Envision Capital

India: From Scale to Intelligence

Envision Capital I September 2026



Strong Foundations. An Intelligent Future.

India's economic momentum continues to remain resilient despite an increasingly complex global environment.

Real GDP expanded **7.8% YoY in the April–June quarter**, reinforcing India's position as one of the fastest-growing major economies globally. At the same time, headline CPI inflation rose to **4.82% in August from 4.45% in July**, reflecting some renewed price pressures.

The underlying growth picture, however, remains encouraging. A broad range of high-frequency indicators continue to point towards healthy economic activity across consumption, credit and digital transactions.

> **"India's growth engine continues to demonstrate strength across consumption, credit and digital activity."**

High-Frequency Indicators: Momentum Continues

August data remained strong across several key indicators:

- **UPI:** A record **24.51 billion transactions**, up **22% YoY**, with transaction value reaching approximately **$312 billion**, up **20% YoY**.
- **Power Consumption:** Increased **12.9% YoY**.
- **GST Collections:** Rose **14.8% YoY**.
- **Bank Credit:** Grew **18.3% YoY**.
- **Vehicle Sales:** Continued to record strong double-digit growth during the month.

Together, these indicators suggest that India's domestic growth engine remains firmly in motion, supported by consumption, credit availability and continued formalisation of economic activity.

Building India's External Buffer

India's external position has also strengthened considerably.

Foreign exchange reserves have risen sharply, crossing **$740 billion**. A major contributor has been the RBI's special foreign-currency swap facility, which attracted approximately **$136 billion of inflows**, including around **$127 billion through FCNR(B) deposits**.

Foreign capital flows have also improved, with FIIs returning as net buyers during parts of the recent period. Together with India's sizable reserves and strong domestic flows, this provides the economy with greater capacity to absorb external shocks.

> **"A stronger external balance sheet gives India greater resilience in an increasingly uncertain world."**

India's Household Wealth: A Long Runway for Financialisation

The composition of Indian household wealth provides another perspective on the structural opportunity ahead.

According to Jefferies estimates, approximately **47% of household wealth remains invested in real estate**, followed by **15% in gold**, **13%–15% in bank deposits**, while equities account for only around **5%–6%**.

The numbers highlight the substantial runway for financialisation in India.

As incomes rise, access to financial products expands and investor awareness deepens, even a gradual reallocation of household savings towards equities and other financial assets could create a significant long-term pool of domestic capital.

> **"India's financialisation journey may still be in its early stages."**

Data Centres: Building the Backbone of the Digital Economy

India's digital infrastructure opportunity is also beginning to accelerate.

According to BloombergNEF, India has emerged as **APAC's leading data-centre market outside China**. India's data-centre capacity has **quadrupled over the past six years to 1.7 GW**, with another **1.3 GW currently under construction**.

Beyond this, approximately **3.2 GW of projects have already secured the land, power and permits required for development**, creating a sizable pipeline for the years ahead.

This expansion is being driven by rising cloud adoption, digital consumption and, increasingly, the enormous computing requirements associated with artificial intelligence.

Data centres are therefore becoming more than digital infrastructure—they are emerging as a critical layer of the next phase of India's economic and technological development.

Semicon 2.0: Moving Deeper into the Technology Value Chain

Alongside digital infrastructure, India continues to strengthen its semiconductor ecosystem.

The Government has announced **Semicon 2.0 with an outlay of approximately $13.5 billion**, expanding its focus beyond semiconductor manufacturing alone.

The programme is structured around six pillars: **chip design; semiconductor machines and materials; fabrication facilities; ATMP/OSAT packaging; research & development; and talent development.**

The significance lies in the breadth of the approach. Rather than participating in only one part of the semiconductor value chain, India is seeking to develop capabilities across design, manufacturing, packaging, equipment, materials, research and human capital.

> **"Data centres and semiconductors are becoming the physical infrastructure behind India's digital ambitions."**

The Risks: Rainfall and Energy

While domestic momentum remains strong, two near-term risks warrant attention.

India's cumulative monsoon rainfall remains approximately **14% below normal**, increasing risks to agricultural output, rural incomes and food inflation if the deficit persists.

At the same time, **crude oil has moved back towards $100 per barrel**, placing it at the upper end of India's comfort zone of approximately $90–$100 per barrel.

For an economy that imports the majority of its crude oil requirements, sustained prices around or above $100 can place pressure on inflation, the current account and the currency.

India's stronger external buffers provide meaningful protection, but the trajectory of both rainfall and crude prices will remain important variables to monitor.

AI Moves from Answering to Acting

The evolution of artificial intelligence is entering a new phase—from AI that provides information to **AI that takes action**.

Meta recently launched **Muse**, a personal AI agent capable of working across applications such as email, calendars and shopping. With user permission, it can perform multi-step tasks ranging from coordinating schedules and making reservations to completing purchases.

India is participating in this transition as well. **Glance, part of InMobi, is building an AI-powered visual commerce and fashion discovery platform.** Beginning with a selfie, its AI can generate personalised, photorealistic outfits and shopping experiences, replacing conventional search and catalogue browsing with a more visual and personalised discovery experience.

The shift is important. The next phase of AI may not simply be about asking a chatbot a question—it may increasingly be about **delegating an objective to an agent and allowing technology to execute it**.

> **"The next phase of AI will not just answer—it will act."**

For India, the convergence of **AI adoption, data-centre investment, semiconductor development and a rapidly digitising consumer economy** creates an increasingly powerful technology ecosystem.

India's near-term growth indicators remain encouraging, but equally important is what is being built beneath the surface. Stronger external buffers, deeper domestic capital pools and investments in the infrastructure of the digital economy are collectively strengthening the foundations for the next phase of India's growth journey.

Warm regards,

Tanay Shah

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Track Record

	Envision India Opportunities Portfolio (IOP)	Benchmark BSE 500 TRI Index	Alpha
Since Inception*	17.08%	13.34%	374 bps
5 Years	15.02%	10.91%	411 bps
4 Years	16.93%	11.90%	503 bps
3 Years	13.34%	12.09%	125 bps
2 Years	4.11%	-0.11%	422 bps
1 year	11.21%	4.72%	649 bps

	Envision New Frontiers Portfolio (NFP)	Benchmark BSE 500 TRI Index	Alpha
Since Inception*	20.37%	-0.94%	2131 bps
6 months	22.21%	1.43%	2078 bps
3 months	15.74%	3.86%	1188 bps
1 month	5.37%	-0.09%	546 bps

Source: Envision Capital & Axis Fund Accounting Team. *Since inception date 05 April 2021 (IOP) and 16 December 2025 (NFP) respectively. Performance is as on August 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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