Envision Capital

The Domestic Engine Keeps Delivering

Envision Capital I July 2026



Global Headlines Fade. Domestic Momentum Endures.

Over the past month, global markets were once again reminded how quickly geopolitical events can reshape investor sentiment.

The escalation of tensions in West Asia briefly pushed crude oil prices above **US$100 per barrel**, reviving concerns around inflation, global growth and energy security. Yet, as the situation stabilized, oil prices retraced sharply back into the **US$70–80 per barrel** range, easing pressure on energy-importing economies such as India.

While geopolitical risks remain, the episode reinforced an important point: short-term external shocks may create volatility, but they do little to alter India's underlying growth trajectory.

Beneath the headlines, India's domestic economy continues to display remarkable resilience. Consumption remains robust, digital adoption continues to accelerate, private investment is strengthening, and businesses remain confident about the long-term opportunity.

"Global events may influence markets in the short term. Structural domestic trends create wealth over the long term."

High-Frequency Indicators Continue to Signal Strength

June's economic data continues to reinforce the breadth of India's domestic growth story.

Consumption Remains Resilient

GST collections increased **13.9% year-on-year** to **US$23.2 billion**, reflecting healthy consumer demand alongside continued formalization of the economy.

Electricity consumption—a reliable indicator of economic activity—grew **11.6% year-on-year** to **166.5 billion units**, pointing towards sustained momentum across manufacturing, services and commercial activity.

India's Digital Economy Continues to Scale

India's digital public infrastructure continues to set global benchmarks.

UPI processed **22.72 billion transactions** during June, representing **23% year-on-year growth**, while transaction values reached **US$305.7 billion**, growing **20% year-on-year**.

These numbers are more than records—they demonstrate how deeply digital payments have become embedded in everyday commerce, strengthening financial inclusion while improving the efficiency of the economy.

Credit Growth Remains Robust

India's banking sector reported **17.7% year-on-year credit growth** in mid-June, highlighting continued demand from households as well as businesses.

Healthy credit growth remains one of the clearest indicators of economic confidence, supporting both consumption and future investment.

Wheels Are Electrifying

The automobile industry delivered another strong month.

Overall industry volumes increased **22% year-on-year**, with passenger vehicles growing **29%**, two-wheelers **21%**, and commercial vehicles **17%**.

The transition towards electric mobility also continues to accelerate. Two-wheeler EV penetration crossed **10%** during June compared with **7%** a year ago, while passenger vehicle EV penetration increased to **7.7%** from **4.4%**.

"Consumption, credit creation and digital adoption continue to point toward an economy growing from within."

Private Investment Continues to Gather Pace

One of the most encouraging developments remains the revival in private sector investment.

Despite the uncertain geopolitical backdrop, the value of new project announcements increased **28.6% year-on-year** to **₹14.5 trillion** during the first quarter of FY27, driven primarily by investments in the power sector.

This reinforces our belief that India is entering the next phase of its private capital expenditure cycle—an important driver of productivity, employment and long-term earnings growth.

Lower fuel costs are also providing incremental support to economic activity. Aviation Turbine Fuel (ATF) prices were reduced by approximately **₹5 per litre**, alongside cuts in commercial LPG prices, helping ease cost pressures across transportation and industry.

Meanwhile, India's external sector continues to demonstrate resilience. According to the Commerce Ministry, goods exports are expected to exceed **US$500 billion** during FY27, reflecting growing competitiveness across manufacturing and value-added exports.

India's Next Growth Engine: Talent, Technology and the Middle Class

India's long-term opportunity extends well beyond cyclical economic data.

The country's Global Capability Centre (GCC) ecosystem continues to expand rapidly. Hiring has grown **34-fold since 2021**, with nearly **228,000 new jobs added in 2026 alone**, representing a **27.4% CAGR** over five years.

Significantly, nearly **two out of every three new roles require AI and data science capabilities**, highlighting India's emergence as a global hub for technology, innovation and knowledge-based services.

Equally important is the continued rise of India's middle class.

Recently, the Finance Minister described the middle class as **the growth engine of the Indian economy**—a statement supported by powerful structural trends.

By **2036**, approximately **93% of total consumer spending** is expected to come from middle-class and affluent households. Nearly **500 Indian cities** are poised to emerge as new

centres of economic activity, broadening growth beyond the country's largest metropolitan regions.

India's socio-economic transformation has been equally remarkable. Approximately **248 million people have moved out of multidimensional poverty since 2014**, expanding the country's consuming class and creating new opportunities across sectors ranging from financial services and healthcare to consumer discretionary and housing.

These trends reinforce why India's growth story is increasingly driven by domestic demand rather than external cycles.

"The next decade of growth will be powered not just by a larger economy, but by a wealthier, more connected and increasingly aspirational population."

Looking Ahead

Short-term events will continue to influence market sentiment. The coming months are likely to remain shaped by geopolitical developments, commodity price movements and global macroeconomic uncertainty.

Yet beneath these headlines, India's structural growth drivers continue to strengthen. Long-term wealth creation will continue to be driven by structural change.

India's structural growth opportunity remains firmly in place—and the next decade of value creation is likely to be driven by the same forces that continue to reshape the economy today: **formalization, digitization, financialization, innovation and rising aspirations.**

Warm regards,

Tanay Shah

Vice President, Investments & Strategy
Envision Capital

Track Record

	Envision India Opportunities Portfolio	Benchmark BSE 500 TRI Index	Alpha
Since Inception*	16.41%	13.35%	306 bps
5 Years	15.37%	12.21%	316 bps
4 Years	19.22%	15.29%	393 bps
3 Years	15.95%	12.53%	342 bps
2 Years	4.73%	1.52%	321 bps
1 year	6.32%	-1.96%	828 bps

Source: Envision Capital & Axis Fund Accounting Team. Since inception date 05 April 2021. Performance is as on June 30, 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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