By 1845, the British Empire had expanded from Bengal to Sindh, and all that remained free was Punjab. The Sikhs were ruling over Punjab and after the Second Sikh War in 1848, the British gained control over the Indus. The Koh-i-Noor diamond that Ranjit Singh had worn in his headdress now became a part of the crown jewels at Westminster.

The War of Independence broke out in January and March 1857. The British army had recruited local Indians in their forces. These soldiers were issued cartridges greased with fat from tabooed animals. The soldiers refused to use these cartridges. In 1857, starting with an uprising in Meerut, soldiers in the British Army in Bengal launched a full-scale mutiny against the British. Initially, the Indian soldiers were able to push back the British forces. The British army was driven out of Delhi and the Indian soldiers took control of the city. Bahadur Shah Zafar, the last Mughal King, was compelled to lead the freedom fighters. He proclaimed himself the Emperor of the whole of India. The civilians, citizens and other dignitaries took oath of allegiance to the Emperor. The Emperor issued his own coin and appointed his sons to key posts.

The initial success of the freedom fighters gave a boost to the War of Independence. The Indian army captured the important towns of Haryana, Bihar and Mahdya Pardesh. However, the British forces at Meerut and Ambala put up a resolute resistance to the royal army and held them back for several months. The British proved to be a formidable foe with their superior weapons and better strategy. The freedom fighters badly lacked in adequate resources and their planning proved to be extremely brittle. The royal forces were finally defeated. The British army entered Delhi and the Mughal emperor Bahadur Shah Zafar went into hiding.

The British quickly regained control of Delhi. They ransacked and destroyed the city. The Mughal emperor was captured from his sanctuary, the tomb of Emperor Humayun. His sons were slaughtered and killed and the emperor was imprisoned in Rangoon, Myanmar.

After the War of Independence in 1857, the British government assumed sovereignty over the lands of the British East India Company. The British thus became masters of India, where for nearly 800 years Muslims had ruled. However, their attitude towards the Muslims was that of antipathy. The British attributed the war of 1857 to the Muslims alone. As a result, property belonging to Muslims was confiscated and they were denied employment opportunities everywhere in the army, revenue department, and judiciary.

The newly introduced English system of education had many drawbacks for the Muslims, mainly because it made no provisions for religious education. As a result, they stayed away from it. Thus, within a few years of loss of political power, the Muslims lost all avenues of employment, were dispossessed of their estates and deprived of the benefits of education. A highly cultured community turned into a backward and poor people. In their place British-educated Hindus began to occupy positions in governments offices formerly held by the Muslims.