\$2.7bn) is the latest available monthly read. (2) No verified billion-dollar India-domestic M&A was announced specifically in May 2026. (3) The Reliance US\$110bn, Adani US\$100bn, and Google-Blackstone "-US\$25bn" with leverage are multi-year pledges/projections, not deployed capital. (4) SWF AUM figures vary materially by source (GIC: US\$936bn SWFI vs US\$744bn Forbes). (5) Index levels and FX/commodity prices are point-in-time reads, not official month-end settlements. (6) The "US\$7tn blended finance" figure from the original brief was not defensible and has been replaced with sourced figures: US\$18.7bn 2025 blended commitments (Convergence) vs -US\$4tn annual gap (OECD).

METHODOLOGY

Capital Formation Index: proprietary GWR index aggregating seven publicly available data series across two axes (portfolio-capital and strategic-capital). Components are directionally scored rather than numerically combined to avoid false precision. Index status reflects editorial assessment, not a quantitative score. All data sourced from RBI, NSDL, SEBI, NSE/BSE, EY-IVCA, Bain & Company, Preqin, Bloomberg, Reuters, PitchBook, Convergence, OECD, government press releases, and company announcements.

RESEARCH CREDITS

Editorial: Gravitywell Research · Capital Intelligence Desk · India Bureau · Sovereign Capital Desk · Policy & Regulatory Unit · Data Room
Publication Reference: GWR-2026-CA-001
Published: 3 June 2026 · Issue 01, Vol. I