

INDIAN

STOCK MARKET JOURNAL

EMPOWERING TRADERS AND INVESTORS

How Repo Rate Changes Affect The Indian Stock Market

Tata Sons IPO Explained: Why India's Biggest Business House Could Be Staring At A Historic Listing

FII Outflow vs IPO Inflow: What Foreign Investors' New India Strategy Means For Your Portfolio

India's Stock Exchange Goes Public: What NSE IPO Means For Investors And Markets

Is India's Deep-Sea Oil Exploration Move An Economic Game-changer?



The UPI Fee Raising Big Questions For India's Payments Revolution

From the Founder's Desk



INDIAN STOCK MARKET JOURNAL

Special Edition | October 2026

EDITING

Amrita Joshi

CONTENT

Mohammed Ali Waghbakriwala
Tabassum Chaudhary

DESIGN

Nikhil Sadaphal

HEAD OFFICE

305, Trinnity Business Park,
LP Savani Road,
Surat [Gujarat]-395009
TEL: 080008 16688

For queries:

admin@equitypandit.com

Website:

www.equitypandit.com

ISMJ, October Issue

All rights reserved. This journal or any part thereof, may not be reproduced, stored in or introduced into a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of the publisher.

Full efforts have been made to ensure the authenticity and accuracy of the contents of the Yearbook, but we do not accept any liability for the errors if committed and the subsequent loss arising from the same, but we will make sure that the errors if occurred are rectified and minimized in future editions and also would welcome the reader's feedback.

We welcome your comments and suggestions for our future editions to make it more helpful month after month.

Dear Readers,

In this month's edition of ISMJ, we begin with The UPI Fee Raising Big Questions for India's Payments Revolution. As UPI continues to transform the way India makes and receives payments, we explore the growing debate around fees, the sustainability of the ecosystem, and what changing economics could mean for consumers, merchants, banks, and fintech companies.

Next, we turn to one of the most important tools of monetary policy with How Repo Rate Changes Affect the Indian Stock Market. We examine how changes in the repo rate influence borrowing costs, liquidity, corporate earnings, and investor sentiment, while understanding why different sectors can react differently to a rate cycle.

We then explore Is India's Deep-Sea Oil Exploration Move an Economic Game-changer? As India looks to strengthen its domestic energy security, we examine the potential economic impact of deep-sea exploration, from reducing import dependence to creating opportunities across the energy and infrastructure sectors.

Our market insights continue with FII Outflow vs IPO Inflow: What Foreign Investors' New India Strategy Means for Your Portfolio. With foreign capital moving between secondary markets and new listings, we look at what these changing flows reveal about investor preferences and what retail investors should consider when assessing the Indian equity market.

We also turn our attention to a potentially historic development with India's Stock Exchange Goes Public: What NSE IPO Means for Investors and Markets. We explore what a possible NSE listing could mean for investors, market infrastructure, competition, and the broader evolution of India's capital markets.

Finally, we examine Tata Sons IPO Explained: Why India's Biggest Business House Could Be Staring at a Historic Listing. We look at the significance of a potential Tata Sons listing, its implications for investors, and why such an event could become one of the most closely watched developments in India's corporate and capital-market history.

As always, we appreciate your continued support and feedback on our previous editions. Your insights and engagement help us make ISMJ more relevant, informative, and useful for investors and market enthusiasts.

We appreciate your continued support and feedback on our previous editions. Your insights help us grow stronger. Feel free to reach out to us at support@equitypandit.com.

Happy Investing!

Abhishek Parakh

Founder

EquityPandit Financial Services (P) Limited

Follow us on



Content

01

Upcoming
Trading Holiday



02

The UPI Fee Raising Big Questions
For India's Payments Revolution



13

How Repo Rate Changes
Affect The Indian Stock Market



24

Is India's Deep-Sea Oil Exploration
Move An Economic Game-changer?

34

FII Outflow vs IPO Inflow : What Foreign Investors'
New India Strategy Means For Your Portfolio



41

India's Stock Exchange Goes Public : What
NSE IPO Means For Investors And Markets



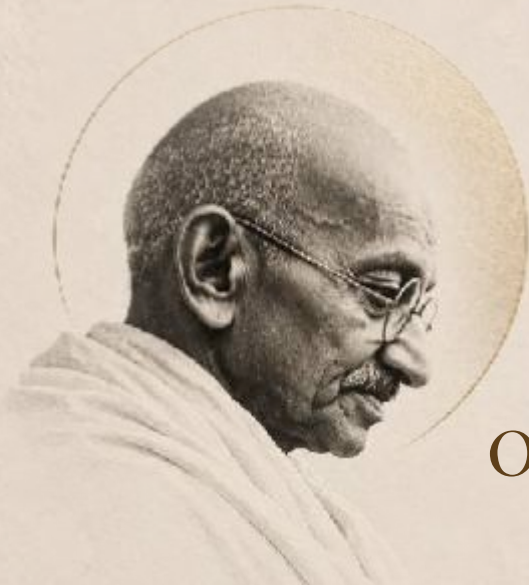
48

Tata Sons IPO Explained: Why India's
Biggest Business House Could Be
Staring At A Historic Listing





Upcoming Trading Holidays



October 02, 2026

FRIDAY

Mahatma Gandhi Jayanti



October 20, 2026

TUESDAY

Dussehra

The UPI Fee Raising Big Questions For India's Payments Revolution



For years, Unified Payments Interface (UPI) has been one of the clearest examples of how India can build a digital public infrastructure at massive scale. From buying groceries at a neighbourhood kirana store to paying utility bills, splitting a restaurant bill or making a large purchase, UPI has made instant bank-to-bank payments almost as simple as handing over cash. But that model is now entering a new phase.



The National Payments Corporation of India (NPCI) has announced a new Merchant Discount Rate (MDR) of 0.4% on specified UPI person-to-merchant transactions above ₹2,000, effective October 15, 2026. The charge will be capped at ₹300 for transactions of ₹75,000 and above. Importantly, consumers will not directly pay this

MDR, while person-to-person transactions will continue to remain free. UPI payments to merchants up to ₹2,000 will also remain free, meaning around 96% of P2M transactions are expected to remain unaffected.

The change marks a major shift for a payment system that has operated largely without a merchant transaction fee for more than six years. It also raises a bigger question: Can UPI remain affordable, inclusive and ubiquitous while creating a sustainable revenue model for the companies and banks that operate the ecosystem?

The answer will matter not only to payment apps and banks but also to millions of merchants, consumers and businesses that have made UPI a part of everyday economic activity.

Understanding this relationship is therefore important for anyone investing in Indian equities.



UPI Has Become The Backbone Of India's Digital Payments

The scale of UPI today is difficult to compare with most other payment systems globally. According to NPCI data, UPI processed 24.51 billion transactions worth ₹29.82 trillion in August 2026, marking a record in transaction volume. That works out to roughly 791 million transactions every day. Transaction volume increased about 22% year-on-year, demonstrating how deeply UPI has become embedded in India's payment behaviour.

The growth has also changed the nature of India's payments market. UPI is no longer limited to urban consumers using smartphones. QR codes can be found at small shops, street stalls, taxis, restaurants, pharmacies and service businesses across the country.

This widespread adoption was helped by an important feature: UPI was effectively free for consumers and merchants for everyday transactions.



Instead of charging merchants directly, the government supported the ecosystem through incentives, while banks, payment apps and payment service providers absorbed or recovered costs through other parts of their businesses.

That model helped UPI achieve scale. The introduction of MDR therefore represents more than a simple change in pricing. It raises questions about how India's digital payments infrastructure should be financed as it becomes increasingly important to the economy.

What Is Changing From October 15?

The new framework does not mean that consumers will suddenly be charged for every UPI payment. The distinction between P2P and P2M transactions is crucial.

Person-to-Person Payments

Money transferred from one individual to another will remain completely free, regardless of the transaction amount.

So, sending ₹5,000 to a family member or ₹50,000 to a friend will not attract the new MDR.

Merchant Payments Up To ₹2,000

UPI payments of up to ₹2,000 to merchants will also remain free. This is particularly important for small-ticket

transactions such as groceries, food, local transportation and everyday purchases.

Merchant Payments Above ₹2,000

Specified P2M transactions above ₹2,000 will attract a 0.4% MDR. For example, a ₹5,000 eligible merchant payment would generate an MDR of ₹20. A ₹20,000 transaction would generate ₹80, while a ₹75,000 transaction would hit the ₹300 cap. For transactions of ₹75,000 or more, the MDR is capped at ₹300.

There are also different rates for certain categories. For example, payments involving sectors such as railways, telecom and fuel will attract a flat ₹5 fee, while capital-market transactions have a lower rate of 0.02%, according to published details of the new framework.

Who Actually Pays The UPI Fee?

This is one of the most important aspects of the new system. The 0.4% MDR is a merchant-side fee rather than a direct consumer charge. The government has clarified that MDR is neither a tax nor a fee collected by the



government or NPCI. Instead, it is distributed among participants in the payment ecosystem, including banks and payment application providers.

In simple terms, if an eligible customer makes a ₹10,000 UPI payment to a merchant, the consumer pays ₹10,000. The merchant receives the amount after

applicable charges are accounted for. The revenue is then distributed among the different entities involved in processing the payment. This distinction is important because the objective is to introduce a revenue stream for the payments ecosystem without directly discouraging consumers from using UPI.

Why Is UPI Introducing MDR Now?



The fundamental argument behind the change is sustainability. UPI handles billions of transactions every month, requiring enormous investment in technology infrastructure, cybersecurity, fraud detection, network reliability and customer support. As the system grows, these costs also increase. Industry participants have argued that a sustainable revenue model is necessary if UPI is expected to continue scaling safely. Reuters reported that the new framework is intended to support

investment in infrastructure resilience, innovation, cybersecurity and customer service.

The issue has become more important as UPI moves from being a relatively new payment system to a critical part of India's financial infrastructure.

A payment platform that processes hundreds of millions of transactions every day cannot afford prolonged underinvestment in cybersecurity or reliability.

The introduction of MDR therefore

attempts to answer a difficult question: Who should ultimately pay for main-

taining and expanding the infrastructure behind free digital payments?

The ₹15,000 Crore Question

The financial scale of the new framework could be significant. According to The Indian Express, the revised MDR structure could generate approximately ₹15,000 crore in annual receipts. The money would be distributed among banks, payment applications and other participants in the payments ecosystem.



For perspective, the government had already spent ₹8,730 crore between FY22 and FY25 under its incentive scheme supporting UPI payments. The earlier model effectively used public support to encourage payment companies and banks to keep UPI free.

The new MDR framework therefore represents a move from a model heavily dependent on incentives toward a system where at least some transaction activity generates revenue within the ecosystem.

Whether ₹15,000 crore ultimately becomes the actual annual revenue will depend on transaction mix, merchant behaviour and how businesses respond to the new charges.

Will Merchants Move Away From UPI?

This is one of the biggest concerns surrounding the change. For a large retailer processing millions of rupees in UPI payments, even a 0.4% fee can become a meaningful operating expense.

Consider a merchant processing ₹10 lakh in eligible UPI transactions above the threshold. A 0.4% MDR would translate to approximately ₹4,000 in fees before considering the transaction cap and applicable category-specific

rules. For businesses operating on thin margins, these costs can matter.

However, UPI's convenience creates a powerful counterargument. Consumers have become accustomed to scanning a QR code and completing a payment within seconds. Businesses may therefore be reluctant to remove UPI as a payment option even if it becomes slightly more expensive.

The bigger question is whether merchants absorb the cost or attempt to recover it indirectly through pricing.

The current framework does not allow the consumer to be directly charged the

MDR simply because the merchant accepts UPI. But businesses could potentially reconsider discounts, payment incentives or pricing strategies to compensate for higher payment-processing costs.



Could This Change Consumer Behaviour?

For most consumers, the immediate impact is likely to be limited because payments up to ₹2,000 remain free and P2P transactions remain free.

This is important because everyday UPI usage is dominated by small-value transactions.



The government's FAQ says around 96% of P2M transactions will remain unaffected by the new framework.

That means the customer buying a ₹300 meal, paying ₹800 at a grocery store or sending money to a friend should continue using UPI without a transaction fee. The greater impact will be on larger merchant purchases.

A customer buying an expensive electronic item, paying a large bill or making another high-value merchant payment could still use UPI, but the economics for the merchant will change.

The Bigger Concern: Could UPI Become Less Inclusive?

The success of UPI has partly come from its simplicity. There is no need to understand MDR, card networks, transaction fees or payment gateways. A customer simply scans a QR code and pays.

Introducing a fee into the ecosystem could make merchant acceptance more complicated, particularly for smaller businesses. However, the decision to

retain the ₹2,000 exemption is clearly designed to protect small-value commerce.

This creates an interesting balance: large transactions generate revenue while everyday small payments remain effectively free. The success of this approach will depend on whether merchants continue to view UPI as sufficiently valuable to absorb the cost.

The Competitive Impact on PhonePe, Google Pay And Other Apps

The change could also reshape India's digital payments industry. UPI is dominated by a handful of major applications, particularly PhonePe and Google Pay. Reuters reported that the two together account for around 80% of the UPI transaction market.

The introduction of MDR could therefore create a substantial new revenue opportunity for large payment

platforms. Reuters estimates that the broader fee pool could potentially reach around \$1.1 billion by March 2028, with dominant platforms potentially capturing a significant portion.

This could give major players additional resources to invest in merchant acquisition, financial products, technology and rural expansion.



At the same time, it raises concerns about market concentration. If large platforms become significantly more profitable from UPI, smaller competitors may find it harder to compete.

This is particularly relevant because NPCI has previously considered a 30% market-share cap for individual UPI apps, but implementation has been delayed.

What Does It Mean For Banks And Fintech Companies?

Banks are likely to become important beneficiaries because they sit at the core of the UPI infrastructure. The new revenue stream could strengthen the economics of transaction banking while helping institutions fund technology and cybersecurity investments.

Payment companies could also benefit by monetising transaction activity that previously generated limited direct revenue.

The change could be particularly relevant for listed fintech and payments businesses. Pine Labs, for example, saw its stock rise around 5% on September 17 as investors assessed the



potential earnings benefits of the new UPI MDR framework.

For investors, however, the actual financial impact will depend on transaction mix, market share, revenue-sharing arrangements and the ability of companies to convert UPI activity into sustainable profits.

Could The Fee Undermine UPI's Original Advantage?

This is perhaps the most important long-term question. UPI's competitive advantage has been its combination of low cost, instant settlement, interoperability and ease of use.

Introducing MDR does not fundamentally destroy that model because the fee is relatively low compared with many traditional card-payment costs. Government FAQs indicate that the



baseline UPI MDR of 0.4% is below typical credit-card MDRs, which can be around 1.5% to 2.5%.

Still, the psychological impact of moving from "free" to "not always free" should

not be underestimated. The challenge for policymakers is therefore to ensure that monetisation does not discourage merchants from accepting UPI or encourage consumers to return to cash.

A New Phase For India's UPI Revolution

The introduction of MDR represents a significant evolution in India's digital payments journey.

UPI's first phase was about adoption. The objective was to convince consumers and businesses to move from cash and fragmented payment methods to a common digital infrastructure.

The second phase was about scale. UPI expanded rapidly until it became one of the world's largest real-time payment systems. The next phase may be about sustainability and monetisation.

The numbers show how far UPI has come. In August 2026 alone, the

platform processed 24.51 billion transactions worth ₹29.82 trillion. The challenge now is ensuring that such enormous scale can be maintained while paying for cybersecurity, infrastructure, innovation and customer service. The new MDR framework is an attempt to address that challenge.



CONCLUSION

The introduction of a 0.4% MDR on specified UPI merchant transactions above ₹2,000 from October 15, 2026 marks the end of an important chapter in India's digital payments story. But it does not mean UPI is suddenly becoming a paid service for consumers.

Person-to-person payments remain free, merchant payments up to ₹2,000 remain free, and around 96% of P2M transactions are expected to remain unaffected.

The real change is economic rather than consumer-facing. Banks, payment apps and other participants will finally have a larger transaction-linked revenue stream to support the infrastructure behind UPI.

For merchants, the calculation will be different. Large businesses will have to factor MDR into their payment

costs, while small merchants are largely protected by the exemption. For fintech companies and banks, meanwhile, the new framework could create a significant source of revenue.

The bigger test will be whether India can monetise UPI without weakening the very characteristics that made it successful: affordability, convenience, interoperability and mass adoption.

If managed carefully, the fee could provide UPI with the financial foundation needed for its next phase of growth. If costs eventually become too burdensome for merchants, however, the system could face pressure to rethink how digital payments are funded.

Either way, India's UPI revolution has entered a new chapter: from building a free digital payments network to building a financially sustainable one.



How Repo Rate Changes Affect The Indian Stock Market



Every time the Reserve Bank of India (RBI) changes the repo rate, investors immediately start assessing what it could mean for banks, companies, consumers and the broader stock market. The reason is simple: the repo rate influences the cost of borrowing in the economy, and changes in borrowing costs can eventually affect corporate earnings, consumption, investment, liquidity and stock valuations.

The relationship, however, is not as straightforward as "rate cut equals market rally" or "rate hike equals market fall". Equity markets are forward-looking. Investors react not only to the decision itself but also to whether it was expected, what the RBI says about inflation and growth, and what the policy could mean for future interest rates.

As of September 2026, India's repo rate stands at 5.25%. The RBI has

maintained the rate at this level while retaining a neutral policy stance. The central bank has also been balancing resilient domestic growth against inflation risks arising partly from higher energy prices and geopolitical uncertainty.

Understanding this relationship is therefore important for anyone investing in Indian equities.

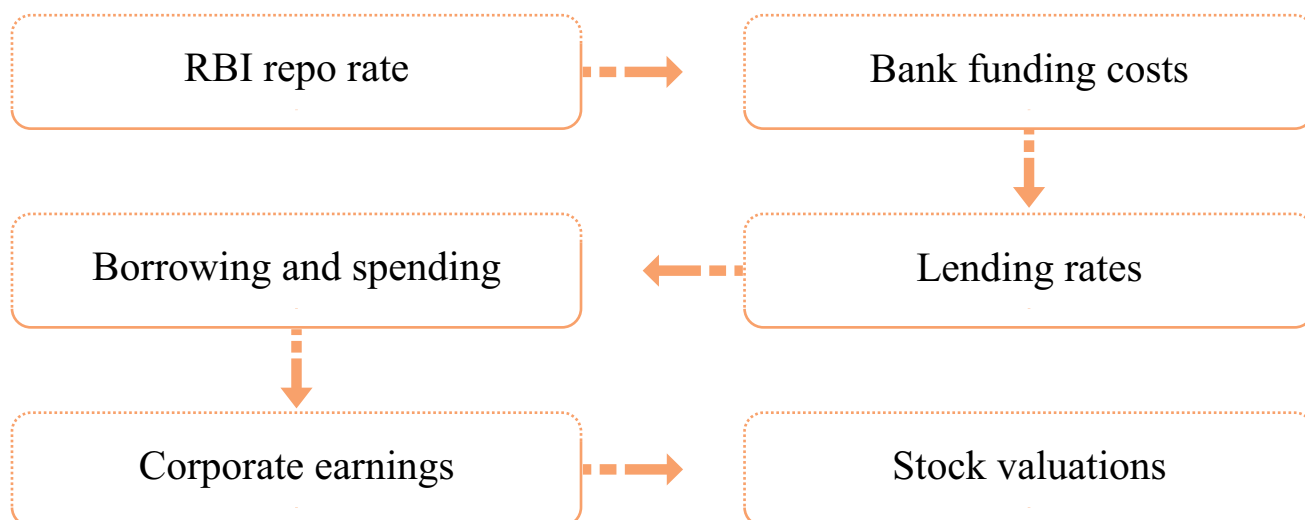


What Is the Repo Rate?

The repo rate is the rate at which commercial banks borrow short-term funds from the RBI against eligible securities. It is one of the central bank's key monetary policy tools.

When the RBI changes the repo rate, the effect can eventually travel through the financial system to bank lending rates, home loans, vehicle loans, corporate borrowing and investment decisions.

The transmission is broadly:



A rate hike works in the opposite direction by making money more expensive.

How A Repo Rate Cut Can Affect Stocks

A repo rate cut is generally considered supportive for equities because it can stimulate economic activity.

When borrowing becomes cheaper, companies may increase capital expenditure, consumers may increase spending, and banks may see stronger credit demand. Lower interest rates can

also make equities relatively more attractive compared with fixed-income investments.

However, a rate cut does not automatically guarantee a market rally. If investors had already expected the cut, much of the positive news may already be reflected in stock prices.



How A Repo Rate Hike Can Affect Stocks

A rate hike generally creates tighter financial conditions.

Higher rates can increase borrowing costs for businesses and consumers. Companies with substantial debt may face higher interest expenses, while households could see higher EMIs. Reduced spending and investment can eventually affect corporate revenue and profitability.

Higher interest rates can also make bonds and other fixed-income instruments more attractive relative to equities. Investors may therefore demand a higher return from stocks, which can put pressure on equity valuations.

At the same time, a rate hike is not necessarily negative for every company. Banks, for example, can sometimes benefit from higher lending rates depending on how quickly their deposit costs rise and how their loan yields respond. The ultimate impact depends on the company's business model and the broader economic environment.



The Most Important Factor: Was The Rate Change Expected?

One of the biggest mistakes investors make is looking only at whether the RBI increased or reduced the repo rate. Markets trade on expectations versus reality.

If the RBI delivers exactly that cut but signals that further reductions are unlikely because inflation remains a concern, the market may react negatively despite the rate cut itself.

Conversely, if the RBI keeps rates unchanged when investors were expecting a hike, equities could rally because financial conditions turned out to be less restrictive than anticipated.

This is why the RBI Governor's commentary, inflation projections and policy stance can sometimes matter more than the headline rate decision.

Current Repo Rate Environment In India

The RBI last reduced the repo rate to 5.25% in December 2025, after a cumulative 125-basis-point reduction during 2025. It subsequently kept the rate unchanged through its 2026 policy meetings while maintaining a neutral stance.



At its August 2026 meeting, the RBI retained the repo rate at 5.25%. The decision was unanimous, and the central bank lowered its FY2026-27 average inflation forecast to 5% from 5.1%, while maintaining a growth outlook of 6.7%.

This creates an interesting environment for equity investors. The economy continues to show resilience, but the possibility of higher energy prices and geopolitical risks means the RBI cannot simply assume that inflation will remain benign.

Sector-Wise Impact Of Repo Rate Changes



The impact of monetary policy differs considerably across sectors.

Banking And Financial Services

Banks are directly connected to the interest-rate cycle.

During a rate-cut cycle, lower borrowing costs can encourage credit

demand from households and businesses. Stronger loan growth can support banking revenues.

However, there is another side to the

equation. Banks also pay interest to depositors. If lending rates fall faster than deposit costs, their Net Interest Margins (NIMs) can come under pressure.

Therefore, the effect of a rate cut is not automatically positive for every bank.

The market generally pays attention to credit growth, deposit growth, NIMs, asset quality and management commentary alongside the RBI decision.



———— NBFCs ————

NBFCs can be highly sensitive to interest rates because they rely on borrowing to fund their lending businesses.

Lower funding costs can improve the economics of their loans and potentially support credit growth. Housing finance

companies, vehicle financiers and consumer lenders can particularly benefit when financing becomes cheaper.

However, NBFCs with weaker asset quality or high refinancing requirements may not benefit equally.



Real Estate

Real estate is among India's most interest-rate-sensitive sectors. Home purchases frequently involve long-term mortgages, so even a modest change in interest rates can influence affordability. A lower-rate environment can reduce EMIs and encourage housing demand.

Developers may also benefit because project financing becomes relatively cheaper. Conversely, higher rates can make home loans more expensive and potentially delay purchases.

This is why real estate stocks often react quickly to RBI policy expectations.



Automobiles

The automobile industry also has a strong connection with interest rates because vehicle purchases are frequently financed through loans. Lower borrowing costs can make cars, two-wheelers and commercial vehicles more affordable.

This can increase sales volumes and support companies across the automobile value chain. A rate hike can have the opposite effect, particularly for price-sensitive consumers.



Infrastructure And Capital Goods

Infrastructure and capital goods companies often require substantial capital investment. Lower interest rates can reduce financing costs and improve the economics of large projects.

This becomes particularly relevant when monetary easing coincides with strong government infrastructure spending. Roads, railways, power, manufacturing facilities and renewable energy projects can all require significant financing.

Higher rates, however, can increase project costs and reduce the attractiveness of highly leveraged expansion plans.



FMCG And Consumer Companies

The relationship between interest rates and FMCG companies is more indirect. When rates fall, lower EMIs can leave households with more disposable income. This can support consumption of discretionary products.



IT And Export-Oriented Companies

Indian IT companies are less directly affected by RBI policy because a large part of their revenue comes from overseas markets.

However, Indian interest rates can influence the rupee. Currency

movements affect how overseas revenue translates into Indian rupee earnings. As a result, the relationship between RBI policy and IT stocks is more indirect than it is for banks or real estate companies.

Repo Rate And The Rupee

Monetary policy can also affect the Indian rupee, which creates another transmission channel for the stock market.

Higher domestic interest rates can make Indian financial assets relatively more attractive to some global investors, although actual capital flows depend on several factors including US interest rates, global risk appetite and India's economic outlook.

A weaker rupee can benefit export-oriented businesses because overseas revenue becomes more valuable in

rupee terms. However, it can hurt companies that rely heavily on imported raw materials or components.

This becomes especially important when crude oil prices are high because India is heavily dependent on imported energy.

Recent market conditions illustrate this risk. On September 21, 2026, Reuters reported that Brent crude was around \$101.7 per barrel, while the rupee had ended the previous week at approximately ₹95.87 per US dollar, with Middle East tensions continuing to influence market sentiment.



Why Rate Changes Don't Always Move The Market

The stock market is influenced by far more than RBI policy.

Global interest rates, crude oil prices, geopolitical developments, corporate

earnings, foreign institutional flows, inflation, currency movements and government policies can all overwhelm the effect of a repo rate change.

For example, a rate cut could theoretically support equities, but if crude oil suddenly rises sharply and raises India's inflation and current-account risks, investors may still sell stocks.

This is particularly relevant in the current environment, where geopolitical tensions and energy prices remain important risks for the Indian economy.

What Should Investors Watch During An RBI Policy?

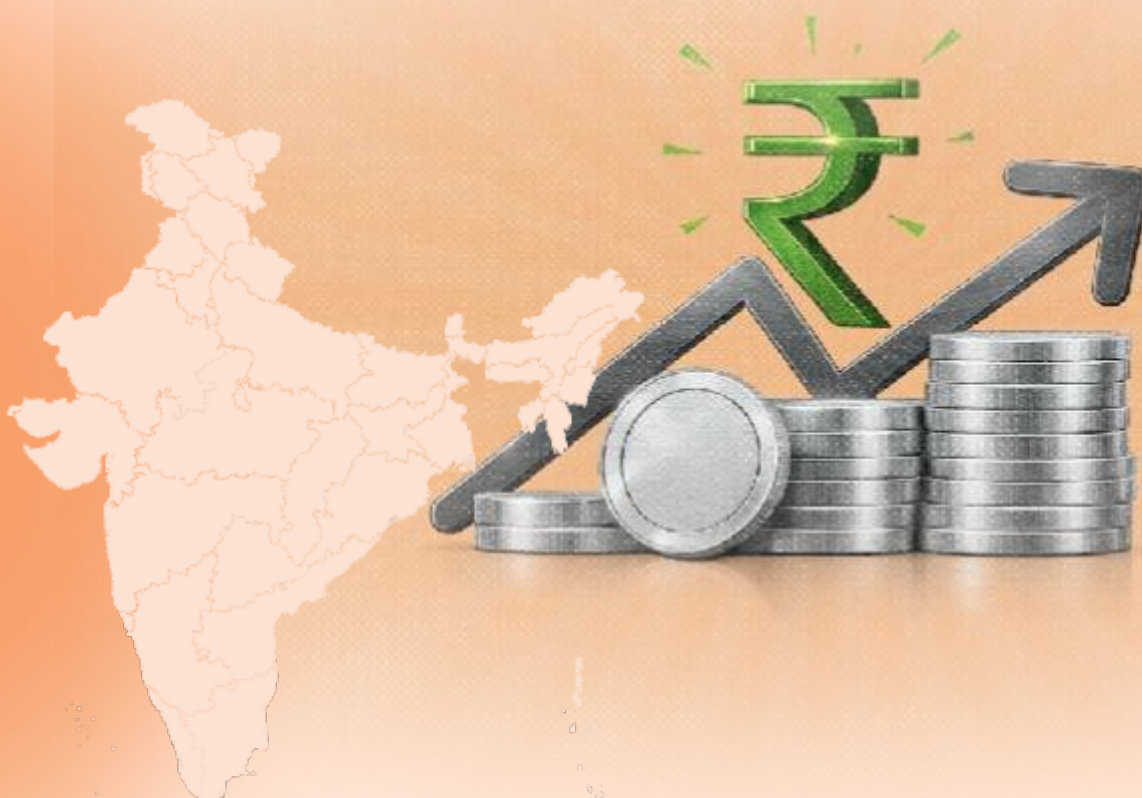


Investors should look beyond the headline repo rate and monitor:

- Repo rate decision
- Monetary policy stance
- Inflation forecast
- GDP growth forecast
- Liquidity conditions
- Credit growth
- RBI commentary on crude oil and global risks
- Rupee movement
- Bond yields
- Expectations for future rate changes

The policy statement often provides clues about where interest rates could head next.





The RBI repo rate is one of the most important macroeconomic variables for Indian equity investors. Its influence extends from bank funding costs and home loan EMIs to corporate investment, consumer spending, liquidity and stock valuations.

The current 5.25% repo rate reflects a period in which the RBI is balancing economic growth against renewed inflation risks. Its August 2026 decision to maintain the rate while retaining a neutral stance shows that policymakers are keeping flexibility as they monitor inflation, energy prices and global developments.

For investors, the key lesson is that the repo rate should never be analysed in isolation. A rate cut may benefit rate-sensitive sectors, but the market response depends on whether the move was already priced in and what the RBI signals about future policy.

Understanding these connections can help investors interpret RBI announcements more effectively and understand why sectors such as banking, NBFCs, real estate, automobiles and infrastructure often react differently when India's interest-rate cycle changes.

Is India's Deep-Sea Oil Exploration Move An Economic Game-changer?





India is making a major push to unlock oil and gas reserves beneath its offshore waters as it looks to reduce its heavy dependence on imported crude oil. The move has gained fresh momentum with Oil India Limited (OIL) planning to invest around ₹15,000 crore over the next three years in deepwater exploration, with plans to drill up to eight wells, depending on the interpretation of seismic data. The company is also looking to partner with foreign firms for upcoming exploration licensing rounds.

The timing is significant. India's crude oil production has been declining for years, while domestic consumption continues to rise. In FY2025-26, India's crude oil production fell 2.5% to around 28 million tonnes, marking the 11th consecutive year of decline. At the same time, India's oil import dependence reached approximately 89%, highlighting the country's vulnerability to international energy prices and

geopolitical disruptions.

The government is therefore attempting to change the equation through large-scale offshore exploration. In August 2026, the Union Cabinet approved the ₹84,084-crore Samudra Manthan National Offshore Exploration Scheme, which aims to accelerate offshore exploration, improve geological data, support drilling and unlock India's deep-water hydrocarbon potential.

But can deep-sea exploration really become an economic game-changer for India? The answer depends not only on how much oil and gas is discovered, but also on whether those discoveries can be commercially developed at competitive costs.



Why India Needs More Domestic Oil

India is the world's third-largest consumer of crude oil, while domestic production covers only a small portion of its total requirements. According to the government, India's annual crude oil import bill is around \$144 billion, making energy imports one of the country's largest external vulnerabilities.



This dependence creates several economic risks. When global crude prices rise, India's import bill increases. Since crude oil is a critical input for transportation, manufacturing, petrochemicals, aviation and several other industries, higher oil prices can feed into inflation across the economy. A sharp increase in crude prices can also put pressure on the Indian rupee because oil companies need more

dollars to purchase imports. A weaker rupee can, in turn, make imported commodities more expensive.

The geopolitical dimension has become particularly important. Recent disruptions linked to the West Asia conflict and the Strait of Hormuz demonstrated how quickly global energy markets can come under pressure. The Indian government has said that around 45% of India's crude imports had previously transited the Hormuz route, although diversification has subsequently increased the share of crude sourced through non-Hormuz routes to around 70%.

Increasing domestic production would not eliminate India's dependence on imports, but it could provide an additional layer of energy security.



What Is Deep-Sea Oil Exploration?

Deep-sea or deep-water exploration involves searching for oil and natural gas deposits beneath the seabed in offshore areas where water depths can be hundreds or thousands of metres.

The process is significantly more complicated than conventional onshore drilling. Companies first conduct seismic surveys to identify underground geological structures that could potentially contain hydrocarbons. If the geological data indicates a promising prospect, an exploration well is drilled.

This requires specialised drilling rigs, advanced subsea equipment, sophisticated seismic technology and highly skilled personnel.

The financial risk is also considerable. Drilling an offshore exploration well can cost substantially more than drilling an onshore well, and there is no



guarantee that commercially viable oil or gas will be discovered.

That is why the government's decision to support offshore exploration through Samudra Manthan is important.

₹84,084 Crore Samudra Manthan Scheme

The government has approved an outlay of ₹84,084 crore up to FY2030-31 under the National Offshore Exploration Scheme, known as Samudra Manthan.

The scheme aims to accelerate exploration, develop shared infrastructure, deploy advanced technologies and strengthen India's offshore energy ecosystem. The

government says the programme is designed to help unlock more than 600 million tonnes of oil equivalent (MMTOE) of hydrocarbon resources.

An important feature of the initiative is government support for high-risk deep-water drilling.

According to reports, the government plans to bear up to half of the drilling costs for deep-water wells under the programme. This is designed to reduce the financial risk faced by exploration companies and encourage both domestic and international players to participate.



This is particularly relevant because offshore exploration requires huge upfront investment before a company knows whether a project will generate commercial returns.

Oil India's ₹15,000-Crore Deepwater Bet

Oil India's latest investment plan shows that the government's policy push is already translating into corporate exploration activity.

The company plans to invest approximately ₹15,000 crore over three years in deep-water exploration and intends to drill eight wells, subject to the interpretation of seismic data and identification of viable prospects.

Oil India also plans to collaborate with international companies while participating in upcoming exploration licensing rounds.

This could bring more than capital into India's offshore sector. International partnerships can provide access to advanced drilling technology, geological expertise and project-management capabilities that are essential for complex deep-water operations.

If successful discoveries are made, the impact could extend beyond Oil India to equipment suppliers, engineering companies, offshore service providers, shipping businesses and infrastructure developers.

India's Offshore Exploration Potential

India's offshore basins represent an important but relatively underexplored part of the country's energy resources.

The government says that since 2014, around 81% of India's active exploration acreage has been awarded, while 172 blocks covering nearly 3.8 lakh square kilometres have been awarded under the Open Acreage Licensing Policy (OALP). Committed investments in these blocks exceed \$4.3 billion.

Exploration activity is also increasing. During FY2025-26, approximately 674 wells were drilled, with five new discoveries reported and seven discoveries monetised, according to government data.

The Mahanadi offshore basin has also entered a new phase. In July 2026, drilling began on the first appraisal well in the basin, with four deep-water wells planned as part of the programme.

These developments indicate that India's offshore strategy is moving beyond simply awarding exploration blocks towards actual drilling and appraisal.



Could Domestic Oil Reduce India's Import Bill?

This is where the potential economic impact becomes significant.

India currently imports close to 89% of its crude oil requirements. Even a

meaningful increase in domestic production could reduce the volume of crude that needs to be purchased from international markets.



However, it is important not to assume that every new discovery will immediately reduce imports. A successful exploration well is therefore only the beginning.

The discovery must contain enough recoverable reserves to justify

development costs. Infrastructure must then be constructed, production systems installed, and pipelines or other transportation arrangements developed.

This means the economic benefits of today's deep-water investment may take several years to materialise.

Impact On The Indian Economy



1. Lower Energy Import Vulnerability



The biggest potential benefit is greater energy security.

Higher domestic production could reduce India's exposure to international crude price shocks. This would be

particularly valuable during geopolitical crises that disrupt global energy supply.

However, India would still remain a major importer even if offshore production increases significantly.

2. Potential Improvement In The Current Account



Crude oil imports account for a significant portion of India's merchandise import bill. If domestic production replaces a portion of imported crude, fewer dollars would need to be spent overseas. Over time, this

could help reduce pressure on India's current account and foreign exchange requirements.

The impact would depend on the scale and economics of future discoveries.

3. Employment And Industrial Development



Deepwater exploration requires specialised equipment and services, including drilling rigs, subsea systems, engineering services, logistics, marine transportation and geological expertise. Greater domestic exploration could therefore create opportunities for

Indian engineering and manufacturing companies.

It could also encourage the development of an offshore services ecosystem, reducing India's dependence on imported equipment and expertise.

4. Government Revenue



Successful commercial oil and gas production can generate revenue through taxes, royalties and other payments.

The government could therefore benefit from successful discoveries while also

gaining greater energy security.

However, the fiscal benefits depend on production volumes, oil prices, project costs and the applicable contractual and tax framework.

The Risks: Why Deepwater Exploration Is Not A Guaranteed Jackpot

Despite its potential, deep-water exploration carries significant risks.



- **High Capital Requirements -**

Offshore drilling requires expensive equipment and specialised technology. A failed exploration well can result in substantial financial losses.

- **Geological Uncertainty -**

Seismic surveys can identify promising geological structures, but they cannot guarantee commercially recoverable oil.

- **Long Development Cycles -**

- Even successful discoveries can take years to reach commercial production.

- **Oil Price Volatility -**

- A project that looks commercially attractive when crude is trading at a high price may become less attractive if global oil prices fall significantly.

- **Environmental Risks -**

- Offshore drilling carries environmental risks, including potential oil spills and damage to marine ecosystems. Strong safety and environmental standards are therefore essential as exploration expands.



Can Deepwater Exploration Become An Economic Game-changer?

India's deep-sea exploration push has the potential to become an important component of its long-term energy strategy, but it should not be viewed as an immediate solution to the country's oil-import dependence.

The ₹15,000-crore Oil India investment, combined with the government's ₹84,084-crore Samudra Manthan programme, represents a major increase in the resources being directed towards offshore exploration.

The real economic impact will ultimately depend on what lies beneath India's offshore waters.

If exploration produces large, commercially viable discoveries, India could benefit through lower import dependence, stronger energy security,

improved foreign exchange management, new industrial activity and additional government revenues.

But if discoveries are limited or production costs prove too high, the economic impact could be considerably smaller.

India's deep-sea oil exploration strategy comes at a critical time. With crude oil import dependence at around 89%, declining domestic production and continuing geopolitical risks, increasing indigenous energy production has become an important economic and strategic priority.

The government's Samudra Manthan scheme, along with Oil India's planned ₹15,000-crore deep-water investment, signals a stronger commitment to unlocking offshore resources.

However, exploration is inherently uncertain. The success of this strategy will not be measured by the amount of money invested or the number of wells drilled, but by the quantity of commercially recoverable resources ultimately brought into production.

For India, therefore, deep-water exploration is best viewed as a long-term energy-security investment rather than an immediate replacement for imported crude. If technological capabilities, private and international participation, government support and successful discoveries come together, India's offshore oil sector could become an important contributor to the country's next phase of economic and energy development.



FII Outflow vs IPO Inflow

What Foreign Investors'
New India Strategy Means For Your Portfolio



Foreign institutional investors have sold Indian equities worth roughly ₹23,676 crore in the secondary market through mid-September 2026 alone, part of a broader pattern that has pushed FII ownership of Indian stocks down to 14.7%, a fourteen-year low. And yet, in that same stretch, foreign money has been chasing allocation in India's IPO pipeline with real intensity. SBI Funds Management drew close to ₹3 lakh crore in total bids. Manipal Health

Enterprises pulled in a ₹4,167 crore anchor book featuring several sovereign wealth funds and global institutional investors alongside domestic mutual funds.

This is not foreign capital abandoning India. It is foreign capital becoming far more selective about which part of India it wants to own, and understanding that distinction matters for anyone trying to read the market correctly right now.



The Macroeconomic Framework Decoding The Capital Divergence

To understand why foreign investors can sell one part of the market while aggressively buying into another, it helps to step back from stock specific reasoning altogether. Much of what is happening right now has very little to do with any individual Indian company and a great deal to do with global

interest rate cycles and how institutional money is positioned across regions.



Global Asset Realignment

Higher US bond yields and a firmer dollar have made low risk assets abroad more competitive, so global funds have been trimming exposure to markets that



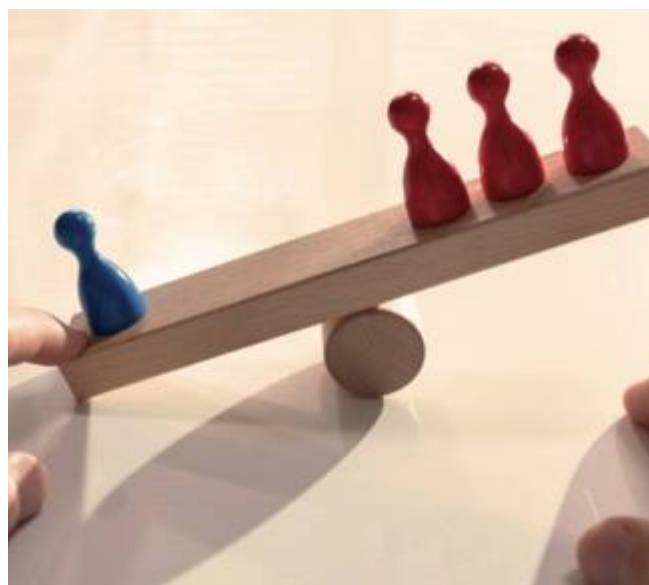
now look expensive on a relative basis. A large part of this is mechanical rather than deliberate.

When India's weight in benchmark indices such as MSCI Emerging Markets shrinks, funds tracking that index are forced to sell Indian holdings proportionally, regardless of how any individual company is actually performing. This kind of selling often gets misread as a verdict on Indian businesses when it is really closer to a byproduct of global index construction.

The Search For Price Parity

Layered on top of that is a straightforward valuation gap. The MSCI India index has traded near 25.4 times forward earnings, a clear premium over the MSCI Emerging Markets index at roughly 15.4 times, and an even wider gap against China and South Korea. When secondary market prices sit that far above regional peers, institutional money starts looking elsewhere for entry points that do not carry the same premium.

IPOs happen to offer exactly that kind of ground floor pricing, which is a large



part of why the primary market has stayed so attractive even as the broader index has not.

Secondary Market Realities: Why Institutional Capital Is Trimming Exposure

The selling in listed stocks has not been spread evenly across the market, and the pattern behind it tells its own story. A few structural forces explain most of what has been happening:

- Multiples contraction, where stretched valuations built up over earlier years are now normalising against a more moderate pace of corporate earnings growth.
- Sector saturation, since legacy banking and traditional IT outsourcing businesses have matured and now offer a narrower growth ceiling to funds hunting for higher upside elsewhere.
- Liquidity rebalancing, where index heavyweight selloffs happen because

of global portfolio adjustments rather than any direct judgment on the underlying business.

NSDL sector data reflects this clearly. Financial services alone accounted for net outflows crossing ₹1 lakh crore between January and August, more than three times the next largest sector, largely because BFSI stocks carry the heaviest weight in most foreign portfolios and therefore absorb the biggest share of any mechanical rebalancing.

None of this should automatically be read as a bearish call on individual companies. It is often just capital being redirected to where the growth story looks fresher.

The Primary Market Pull Strategic Allocation In IPOs

If the secondary market is where foreign funds are trimming, the primary market is where they are making their conviction bets, and the reasons come down to a few clear mechanical advantages that listed shares simply cannot offer.

The Valuation Arbitrage Advantage

IPO pricing frequently leaves room on the table for institutional anchors. Issuers price offerings at a discount to comparable listed peers to secure full subscription, which effectively hands

anchor investors a valuation cushion the moment shares list. That discount is often the single biggest reason FIIs keep showing up for large issues even while reducing their existing holdings.



Clean Slate Capital Allocation

The primary market also solves an execution problem that the secondary market cannot. A large fund trying to build a meaningful position in a listed stock through open market buying risks pushing the price against itself, a cost known as slippage. An IPO allocation avoids that entirely, since pricing is fixed in advance and sizable capital can

be deployed in a single transaction without disturbing the market.



Sectoral Capital Reallocation Where The Money Is Actually Flowing

The sector level data tells a clear story about where this rotation is heading, and it lines up closely with the broader

selling and buying pattern already discussed. Foreign funds have pulled back sharply from some corners of the

market while quietly building positions in others:

- **Distribution zones:** financial services, oil and gas, autos, FMCG, power, IT and telecom, where foreign holdings have been reduced steadily through the year.
- **Accumulation zones:** healthcare and pharmaceuticals, construction and infrastructure, and commercial and transport services, where foreign buying has held up or even increased. Healthcare in particular has functioned as something of a defensive allocation, drawing steady foreign buying into hospital chains and generic

pharmaceutical exporters even during periods of broader market volatility. Manipal Health's IPO, mentioned earlier, is a direct example of that pull showing up in real time.

Construction and infrastructure names have benefited from sustained public capital expenditure, while commercial and transport services have drawn interest tied to India's expanding logistics and business process capabilities. For an investor trying to track where structural growth is actually being built, this sector split offers a far more useful signal than the headline flow number alone.

The Domestic Liquidity Buffer How DIIs Neutralise FII Exits

None of this selective foreign rotation would be sustainable without domestic institutional investors absorbing the other side of the trade, and this is arguably the most important structural shift in the Indian market over the past decade.

The Rise Of Structural Domestic Capital

Steady inflows from mutual fund SIPs, insurance premiums and retail participation have consistently bought

what foreign investors were selling. On one particularly heavy selling day in September, domestic institutions

purchased shares worth ₹11,232 crore, and their month to date buying crossed ₹36,000 crore against a much smaller foreign outflow over the same period. This depth of local liquidity is what

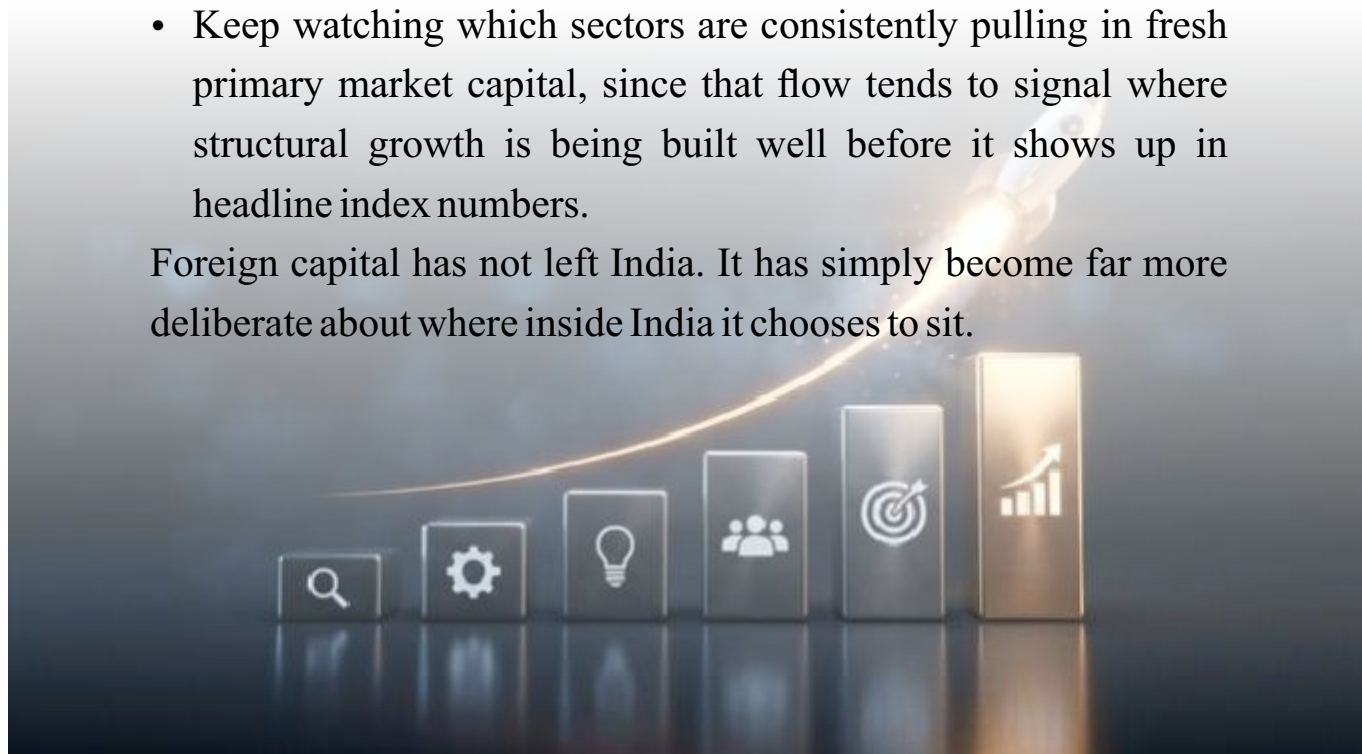
gives foreign funds the confidence to take concentrated bets in new IPOs, knowing the broader market has a stability floor even as they trim their older holdings.

Strategic Implications For Long-Term Portfolios

Pulling all of this together, a few practical takeaways stand out for anyone trying to translate institutional behaviour into their own approach:

- Look past listing day momentum and grey market premiums, and focus instead on whether the underlying business has durable cash flow and sound governance.
- Use the current foreign selloff in legacy sectors as a starting point to identify fundamentally strong businesses whose valuations have been compressed more by index mechanics than by any real deterioration in fundamentals.
- Keep watching which sectors are consistently pulling in fresh primary market capital, since that flow tends to signal where structural growth is being built well before it shows up in headline index numbers.

Foreign capital has not left India. It has simply become far more deliberate about where inside India it chooses to sit.



India's Stock Exchange Goes Public

— What NSE IPO Means For Investors And Markets —



Since FY2001, the National Stock Exchange of India has been the country's largest exchange by turnover in cash equities and equity derivatives, yet the company itself has never been listed. That changes with its ₹22,561.57 crore offering, which debuts on the BSE on 24 September 2026 and which sources describe as set to be the third-largest public issue in India's history. Headlines about a large listing tend to focus on demand, but a more useful reading treats it as a case study in how an exchange earns money, who is selling, and how much of the result depends on rules set by the regulator. The sections below take those questions one at a time using the figures reported so far.



What The Offer Actually Is

Existing holders such as the State Bank of India Group and Canada Pension Plan Investment Board are selling up to 12.64 crore shares, which makes the issue a 100% offer for sale. NSE receives no proceeds, so no fresh growth capital reaches its balance sheet and the transaction works purely as an exit route for early backers.

At a price band of ₹1,700 to ₹1,785 per share, the exchange is valued at about ₹4.42 lakh crore, which sources put at roughly \$46 billion. Two sources said that this sits 15% to 20% below the valuation sought in pre-deal roadshows. Several sellers, including State Bank of India and Bank of Baroda, also reduced the shares they

offered, which brought the sale down from 14.9 crore shares to 12.64 crore.

Institutions drove the demand, with the qualified institutional portion subscribed about 12.7 times, non-institutional investors about 6.5 times and the issue as a whole roughly 5.7

times, while the retail portion, which holds 35% of the net offer, drew a more modest 1.4 times. The same sources said Abu Dhabi Investment Authority, GIC and Norges Bank Investment Management committed at the lower price.

Why The Exchange Is Hard To Replace

An exchange gets stronger as more people use it, because buyers and sellers prefer to trade where most orders already sit, and deeper liquidity makes trades easier to execute, which attracts still more participants. NSE sits at the centre of that loop, and its FY2026 position shows how far the loop has run:



-  Cash equities: a 92.99% market share
-  Equity futures: a 99.79% share
-  Equity options by premium turnover: a 74.71% share, down from 96.86% in FY2024

As of 30 June 2026, the exchange had 132.37 million unique registered investors, 1,328 trading members and 3,005 listed entities. In FY2026 it was also the largest multi-asset exchange in the world by number of trades in cash

equities and equity derivatives contracts, with global shares of 11.38% and 51.18% respectively. Its index business adds another anchor, since 76.89% of index funds and ETFs in India track Nifty indices.

Where The Revenue Comes From

Three things shape NSE's earnings, starting with the recent trend.



Revenue And Profit Trends

Revenue from operations climbed from ₹14,780.01 crore in FY2024 to ₹17,140.68 crore a year later, then slipped 3.1% to ₹16,601.31 crore in FY2026. Profit rose from ₹8,305.74 crore to ₹12,187.69 crore and then fell 15.5% to ₹10,302.06 crore, although gains from selling stakes in associates

flattered the FY2025 figure. The operating EBITDA margin eased from 73.78% to 66.85%, which remains very high.

Quarterly results point to a recovery, with first quarter FY2027 revenue of ₹4,560.41 crore, up 13.1% year on year, and profit of about ₹3,120 crore.

Reliance On Transaction Charges

The structural point sits beneath the headline numbers: transaction charges brought in ₹13,057.01 crore, or 78.65% of revenue, and options alone contributed ₹9,997.57 crore, more than six times the ₹1,555 crore earned from cash market trading.



The Fixed-Cost Effect

This matters because a platform with mostly fixed technology costs earns high margins when volumes rise, and gives those margins back when they

fall. A simple example is a quiet quarter in options trading, where revenue can decline while the cost of running the exchange stays largely unchanged.

Regulation As The Swing Factor



Regulation affects NSE through volumes and through its search for new income.

Tighter Rules, Slower Growth

SEBI has tightened equity derivatives rules to curb speculative trading, through fewer expiry days, larger contract sizes and higher upfront requirements, while higher securities transaction tax has added to the cost of trading.

A research report ties the FY2026 decline to a fall in equity options notional average daily turnover from ₹312.84 trillion to ₹258.28 trillion, and sources report that options volumes are 27% below their 2024 peak.

A forecast cited by sources expects growth in Indian equity derivatives volumes to slow to about 5% in FY2027, and NSE's options premium market share slipped to 68.48% in the first quarter of FY2027. This is why a growing market does not automatically mean growing revenue for NSE, even though cash market turnover is projected to rise from ₹280.26 trillion in FY2026 to between ₹473 trillion and ₹507 trillion by FY2030.

Widening The Product Set

NSE has also been widening its product set, having launched electricity futures, electronic gold receipts and natural gas futures over the past 15 months and incorporated a national coal exchange. An NSE executive argues that this diversification will, over time, pull attention away from index options.



How The Valuation Compares

At ₹1,785 the offer values NSE at about 43 times FY2026 earnings, and sources put the forward multiple at 35 to 38 times FY2028 earnings, against 23 to 31 times for global operators such as Nasdaq, CME Group, Deutsche Börse, HKEX and LSEG. Against BSE the picture is more balanced. BSE trades at roughly 47 to 54 times earnings depending on the source, and on price-to-sales the two

sit close together at 26.61 times for NSE and 27.34 times for BSE. Size favours NSE, whose FY2026 revenue was about 3.4 times and profit about 4.1 times BSE's, yet BSE reports the higher return on equity, 45% against 32.98%. SEBI does not let an exchange list on its own platform, so NSE shares trade on the BSE, which earns listing fees and trading activity from its biggest rival.

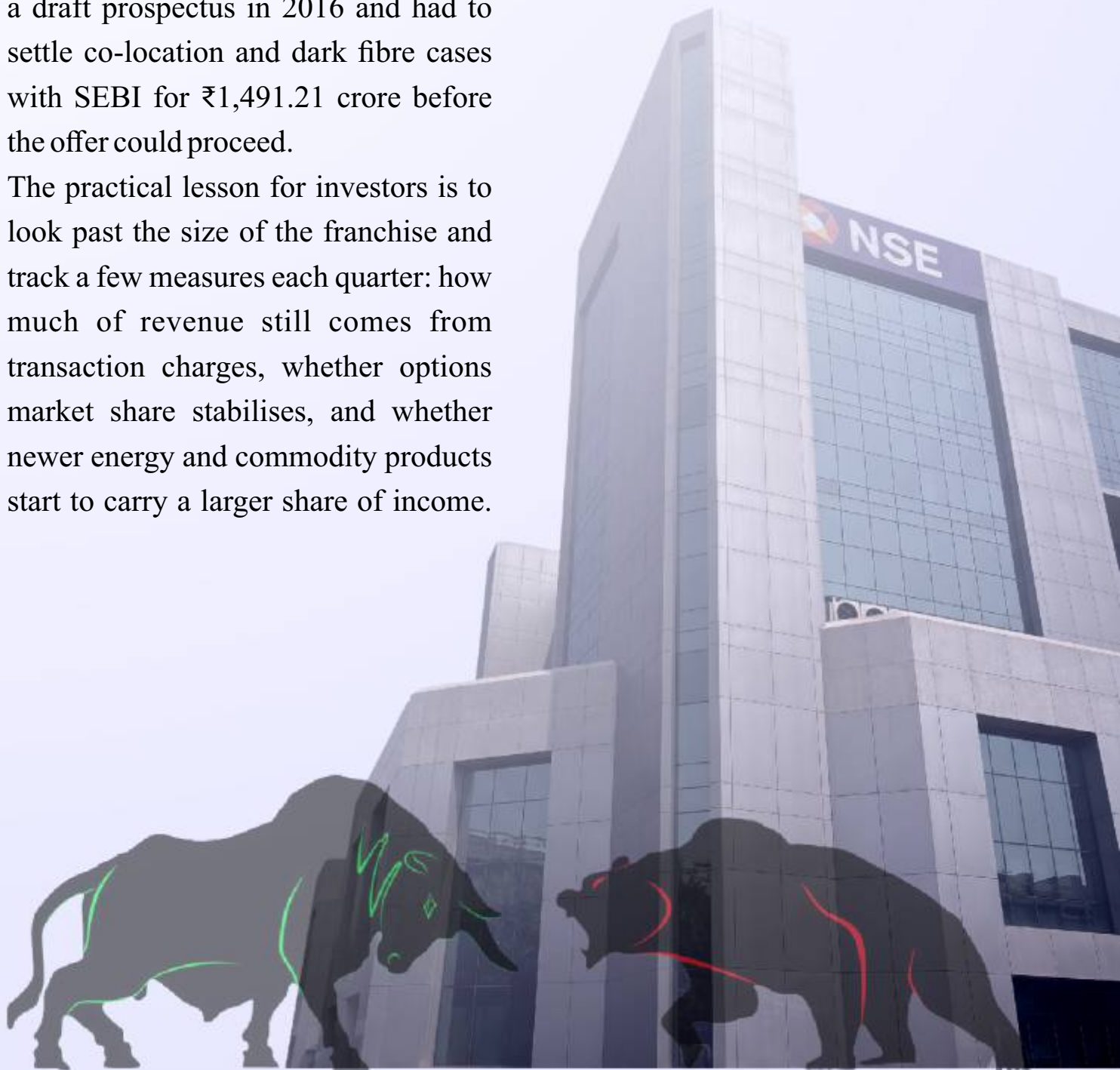


What A Listed NSE Changes

A listed NSE will answer to public shareholders, which brings the disclosure, minority governance and scrutiny that come with a quoted company. That scrutiny arrives after a long road, since the exchange first filed a draft prospectus in 2016 and had to settle co-location and dark fibre cases with SEBI for ₹1,491.21 crore before the offer could proceed.

The practical lesson for investors is to look past the size of the franchise and track a few measures each quarter: how much of revenue still comes from transaction charges, whether options market share stabilises, and whether newer energy and commodity products start to carry a larger share of income.

Those readings will say more about the business than the day-one price movement can, because they show whether a dominant marketplace is also becoming a more balanced one.



Tata Sons IPO Explained

Why India's Biggest Business House Could Be Staring At A Historic Listing





On 11 September 2026, the Reserve Bank of India turned down Tata Sons' request to give up its registration as a core investment company, and with that single letter, a question the group had spent nearly two years trying to put to rest came right back to the surface. Was the holding company behind the Tata empire, an entity worth well over two lakh crore rupees on a standalone basis, finally going to end up on a

public exchange? For investors watching cross-holding stocks like Tata Chemicals swing sharply on the news, the answer matters just as much as the mechanics behind it. This piece walks through the regulatory framework driving the mandate, how a holding company of this size gets valued, which listed entities stand to benefit from the re-rating, and what the boardroom disagreement over listing actually means for the road ahead.

The Regulatory Trigger: Understanding The Upper Layer Framework

The root of this story lies in the RBI's Scale Based Regulation framework, introduced in October 2021 to bring larger, more interconnected non-banking financial companies under tighter oversight. Entities placed in the Upper Layer category face enhanced governance and capital requirements,

and one of those requirements is a public listing within three years of classification. Tata Sons was placed in this category in September 2022, which set an original listing deadline of September 2025.

Rather than accept that path, Tata Sons spent the following two years working

to exit the framework altogether. The company repaid close to twenty two thousand crore rupees in debt during FY24, becoming net cash positive, and then applied to voluntarily surrender its registration on the reasoning that a debt free entity posed little systemic risk.



The RBI kept that application under review even as the original deadline passed, and in June 2026 it simplified its classification test to a straightforward asset threshold of one lakh crore rupees. Estimates of Tata Sons' standalone assets vary by source, ranging from roughly one lakh seventy five thousand crore to beyond two lakh crore, but every figure sits comfortably inside the zone that triggers Upper Layer status. The rejection on 11 September closed the deregistration route for good, and the company now finds itself needing to comply, though it disputes exactly what that compliance requires.

What A Listing Actually Values

To understand why this listing would be unusually large, it helps to break the valuation question into two parts: what

Tata Sons actually owns, and how the market tends to price a holding structure of this kind.

What Sits Inside The Portfolio

Across the group, Tata Sons holds sizeable stakes in listed names such as Tata Consultancy Services, Tata Steel, Titan, Trent and Tata Power, alongside unlisted businesses like Tata Capital and Air India. Working out what a holding company like this is worth

usually means totalling up the market value of everything underneath it, then knocking off a discount, because holding companies almost never trade at the full sum of their parts once illiquidity and layered ownership come into play.

The Discount That Shapes The Final Number

In India, that discount has historically run anywhere from 30% to 50% depending on the entity and its transparency. Analysts tracking Tata Sons have floated valuation ranges running into several lakh crore rupees once that discount is applied, which would make any meaningful public

offer one of the largest in Indian market history, likely surpassing both the LIC and Hyundai Motor India listings. The exact number will depend heavily on how much of the discount gets priced away once quarterly disclosures and regular trading begin, something that tends to happen gradually rather than overnight.



The Cross-Holding Ripple Effect

One reason this story has moved beyond the boardroom and into trading terminals is the web of ownership that runs both ways through the Tata group. Several listed operating companies hold equity stakes in Tata Sons itself, and those stakes have sat on balance sheets for years as largely illiquid, difficult-to-price assets. A listing changes that instantly by giving those

holdings a visible market value, though not every cross-holder stands to feel it the same way.



Tata Chemicals: The Clearest Case

Tata Chemicals is the clearest example. Its stake in Tata Sons, just over 2.5%, is small in percentage terms but large relative to the company's own standalone market capitalisation, which is why the stock jumped sharply and hit its upper circuit immediately after the RBI's rejection became public.



The Wider Group Footprint

Tata Motors Passenger Vehicles and Tata Steel also carry meaningful stakes, though their larger standalone businesses mean the listing effect is more of a supporting factor than the main driver of their share price. Tata Investment Corporation, structured as a pure investment vehicle, is positioned

to see its holdings repriced fairly directly if and when a listing goes ahead. This is the kind of dynamic where the underlying business fundamentals of each company still matter most, but the Tata Sons stake adds a layer of asset value that the market has started to account for.



A Boardroom Divided

The path to an actual listing is not simply a matter of regulatory timing. At the 17 September board meeting, opinions split sharply along shareholder lines, with each side weighing very different priorities:

Tata Trusts (about 66% holding)

Noel Tata, the Trusts' chairman, argued that the RBI's letter never explicitly ordered a listing, only compliance, and pushed for a three year window to explore alternatives, including a possible restructuring of the ownership stake held by the Shapoorji Pallonji group. The Trusts have passed internal resolutions opposing listing on the grounds that public ownership could complicate their charitable dividend flows and long-term capital commitments to newer ventures like semiconductors.



Shapoorji Pallonji (just over 18% holding)

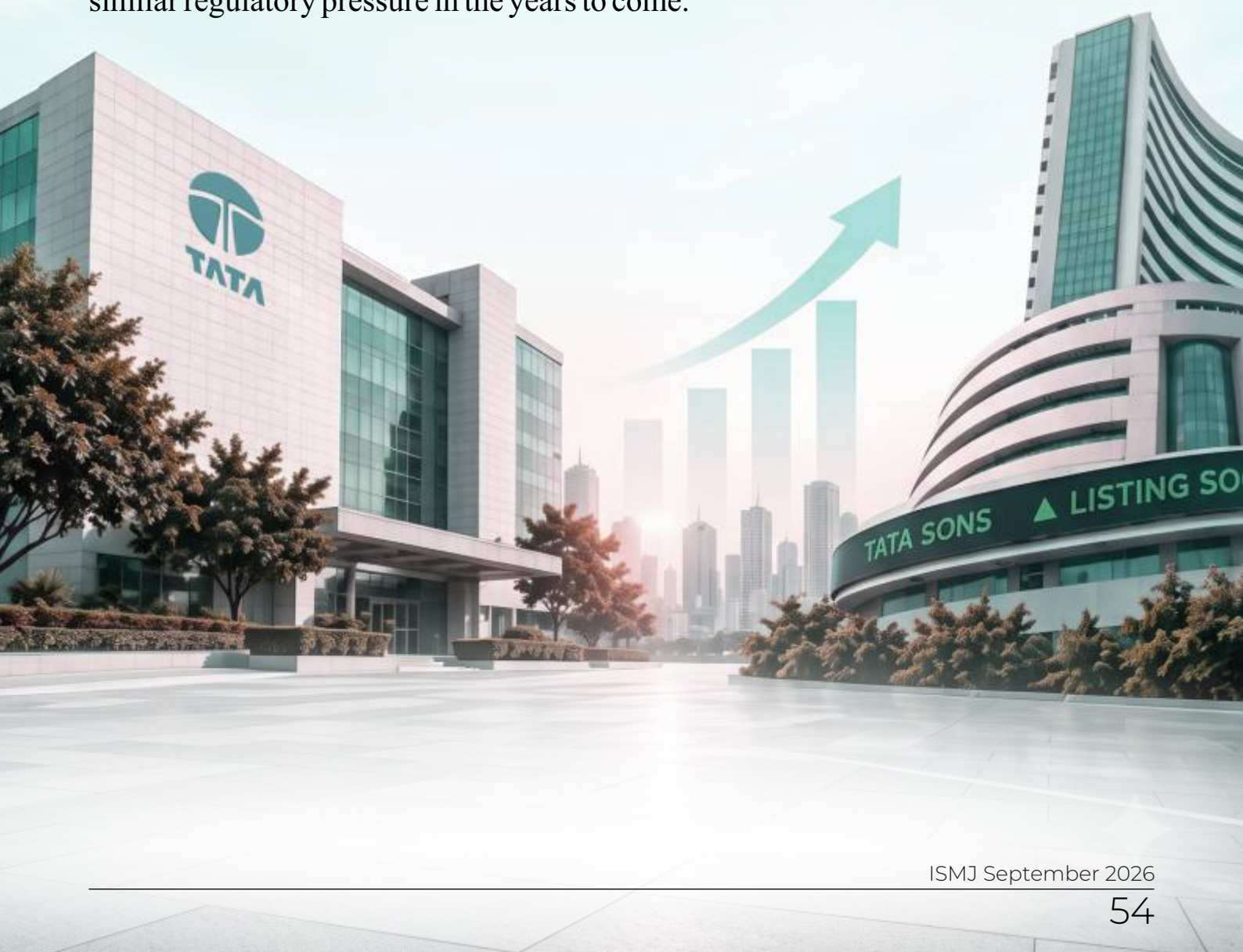
This camp has taken the opposite position, seeing a listing as a route to unlock liquidity for a stake that has otherwise been difficult to monetise.

The board itself, aside from Noel Tata's dissent, appears to have leaned towards proceeding with listing steps, and the RBI has since filed a caveat in the Bombay High Court, positioning itself to be heard should the dispute end up in litigation. This is not a disagreement that will settle itself quietly in the background. How it plays out determines whether the market eventually sees a straightforward public offering, a negotiated buyout that keeps the company private, or a long legal standoff that holds up either outcome.

What Investors Should Watch

For now, nothing about the listing timeline is settled. The most useful signals to track are developments in the Bombay High Court case, any formal filing with SEBI such as a draft prospectus, and continued volatility in the cross-holding stocks most sensitive to Tata Sons news, particularly Tata Chemicals. A mandatory listing of this scale would also carry implications beyond the Tata group itself, potentially prompting index inclusion and drawing passive fund flows given the sheer size involved.

What makes this worth watching is not only the scale of the numbers, but where the story sits, at the meeting point of regulatory policy, corporate governance and the family stewardship that has guided one of India's oldest business houses for generations. However it eventually plays out, the outcome is likely to become a reference point for how other large, closely held Indian conglomerates handle similar regulatory pressure in the years to come.





Confused about which
stock to invest in ?
[Ask the Experts for free!!](#)

[Click Here](#)



Want to know all the important
business news and events?
[Find it Here](#)

[Click Here](#)



How will the market move in
the next trading session?

[Click Here](#)



Grab all the market opportunities!

[Click Here](#)



About EquityPandit

EquityPandit is a leading research and advisory firm in India. the firm is one of the biggest players with a dominant position in both institutional and retail. The company specialises in the business of analysis, information and, intelligence.

The business is supported by efficient, powerful research and back-office team. EquityPandit's set of diligent advisors helps its customer plan and get more out of one's money. We offer a diversified range of product according to the difference in needs of an investor, trader or a broker.

The firm's philosophy is entirely client-centric, with a clear focus on providing long term value addition to the client while maintaining the highest standard excellence, ethics, and professionalism. The entire firm activities are divided across distinct client groups, individuals, private clients, corporate and, institutions all of which are supported by the powerful research team.

Disclaimer

The recommendation made herein does not constitute an offer to sell or a solicitation to buy any of the securities mentioned. No presentation can be made that the recommendation contained herein will be profitable or that they will not result in losses. Readers using the information contained herein are solely responsible for their action. Information is obtained from sources deemed to be reliable but is not guaranteed as to accuracy and completeness.



www.equitypandit.com

Copyright © 2020 EquityPandit Financial Services Pvt. Ltd.
All rights reserved.

SEBI Registered Investment Advisor
SEBI Registration Number : INA000006688

Investment/Trading in markets is subject to market risk.