Envision Capital

Between Conflict and Conviction

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A Pause in Conflict, Not Yet a Resolution

In the early hours of Wednesday, 8th April, global markets woke up to a meaningful—yet measured—development: a 14-day ceasefire announcement in the ongoing Middle East conflict, just ahead of the Asian market open.

The immediate market response was telling.
Brent crude prices corrected sharply from near US$110/bbl to ~US$95/bbl[1], while the US Dollar eased, signaling a temporary shift back toward risk-on sentiment.

While this is undoubtedly a welcome relief, it is important to recognize what this development truly represents—a pause, not a resolution.

"Markets have reacted to the ceasefire. But for sustained stability, geopolitics must move from pause to permanence."

For a durable rally to take hold, the ceasefire must translate into a credible and lasting peace framework—something that remains uncertain at this stage.

The Strait That Moves the World

From an economic standpoint, markets are focused on one key variable:
Will the Strait of Hormuz reopen meaningfully—and sustainably?

Accounting for nearly 20% of global oil trade[2], the Strait of Hormuz is not just a geopolitical chokepoint—it is an economic lifeline.

While Iran has proposed safe passage for vessels through coordination with its armed forces, there is an important nuance:

- Movement may resume gradually, not instantly
- Operational constraints and "technical limitations" could restrict flow
- Shipping volumes are unlikely to revert to pre-conflict levels immediately

This explains why, despite the ceasefire:

- Oil has corrected from peak panic levels

- But remains significantly elevated vs. pre-conflict (~US$70/bbl[1])

> "The Strait may reopen—but not at full capacity. Markets are adjusting to a world of structurally higher energy costs."

A New Energy Reality

The current price action in oil markets suggests something deeper than short-term volatility.

Even after the recent correction, oil remains ~35% above pre-conflict levels[1]. This raises a critical question for investors:

Are we entering a regime of structurally higher energy prices?

If so, the implications are far-reaching:

- Margin pressure for energy-intensive sectors
- Inflation persistence across economies
- Re-rating of businesses with pricing power and cost efficiency

In such an environment, business quality becomes non-negotiable.

> "In periods of elevated input costs, only businesses with pricing power can protect profitability—and compound capital."

India: Resilient in the Face of Global Uncertainty

Despite global turbulence, India's domestic economic indicators continue to demonstrate remarkable resilience.

Recent data points reinforce this strength:

- GST collections up ~8% YoY[3]
- Automobile sales up ~16% YoY[4]

- UPI transaction volumes up ~24% YoY[5]

In parallel, the Reserve Bank of India, in its April 8, 2026 Monetary Policy Committee meeting, unanimously kept the repo rate unchanged at 5.25%, maintaining a neutral stance given inflation risks arising from West Asia tensions[6].

The RBI has projected:

- FY27 GDP growth at 6.9%[6]
- Inflation at 4.6%[6]

This reflects a calibrated approach—balancing growth momentum with emerging inflationary pressures.

These are not just cyclical indicators—they reflect deep structural drivers:

- Formalization of the economy
- Rising digital adoption
- Strengthening consumption patterns

Even amid a global conflict-driven shock, India's growth engine remains intact.

Strategic Shifts: Energy Security & Supply Chain De-Risking

The current geopolitical environment is accelerating a critical strategic priority for India:

Energy security.

India is not only diversifying sourcing but also actively strengthening domestic preparedness and resilience.

Key developments include:

- Domestic refinery production ramped up by ~40%, with LPG output reaching ~50,000 tonnes per day[7]

- This is ~60% higher than India's current requirement[7]
- 80,000 tonnes of assured LNG cargoes are en route from the US, Russia, Australia and other regions—equivalent to nearly one month of supply[8]
- Commercial cylinder allocations increased to ~70% capacity[7]
- Government push toward Piped Natural Gas (PNG) and Compressed Natural Gas (CNG) adoption, including migration of ~60 lakh LPG consumers[7]

On the supply side:

- India currently has ~74 days of total reserve capacity[9]
- Actual stock cover stands at ~60 days (including crude, products, and strategic reserves)[9]
- Additionally, ~2 months of crude imports have already been secured[8]

Taken together, India has ensured nearly 3–4 months of energy visibility, significantly mitigating near-term supply disruptions.

This transition is not just defensive—it is transformational.

Over time, these efforts will:

- Reduce vulnerability to external shocks
- Improve macro stability
- Create new investment opportunities across sectors

Positioning Through Uncertainty

Periods like these test conviction.

Short-term volatility, driven by geopolitical uncertainty, can often overshadow long-term structural narratives. However, history suggests that lasting wealth is built by staying anchored to fundamentals—not headlines.

At Envision Capital, our approach remains unchanged:

- Focus on fundamentally strong businesses
- Prioritize pricing power, capital efficiency, and governance

- Maintain a long-term investment horizon

"Uncertainty creates noise. Discipline creates opportunity."

Closing Note

While the ceasefire offers near-term relief, the path ahead remains uncertain. Energy markets are adjusting, geopolitics remain fluid, and volatility may persist.

Yet, amidst all of this, one reality stands out clearly:

India's long-term growth story remains firmly intact.

We remain optimistic—not because risks have disappeared, but because opportunities continue to emerge for those willing to look beyond the immediate horizon.

Warm regards,

Tanay Shah

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Sources

[1] Bloomberg, Reuters – Crude oil price movements (April 2026)
[2] U.S. Energy Information Administration (EIA) – Strait of Hormuz oil flow estimates
[3] Government of India – GST Collection Data (FY26)
[4] SIAM / Industry Reports – Automobile Sales Data (FY26)
[5] Reserve Bank of India – UPI transaction data
[6] Reserve Bank of India MPC April 2026 Policy Statement
[7] Ministry of Petroleum and Natural Gas / Press Information Bureau releases (April 2026)
[8] Reuters, Business Standard – Energy supply updates (April 2026)
[9] Ministry of Petroleum and Natural Gas / industry disclosures on reserves and stock cover

Track Record

	Envision India Opportunities Portfolio	Benchmark BSE 500 TRI Index	Alpha
Since Inception*	12.55%	11.48%	1.07%
4 Years	11.97%	9.27%	2.70%
3 Years	14.07%	12.89%	1.18%
2 Years	1.81%	1.32%	0.49%
1 year	0.30%	-3.12%	3.42%

Source: Envision Capital & Axis Fund Accounting Team. Since inception date 05 April 2021. Performance is as on March 31, 2026 and is calculated as per TWRR method and returns more than 1 year are annualized. Returns are net of fees and expenses. Please note that performance of your portfolio may vary from that of other investors and that generated by the Investment Approach across all investors because of 1) the timing of inflows and outflows of funds; 2) Differences in the portfolio composition because of restrictions and other constraints. **Returns from BSE website

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