SHRAVAS CAPITAL

A CATEGORY III ALTERNATIVE INVESTMENT FUND

Fly on the Wall

March 2026

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WHAT IS FLY ON THE WALL?

The Moniker:

There are two reasons why we chose the name 'Fly on the Wall' for this compendium. (Note: We publish quarterly – only when the signal is worth sharing, not to fill a calendar).

- ***Imagine being a 'fly on our office wall', privy to all our research, discussions, inferences, and debates. This compendium aims to give an honest, if not exhaustive, window into our deep-dives, industry interactions, management meetings, channel checks, plant visits, inferences from filings and trackers.***

- ***Further, 'Fly on the Wall' perfectly captures our philosophy of silent, unobtrusive observation. In a market where everyone is trying to predict the future, we focus on observing the present. We aren't here to shout over the noise; we are here to listen to it. The 'Fly on the Wall' represents the ultimate vantage point: seeing everything, 'trying' to miss nothing, and filtering the signal from noise.***

The Reality:

To be clear: None of this is self-produced original content. This is a distillation of hundreds of hours of consumption and compilation of our primary research, select secondary research, and it is certainly not a work of fiction.

- ***We may not be smart enough to invent entirely new investment paradigms.***

- ***But we are observant enough to notice the random trends, whisper patterns, equilibrium reconfigurations, and signals that emerge when you simply pay attention to everything around you.***

This is for readers, not scrollers. If you need animations and flashy graphics to keep you interested, or the brevity of social media feed, this compendium isn't for you.

SHRAVAS MUSINGS

The below random musings cover the softer aspects – far away from balance sheets – looking at how the real world actually works!

THE ANXIETY OF OBSOLESCENCE

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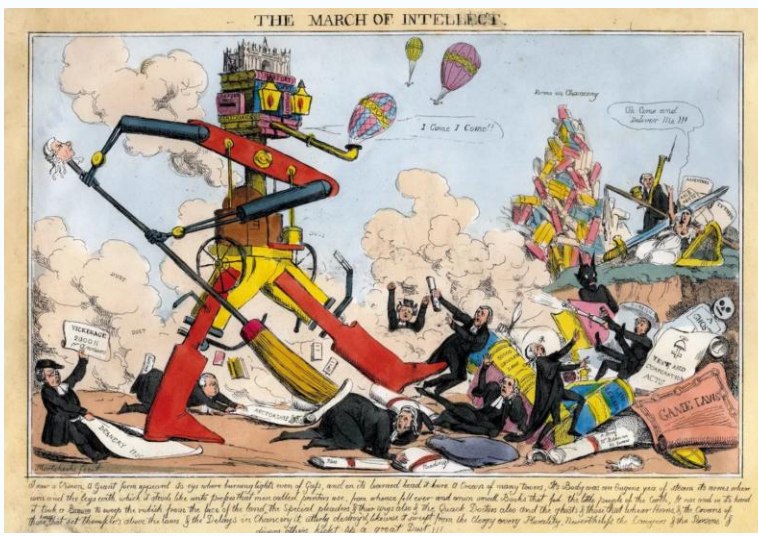
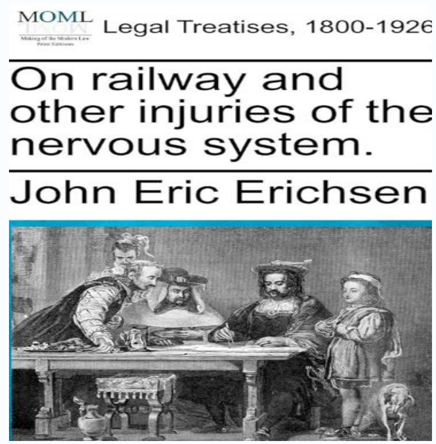
The Luddites were 19th-century English textile artisans - weavers and knitters - who organized to destroy machinery, such as power looms and stocking frames, between 1811 and 1817. The Luddites didn't hate technology; they hated being deleted. That sinking feeling when an AI does your job in seconds? That's not new - that's just 200-year-old déjà vu with a better user interface. Here are the real historical receipts – newspaper excerpts, letters, and medical diagnoses – that show exactly how people felt during Industrial Revolution.

The 'Moloch' Fear:

The Victorians (people of United Kingdom) viewed machines as monsters. They did not see them as tools; they saw them as competitors. People believed machines were physically eating humans. In the 19th century, factories were often compared to 'Moloch', an ancient demon that demanded child sacrifice.

A famous 1828 caricature called 'The March of Intellect' depicted a giant, terrifying robot made of steam engine parts sweeping away tradition and people. It was the 1800s version of the current 'Terminator' fear.





The 'Unnatural' Speed:

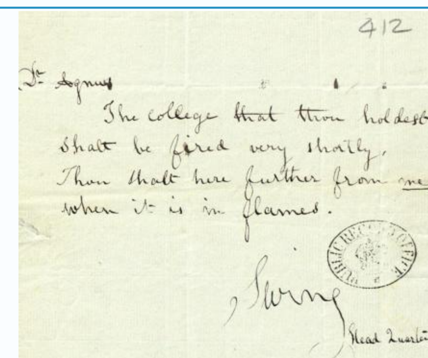
When trains were invented, people were terrified that the human body literally could not handle the speed of 20-30mph. Doctors invented a condition called 'Railway Spine' (or Erichsen's Disease). They believed the 'unnatural' speed of train would cause your nervous system to shatter, leading to hysteria and madness. Erichsen argued that the "concussion" or vibration of sitting on a fast-moving train could cause "molecular changes" in the spinal cord, leading to hysteria, impotence, and madness. This is 19th century equivalent of 'doomscrolling' anxiety, probably.

'Captain Swing' Letters:

In 1830, farm workers were being replaced by "Threshing Machines" (the AI of the wheat field). They didn't just protest; they sent anonymous, terrifying letters to rich farmers, signed by a mythical figure named "Captain Swing". The following are some real texts of the letters:

"Sir, this is to acquaint you that if your threshing machines are not destroyed by you directly, we shall commence our labours (destroy the machinery). Signed on behalf of the whole... Swing."

"Revenge for thee is on the wing, from thy determined Captain Swing! Fire, fire, blood and fire! Starve and fire go together!"



412

The college ~~that~~ thou holdest
shalt be fired very shortly,
Thou shalt here further from me
when it is in flames.

Swing
Head Quarters

THE ANXIETY OF OBSOLESCENCE

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The Luddites were wrong not because they misunderstood the machine, but because they misunderstood the market. They thought work was a fixed pie (a 'lump'). The machine proved that the pie could grow infinitely.

The 'Jevons Paradox' (Efficiency = More Consumption):

The Fear: ***"If a machine makes cloth 100x faster, we will finish all the work in an hour and everyone will be fired."***

The Reality: ***When cloth became 100x cheaper, people didn't just buy the same amount; they bought 1,000x more.***

The Data: ***In 1830, there were 190,000 textile workers in the UK. By 1900 (after full automation), there were over 1 million. The machine didn't kill the job; it exploded the industry.***

The Modern Parallel: ***James Bessen (Economist) found that while the number of ATMs in the USA grew from virtually zero to close to half a million from 1970s to 2010s, the number of tellers doubled from 3,00,000 to 6,00,000 in the same period. The banks opened more branches and jobs shifted from just 'counting cash' to 'customer service'***

The Persona Shift - From 'The Weaver' to 'The Shopgirl':

Pre-Revolution: ***A solitary, skilled craftsman working in a dark cottage. He made one shirt a week. It was expensive and purely functional.***

The Shift: ***Factories produced so much stuff that a new problem arose: How do we sell all this?***

The New Role (The Shopgirl/ The Clerk): ***The Industrial Revolution invented "Shopping." Before this, you went to a market stall. After this, we got the Department Store (like Selfridges in 1909).***

The Insight: ***The value shifted from making the object (which the machine did) to curating, displaying, and selling the object (which required human charm and persuasion).***

The 'Impossible' Industry - The invention of Seaside Vacation:

The Logic: ***Critics thought trains would only replace canal boats for hauling coal.***

The Surprise: ***Trains were so fast and cheap that they invented a totally new human behavior: Leisure Travel.***

The Expansion: ***Suddenly, the working class could afford to go to the beach. This created entirely new industries that never existed before: Hotels, Restaurants, Postcards, and Tourism.***

The Lesson: ***Technology doesn't just automate old work; it creates the time and wealth for entirely new categories of human desire.***

So, will AI take our jobs? The history of the Industrial Revolution suggests that is the wrong question. The Steam Engine didn't 'take' the job of the weaver; it sublimated it. It pushed human value up the chain. We stopped being the 'muscle' that powered the loom and became the 'mind' that designed the fashion, managed the logistics, and sold the dream.

AI represents the next rung on this ladder. We are moving from a world where humans are valued for processing (calculating, collating, organizing) to a world where humans are valued for curating. Just as the steam engine made physical force cheap, AI makes intelligence cheap. This doesn't make humans obsolete; it makes human judgment, empathy, and taste the most expensive and desirable resources on the planet. We are being promoted from 'The Processor' to 'The Director'.

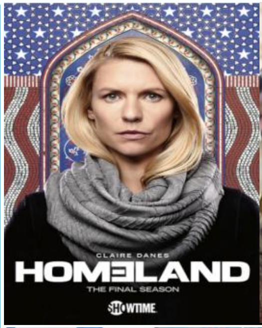
Sources: https://docs.google.com/document/d/1xhzmo6b6ZMOEwRmmEHBTMXgdgiRq46MS/edit?usp=sharing&ouid=105847966140159409353&rtpof=true&sd=true

THE PRICE OF ‘NARRATIVE’

In our business, 'narrative' is arguably everything. ***It is the invisible hand that drives multiples, shapes sentiment, and frequently detaches price from fundamental reality. We dedicate all our time to deconstruct these narratives using hard data and cold numbers. But the most dangerous narratives are the ones we absorb when we aren't looking for them - when our skepticism is turned off.*** ***Here is a perfect illustration of that mechanism in action.***

I got hooked on to this series called ‘Homeland’ purely for entertainment (streaming on Netflix/ Hotstar). For the uninitiated, the show follows a brilliant, bipolar CIA analyst obsessed with stopping terror plots/ attacks on American soil. The tradecraft felt surprisingly grounded and it made me wonder if they had actual consultants on board. A quick search confirmed they did, and that led me down a rabbit hole about Hollywood’s ties to the Pentagon and CIA. It’s not exactly a secret, but the scale of the collaboration - and how it shapes the narratives we watch - is pretty significant.

It turns out Hollywood has a deeply ingrained reliance on the US government - specifically the Pentagon, the CIA, and the White House. It is arguably the most effective tool they have for narrative setting, perfectly designed to sell American values of ‘freedom’, ‘free speech’ and ‘liberal’ ideas while maintaining the image of the US as the benevolent protector of human rights. As detailed by Mr. Vikram Sood (ex R&AW chief) and Mr. Tom Secker in their books, this is a transactional relationship. American filmmakers receive production assistance - manpower, advice, locations, and equipment - from the military to cut costs and buy that ‘authenticity’. In exchange, the ‘Entertainment Liaison Offices’ (ELO) set up by the US military ensure the films exalt the righteousness of US foreign policy. These aren't just movies; they are narratives being steadily and intentionally constructed over time.



ELO in Los Angeles Air Force Base

Sources: https://docs.google.com/document/d/1jk0qx4Ss20b3063FMmZaEEa7xKtS0WnH/edit?usp=sharing&ouid=105847966140159409353&rtpof=true&sd=true

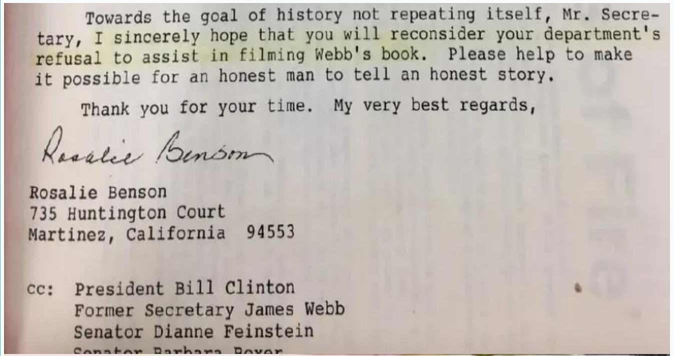
THE PRICE OF 'NARRATIVE'

The scale of this operation is staggering. Based on FOIA Findings, the Department of Defense (DoD) supported over 800 films and more than 1,000 TV titles. The establishment consistently pushes violent, America-first interventions to international problems as the only solution, usually justified by a version of history that has been conveniently rewritten.

The DoD effectively holds veto power; they decide if a project goes to the floor and require post-production viewings to certify that nothing contravenes the agreement. Blockbusters like 'Top Gun' (1986) and 'Battleship' (2012) would have never been made without the massive assistance received from the Pentagon. In exchange, producers get aircraft, troops, and expensive hardware. Conversely, films like 'Fields of Fire' (1994) and 'Countermeasures' (mid 90s), 'Top Gun 2' (early attempt) were never made simply because the Pentagon didn't like the script.

The Pentagon's primary role here is to manipulate and monitor scripts, ensuring they don't just "decide" on a film, but actively shape it. They are very conscious of their propaganda role.

They've even sanitized James Bond. In 'GoldenEye', an American admiral who is duped and murdered had his nationality changed to Canadian in the finished product. In 'Tomorrow Never Dies', the Pentagon insisted that a CIA agent should not be seen warning Bond. 'Tears of the Sun' only got its loan of helicopters and jets to provide 'military realism' on the condition that it did not depict the US government as complicit in dirty international schemes.


Towards the goal of history not repeating itself, Mr. Secretary, I sincerely hope that you will reconsider your department's refusal to assist in filming Webb's book. Please help to make it possible for an honest man to tell an honest story.

Thank you for your time. My very best regards,

Rosalie Benson

Rosalie Benson
735 Huntington Court
Martinez, California 94553

cc: President Bill Clinton
Former Secretary James Webb
Senator Dianne Feinstein


Pacific Stars and Stripes 21 August 1994

OPINION

Silencer put on 'Fields of Fire'

Hal DRAKE

The CIA is just as deep in the game. From its early days, the agency began recruiting assets in Hollywood for decades to spy on the industry and remove unwanted, potentially embarrassing material. Mission: Impossible was even allowed to film at the CIA's headquarters in Langley. Between 1989 and 2020, the CIA featured in about a hundred films and TV serials, including the Bourne trilogy, almost all the Bond films, and yes, my favorite, Homeland. The goal is always the same: ensure CIA stories are portrayed positively and rebranded as noble endeavors, flanked by safe, massive corporate sponsors like Pepsi, Coca-Cola, General Motors, Google, BMW, Audi who are happy to fund the 'hero' narrative.

Apple is a master in this. In Mission: Impossible, the 'good guys' use MacBooks and iPhones. The villains? They use generic PCs or Androids. Apple has a strict rule that "bad guys" cannot use iPhones on camera. In the movie 'Slumdog Millionaire', Mercedes refused permission for their logo to be used in scenes depicting poverty. This reinforces the subtle narrative that Western tech is the tool of the righteous and superior identity. And at the end, we think we are just watching a random story play out, but we are actually being trained on who to trust, who to fear, and what to buy - without even realizing it.

Sources: https://docs.google.com/document/d/1jk0qx4Ss20b3063FMmZaEEa7xKtS0WnH/edit?usp=sharing&ouid=105847966140159409353&rtpof=true&sd=true

STORY TIME

(NOT A FICTIONAL ONE!)

During a recent plant visit to a pharmaceutical manufacturer in Northern India, a key point of contention raised by an investor was the company's equity strategy. The debate centered on the promoter's decision to authorize a 3% ESOP dilution at a near-zero exercise price. And this is how the conversation went…

Investor: ***(shaking head) I've been looking at these filings, and I still can't wrap my head around it. You authorized an ESOP pool of 3%? That's significant dilution right there. But what kills me is the exercise price. It's effectively zero. You're practically handing out free cash.***

Promoter: ***(leaning forward) We are in strong momentum. That is exactly why we had to do it now.***

Investor: ***Momentum is great, but that's why you pay bonuses. You don't give away equity at effectively zero.***

Promoter: ***Bonuses are forgotten in a month. Equity builds loyalty. You aren't seeing what's happening on the ground. Our competitors are watching our growth numbers, and the first thing they want to do is break and poach my key men.***

Investor: ***(dismissive) People leave. You hire new people. That's opex, not capex. You don't burn equity for retention on such a large scale.***

Promoter: ***If I lose these guys, the momentum stops. Then your valuation models won't matter because the growth will be zero. We could already see the effects the moment we announced this. The energy on the floor shifted instantly.***

Investor: ***That's a very expensive morale boost.***

Promoter: ***It's an investment in stability. Even the employees of my customers have mentioned it as a good move. They aren't just working a job anymore; they're building their company.***

Investor: ***(sighs) It just sets a bad precedent. It's too generous.***

Promoter: ***Look, take a step back. Who has the most to lose here? Me. I am still the largest shareholder. Every percent I give them dilutes me more than it dilutes you. If I thought this was bad for the company's value, I wouldn't do it.***

Investor: ***...***

Promoter: ***Please, trust me on this. This isn't charity. I am sure this will yield results, and you will see it in due course.***

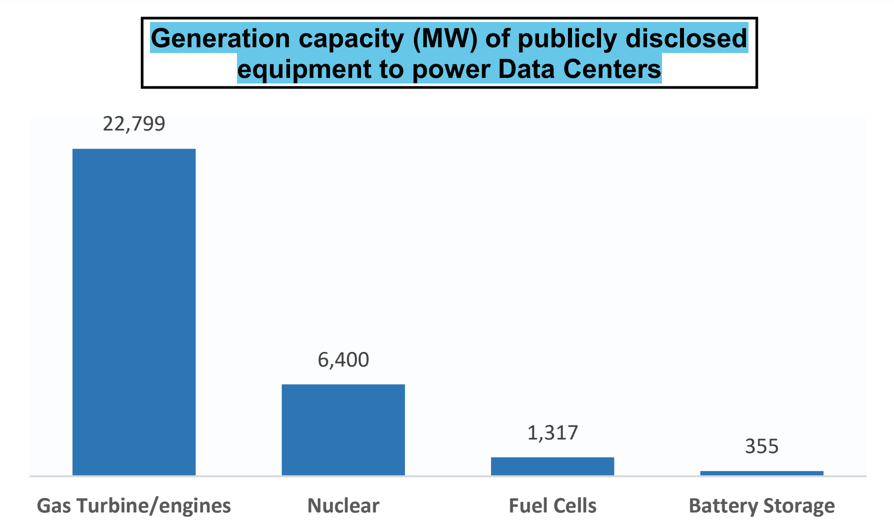
Our take: ***As investors, we are often suckers for the optical illusion of control provided by a spreadsheet. We sit in our climate-controlled rooms, scrutinizing decisions through the sterile lens of IRR and "market standards". This is our fundamental myopia. We sometimes fail to empathize with Promoters who are not managing a row on an Excel sheet but fighting a daily war for existence. Until we stop acting like armchair generals and start truly walking in the shoes of the founders (or at least 'try' to) - understanding that their "irrational" gut instincts are often the only things keeping the ship afloat - we will continue to miss the forest for the trees.***

LIFE IN THE FASTLANE

Some tailwinds are simply too powerful to ignore. Their impact stretches far beyond the obvious beneficiaries, creating ripple effects across adjacent and proxy industries. This section is a humble attempt to identify such transformative mega trends and explore them, mapping the broader ecosystem and uncovering where the secondary and tertiary opportunities may emerge.

LIFE IN THE FASTLANE: POWERING DATA CENTERS

***Gas power has re-emerged at the center of the data center build-out story.** Despite higher costs, turbine supply constraints, and lengthy grid interconnection queues, proposals for new gas capacity have surged over the past year. In this section, we explore how hyperscalers are navigating these constraints, competing aggressively to lock in power supply, secure equipment, and accelerate timelines, as they race to build and energize data centers at unprecedented speed.*



Source: Cleanview Newsletter; Secondary Sources

In our research, we came across a company that typically sells cruise ship engines that struck a deal to power a data center. One developer, unable to secure enough conventional turbines, placed a $1.25 billion order with Boom Supersonic, a company that has never sold a power generation product. Elon Musk's xAI famously drove in semitrucks with natural gas generators on the back to build what was at one time the world's largest data center. On the surface this makes no sense. These are less efficient technologies, and the power will cost far more. But an AI data center can earn as much as $10-12 billion per GW. Getting online a few years early can result in a windfall. Power generation efficiency is out. Speed to power is all that developers care about. As a company, our main job is to track data centers and power projects. Still, much of this data shocked us. The public narrative is that data centers are waiting for grid connections and 5–7-year turbine backlogs. But that narrative is lagging what is happening on the ground in rural counties across the country.

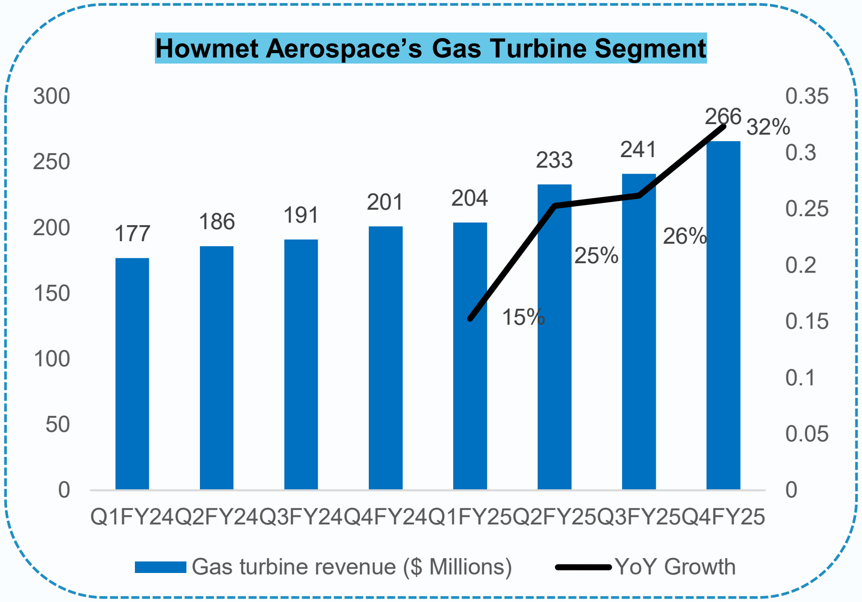
Source: Cleanview Newsletter

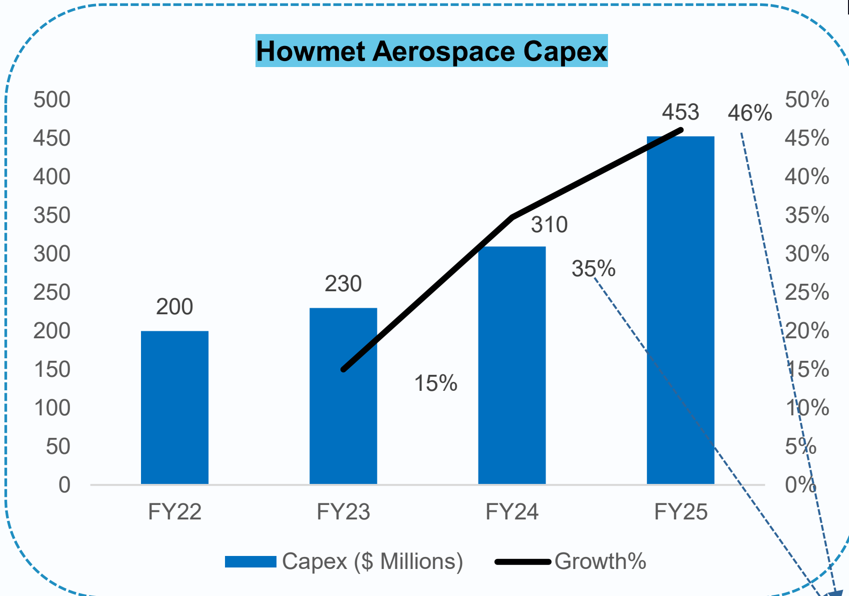
Commentary from a proxy player in the gas turbine value chain (AC generator manufacturer) during our recent meeting with the management:

"In the past, we have made mistakes where we put capacities before orders came in, so we are cautious. We need visibility of at least 12 months, with confidence from customers and strong order book - this is the criteria for us to expand our capacities. The customers are booking out for 2028 also now, so that is another indication.

Several of our customers are booked out for the next 3 years. When it comes to adding incremental capacity to cater to unprecedented demand, we purchased 15 acres of land recently, half was used for this new capacity and if needed in 5-6 months we can use the remaining land to build another plant. Most of the time taken goes in getting land but that part is sorted."

LIFE IN THE FASTLANE: POWERING DATA CENTERS





Source: Company Filings

Increase driven by Engine Products Capacity mainly for Aerospace and Gas turbines

Howmet Aerospace's Commentary on the Gas Turbine Segment, Q4FY25 Concall:

"Management: The gas turbine business is entering its largest growth phase in years. While oil and gas demand is seen to be steady. The demand for electricity generation, especially from natural gas for data centers is extremely high. If we aggregate both large gas turbines and small- to medium-sized gas turbines, we expect that our base business of approximately $1 billion should double in revenue to $2 billion over the next 3 to 5 years and even more growth is envisaged beyond that, especially for mini grids. "

"And I quoted in my prepared remarks about 4 out of 7 customers that was both the very large gas turbine customers and the, I'll say, small and midsize. But if I just confine it to the large gas turbines for the utilities, but now some of them being sold directly to data centers where it's a gigawatt of energy output is required. Then we've now completed 3 out of 4, I will say, outcomes or discussions with those customers and have reached agreements whereby we would seek to invest more for the future while ensuring, again, that we have healthy returns for Howmet shareholders."

LIFE IN THE FASTLANE: POWERING DATA CENTERS

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"I feel the need… the need for speed!" - Top Gun

Jumping on the bandwagon… Pivoting and riding the wave to mitigate the impact of cyclicality

Boom Supersonic: (valued at $1.5 billion)

While some manufacturers are drawing on years of expertise to scale up and meet AI-driven demand, others are pursuing adjacent opportunities to support and fund their core business. Boom Supersonic, the ultra-fast aircraft developer, has shifted its strategy to building an electricity-generating turbine for AI data centers, using the resulting revenue to support the development of its planned Overture airliner.

Source: WSJ, Barrons

Carrier Global Corp:

Carrier's (NYSE: CARR) stock fell last year as a slow housing market hurt its residential business. To counter that weakness, the company has focused on rapid growth in cooling systems for data centers. CEO David Gitlin said Carrier has tripled its North American chiller production capacity since 2024, including a ~40% expansion at its North Carolina plant and converting a former HVAC controls facility in Mexico to produce chillers instead. The controls work has been shifted to a contract manufacturer.

Source: WSJ, Barrons

FTAI Aviation:

FTAI Aviation (NASDAQ: FTAI) President David Moreno said the company typically needs 30 to 45 days to convert a jet engine into a power-generating turbine. He added that developing the turbine design while retaining as many original jet-engine features as possible took about 18 months. According to Mark Axford of Axford Turbine Consultants, converting an aircraft engine into a land-based natural gas turbine mainly involves two changes: replacing the fuel nozzles so the engine can run on natural gas instead of jet fuel, and swapping the large front fan used for flight with a smaller fan better suited for power generation.

So far, major power equipment manufacturers have downplayed concerns that these new entrants could weaken pricing power in the heavy-duty turbine market. GE Vernova CEO Scott Strazik said on the company's latest earnings call that smaller units are not viewed as direct competition, emphasizing that efficiency is critical when evaluating 20-year business cases.

Source: WSJ, Barrons

Why do these companies believe they can take on these side ventures and compete with established players who have been in the space for decades?

The simple answer is that hyperscalers are willing to do whatever it takes to move fastest in this race.

BHARAT BEAT

This section curates global commentary on Bharat, capturing how international players are thinking about Bharat as a market. The goal is to identify emerging trends and understand what the world is betting on and watching closely, when it comes to Bharat.

BHARAT BEAT

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Visteon Corporation, a leading cluster manufacturer in the US, comments on how they plan on expanding in India as it is an important driver for their future growth; Q4FY25 Earnings call

"In 2025, we secured another $500 million of new business with Toyota, building on the momentum from prior year, and launched new products with Toyota, Mahindra, Tata and Maruti Suzuki. We expect revenue from these OEMs to begin growing in 2026 and to ramp steadily over the next several years, making them an important driver of our future growth."
"Capital expenditures are expected to be approximately $150 million or about 4% of sales. This includes the build-out of a second manufacturing facility in India..."

Pernod Ricard riding the premiumization wave; Citi's Global Industrial Tech & Mobility Conference 2026

"If we exclude Imperial Blue, which is now disposed and closed, the performance is plus 8%, in line with what we're used to see in India, and despite, by the way, our first quarter, which was severely impacted by the very strong tax increase in Maharashtra. We expect to see this momentum continue over the second half. It's worthwhile as well noting that our international spirits brands are enjoying strong double-digit growth in India as the market continues to premiumize. We are expecting a strong H2 for India, which is obviously a very exciting market for us, our #2 market, and there will be some acceleration in H2 because the momentum is great, and we have as well a stronger top line ambition and now that Imperial Blue has been sold."

Firan Technology Group Corporation, Canadian Aerospace and Defense player; Q4FY25 Earnings Call

"After the U.S. and NATO, the next biggest defense market is India. And as we get our site established there, we will look to capture some market share in this market as well. We will also open our aerospace facility in Hyderabad, India in 2026. Our decision to expand geographically was partly to look for an insurance policy against anything negative happening to our China operations, but was also partly to expand into new regions with growth potential. As we analyze options, we concluded India is a very cost-effective place for manufacturing, and with Prime Minister Modi's Make in India policy, coupled with significant defense spending, it will be an ideal place to operate."

Wingstop, a leading QSR brand in the US famous for Chicken Wings speaks on its entry into the Indian QSR market; Q4FY25 Earnings Call

"Another new marketing entry we're excited about is India, a market that represents a significant long-term opportunity of more than 1,000 restaurants, where we are targeting an entry in 2026. As it relates to India, we haven't really disclosed specifically who that partner is, and we'll get into that, but it's someone that we know very well and has proven and excited about bringing Wingstop to the India market"

INDUSTRY INTERACTIONS

Our research engine covers hundreds of interactions every year – spanning across managements of private and public companies, players deep in the value chain, and industry experts. While we cannot publish every interaction, below are the select few conversations that enhanced our thinking this quarter.

OUR INDUSTRY INTERACTIONS

Managing Director of a domestic pharma contract manufacturer breaks down the decision matrix of how pharma majors choose their manufacturing partners:

"It is never a random choice. The decision matrix is quite rigid and usually boils down to four pillars:

1) ***Verification of Quality History:*** ***The first filter is always quality integrity. Clients don't just take your word for it; they audit the plants, and scrutinize the public records such as tracking batch failures. If a manufacturer has a history of flagged samples - they are immediately disqualified. A clean regulatory record regarding failed batches is the baseline requirement.***

2) ***Regulatory & Product Approvals:*** ***Once quality is established, they look at specific credentials - specifically, the number of approvals held from the Central Drugs Standard Control Organization (CDSCO). This is a numbers game; a Contract Development and Manufacturing Organization (CDMO) holding multiple product approvals across dosage forms is perceived very differently. If you already hold the license for the drug they want to market, you automatically become the preferred partner. Also, the average switching time by a pharma major from one manufacturer to other is 1.5-2 years, considering multiple teams need to issue the approvals.***

3) ***Supply Chain Velocity (Turnaround Time):*** ***This is often the tie-breaker. Suppose ten different manufacturers all have the valid license to produce a drug. How does the client choose? It comes down to turnaround time. Marketing companies cannot afford a 'stock-out' scenario; a gap on the shelf translates directly to lost revenue. Therefore, if multiple vendors are technically qualified, the contract goes to the one who has optimized their lead times to be the shortest in the market. And it also depends on the relationship and the past performance history you have built with the client.***

4) ***Portfolio Diversity & Scalability:*** ***Finally, clients look for volume potential, which comes from diversity. You cannot compete if you are a single-dosage shop. If you only manufacture tablets, you limit your share of the client's wallet. When a client visits and sees you are reliable in solid dosages, they will inevitably ask if you can handle their liquid or injectable lines as well. If you have that diverse manufacturing capability, clients are often willing to incentivize you to set up new lines just to consolidate their procurement with a trusted partner."***

**The views and opinions expressed by the industry partners do not reflect our official stance. We are sharing our interactions only for informational/ educational purposes.*

OUR INDUSTRY INTERACTIONS

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Tarsons Products, a labware company, has been attempting to gain a larger foothold in the export market. In this regard, a labware industry partner is commenting on Tarsons' strong domestic footing versus their struggles in international markets:

"Tarsons has mastered the domestic supply chain, but Accumax has actually managed to secure a stronger footing in the export market over Tarsons. The primary obstacle for Tarsons globally is their low profile - they simply aren't publishing the white papers or technical application notes necessary to validate their expertise and building their credentials. Breaking into these regions requires more than just capital; it demands strict adherence to global standards, specifically sustainability benchmarks like EcoVadis. This is now a non-negotiable requirement for procurement; for instance, global giants like Eppendorf are unlikely to collaborate with you on product development without verified sustainability credentials, which is a gap Tarsons is yet to address."

A Senior Leader of a Microfinance company shares his perspective on the sector's stabilization and the way forward:

"We are shifting toward a phase of cautious, quality-focused expansion, as the sector has realized that growth cannot come at the expense of asset quality, particularly with rising capital costs. After a massive INR 80,000 crore contraction in the overall loan book, the priority is refunding that gap, but the dynamics are strict: dominance is essential. If you slip into the position of being a third lender to a household, delinquency risks triple compared to borrowers with a single loan. While about 18-22% of households now carry unsecured debt, the overall portfolio has stabilized, with recovery rates bouncing back to nearly 99.5%, barring specific headwinds in Telangana and lingering risks in Andhra Pradesh. On a positive note, there is an improvement in portfolio quality nationally, driven by recovery in major hubs like Madhya Pradesh, Uttar Pradesh, parts of Gujarat, and Maharashtra. Even traditionally difficult markets like Tamilnadu and Bihar are stabilizing. Consequently, the most significant growth opportunities are expected to emerge in Uttar Pradesh and Tamilnadu, as these states saw substantial book value declines and are now primed for reconstruction. With trade deal happening, we should see quick reversal in Gujarat, Rajasthan, and Tamilnadu markets"

Tarsons TRUST DELIVERED

CreditAccess® Grameen

SATIN

**The views and opinions expressed by the industry partners do not reflect our official stance. We are sharing our interactions only for informational/ educational purposes.*

MARKET PULSE

Rather than relying only on earnings calls or perfectly built excel models, this section tries to stay closer to what's actually happening on the ground. It's a humble attempt to make sense of real-world developments and connect them with the data that's already right in front of us.

MARKET PULSE: STEEL TUBES

Based on our channel checks as of 10th February 2026:

Due to rising HRC prices, the company has issued revised price estimates, and the inventory on hand has been repriced accordingly. Given the uncertainty around the sustainability of current price levels, the dealer plans to procure quantities above immediate requirements as a precautionary measure. Channel-level volume offtake has also remained strong, supported by ongoing infrastructure spending.

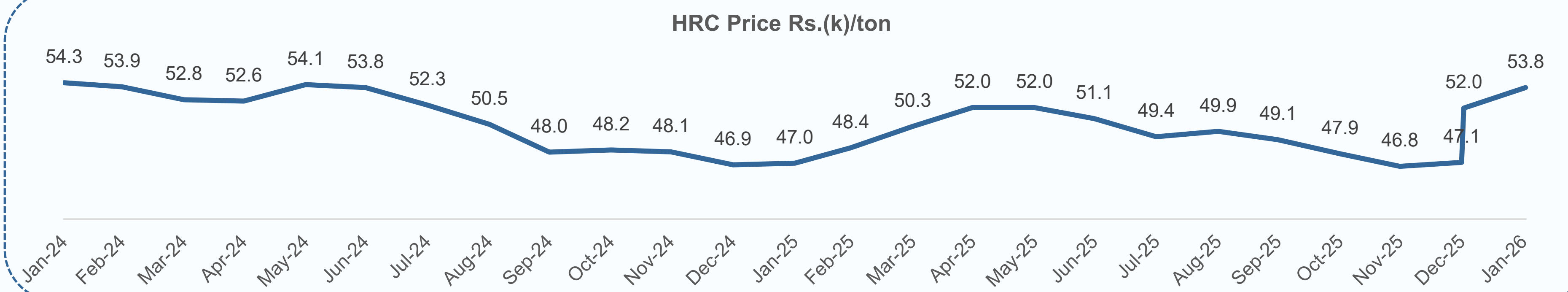
~North India Steel Tubes Dealer

Commentary of a fully backward integrated steel tubes player:

"The prices of HR coils fell by 6% compared to Q2. That was also a reason why the prices of our raw materials declined accordingly. However, the decline happened in November, and the goods delivered to us in November and December were started to be used in January. Therefore, the benefits of the lower raw material prices will be available in Q4.However, due to the fall in HR coil prices, the prices of pipes and tubes also declined, which slightly reduced our sales realizations. As a result, the impact of the decline in HR coil prices was felt. All the benefits we see here will be realized in Q4, when we fully benefit from the lower raw material prices. Prices appreciated again in January, with HR coil prices increasing by about INR 4,000."

~Sambhv Steel Tubes Q3FY26 Concall

HRC price movement over the last 24 months:



MARKET PULSE: AIR CONDITIONERS

Based on our channel checks as of 10th February 2026:

We are seeing a gradual pickup in demand as the summer season approaches, with February enquiries beginning to convert into sales. Dealers indicate that older 2025 models continue to be sold while inventory remains adequate, and new 2026 energy-rating models are expected to arrive over the next 1–2 months. Price increases of ₹3,000–₹5,000 per unit are anticipated due to the new energy rating transition. Demand is currently flat to moderate in some markets but is expected to strengthen meaningfully heading into peak summer, aided by seasonal buying and model upgrades.

~Dealer checks at leading consumer durables chain

Commentary from a leading RAC contract manufacturer during our recent meeting with the management:

Seeing some uptick in southern markets, but too early to comment on the demand. Inventory levels are higher by 20-25% when compared to normal inventory. Jan was subdued because most of the inventory was picked up in dec, Feb initially was low but now slightly picking up. Very sure of achieving this year's guidance that we had given earlier. If march is superstrong with a 20-25 million volume number, then the inventory issues will not be a concern. Still not very bullish as channel inventory is still high, so demand needs to pick up substantially, which needs some more time to play out. So, we are in a wait and watch mode

~Leading RAC manufacturer

Commentary of leading brands – Caution or Conviction?

"Through this quarter, the company's performance was anchored by the room air conditioning business, driven by healthier channel activity following the GST rate cut and buying ahead of the BEE star label transition as customers anticipated price hikes on the new label."

~Voltas Management

"Given the very bad season in the last year, which has led to degrowth in the AC industry as well as fans or air coolers also. I think we'll be a bit more prudent and just work along with the channel to see how their inventory is getting cleared and new inventory keeps going in. So, we will have to act with optimism and prudence both in the coming couple of quarters for the summer products."

~Havells Management

MARKET PULSE: CV CYCLE

SHRAVAS CAPITAL

***Based on our channel checks as of 20th January 2026*:**

We are seeing stronger demand following the GST cut, which has encouraged fleet owners to move forward with purchases. Many had been waiting for a positive trigger, leading to higher dealer-level volumes and more normalized inventory levels. Initial enquiries that were made by customers are finally converting into sales. A lot of the elevated traction came in due to the festive season.

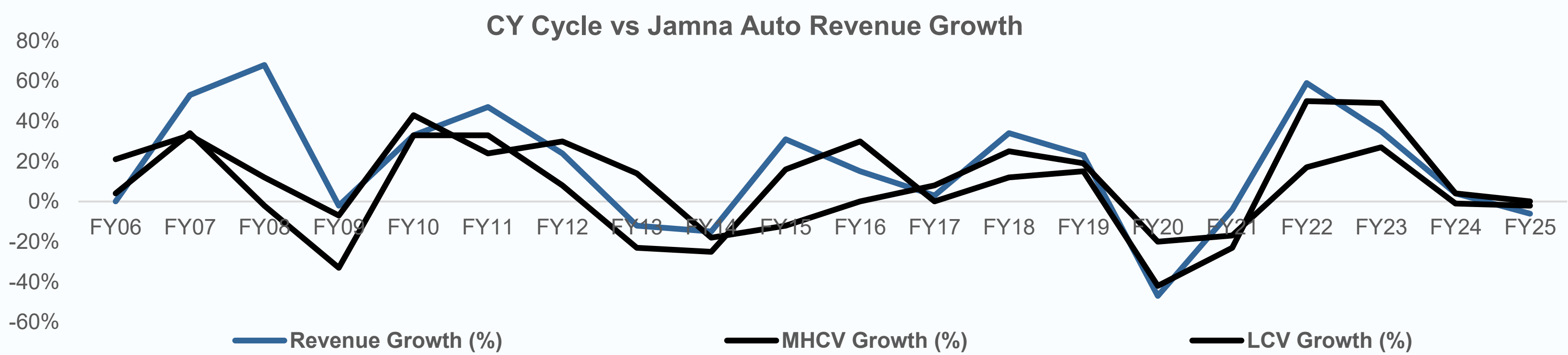
~South Indian CV Dealer

OEM Commentary:

The sentiment is very strong right now. People are seeing the value and we are seeing the freight demand is going up. It is not just because of the tax cut; it is also because of the growth in the capex and more freight demand. Now in January, we are much more optimistic about the future prospect having seen the bulk buyers moving out and projecting their demand for the next many months. We are very confident at this point that this could be the start of a new replacement cycle in the CV industry. We had always been talking about the aging fleet and how the average age has gone up from 7.5 to 10.5 years.

~Ashok Leyland Q3FY26 Concall

Jamna Auto Industries is a complete proxy to domestic CV cycle – the correlation is mapped below:



MARKET PULSE: WIRES & CABLES

SHRAVAS CAPITAL

Based on our consistent channel checks over the past three months:

Wires and Cable players have taken sharp price hikes to the tune of ~15–30% over the last two months, with multiple list price revisions and further increases expected. This has led to a moderate decline in sales volumes, estimated at ~10-15% YoY for some smaller retailers, though overall demand remains relatively resilient. Inventory strategies are mixed, with some maintaining lean stock due to quick sell-through, while others are slightly increasing inventory in anticipation of further price hikes.

Commentary from a W&C player during our recent meeting with the management:

"We are confident of growing at 20-25% over the next few quarters, albeit a higher base also we will grow. Demand has been good. Will experience 300 bps expansion in 3 years out of which 100 bps came in this year. Exports have better margins therefore mix change in geography will give us that delta and we will get scale benefits as well with lower TAT. End user demand is very strong, Solar, Wind and Data centers are growing at an exponential pace, and this is one of the major drivers of demand in W&C"

Commentaries of W&C players in the earnings calls:

"From January 2025 till January 2026, the copper, in rupee terms, has risen almost 50% and aluminium almost 25%. And in this quarter, itself, the 22% inflation has happened in copper price compared to previous quarter. We had taken a conscious call to pass it on in a staggered manner. While we have been revising prices, the full impact of the input cost increase has not yet been passed on. As a result, there is typically, a time lag in recovering the higher input costs, which has impacted margins in the near term.

~Polycab, Q3FY26 Concall

"See, one thing you need to appreciate that see cable is like category C item for any project, wires and cables, because ultimately, consumption will not be reduced just if prices are increasing or decreasing for in a smaller time frame. If somebody is building a project, the wire and cable may cost around 1% to 1.5% of their total cost only. So, demand will be there always. The only thing the stocking up by dealer may reduce or increase on smaller time frames. "

~RR Kabel, Q3FY26 Concall

EARNINGS CALLS

Every quarter, our team parses hundreds of earnings calls. From that volume, here is a curated selection. While often nothing new - and in most cases, just <u>lagging indicators</u> - these are the few snippets that grabbed a tad bit extra attention.

OPTICAL FIBER: THE BACKBONE OF DATA CENTRES

Sterlite Technologies about the multi-year demand cycle of optical fibers in Q3FY26 Earnings Call…

"Data centres, FTTx, and 5G are creating a structural multiyear demand tailwind for fiber. Hyperscalers are stepping up investments, pushing global data center IT spending towards multitrillion dollar levels. AI data centers are fundamentally different as they are far more fiber intensive. GPU dense racks need almost up to 36x more fiber in traditional CPU setups and overall fiber density is almost 70% higher. This is driving a strong surge in fiber demand within the data centers. At the same time, data centers are increasingly being connected to each other, which is accelerating growth in data center interconnect market. This segment is expected to more than double by 2030, adding another large source of fiber demand globally."

…leading to demand outpacing supply right now

"Importantly, demand is now consistently outpacing domestic supply in North America, keeping the lead times tight. Looking ahead, North America is set to be the main growth engine powered by AI-led data centers, DCI builds and continued FTTx expansion."

Black Box, a manufacturer of telecommunication equipment echoed the same in Q3FY26 Earnings Call

"We have seen extended project execution timelines due to industry-wide shortages of fibers and related accessories. The data center ecosystem is currently witnessing heightened industry gravity which has resulted in shortages across several critical inputs including optical fibers, cables, GPUs, racks, power infrastructure, and funding access. This is not only impacting the data center industry but the entire digital infrastructure industry where these materials are used. These constraints have delayed project commencement as well as execution timelines. This hyperactivity in AI-led projects, specifically data center infrastructure, has surged significantly. We support several of the Magnificent Seven customers in the US. There has been a tremendous demand for fiber, leading to queues. Recently, a major hyperscaler invested $6 billion in a fiber company just to secure their own supply."

OPTICAL FIBER: THE BACKBONE OF DATA CENTRES

Finolex Cables about fiber pricing and demand in Q3FY26 Earnings Call

"OFC volumes were up by almost a third. The issue in this segment is that during the quarter and prior quarters, fiber prices had been depressed. We are now seeing a reversal of that trend globally. Fiber prices are hardening. The overall demand outside of India. We are now witnessing a period of shortage both on the preform side as well as on the fiber side. That is, as we speak today, and prices are hardening so from an average of about slightly under $3, which was prevailing during quarter 3, the prices currently as on date, are closer to $5 a month so that's the extent of the demand pull that has happened over the last few months. Data centers will have an impact not just the telecom operations, it will also have an impact on our power cable operations because data centers will be massive consumers of power and they will need fairly heavy sized pipes for power consumption besides fiber as well as land cables, so that could lead to more market size in terms of the optic fiber cables that would be available for sale. "

Finolex
Cables Limited

Corning Inc. on its latest multi-year 6 billion dollars agreement with Meta in fiber, and connectivity solutions in Q4CY25 Earnings Call

"We announced that Corning and Meta announced a multiyear up to $6 billion agreement to support Meta's apps, technologies and AI ambitions using our newest innovations in optical fiber, cable and connectivity solutions. As far as the optical fiber market, I would say on a generic basis, it is our opinion that there is enough fiber in the world to meet demand. Now what our capacity expansions are about is about our new high-density products in fiber, in cable and in connectivity. And for those, we are experiencing a very, very robust demand, and that is why we continue to expand our capacity and improve our productivity in these products. If we could make more of these new products, we could sell more. And it is for those type of products that we are dedicating these capacity through these agreements."

CORNING

SOARING PRICES IN THE IT SUPPLY CHAIN

SHRAVAS CAPITAL

GNG Electronics, India's largest refurbisher of laptops & desktops in the Q3FY26 Earnings Call…

"DDR5 8GB RAM prices increased from $23.35 on 1st October 2025 to $86.61 by 1st January 2026, nearly a 270% increase. Similarly, DDR5 16GB RAM prices rose from $54.85 to $189.99 over the same period, a 3.4x increase. These are substantial increases and will inevitably flow through to the pricing of brand-new PCs globally. New PC prices have increased by roughly 20% so far and we expect further increases ahead."

electronics bazaar.com

…and the resultant shift towards refurbished laptops & desktops

"According to IDC, global new PC shipments stood at about 284.7 million units in 2025. Against this backdrop, IDC estimates that shipments in 2026 could decline by up to 8.9% due to memory shortages and rising prices. This environment is naturally driving higher acceptance and penetration of refurbished PCs driven by affordability and availability. "

Rashi Peripherals, a distributor of IT Products in the Q3FY26 Earnings Call

"What we are seeing not really the shortages, but it's the prices that are going up. All the products, including notebook prices have gone up by almost 20% to 30%, and there would be further price increase. So, because of the budget constraints, there are a lot of corporates, who are expanding their refresh cycle from maybe 2 years to 3 years and from 3 years to 4 years. demand unit-wise, in my view, would be flattish. It may not degrow because India digitization, PC penetration is still very, very low. And the higher selling price will help us to get the revenue. So overall, I am positive."

RP tech Rashi Peripherals Limited

Dixon Technologies, a contract manufacturer of mobile phones in the Q3FY26 Earnings Call

"One important external headwind is a sharp increase in memory prices globally driven by AI and data center demand, reallocating the memory capacity away from traditional consumer devices. Industry reports indicate that conventional DRAM contract prices have already risen sharply over the last 2 quarters with further increases expected in mid-2026."

Dixon

AI IN LENDING – FASTER ADOPTION THAN ANTICIPATED?

SHRAVAS CAPITAL

Bajaj Finance on how AI is beginning to change the business in Q3FY26 Earnings Call…

"These are a few metrics we thought which are relevant and important, which demonstrate that how AI is beginning to change the business. So, voice to text conversion of all customer interactions that we do - AI listened to 20 million calls and converted voice to text and gave us data. Text to data conversion happened for 5.2 lakh customers. And as a result of that, we generated 100,000 new offers on which we did not have information earlier. So how you're seeing it move is that the first capability did not exist in Q1 and Q2. It just got deployed. So, we'll be able to listen to 100 million calls next year, and we'll be able to convert voice to text as we move forward, in the beginning for sales, then for service and then for DMS. The loan disbursements through AI call center came in at INR 1,600-odd crores. Data converting -- data from those calls led to another INR 325 crores of volumes. So, this is just our first attempt"

BAJAJ

…and how AI is building customer engagement…

"At customer engagement level, we have 11 AI text BOTs that are live that engage with the customer. So rather than sending dumb SMSs for 11 products now, we have an AI text BOT, which allows you to engage and interact and responds to your queries. The company has 26 products. All 26 will be live between April and May'26."

…and how AI is speeding up the customer onboarding process

"Customer onboarding in terms of document -- ensuring that auto fill of document happens, whether it's PAN card or Aadhaar. There are 43 such documents that the company has now mapped, which an image extracts with a 95% - 96% accuracy and populates data in our platforms, delivering significant productivity for our employees. Just on Panel 7, auto quality check of documents is now 41%. We intend -- we believe that as we sharpen the model, it will take us to between 85% and 90% over a period of next 15-odd months."

Poonawalla Fincorp on creating AI-powered competition benchmarking in Q3FY26 Earnings Call

"The next step is to extend the risk hindsight framework enabled by AI across broader lending portfolios. To aid our strategic initiative, we have created an AI-powered competition benchmarking engine that, on its own, searches for changes, analyzes market and competition, and delivers timely insight on pricing and product shifts. By embedding AI into our strategic decision-making, we are not just benchmarking competitors. We are building a future-ready financial organization that leads with insight, agility, and customer centricity. On AI, out of the total tally of 57 cutting-edge AI projects now, we have reached 30 projects are live."

GEOPOLITICS

We aren't geopolitical experts, nor do we track the daily news cycle religiously. We simply find ourselves naturally drawn to the machinery of global events - specifically, how major powers and intelligence agencies think ahead and maneuver through the noise. While we may not dictate our market actions based on geopolitics, the rapidly changing global landscape makes it crucial to keep a pulse on these shifts.

CHINA: THE LOYALTY PARADOX

The Internal Purge and the Loyalty Paradox:

To truly understand the current targeting of military leaders in China, we need to shift our perspective. First, it is crucial to remember that the People's Liberation Army (PLA) is not a national army in the traditional sense; it is the armed wing of the CCP. What Xi Jinping is doing today mirrors Mao Zedong's playbook, but with one critical distinction: while Mao demanded absolute loyalty to the Party, Xi is demanding absolute loyalty to himself.

The Lesson from History:

Xi's actions are a direct response to the era of Hu Jintao (2003–2013). Hu's presidency was plagued by military officers who remained loyal to his predecessor rather than him, which effectively paralyzed his control over economic ministries and obstructed vital reforms. Having witnessed this, Xi is now engaged in "political sterilization" to ensure he holds absolute sway over the CCP, the PLA, and China's economic institutions. Over the last 15 years, we have watched him move from relative influence to total domination.

The Trade-off - Loyalty vs. Competence:

While this removal of senior officers is framed as "anti-corruption" drives, they are effectively purges of rivals and those lacking sufficient allegiance. However, there is a cost: when you prioritize loyalty, you inevitably compromise on competence. This degradation strikes at the heart of the PLA's war-fighting ability. While the current 'Leader of the Free World' enjoys an ego boost and validation from literally everyone around him, Xi specifically demands this validation from his generals.

The Strategic Risks:

Xi is undeniably a strong leader, but strong leaders rarely prioritize succession planning - a blind spot that could eventually trigger a political collapse. Furthermore, China's $250 billion defense budget is notoriously leaky and embedded with corruption. Unlike Mao, who was a military insider who knew every nook and cranny of the PLA, Xi is an 'outsider'. This lack of military pedigree fuels a deep-seated insecurity, driving him to view everyone as a potential threat.

The End Game - Taiwan and India?

If "loyal" officers become complacent - which is already occurring - the outcome will be grim. The PLA lacks autonomy because it has become a loyalty-based force rather than a skill-based one. We saw the result of a politicized army when Mao's forces struggled in Vietnam. Intelligence agencies like the CIA and R&AW are undoubtedly watching this 'brain drain' of battle-tested officers, calculating that it will create severe bottlenecks during a crisis.

Driven by insecurity, will Xi risk a move on Taiwan? Against the might of the US, such an operation would almost certainly fail, precipitating Xi's decline. History suggests that a declining leader often manufactures a crisis to regain control. Could India be that target? Only time will tell. But if they do pivot, and if India's counter-response is decisive, the question regarding China's collapse may shift from "how" to "when."

Sources: https://docs.google.com/document/d/1ILBQSZsCnBjMGnOV9he0OybSto5qYXCx/edit?usp=sharing&ouid=105847966140159409353&rtpof=true&sd=true

ABOUT US

Our flagship scheme, the 'Shravas Artha India Fund', is a SEBI CAT III open-ended AIF. The fund is designed to be alpha-focused rather than AUM-focused, employing a boutique approach with a predominant concentration in the micro, small, and mid-cap universe. The fund is largely Long-Only with measured counter plays by implementing our time-tested dual strategy of offering a Core Growth bucket and TAD (Tactical, Agile, Dynamic) bucket.

We believe that managing a fund shouldn't be a rat race for AUM. By remaining boutique by design, our core philosophy is built on agility rather than just scale. This intentional structure gives us the flexibility to tactically alternate between deploying capital and holding cash across various market sub-cycles, allowing us to effectively navigate the inherent challenges of managing public money.

To reach the team: research@shravascapital.in

THE FUND STRATEGY

SHRAVAS CAPITAL

CORE GROWTH (1 year to 3 years)	***TACTICAL, AGILE, DYNAMIC (TAD)***
HIGH GROWTH MICRO, SMALL & MID-CAPS ***(Consistent/ Non-linear growth + 'reasonable'/ bottom quartile valuations)***	**STRUCTURAL AND CYCLICAL PLAYS ACROSS LARGE, MID & SMALLCAPS** ***(PEAD, Mean Reversion, Sympathy Play, Corporate Actions, News Flow, Channel & Industry Checks, Seasonal Trades)***
60-70% of Portfolio	***30-40% of Portfolio***

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STOCKS

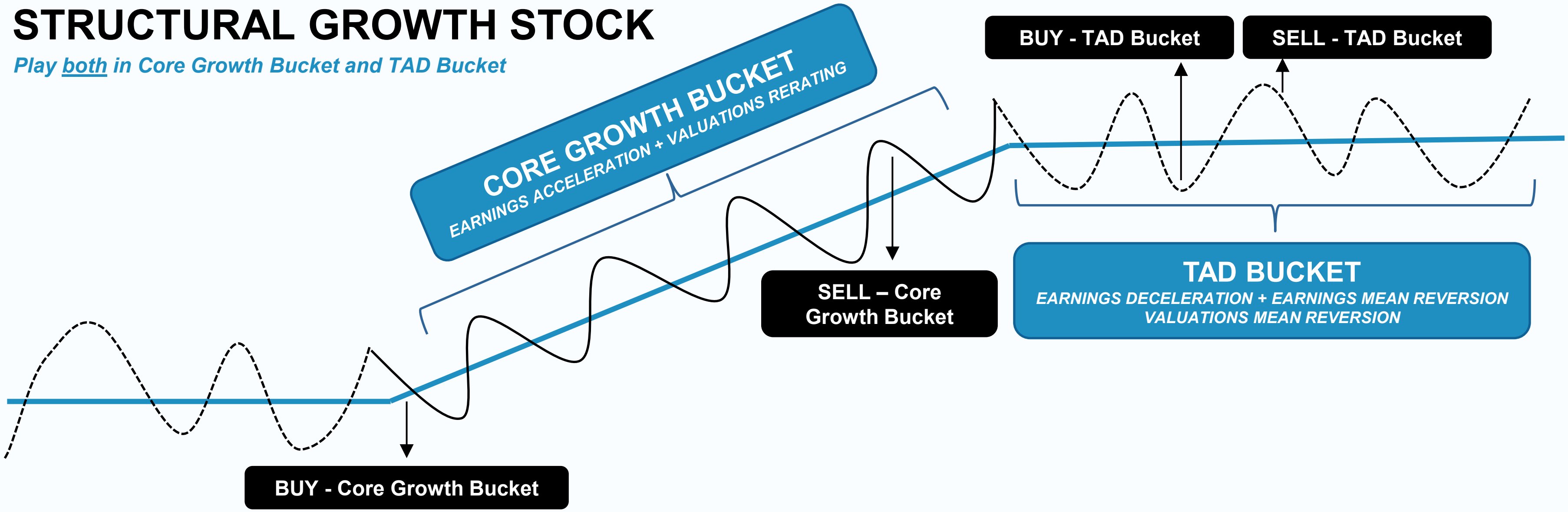
GO CASH/ HEDGE

HOW DO WE PLAY A STOCK?

SHRAVAS CAPITAL

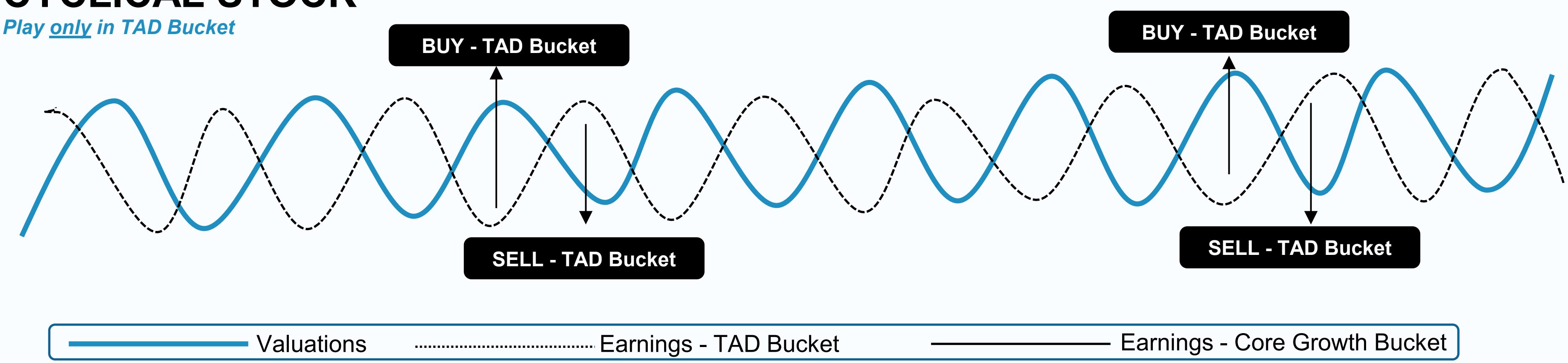
STRUCTURAL GROWTH STOCK

Play <u>both</u> in Core Growth Bucket and TAD Bucket



CYCLICAL STOCK

Play <u>only</u> in TAD Bucket



SHRAVAS ROLE & ARTHA FILTRATION

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