India

Money, Military & Markets-XVIII

Iran regime survives - good for India

- The survival of Iran's regime benefits India by preserving regional stability, and countering extremist Sunni ideologies.
- Despite Israel's military edge, Iran's regime survived due to effective information warfare and collapse of Israeli air defences during the final phase.
- The key takeaway for India is to strengthen its multi-layered air defence systems and get information warfare systems in place. Positive for BEL.

The survival of Shia regime is good for India

The survival of the Shia regime in Iran can be viewed as strategically beneficial for India because of several reasons: Firstly, it maintains the regional balance. A collapse of the Iranian regime could have plunged the region into chaos, empowering extremist Sunni factions or triggering a power vacuum — both of which could destabilize India's extended neighbourhood and threaten its security interests. Secondly, India has longstanding civilizational and economic ties with Iran, especially around energy and connectivity. Thirdly, the Shia regime in Iran indirectly acts as a check against radical Sunni ideologies that have, at times, posed internal security challenges in India. The Sunni-Shia divide, while sectarian in nature, often translates into geopolitical alignments that serve India's strategic calculations. While India maintains a neutral and non-interventionist stance in West Asia, the continuity of the current regime in Iran offers predictability, strategic leverage, and a partner that, despite its own complexities, has normally engaged with India pragmatically.

The Iran regime survived because of misinformation onslaught…

The ongoing tensions and potential conflict between Iran and Israel highlight the critical importance of advanced air defence systems and information warfare. While Israel enjoyed air superiority over Iran—to the extent that it was refuelling its fighters over Syrian airspace—the devastation of Israeli towns by ballistic missile attacks was prominently displayed on television channels. Israeli defense were overwhelmed by the continuous barrage of missiles, and as the war ended, Iranians were seen celebrating what they called a victory over Israel. Iranian embassies across the world were issuing press statements. This media-driven narrative denied the Israeli and US forces one of the most important objectives of the attack—regime change. The conflict once again underscores the importance of information warfare and strategic communication in achieving a demoralizing effect on the enemy. India struggled in this domain during Operation Sindoor, and Israel's failure was even more striking.

…and in the battle's last stage Israel's air defence crumbling

Both Operation Sindoor and Operation Rising Lion underscore a critical lesson: that robust air defence systems are more vital to national security than purely offensive capabilities. While Israel inflicted significant damage on Iran—effectively decimating its nuclear infrastructure—the images of destruction of its own civilian areas allowed the Iranian regime to shape a narrative of resilience and victory for its domestic audience. As a result, Israel failed to achieve one of its key strategic objectives: regime change in Iran. In short, Israel lost the information war. Its overwhelmed air defence systems not only exposed vulnerabilities but also may have contributed to the decision to agree to a ceasefire.

Learnings - invest in air defence, communication warfare; +ve BEL

The Iran-Israel war has one important lesson for India - invest heavily in air defence. Offensive capabilities won't take out all missiles and aircraft. The enemy will be able to hide something and if a heavy barrage of missiles is launched then the system can be overwhelmed, which happened with the much-vaunted Iron Dome and THAD systems. Indian needs cheap multi-layered air defence, which is currently being worked on. Strategic communication and being nimble in information warfare has become an effective warfighting tool and India needs to invest in the same. Bharat Electronics or BEL (ADD) stands to benefit the most.

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Air defence, information and perception wars

The ongoing tensions and potential conflict between Iran and Israel highlight the critical importance of advanced air defence systems. While Israel enjoys air superiority over Iran—to the extent that it was refuelling its fighters over Iranian airspace—the devastation of Israeli towns by ballistic missile attacks was prominently displayed on television channels. Israeli defence forces were overwhelmed by the continuous barrage of missiles, and as the war ended, Iranians were seen celebrating what they called a victory over Israel. Iranian embassies across the world were issuing press statements.

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From a market perspective, we appear to be entering a new normal—air skirmishes are becoming routine rather than market-moving events. The threshold for market sensitivity to such incidents has risen, much like how Indian markets became largely immune to terrorist attacks between 2000 and 2014.

Winning the narrative war is more important than operational objectives – the Iran regime's survival underscores this point

Winning the narrative war is very important in modern warfare»

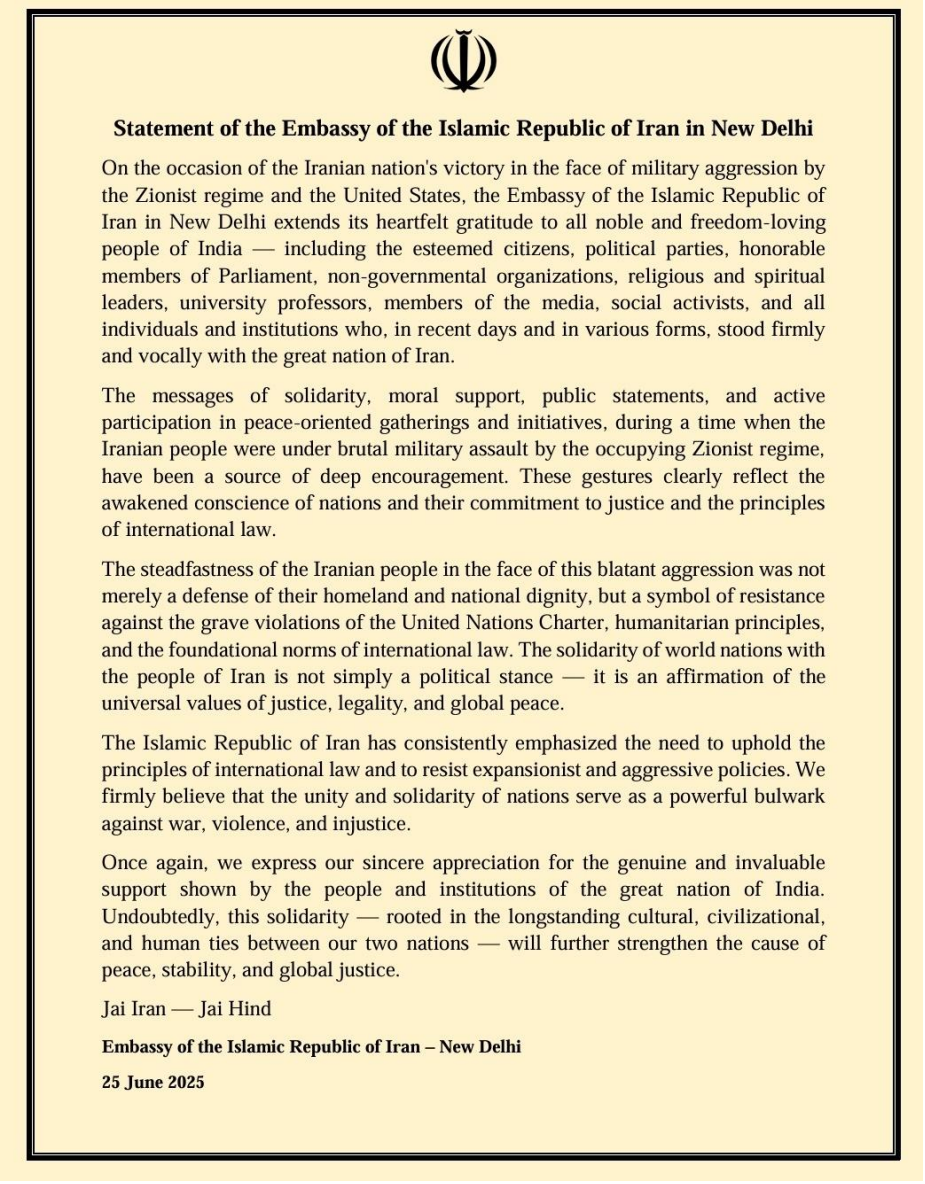
Winning the narrative war is often just as important as achieving operational objectives, especially in modern geopolitical and military conflicts. Consider the Vietnam War—despite overwhelming American military power, it became synonymous with defeat due to the media-driven narrative.

The Iranian regime survived because of this information opium fed to its people, similarly Asif Munir became Field Marshall »

In the recent Iran–Israel conflict, the Iranian regime survived largely because Israel failed to convince the Iranian public that they had lost the war. Similarly, during the India–Pakistan air skirmishes, India's communication strategy was poorly executed, allowing Pakistan to control the narrative. As a result, despite suffering setbacks on the battlefield, Pakistan successfully portrayed a story of triumph—so much so that General Asim Munir was elevated in public perception to the stature of a Field Marshal.

Iran's propaganda offensive was aggressive, and the public absorbed it unquestioningly — reminiscent of a population hooked on a steady opiate of narrative control ➤

Figure 1: Embassy or Iran Republic declared victory by issuing a press release



Statement of the Embassy of the Islamic Republic of Iran in New Delhi

On the occasion of the Iranian nation's victory in the face of military aggression by the Zionist regime and the United States, the Embassy of the Islamic Republic of Iran in New Delhi extends its heartfelt gratitude to all noble and freedom-loving people of India — including the esteemed citizens, political parties, honorable members of Parliament, non-governmental organizations, religious and spiritual leaders, university professors, members of the media, social activists, and all individuals and institutions who, in recent days and in various forms, stood firmly and vocally with the great nation of Iran.

The messages of solidarity, moral support, public statements, and active participation in peace-oriented gatherings and initiatives, during a time when the Iranian people were under brutal military assault by the occupying Zionist regime, have been a source of deep encouragement. These gestures clearly reflect the awakened conscience of nations and their commitment to justice and the principles of international law.

The steadfastness of the Iranian people in the face of this blatant aggression was not merely a defense of their homeland and national dignity, but a symbol of resistance against the grave violations of the United Nations Charter, humanitarian principles, and the foundational norms of international law. The solidarity of world nations with the people of Iran is not simply a political stance — it is an affirmation of the universal values of justice, legality, and global peace.

The Islamic Republic of Iran has consistently emphasized the need to uphold the principles of international law and to resist expansionist and aggressive policies. We firmly believe that the unity and solidarity of nations serve as a powerful bulwark against war, violence, and injustice.

Once again, we express our sincere appreciation for the genuine and invaluable support shown by the people and institutions of the great nation of India. Undoubtedly, this solidarity — rooted in the longstanding cultural, civilizational, and human ties between our two nations — will further strengthen the cause of peace, stability, and global justice.

Jai Iran — Jai Hind

Embassy of the Islamic Republic of Iran – New Delhi

25 June 2025

SOURCE: INCRED RESEARCH, HTTPS://X.COM/SIDHANT/STATUS/1937796870341894510/PHOTO/1

Iranians took to the streets to celebrate what they claimed was a victory over Israel ➤

In geopolitical and military conflicts, "narrative control" is as important as battlefield success.

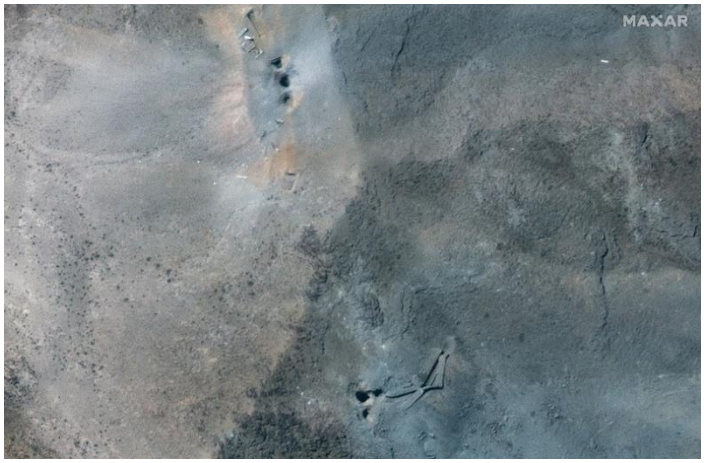
1. Even if the military outcome is ambiguous or unfavourable, regimes may declare “victory” to maintain public morale, suppress dissent, and show strength.
2. Public celebrations, whether spontaneous or state-orchestrated, reinforce this narrative domestically and internationally.

Figure 2: Iranians celebrated their so-called victory over Israel and the US by celebrating on the streets of Tehran

SOURCE: INCRED RESEARCH, HTTPS://WWW.ALJAZEERA.COM/NEWS/2025/6/25/IRAN-MOVES-TO-PUNISH-SPYING-AS-IT-PROCLAIMS-VICTORY-OVER-ISRAEL-US

This is happening despite the total annihilation of their air defence systems and air force, and the visible destruction of their nuclear facilities »

Figure 3: The holes of the Fordow site indicate the entry point of the massive bombs which may have completely destroyed this nuclear facility



SOURCE: INCRED RESEARCH, HTTPS://ABCNEWS.GO.COM/INTERNATIONAL/SATELLITE-IMAGES-SHOW-EXTENT-US-BOMBING-DAMAGE-IRAN/STORY?ID=123113143

Figure 4: The destruction of Isfahan facility is clearly visible in the photograph

SOURCE: INCRED RESEARCH, HTTPS://WWW.BBC.COM/NEWS/LIVE/CJRLY434X05T

Figure 5: The Natanz nuclear facility has also been destroyed

SOURCE: INCRED RESEARCH, HTTPS://WWW.BBC.COM/NEWS/ARTICLES/CN9YLL5YJX5O

Such was Israel's command of the skies that its jets were reportedly refueling over Iranian territory without interference ➤

Figure 6: Israeli jets were refuelling over the so-called contested airspace of Iran and Syria with absolute nonchalance — a feat unthinkable unless air defence had been thoroughly neutralized; refuelling in contested airspace is typically suicidal unless one has achieved complete air dominance

SOURCE: INCRED RESEARCH, HTTPS://X.COM/OSINT613/STATUS/

Israel also decapitated Iran's top military leadership, forcing the few surviving commanders to take shelter in underground bunkers and emerged only after the ceasefire was declared ➤

Here is a list of Iran's top-ranking military commanders killed in Israeli strikes during the conflict.

Maj. Gen. Mohammad Bagheri - Bagheri, a veteran commander of the Islamic Revolutionary Guard Corps (IRGC), held numerous key positions in the Iranian armed forces since 1979. In 2016, he was appointed as the top military commander by Supreme Leader Ayatollah Ali Khamenei.

Maj. Gen. Hossein Salami - Salami served as the IRGC's top commander since Apr 2019. He played a pivotal role in the events of Jan 2020, when the IRGC targeted a US military base in Iraq in retaliation for the assassination of top Iranian commander Qassem Soleimani.

Brig. Gen. Amir Ali Hajizadeh - Hajizadeh, another high-profile commander, was assassinated on 13 Jun 2025. A commander of the IRGC Aerospace Division, he was the architect behind Iran's missile and drone technology, which played a central role during the 12-day war. He had served in this position since 2010 and was considered a strategic asset to the IRGC. Although he occasionally spoke to the media, the IRGC made significant efforts to keep him away from the public spotlight to ensure his security.

Maj. Gen. Gholam-Ali Rashid - Rashid headed Iran's Khatam al-Anbiya Central Headquarters, the powerful unified command centre of Iran's armed forces. He was killed on 13 Jun 2025, along with other high-ranking commanders. He was one of the IRGC's veteran commanders who served in the Iran-Iraq War and held influential positions in the armed forces since 1979. He was killed alongside his young son.

Maj. Gen. Ali Shadmani - Shadmani succeeded Rashid as the commander of Khatam al-Anbiya Central Headquarters. He was killed a few days later, and his assassination was confirmed only on 25 Jun 2025.

Maj. Gen. Mohammad Kazemi - Kazemi led the IRGC Intelligence Organization since 2022. He was also killed in an Israeli strike on 13 Jun 2025.

Brig. Gen. Mehdi Rabbani - Rabbani was the deputy chief of the General Staff for Operations. He was also killed by Israel on 13 Jun 2025.

Maj. Gen. Gholamreza Mehrabi - Mehrabi was the deputy head of Iran's Military Intelligence. He was killed on 13 Jun 2025.

The list of assassinated military officials in Iran also included Maj. Gen. Mohsen Bagheri, Deputy Head of IRGC Intelligence, and Maj. Gen. Mohammad Jafar Asadi, Deputy Inspector General at Khatam al-Anbiya Headquarters.

Brig. Gen. Masoud Shanaei, Chief of Staff to IRGC Commander Salami, was among those killed on 13 Jun 2025, along with Major General Mohammad Reza Nasir Baghban, a representative of the IRGC Commander in the Intelligence Division.

Brig. Gen. Amir Purjodaki, Deputy Commander of the IRGC Aerospace Division and a close aide of Hajizadeh, was also killed on 13 Jun 2025.

Other commanders assassinated in the strikes on the IRGC Aerospace Headquarters included **Brig. Gen. Khosro Hassani**, Deputy Head of Intelligence in the IRGC Aerospace Division; Brig. Gen. Mansour Safarpour, Commander of the IRGC Aerospace Division in Tehran; and senior aerospace officers **Brig. Gen. Masoud Tayeb and Javad Jarsara.**

IRGC Air Defence Commander **Brig. Gen. Davoud Sheikhian** and IRGC Drone Unit Commander Brig. Gen. Mohammad Baqer Taherpour were also killed.

Brig. Gen. Mohammad Said Izadi, head of the Palestine Desk in the IRGC Quds Force, and Brig. Gen. Behnam Shahriari, head of Unit 190 in the Quds Force, were also among the senior Quds Force commanders killed.

IRGC Quds Force Chief Commander Esmail Qaani, who was initially believed to have been killed, appeared at a public rally in central Tehran

Among other senior commanders who lost their lives were Brig. Gen. Mohammad Taghi Yousefvand, Chief of Basij Intelligence, and Gen. Meysam Rizvanpour, Deputy Commander for the Basij, a voluntary paramilitary force.

Maj. Gen. Amir Mozaffarnia, head of the Organization of Defensive Innovation and Research of the armed forces, was also among the fatalities.

Several senior military commanders from central Alborz province were also killed, including Brig. Gen. Seyed Mojtaba Moeinpour, IRGC Chief of Staff for Alborz; Brig. Gen. Mojtaba Karami, Deputy Commander of the IRGC in Alborz; and Brig. Gen. Akbar Enayati, Deputy Commander for Social Affairs in Alborz.

Gen. Alireza Lofti, chief of the Police Intelligence Organization (SAFA), and Brigadier General Abbas Nouri, Deputy Logistics Commander, were also among those killed.

After mission objectives were achieved by the US and Israel, Iran was provided an off-ramp ➤

After the US carried out a decapitating strike on Fordow, Washington offered Iran an off-ramp to de-escalate. In a choreographed retaliation, Iran informed Qatar in advance about its planned missile strikes on the US bases there — a move designed more for optics than impact. Iran then declared this symbolic act a "victory."

While it's true that Israeli air defence forces were somewhat overwhelmed, Iran was nowhere near victory — in fact, it was light years away from it and perilously close to outright defeat ➤

While Israeli air defence forces were indeed strained at moments during the conflict — facing a high volume of drones and missiles — the broader strategic picture tells a very different story. Iran, despite its aggressive posturing and propaganda-driven claims of success, was nowhere close to a military victory. On the contrary, it was teetering on the edge of a comprehensive defeat. Key military

installations, including nuclear infrastructure, were struck with precision, and much of its air defence network was rendered ineffective. The surviving leadership was forced into hiding, and symbolic retaliations were carefully choreographed to avoid escalation. The gap between narrative and reality was stark — while Tehran celebrated in the streets, the regime itself was reeling from the scale and sophistication of Israel's dominance.

Having said that, the Iranian regime survived as it sold its narrative well to its people… ➤

Having said that, the Iranian regime ultimately survived — not through military success, but by effectively selling its narrative to its own population. Despite suffering significant strategic and infrastructural damage, Tehran managed to frame the conflict as a symbolic victory, emphasizing its ability to strike back and resist. Carefully orchestrated propaganda, coupled with controlled messaging through state media, helped shape public perception in its favour. In a region where perception often matters as much as battlefield outcome, the regime's survival was less about deterrence and more about dominating the narrative at home.

…which means that Israel failed in its ultimate objective of regime change in Iran ➤

This ultimately means that Israel fell short of its most ambitious objective: regime change in Iran. Despite achieving overwhelming air superiority, crippling key military and nuclear infrastructure, and forcing Iran's top leadership into hiding, the strategic endgame — destabilizing or toppling the regime — remained elusive. Iran's ability to quickly reclaim control of the narrative, maintain internal order, and portray endurance as victory allowed the regime to weather the storm. In modern conflicts, especially in authoritarian contexts, survival itself becomes a form of triumph — and in that regard, Tehran held its ground where it mattered most to its leadership: staying in power.

Survival of the Shia regime in Iran is good for India

The survival of the Shia regime in Iran can be viewed as strategically beneficial for India because of several reasons: Firstly, it maintains the regional balance. A collapse of the Iranian regime could plunge the region into chaos, empowering extremist Sunni factions or triggering a power vacuum — both of which could destabilize India's extended neighbourhood and threaten its security interests. Secondly, India has longstanding civilizational and economic ties with Iran, especially around energy and connectivity. The Chabahar port, a key strategic asset for India, is a vital counterweight to China's influence in Gwadar (Pakistan) and central to India's access to Afghanistan and Central Asia, bypassing Pakistan. A stable regime in Tehran ensures continuity of these projects. Thirdly, the Shia regime in Iran indirectly acts as a check against radical Sunni ideologies that have, at times, posed internal security challenges in India. The Sunni-Shia divide, while sectarian in nature, often translates into geopolitical alignments that serve India's strategic calculations. While India maintains a neutral and non-interventionist stance in West Asia, the continuity of the current regime in Iran offers predictability, strategic leverage, and a partner that, despite its own complexities, has generally engaged with India on pragmatic terms.

The historical reasons for Shia-Sunni divide in a Muslim world ➤

The **Shia–Sunni divide** is the most significant and long-standing schism within Islam, rooted in a historical disagreement over the rightful successor to the Prophet Muhammad after his death in 632CE. This split was not originally theological, but **political**, though over time it evolved into a religious and sectarian division with deep social, doctrinal, and geopolitical implications.

Succession dispute after Prophet Muhammad's death-The core issue was over **who should lead the Muslim community** (the *ummah*):

- **Sunnis** believed that leadership should be chosen through **consensus** among the Prophet's companions. They supported **Abu Bakr**, the Prophet's close friend and father-in-law, who became the **first Caliph** (successor).
- **Shias (Shi'at Ali)** believed that leadership should stay within the **Prophet's family**, specifically with his **cousin and son-in-law, Ali ibn Abi Talib**. They saw Ali and his descendants (the *Ahl al-Bayt*, or 'People of the House') as divinely chosen to lead.

Assassination and martyrdom of Ali and Husayn

- **Ali** eventually became the fourth Caliph but was assassinated in 661CE during political strife.
- His son **Husayn**'s stand against the Umayyad Caliph **Yazid** ended in the **Battle of Karbala** in 680CE, where Husayn and his small group were killed. This event is central to Shia identity and is commemorated annually during **Ashura**.

Development of distinct doctrines and practices

Over centuries, **doctrinal differences** deepened:

- **Sunni Islam** (about 85-90% of Muslims today) emphasizes the role of community consensus (*ijma*), the sayings and practices of the Prophet (*hadith*), and four schools of jurisprudence (Hanafi, Maliki, Shafi'i, Hanbali).
- **Shia Islam** (10-15% of Muslims) reveres the **Imams**, starting with Ali and continuing through a line of descendants. Shias believe Imams are spiritually infallible and divinely guided.

Political and geopolitical dimensions

- The divide has often been **weaponized by political rulers** to consolidate power, suppress rivals, or manipulate loyalties.
- In the modern era, the divide has shaped **regional power dynamics**, especially:
  - **Sunni powers**: Saudi Arabia, Egypt, Turkey.
  - **Shia power:** Iran.
  - Countries like Iraq, Lebanon, Bahrain, Yemen, and Syria have become battlegrounds for **Sunni–Shia proxy conflicts**.

Though both sects share core Islamic beliefs (e.g., monotheism, Quran, five pillars), the historical grievances and power struggles continue to fuel tensions. Today, the divide is less about theology and more about **identity, politics, and power** — often entangled with nationalism, colonial history, and foreign interventions.

Figure 7: The historical timelines of the Shia-Sunni divide are given in the table below

Timeline of Key Events in the Shia–Sunni Divide

Year	Event	Significance
632CE	Death of Prophet Muhammad	Triggers dispute over succession.
632–661CE	The Rashidun Caliphate (Abu Bakr, Umar, Uthman, Ali)	Accepted by Sunnis as the rightly guided caliphs.
656CE	Ali becomes the 4th Caliph	Backed by Shia as the rightful leader from the start.
661CE	Assassination of Ali	Deepens the political and sectarian split
680CE	Battle of Karbala: Husayn (Ali's son) is killed by forces of Umayyad Caliph Yazid	Becomes central martyrdom event in Shia history.
750CE	Abbasid Revolution	Ends Umayyad rule; Shia hopes for leadership unfulfilled.
10th–12th c. CE	Rise of various Shia dynasties (e.g., Fatimids, Buyids, Safavids)	Shia communities gain regional power.
1501CE	Safavid Empire declares Twelver Shiism as state religion in Persia (modern Iran)	Establishes Iran as the Shia stronghold.
20th–21st c.	Sunni–Shia tensions erupt in Iraq, Lebanon, Bahrain, Yemen, and Syria	Often proxy conflicts backed by Iran (Shia) vs Saudi Arabia (Sunni).

SOURCE: INCRED RESEARCH, COMPANY REPORTS

The core tenet remains Islam; however, the religious practices have minor differences ➤

Figure 8: While the theological differences between Shia and Sunni Islam are often subtle in daily practice, they become prominently visible during Muharram, particularly in the rituals surrounding Ashura

Comparison Table: Sunni vs Shia Islam

Aspect	Sunni Islam	Shia Islam
Name Origin	From *Ahl al-Sunnah* (People of the Tradition)	From *Shi'at Ali* (Party of Ali)
Succession Belief	Caliph chosen by consensus (Abu Bakr first)	Leadership must stay within Prophet's family (Ali first).
Percentage of Muslims	~85–90%	~10–15%.
Key Historical Figures	Abu Bakr, Umar, Uthman	Ali, Fatima, Hasan, Husayn.
Religious Authority	Ulama (scholars), four Sunni schools of law	Infallible Imams (esp. 12 Imams in Twelver Shia).
Clerical Hierarchy	Less centralized; no formal clergy	Structured clerical system (Ayatollahs, Marja).
Sacred Events	Focus on Prophet's life and companions	Central focus on Karbala and martyrdom of Husayn.
Major Countries	Egypt, Saudi Arabia, Turkey, Indonesia, Pakistan	Iran, Iraq (south), Lebanon (Hezbollah), Bahrain (majority Shia), Azerbaijan.
Ashura (10th of Muharram)	Day of fasting	Day of mourning for Husayn's martyrdom at Karbala.

SOURCE: INCRED RESEARCH, COMPANY REPORTS

The 1979 Islamic Revolution in Iran took a clear ideological stance against the Sunni monarchies of the Middle East, particularly those aligned with the West ➤

The Islamic Revolution of Iran in 1979 took a distinctly ideological stance against the Sunni monarchies of the Middle East, particularly those aligned with Western powers like the US. The revolution, led by Ayatollah Ruhollah Khomeini, replaced the pro-Western monarchy of Shah Mohammad Reza Pahlavi with a theocratic Shia Islamic republic. Khomeini's ideology rejected not only Western secularism but also traditional monarchies in the Muslim world, especially the Sunni dynasties of Saudi Arabia, Jordan, and the Gulf states. He viewed them as corrupt, un-Islamic, and subservient to Western interests.

This ideological divide deepened the historic Sunni-Shia schism and laid the foundation for a broader regional rivalry, particularly between Iran and Saudi Arabia, which continues to shape Middle Eastern geopolitics. The revolution also inspired Shia movements in Bahrain, Lebanon, and elsewhere, heightening Sunni monarchies' fear of internal dissent and Iranian influence.

Hence, countries like Saudi Arabia, the UAE, and Iraq (under Saddam Hussein) positioned themselves firmly against revolutionary Shia Iran ➤

The 1979 Islamic Revolution in Iran sent shockwaves through the Middle East, not just for toppling a Western-backed monarchy, but for introducing a revolutionary Shia theocracy that directly challenged the Sunni-dominated, monarchic status quo in the Arab world. Iran's new regime, led by Ayatollah Khomeini, openly called for the export of its revolutionary ideology, inspiring Shia minorities and opposition movements across the region. In response, Saudi Arabia and the UAE, both conservative Sunni monarchies, viewed Iran as a threat to their legitimacy, sectarian balance, and regional influence. Iraq, under Saddam Hussein's secular Ba'athist regime, saw an opportunity to contain Iran and assert its own dominance, leading to the devastating Iran–Iraq War (1980–1988), which was supported diplomatically and financially by many Gulf Arab states. This alignment of Sunni Arab powers against revolutionary Iran laid the foundation for decades of sectarian rivalry, proxy conflicts, and geopolitical polarization that continue to define the Middle East today — from Yemen and Syria to Lebanon and Bahrain.

Figure 9: The detailed timeline of various events are given below

Timeline: Rise of Shia–Sunni Rivalry Post 1979 Islamic Revolution

Year	Event	Significance
1979	Islamic Revolution in Iran	Ayatollah Khomeini overthrows Shah; establishes a Shia theocracy. Declares intent to "export the revolution" — alarming Sunni monarchies.
1980	Start of Iran–Iraq War	Saddam Hussein invades Iran to curb revolutionary influence; receives backing from Gulf Arab states and Western powers.
1981	Gulf Cooperation Council (GCC) founded	Saudi Arabia, UAE, and other Sunni monarchies form GCC, partly as a security bloc to counter Iran.
1987	Mecca incident during Hajj	Iranian pilgrims clash with Saudi security forces; over 400 die. Iran–Saudi ties reach a low point.
1989	End of Iran–Iraq War	Ceasefire after eight years of brutal conflict. No territorial gains, but massive losses on both sides.
1990–91	Gulf War	Iran remains neutral; Iraq invades Kuwait. Iran's restraint helps it rebuild regional image.
2003	US invasion of Iraq	Fall of Saddam; Shia-majority Iraq gains power. Iran increases influence in post-war Iraqi politics, alarming Sunni Arab states.
2006	Hezbollah–Israel War	Iran-backed Hezbollah fights Israel; Iran's role strengthens Shia axis narrative.
2011	Arab Spring and Bahrain protests	Shia protests in Bahrain (a Sunni-ruled, Shia-majority country) put Iran–Saudi tensions in focus again. Saudi troops intervene.
2014	Rise of ISIS	Sunni extremist group targets Shias and Iran-backed militias. Iran, Iraq, and Hezbollah push back. Sectarian conflict escalates.
2015	Yemen War begins	Saudi-led coalition intervenes against Iran-backed Houthi rebels. Yemen becomes a major proxy war front.
2016	Saudi Arabia cuts ties with Iran	After execution of Shia cleric Nimr al-Nimr in Saudi Arabia and storming of Saudi embassy in Tehran.
2023	Saudi–Iran normalization (China-brokered deal)	First thaw in relations in years. Yet, rivalry remains active in multiple proxy theatres.

SOURCE: INCRED RESEARCH, COMPANY REPORTS

The hate reached its crescendo when ISIS was executing Shias by asking them to recite Kalima and then killing point blank ➤

The sectarian hate reached its ghastly crescendo during the rise of ISIS (Islamic State), whose ideology was deeply rooted in extreme Sunni fundamentalism and violent anti-Shia sentiment. In territories under their control across Iraq and Syria, ISIS militants carried out systematic executions of Shias, often forcing captives to recite the *Kalimah* (Islamic declaration of faith, there is minute difference in the way Kalimba is recited by Shias and Sunnis) — only to shoot them point-blank moments later. These acts were not merely atrocities of war, but deliberate attempts to dehumanize and delegitimize Shia identity, painting Shias as apostates despite shared Islamic foundations. The brutality was intended both to instil fear and to provoke further sectarian polarization. These mass killings — documented in chilling videos and survivor testimonies — became some of the darkest episodes in modern Shia–Sunni relations, underscoring how theological divisions, when fused with extremist ideology, can descend into genocidal violence.

Amid the chaos following the 2003 US invasion of Iraq, sectarian tensions reached new heights. The dismantling of Saddam Hussein's Sunni-dominated regime empowered Iraq's Shia majority, many of whom were aligned with or supported by Iran. This shift bred resentment among many Sunnis and created a fertile ground for extremist ideologies. ISIS, emerging from the remnants of al-Qaeda in Iraq, capitalized on this turmoil by presenting itself as the defender of Sunnis against what it branded a Shia-dominated regime and Iranian influence.

But ISIS did not stop at political opposition. It adopted a **violent, takfiri ideology**, declaring Shias as heretics (*rafidha*) and legitimate targets for extermination. In its propaganda and actions, ISIS portrayed Shias as worse than non-Muslims, deserving of death for their "deviation" from Sunni orthodoxy. The hate was not abstract — it was acted out in cold blood.

Examples of such atrocities include the **Camp Speicher massacre** in 2014, where ISIS executed more than **1,700 Shia cadets** near Tikrit. Survivors reported captors taunting victims with religious questions before executing them. These killings were not military acts but ethnic and sectarian cleansing, aimed at instilling fear and asserting Sunni extremist dominance.

Figure 10: The minor religious differences between Shia and Sunni Islam were exploited by ISIS to justify brutal sectarian violence, as the group sought to purge the Middle East of Shia influence under the guise of religious purity

Comparison: Kalima in Sunni and Shia Islam

Aspect	Sunni Islam	Shia Islam (Twelver)
Basic Kalima (Shahada)	*"Lā ilāha illā Allāh, Muhammadur rasūl Allāh"* *"There is no god but Allah, and Muhammad is His messenger."*	**Same as Sunni** Recognized and recited identically as the core declaration of faith.
Use of Additional Phrase	✗ None.	☑ *"Aliyyun waliyyullah"* *"Ali is the friend (or divinely appointed guardian) of Allah"*
When Addition is Used	Not used.	In some prayers, religious texts, and devotional contexts (not part of the required Shahada).
Compulsory for Conversion	☑ Yes, the basic Kalima is essential for embracing Islam.	☑ Yes, only the basic Kalima is required; the additional phrase is optional.
Doctrinal Significance	Affirms monotheism and Muhammad's prophethood.	Same, plus emphasizes belief in Ali's divine leadership (Imamate).
View on Additional Phrase	Considered an innovation or unnecessary by Sunnis.	Viewed as a theological truth by Shias, affirming Ali's status after the Prophet.
Legal/Fiqh Recognition	Only the basic Shahada is recognized for Islamic identity.	Same — only the core Shahada is required in legal/religious matters.

SOURCE: INCRED RESEARCH, COMPANY REPORTS

India has not had any major problems with Iran since 1979; rather, it was the earlier rulers (the Shahs) who were clearly against India ➤

Figure 11: Before the Islamic revolution, Iran's ties with India were constrained

Timeline of India–Iran Relations

Pre-1979 (Under the Shah of Iran) – Cautious and Strained		
Period	**Event / Context**	**Impact on India-Iran Relations**
1950s–1970s	Iran joins CENTO and SEATO, Cold War-era pacts backed by the US	Aligned Iran with the West and Pakistan; India remained non-aligned.
1965 & 1971 Indo-Pak wars	Iran supports Pakistan diplomatically, especially in 1971	Causes diplomatic friction with India.
1974	Shah of Iran declares Iran as a "natural hegemon" in the Persian Gulf and South Asia	Seen in India as expansionist and pro-West; cautious approach continues.
Energy trade exists, but largely transactional	Oil imports from Iran continue	Economic ties exist, but strategic trust is lacking.
Post-1979 (Islamic Republic of Iran) – Pragmatic and Cooperative		
Period	**Event / Context**	**Impact on India-Iran Relations**
1979	Islamic Revolution replaces Shah with Ayatollah Khomeini	End of pro-Western tilt; India cautiously re-engages.
1980s	Iran–Iraq War (1980–88)	India maintains neutrality; sells food and medicine to Iran.
1990s	Post-Cold War realignment	India and Iran explore greater strategic and energy cooperation.
2001	Tehran Declaration signed	India and Iran agree on counterterrorism and regional security cooperation, esp. in Afghanistan.
2003	Delhi Declaration	Both countries commit to a strategic partnership.
2010–2015	Western sanctions on Iran over its nuclear program	India reduces oil imports under pressure but maintains diplomatic ties.
2016	Chabahar Port agreement	India, Iran, and Afghanistan agree on strategic connectivity project.
2020s	Iran tilts toward China (25-year cooperation pact)	India recalibrates its engagement; keeps ties stable but cautious.

SOURCES: COMPANY REPORTS, INCRED RESEARCH

Hence, survival of the Sunni regime, which is defanged (without atomic weapon), is great news for India ➤

While Iran's Islamic regime has long been viewed with suspicion in the West, India has historically maintained a pragmatic and cooperative relationship with Tehran. In the aftermath of Israel's decisive military campaign that severely degraded Iran's military and nuclear infrastructure, the survival of a defanged, militarily constrained Shia regime in Iran—absent nuclear weapons—presents a strategically favourable outcome for New Delhi.

Contrary to perception, India's relations with post-1979 revolutionary Iran have been more stable and mutually beneficial than they were with the pre-revolutionary Pahlavi regime. Under the Shah, Iran was firmly aligned with the West and Pakistan, joining military pacts such as CENTO and SEATO. This alignment translated into diplomatic friction with India, especially during the 1965 and 1971 Indo-Pak wars. The Islamic Republic, despite its ideological posturing, pursued an independent foreign policy and gradually evolved into a reliable partner for India in areas such as energy trade, regional security, and infrastructure development (notably the Chabahar Port project).

The recent military setback suffered by Iran has effectively crippled its nuclear ambitions and exposed the vulnerability of its air defences. While the regime survived politically, its strategic capabilities have been significantly eroded. For India, this outcome checks several strategic boxes:

1. **No nuclear escalation**: A nuclear-armed Iran would have intensified the regional arms race, pressured India's energy security routes, and complicated New Delhi's diplomatic balancing between West Asia and the US-Israel axis.
2. **Sectarian balance**: A weakened Shia Iran continues to act as a counterweight to radical Sunni ideologies emanating from parts of the Arab world. This sectarian equilibrium is essential to India's internal security, given its large and diverse Muslim population and the ideological spillovers from West Asia.
3. **Continued engagement**: The survival of the regime—albeit in a diminished state—ensures continuity of bilateral projects such as Chabahar and the International North-South Transport Corridor (INSTC). Chaos or regime collapse would have endangered these vital links.

India has long pursued a "multi-alignment" policy in West Asia, simultaneously maintaining strong ties with Israel, Iran, Saudi Arabia, and the UAE. The survival of a weakened but stable Iran fits into this strategy perfectly. It avoids the binary choice between the Sunni and Shia blocs, and instead reinforces India's image as a non-interventionist, reliable partner to all major players.

Furthermore, Iran's limited ability to project power post-conflict reduces the risk of proxy warfare spilling into Afghanistan or Central Asia, regions critical to India's strategic outreach. It also allows India greater manoeuvring space in negotiating energy deals, infrastructure projects, and maritime security frameworks.

While the military and narrative defeat suffered by Iran is undeniable, its regime's political survival—stripped of nuclear leverage and constrained militarily—is a net strategic gain for India. It preserves regional stability, prevents the rise of extremist Sunni forces in a post-Iran vacuum, and allows for continued bilateral cooperation. In a volatile region where perception often rivals reality, India benefits most when no single actor dominates—especially one armed with nuclear weapons. A defanged yet functional Iran aligns with India's long-term geopolitical calculus in West Asia.

Pakistan shares a long border with Iran, and an Iran ruled by Khomeini will keep Pakistan on its toes ➤

Pakistan shares a long and sensitive border with Iran, making developments in Iran crucial to its strategic calculus. The rise of Ayatollah Khomeini and the establishment of a revolutionary Shia theocracy in 1979 introduced a new ideological force in the region, one that sharply contrasted with Pakistan's Sunni-majority and military-aligned governance. An Iran ruled by Khomeini posed both ideological and geopolitical challenges, particularly due to Tehran's vocal opposition to Sunni monarchies and Western-backed regimes. This created a constant undercurrent of tension, compelling Pakistan to remain vigilant along its western frontier. Moreover, Iran's support for Shia groups and its regional ambitions often intersected uneasily with Pakistan's own domestic sectarian dynamics and regional alliances, especially with countries like Saudi Arabia.

Iran ruled by Khomeini is good for India's energy security ➤

An Iran ruled by Khomeini, despite its ideological rigidity, has often aligned better with India's long-term energy interests compared to the pro-Western Shah regime that preceded it. After the 1979 Islamic Revolution, Iran adopted an independent foreign policy that sought to resist Western dominance, including in energy markets. This allowed India to engage directly with Tehran for oil and gas supplies on favourable terms, without the geopolitical baggage associated with Sunni Gulf monarchies. Additionally, Iran's vast reserves and its willingness to invest in energy cooperation with India — such as the development of the Chabahar Port and proposed pipelines — have strengthened India's energy security. As a result, a stable Shia regime in Iran has often acted as a reliable energy partner for India in a region dominated by Sunni powers closely aligned with the West.

Air defence is more important than having offensive capabilities

Both Operation Sindoor and Operation Rising Lion underscore a critical lesson: robust air defence systems are more vital to national security than purely offensive capabilities. While Israel inflicted significant damage on Iran—effectively weakening its nuclear infrastructure—the images of destruction to civilian areas allowed the Iranian regime to shape a narrative of resilience and victory for its domestic audience. As a result, Israel failed to achieve one of its key strategic objectives: regime change in Iran. In short, Israel lost the information war. Its overwhelmed air defence systems not only exposed vulnerabilities but also contributed to the decision to agree to a ceasefire.

Israel achieved complete air superiority over Iranian skies during the conflict, demonstrating its overwhelming technological and strategic edge ➤

Israel achieved complete air superiority over Iranian skies, showcasing the effectiveness of its advanced air force and intelligence capabilities. Israeli aircraft were able to penetrate deep into Iranian territory, neutralize key air defence systems, and even refuel in mid-air within Iranian airspace—an unprecedented show of dominance. This not only crippled Iran's ability to respond militarily but also sent a clear message about Israel's reach and readiness. The lopsided nature of the air conflict highlighted a critical vulnerability in Iran's defence posture and underscored the significant imbalance in conventional military capabilities between the two nations.

However, it was found lacking on air defence capabilities ➤

Despite achieving complete air superiority over Iranian skies, Israel was found lacking in its air defence capabilities. While its offensive operations were swift and precise, allowing Israeli jets to strike deep into Iranian territory, the effectiveness of Israel's own air defence systems came under scrutiny. Iran and its allied groups were able to launch a significant number of retaliatory drone and missile attacks, some of which managed to penetrate Israeli airspace and cause damage. This exposed gaps in Israel's multi-layered defence architecture and raised questions about its preparedness for sustained, multidirectional attacks. The contrast between offensive dominance and defensive vulnerability revealed a complex dimension of modern warfare, where even technologically advanced militaries can face critical challenges.

As the war progressed, an increasing number of missiles were able to penetrate Israeli air defences ➤

Here's the most up-to-date data on missile penetrations through Israel's air defence during the recent Iran–Israel escalation:

370–400+ ballistic missiles launched by Iran in retaliation since mid-Jun 2025 Of these, **30–20 missiles** struck urban or strategic targets

1. Interception rate across the layered system: **~90% overall**, with around **10 % penetration.**

21-22 Jun 2025, interception rate dropped to **65 %**, as hypersonic and precision-guided missiles overwhelmed the system. **Why penetrations increased?**

1. **Saturation attacks**: Large waves of missiles and drones launched simultaneously (some waves had 150–250 missiles), exhausting interceptors (Source: southasiatimes.org).
2. **Advanced Iranian weapons**:
    - Hypersonic missiles like **Fattah-1** and high-MaRV systems (e.g. Hajj Qasem).
    - Terminal-phase manoeuvres shaved reaction time from ~10 to ~6 minutes.

3. **Technical and human limitations**: Malfunctions or operator errors in radar/interceptor chains.
4. **Interceptor stock depletion**: Experts warn Israeli systems may be overwhelmed by late Day 18, if no resupply arrives.

Strategic implications

1. Israel's multi-layered defence (Iron Dome, David's Sling, Arrow-2/3) remains effective—but not infallible.
2. High volume and advanced missile technology have strained the system, causing unprecedented penetrations.
3. Interceptor depletion is a growing concern; both Israeli and US authorities are rushing to replenish stocks.
4. The conflict highlights a shifting paradigm: quality interceptors vs. quantity and sophistication of attackers.

Figure 12: The penetration rate of Irani missiles increased as the war progressed

Date	Estimated Missiles Launched	Estimated Penetrations	Penetration Rate (%)
June 13/14	~150	~15-20	~10 %
June 15	~200	~20-25	~10–12 %
June 16	~65	~6–10	~10–15 %
June 20–21	~36	~13–14	~35 % (peak recent)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

1. **Starting phase (~13-16 Jun 2025):** Israel intercepted about 90 % of incoming missiles—10 % leaked through. Iran launched large daily salvos (150–200 missiles), with ~10–15 % penetration.
2. **Mid conflict (~16 Jun 2025):** Launch volume decreased (~65 missiles), but the penetration rate held steady at ~10–15 %.
3. **Recent days (~20-21 Jun 2025):** With the introduction of hypersonic and MIRV missiles, interception rate dropped to around 65 %, implying a ~35 % penetration rate on days with ~36 launches.

Hence, by the end of the war, an impression had taken root in the Iranian public's mind that Iran had inflicted devastating damage on Israel ➤

Hence, by the end of the war, an impression had firmly taken root in the Iranian public consciousness that Iran had devastated Israel. Despite the reality that Israeli forces-maintained air superiority and neutralized a significant percentage of incoming threats, Iran's narrative machinery skilfully amplified the relatively few successful missile strikes. State media portrayed these penetrations as strategic victories, downplaying Israel's technological edge and highlighting images of damage within Israeli territory. This perception—fuelled by state propaganda, selective reporting, and public displays of defiance—allowed the Iranian regime to frame the outcome as a symbolic triumph, even if the military balance remained firmly in Israel's favour. The battle for perception, once again, proved to be as critical as the conflict on the ground and in the skies.

This offers a critical lesson for the Indian Air Force: the need to invest even more heavily in advanced air defence capabilities ➤

This brings an important lesson for the Indian Air Force—the necessity of significantly strengthening its air defence capabilities. The Iran-Israel conflict has shown that even nations with complete air superiority can suffer damage if their air defences are not resilient enough to handle saturation attacks or advanced missile technologies. For India, which faces dual-front threats from China and Pakistan—both of which are investing in missile and drone warfare—relying solely on offensive air power is no longer sufficient. Robust, multi-layered air defence systems, including interception capabilities against ballistic missiles, cruise missiles, and unmanned aerial vehicles, must become a central pillar of India's military modernization strategy.

India's Integrated Air Defence Centre performed well during Operation Sindoor, demonstrating improved coordination and interception capabilities ➤

India's Integrated Air Defence Centre (IADC) performed commendably during Operation Sindoor, showcasing a significant leap in real-time coordination between the Indian Air Force, Army, and Navy. The operation tested India's ability to respond to simultaneous aerial threats from multiple directions, and the IADC was central in managing radar inputs, threat prioritization, and deployment of interceptors. Its success highlighted the growing maturity of India's layered air defence infrastructure and validated recent investments in command-and-control systems. However, as seen in the Iran-Israel conflict, sustained attacks involving drones, hypersonic missiles, and swarm tactics could still pose a serious challenge. Therefore, while the IADC's performance during Operation Sindoor is encouraging, it reinforces the need for further investment in both technology and inventory to future-proof India's air defence.

However, it's not tested against a barrage of ballistic missiles ➤

However, despite its strong showing during Operation Sindoor, the Integrated Air Defence Centre has not yet been tested against a sustained barrage of ballistic missiles—an increasingly likely threat in modern warfare. While India's air defence systems have evolved to handle limited aerial threats and drones effectively, their resilience against large-scale, high-speed missile attacks remains unproven. This untested domain represents a critical vulnerability, especially given the growing missile arsenals of adversaries like China and Pakistan. To close this gap, India must not only accelerate the deployment of systems like the S-400 and indigenous ballistic missile defence (BMD) programs but also ensure seamless integration, real-time data sharing, and redundancy within its air defence network.

To plug this gap, India needs more squadrons of S-400, Akash missiles,QRSAM, MRSAM, and phase -II of BMD systems ➤

To plug this critical gap in its air defence architecture, India must accelerate the procurement and deployment of layered interception systems. This includes inducting additional squadrons of the **S-400 Triumf** for high-altitude, long-range threats, along with strengthening indigenous solutions like the **Akash** missile system for short-range defense. Systems such as the **Quick Reaction Surface-to-Air Missile (QRSAM)** and the **Medium Range Surface-to-Air Missile (MRSAM)** are essential for protecting forward bases and key infrastructure from aerial intrusions, cruise missiles, and UAVs. Most importantly, the timely implementation of **Phase-II of India's Ballistic Missile Defence (BMD)** program—designed to intercept missiles both inside and outside the atmosphere—is vital to counter emerging threats like MIRVs and hypersonic glide vehicles. A robust and layered air defence system, backed by real-time surveillance and coordinated command structures, will be crucial in ensuring India is not caught off-guard in a high-intensity conflict.

Out of these systems, the following orders are already in the pipeline ➤

S-400 Triumf

- **Total ordered**: Five regiments under a Rs440bn (~US $5.4bn) contract signed in Oct 2018.
- **Delivered so far**: Three regiments (Dec 2021, Jul 2022, Feb 2023), with the remaining two scheduled by mid-2026.

Akash Missile System

- **Inducted**: Four operational regiments of the original Akash.
- **Contracts for additional orders:**
  - Two regiments of *Akash Prime* ordered in Mar 2023 worth Rs91bn **MRSAM (Barak-8).**
- **Indian Navy**: 18 firing units (9 squadrons) + 450 missiles – ordered in 2009.

- **Indian Air Force & Army:**
  - A 2017 Army order included five regiments (40 firing units) with 200 missiles for Rs1.6bn (Source: en.wikipedia.org).
  - Navy also ordered seven systems in 2018 (~Rs7.77bn), plus LR-SAM for four destroyers (Source: en.wikipedia.org+1iadnews.in+1).
- **Additional**: IAI-BDL deal in Jan 2025 for US$340m more MRSAM units (Source: indiandefenseanalysis.wordpress.com+15claws.co.in+15en.wikipedia.org+15).

QRSAM

- **Initial orders**: Five weapon systems (regiment-scale) from BEL following Aero India 2023 – deliveries by 2024.
- **Pending approval:**
  - Three new regiments (~72 missiles each, with full systems) valued at Rs300bn; expected to be cleared in mid-Jun 2025F.
  - Additional large-scale order for IAF of ~Rs250bn under the Ministry of Defence or MoD review.

Phase-II Ballistic Missile Defence (BMD) / PDV

- **Phase-II (PDV-MK-II)**: No confirmed procurement orders yet. The Defence Research and Development Organisation or DRDO testing is ongoing; likely procurement only after successful trials. No public contracts reported.

Summary Takeaway

- **Long-range**: S-400 deal for five regiments under execution (three delivered, two forthcoming).
- **Medium-range**: Strong push via Akash (indigenous) and MRSAM (IAI-BDL joint) — four plus two Akash regiments, five MRSAM regiments plus naval units.
- **Short-range/emergency**: QRSAM rolling out — five systems plus pending large-scale order for three regiments.
- **BMD Phase-II**: Yet to enter the procurement phase.
- **Project Kusha**- Indian own high-altitude S-500 kind of systems.

India also needs to invest heavily in radar systems and sensor suites to ensure early detection, tracking, and effective interception of incoming aerial threat ➤

Following is the list of radars are sensors that India is planning to integrate in its air defence networks.

High Power Radars (HPR)

- AESA, non-rotating 4D radars to replace THD-1955 units; 12 commissioned from L&T/ELTA under a Rs130bn+ deal.

Central Acquisition Radar (3D-CAR / Rohini)

- S-band 3D surveillance radar (range ~185km), a part of Akash MRSAM system.

Ashwini LLTR (Low-Level Transportable Radar)

- AESA mobile radar with ~200km range, detecting low-RCS targets to 150km; Rs29.06bn contract with BEL for the IAF.

VHF Surveillance Radar (VHF-SR)

- DRDO's long-wave radar, detects stealth threats up to 400km, undergoing field trials.

Over-the-Horizon Radar (OTHR)

- DRDO LRDE prototype for coastal surveillance: surface-wave (~500km) and future sky-wave (~2000km) radar.

Air Defence C² & Sensor Integration

Akashteer C4ISR

- Command-and-control suite integrating 3D tactical radars, low-level sensors, and weapon systems into IAF's network (IACCS); 107 units delivered, full induction by 2027.

BEL IRST + GaN-Uttam AESA fusion

- Infrared Search & Track (IRST) system for Su-30MKI, integrated with GaN-Uttam for multi-sensor detection of stealth platforms.

Aerostat-based sensor platforms

- IAF seeking aerostat-mounted radar/comms systems to provide low-level surveillance up to 80–120km; especially useful in a mountainous terrain.

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