SHRAVAS CAPITAL

A CATEGORY III ALTERNATIVE INVESTMENT FUND

Fly on the Wall

Bharat Express Edition

October 2026

To reach the team: research@shravascapital.in

WHAT IS FLY ON THE WALL?



SHRAVAS CAPITAL

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 a social media feed, this compendium isn't for you.

From the Fund Manager's Desk

SHRAVAS CAPITAL

A round up on this quarter's 'Fly on the Wall – Bharat express edition':

For this edition of 'Fly on the wall', we wanted to give our investors a flavor of the takeaways from our 'feet on the street' trip. In addition to our daily dose of channel and industry checks, every few months, our analyst team undertakes a no-agenda trip for a week to one/two states interacting with listed/unlisted companies alongside a bevy of channel checks in that area. This time around, we visited in and around Kolkata, and below is the round up of the same with following slides detailing our musings.

#1: Wheels of indigenization: ***Opening up of another micro segment in the legacy government dominated railway sector alongside heightened indigenization has unlocked yet another new revenue pool in the form of a Rs.4,500 crore+ Indian wagon wheel sets segment.***

#2: Cable compounds - top stays outsourced: ***Given the super cycle in the Indian cables and wires segment - cable makers will keep pulling the easy, low-voltage compound in-house. But the higher the voltage, the less they want to own the risk. The top of the pyramid stays with specialists, and every new entrant starts out as a buyer thus only accelerating the tailwinds.***

#3: BESS - Battery Energy, Suddenly Strategic: ***The euphoria around BESS has been so high that even an Ayurveda player featured among the new entrants. However, as they say - "Capital puts you in the storm. It doesn't give you wings." Anyone with a balance sheet could win a BESS auction, and many did. But cells have stopped getting cheaper, which squeezes the lowest bids - and both managements we met would rather sell the equipment than own the projects.***

#4: Sugar - constrained by caps and floors: ***This time is different - government intervention brought the cycle to an abrupt halt almost as soon as it began, while ethanol's once-potent role as an earnings driver has begun to fade. Earnings in sugar now come from efficiency, not the cycle - only high-recovery, integrated mills make money through it.***

#5: US grid - Long overdue for an upgrade: ***Demand forecasts have quadrupled in three years and utilities are allocating capital accordingly - about half of it for wires & towers. Data centers lead the list of reasons, but ageing lines and storms mean the spend does not rest on AI alone.***

#6 Neoclouds and Optical fiber sector musings: ***The bear case on GPU clouds was obsolescence - yet a previous-generation H100 rents for more today than it did a year ago. Anyone can buy GPUs. Over the next 3-5 years the neoclouds that do well will be those with a wide set of customers (both AI natives and enterprises), a high-quality software/orchestration layer, and disciplined capital structure. Fiber has gone from commodity to bottleneck. Hyperscalers are locking up capacity, and Chinese suppliers aren't dumping in India or the US. It's still a cyclical business, but for now we are in the euphoric uptrend of supply lagging demand amidst a superlative realization phase.***

Robust start to 2QFY27 earnings season…Though still early days into this quarter's earnings season, declared earnings results of 235 companies of our core investible universe (total universe of ~1000 companies between market cap of Rs.2,000 Crores to Rs.40,000 Crores) reflect a robust median revenue, EBITDA and Adj. PAT growth of ~21%, 23% and 24% [median OCF/EBITDA conversion of ~70%], respectively. This followed a superior 1QFY27 results season where the same universe delivered a median revenue, EBITDA and Adj. PAT growth of ~20%, 24% and 25%, respectively. This superlative growth in the micro and small cap space we note has been structural in nature. The same is reflected in the fact that an average of ~37% of the 840 companies in this market cap range have delivered a ~20%+ annual Adj. PAT growth in the FY23-FY26 period vs only ~30% of the overall 340 companies say a decade back in the FY14-FY16 period.

MANAGEMENT MUSINGS



From heavy industrials like rail wagons and transmission towers to commodities like sugar, we spent an entire week in and around Kolkata, and covered quite a bit of economic ground. We interacted with several top-level managements of listed and unlisted companies to get a deeper understanding of their businesses, industry dynamics, and emerging trends & challenges. Here are the observations that stood out; not a meeting-by-meeting recap, but our humble attempt to connect the dots.

#1: WHEELS OF INDIGENISATION

For years, India's railway wheel supply has relied on the Railways' own factory and imports, this equation is set to change. Ramkrishna Forgings and Jupiter Wagons are each setting up plants capable of producing ~2.2 lakh wheels. Two sizeable capacity additions, one potentially significant shift in the supply chain.

From day zero to present day

Till FY18

Indian Railways had been supplying wheels to wagon manufacturers and they were mandated to procure from Indian Railways.

FY18

Wagon builders began paying for wheels, but Railway tenders still required them to use wheels supplied by the Rail Wheel Factory (RWF). In other words, builders were now paying for the component without having the freedom to choose an alternative supplier.

FY2023

Indian Railways reported importing 80,000 forged wheels worth approx. ₹520 crore, mainly from China and Russia. In March 2023, the RK Forgings–Titagarh Wagons emerged as the lowest bidder (L1) at ₹1,88,100 per ton, ahead of Bharat Forge and SAIL.

FY27

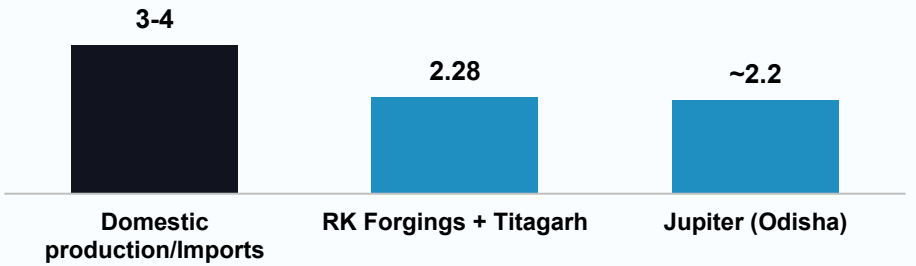
RK-Titagarh plant starts supplying Railways: 80,000 wheels a year, take-or-pay, for 20 years.

FY28+

Jupiter's Odisha plant follows. Together, ~4.5 lakh wheels a year vs 3-4 lakh Domestic/imported production today - builders no longer tied to RWF and imports.

New capacity roughly equals today's domestic demand

(Lakh wheels a year)



Both plants have annual capacity of ~2.2 lakh wheels - the minimum economic scale for the German forging presses, bought from the same supplier. Texmaco has also announced plans to enter.

Why add private capacity?

- *Wrong wheel type: RWF makes cast wheels, but LHB coaches, locomotives, metros and Vande Bharat need forged wheels, ~2/3 of which were imported in FY23. As trains get faster and heavier, more demand will shift to forged.*
- *RWF is maxed out: Wagon orders outran RWF's supply, and wheelset shortages hit Titagarh's and Jupiter's wagon output.*
- *The public plant stalled: RINL's Raebareli plant made <1,000 wheels by 2022, and has only ramped up since the Railways took it over in 2024.*
- *Low-cost model: The private player funds the plant, the Railways guarantees to buy at ~SAIL's price, and the supplier keeps export rights.*

Once a railways-supplied mandated ancillary, now a ₹4,500 crore+ opportunity, domestic manufacturing bolstering self reliant india is getting the wheels in motion.

#1: WHEELSETS - DIFFERENT JVs, SAME WHEELHOUSE

SHRAVAS CAPITAL

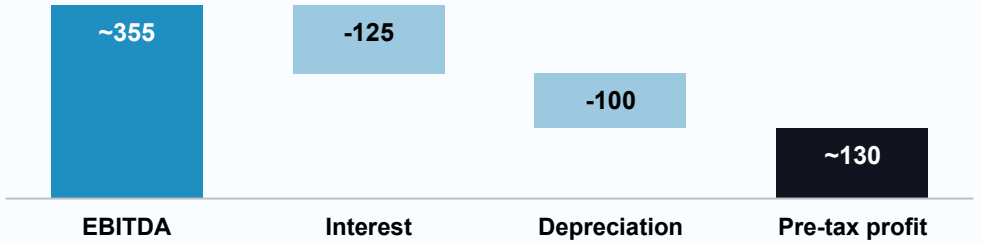
Both plants use the same German presses and aim for similar scale - but one has a guaranteed domestic buyer in Indian Railways, while the other is also betting on exports.

Side by side

	Jupiter Wagons (Odisha)	RK Forgings + Titagarh
Partner	Lucchini (Italy) + SIMEST: 25% for €28mn	RK Forgings 51 : Titagarh 49
Scope	Wheelsets: Wheels & axles	Wheels only
Anchor buyer	Tatravagonka, 10-yr export pact	Indian Railways: 80k wheels/yr, take-or-pay, 20 yrs
Export share	~50% of output	Surplus after Railways' quota
Capex	~₹2,500-3,000 cr	~₹2,100 cr
Peak revenue	~₹2,500-3,000 cr	~₹2,000 cr
Status	Wheel line due FY28	Samples with Railways; tentative supply starting in Oct

RK-Titagarh expectation at full capacity (₹ cr)

On ~₹2,000 cr revenue



Jupiter Wagon's export bet

- Export orders fetch 5-7% higher prices and 2-3% higher margins than domestic ones, so every wheelset shipped abroad earns more.
- A freight wheelset sells for ~₹2.5 lakh, so even 10,000 extra exported wheelsets add ~₹250 cr of revenue.
- Tatravagonka, Jupiter's Slovak partner, has a 10-year deal to take ~50,000 wheelsets a year, about half the Odisha plant's 1 lakh capacity.
- Lucchini's (Italian partner) European certification saves 1.5-2 years of approvals, so Jupiter can sell into Europe sooner.
- Today Jupiter buys imported raw wheels and only machines them, earning ~15%. Forging them in Odisha keeps more of the value, lifting margins towards ~20%, with ₹3,000 cr in peak revenue

RK–Titagarh has a 20-year Railways contract providing long-term visibility, though pre-subsidy returns remain modest. Jupiter is playing the longer game, betting that Europe's cost disadvantage creates an export opportunity for Indian manufacturers, where the economics could be more rewarding.

#2: CABLE COMPOUNDS - TOP STAYS OUTSOURCED

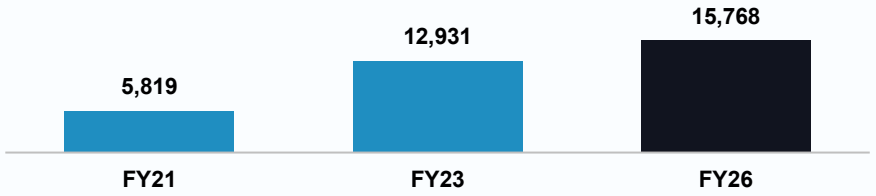
Ddev Plastiks sits one step upstream in the cable value chain, supplying the compounds that provide insulation. The bear case is straightforward: cable manufacturers like Polycab, RR Kabel could bring compounding in-house. The management begs to differ, stating that this is largely a low-end phenomenon, with specialized formulations favoring dedicated suppliers at the top of the chain.

Ddev is adding capacity, not cutting it!

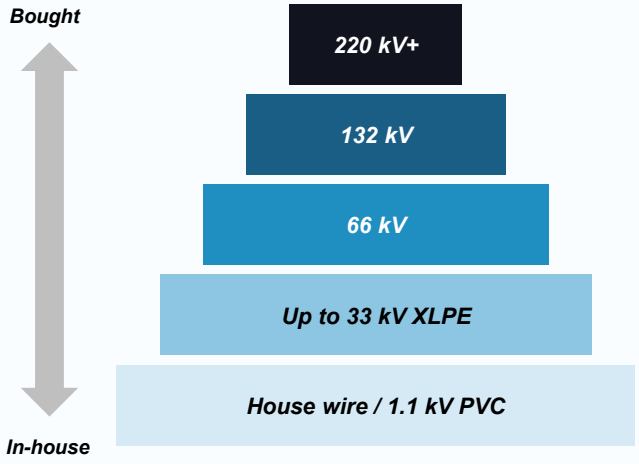
Tonnes p.a.

Compound	Used for	Previous	New	Change
XLPE	Power-cable insulation	1,66,500	2,14,500	+29%
PVC	House wire, LV cables	44,000	69,000	+57%
HFFR	Flame-retardant wire	5,000	10,000	+100%
Total		2,15,500	2,93,500	+36%

EBITDA per ton (₹) → 2.7x jump due to change in mix



The voltage pyramid



Mostly imported: Dow, Borealis, Hanwha, LG

In field trials for Ddev. Needs ~2x the compound per km of 66 kV

Ddev compound in the field for 10+ years

Some customers make it - and still buy from Ddev

Cheap and simple - customers can make it in-house

The 33 kV Barrier to Backward Integration

- ***Waste**: The compound sets within seconds and can't be recycled, so every bad batch becomes scrap. If that scrap eats up the ~10% saving, making it in-house serves no purpose.*
- ***Risk:** Cables last 15-25 years, and one failure in a government tender can mean a lifetime blacklist. Saving 10% is not worth that risk, so buyers stick with a proven compound.*
- ***Imports**: Foreign suppliers want low-voltage volume commitments before they supply 132 kV grades. A new in-house player has no such volumes, so the high-end compound stays out of reach.*

Every new entrant starts as a customer

- *New wire brands launch on bought compound because they need reliable quality from day one, and bring it in-house only once established. Management says this pattern has held for decades.*
- *Even customers who did integrate are "still buying large quantities from us", so integration doesn't mean losing the customer.*

Cable makers will keep pulling the easy, low-voltage compound in-house. But the higher the voltage, the less they want to own the risk. The top of the pyramid stays with specialists, and every new entrant starts out as a buyer.

#3: BESS - Battery Energy, Suddenly Strategic

Battery Energy Storage System is a grid-scale battery that stores surplus power for later use. The recent boom has been primarily due to the capacity addition in Solar energy in India over the last decade (40GW in 2021 to 150 GW in 2026). BESS stores this cheap daytime solar power and supplies it during the evening demand peak. One notable feature of the BESS opportunity is the breadth of industries entering the space, with even an Ayurveda player featuring among the participants. Across the market, BESS auction participants span highway developers, coal mining and telecom, highlighting the increasingly diverse set of industries engaging with energy storage.

Mapping the BESS Landscape and their origins

Company	Core business	BESS play	Role
Jupiter Wagons	Rail wagons	100 MW / 400 MWh, WBSEDCL (~₹400 cr)	Owner + assembler
Ddev Plastiks	Cable compounds	5 GWh assembly plant (₹150-200 cr)	Assembler
Godawari Power	Steel & pellets	40 GWh pack & container plant (₹1,625 cr)	Assembler
Coal India	Coal mining	750 MWh, TGGENCO (₹1,057 cr)	Owner
HG Infra	Highways	600 MWh GUVNL + 370 MWh NVVN	Owner
Power Mech	Power-plant erection	1,000 MWh WBSEDCL (+1,000 MWh greenshoe)	Owner
G R Infra	Highways	NTPC Mouda (₹413 cr)	EPC
Enviro Infra	Water & sewage EPC	930 MWh across NTPC sites (₹1,070 cr)	EPC
Pace Digitek	Telecom towers	SECI DC package (₹1,159 cr)	EPC
Patanjali Ayurved	Ayurveda / FMCG	250 MW / 1,000 MWh, RVUNL	Owner

Why the Sudden Appetite for Storage?

- *Ddev Plastik's two cents on this: Two words "Sunrise industry". It is a power adjacent business for us with many end-uses - mobility, home storage, C&I, grid, data centers - so one slump does not sink it. It starts with assembly and then moves to off-grid. On-grid comes later, as grid warranties run 15 years vs 3-5 elsewhere.*
- *Jupiter Wagons: BESS containers are "fabrication of metal sheets", like our bread-and-butter wagons. The West Bengal order is "only for establishing the product" - the final aim is to be an OEM, not a developer.*

All it took was a balance sheet - until costs turned

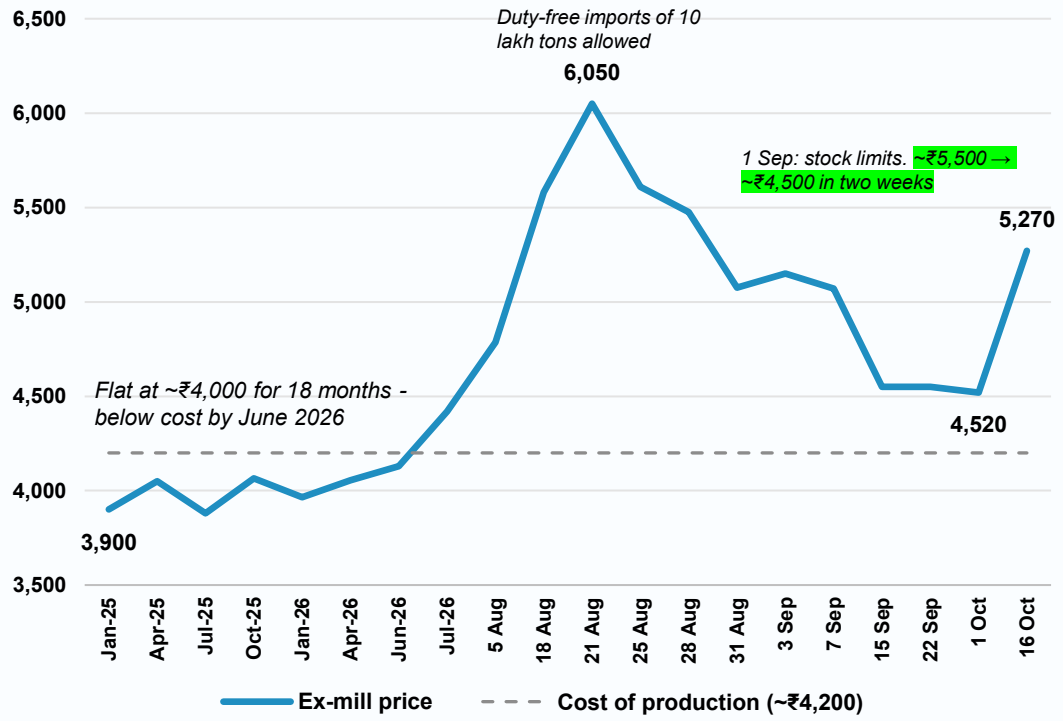
- *Getting in is easy: Tenders ask for net worth and bank guarantees, not a battery track record. Cells come from China, the utility gives the land and the government funds part of the capex.*
- *Then costs turned: Storage cell prices in China rose ~22% in six months to Apr-26 as lithium more than doubled - while bids had assumed cells would keep getting cheaper.*
- *Now there are signs of a shake-out. As per Ddev's CFO, low bidders are forfeiting earnest money and projects are being retendered. Ddev is moving its plant East, where there are not many players.*

Anyone with a balance sheet could win a BESS auction, and many did. But cells have stopped getting cheaper, which squeezes the lowest bids - and both managements we met would rather sell the equipment than own the projects.

#4: SUGAR - CONSTRAINED BY CAPS AND FLOORS

Sugar pricing typically follows a 2–3-year cycle. Not this time. Our interaction with the management of a renowned unlisted sugar company in Kolkata offered a revealing perspective: government intervention brought the cycle to an abrupt halt almost as soon as it began, while ethanol's once-potent role as an earnings driver has begun to fade.

Ex-mill sugar price, Uttar Pradesh (₹ per quintal)



Sugar prices sourced from Chini Mandi daily ex-mill rates (UP M/30, ex-GST) and cost of production is ISMA cost estimate (Jun-26)

The Sugar Saga: How the Upcycle Lost Its Sweetness

- ***Prices were pushed down by an informal directive via the industry association - nothing in writing. "First time ever" witnessed.***
- ***Squeezed from both ends:** Sugarcane procurement price (FRP) keeps rising - ₹365/qtl for 2026-27 (The FRP has gone up ~16% in just the last three seasons ₹315 → ₹365). While finished sugar prices are capped.*
- ***Efficiency is what survives:** A good mill costs ~₹3,700-3,800/qtl, so high-recovery mills still make a reasonable ROCE.*
- ***He expects no structural reform near term - cane pricing & sugar pricing are both set with farmers and voters in mind.***

Ethanol is no longer the escape valve

- ***Ethanol contributed ~60-70% of profits of integrated mills - but grain (maize & rice) now supplies ~67% of India's ethanol.***
- ***OMCs were offered 1,776cr liters vs requirement of 1,050cr.***
- ***Grain can be diverted to ethanol freely; cane cannot, because the government opens or shuts diversion depending on the crop. With the OMCs as the sole buyer, proximity to their demand centers matters more than capacity.***
- ***Earlier ethanol plants had a 3-year payback; new ones now work mainly where local supply is short.***

The government caps sugar's upside, sets cane's cost and has moved ethanol growth to grain (mainly maize and surplus rice). Earnings in sugar now come from efficiency, not the cycle - only high-recovery, integrated mills make money through it.

#5: US GRID - LONG OVERDUE FOR AN UPGRADE

SHRAVAS CAPITAL

After decades of under investment, US power utilities have started their biggest spending cycle in a generation. Data centers are now the reason they cite most often.

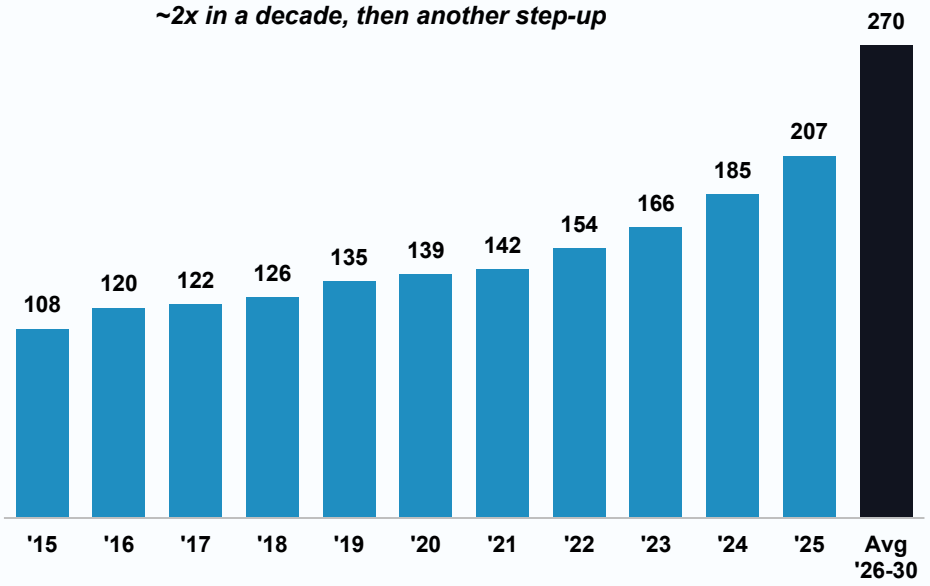
~$1.4tn
Capex planned by 51 listed US utilities for 2026-30 - up 27% on the $1.1tn planned a year earlier

+55 → +224 GW
10-year growth in North American peak demand, as forecast by the grid regulator in 2022 vs 2025

32 of 51
Utilities that name data centers as a driver of their plans; nine expect 5 GW+ each

~50%
Share of the capex going to transmission & distribution - more than to power plants

US utility capex by year ($bn)



Next 5-year capex of top utilities ($bn)



AI story in miniature: American Electric Power (AEP)

- ***Demand doubled:** AEP, one of the largest US power utilities, has doubled its forecast of new electricity demand to 56 GW by 2030, and 88% of that comes from data centers.*
- ***Texas jumped almost 3x:** In a single revision, AEP raised its Texas demand estimate from 13 GW to 36 GW, a sign of how fast AI data center projects are piling up.*
- ***The money goes to the grid:** $30bn of AEP's $72bn spending plan goes to transmission lines, because getting power to data centers is now as big a challenge as generating it.*

Demand forecasts have quadrupled in three years and utilities are allocating capital accordingly - about half of it for wires and towers. Data centers lead the list of reasons, but ageing lines and storms mean the spend does not rest on AI alone.

#6: AMERICA NEEDS TOWERS. INDIA HAS CAPACITY.

When US transmission tower orders land in India, the obvious question is why? Given China's scale and the US's specificity. We put this to Skipper, one of India's largest tower manufacturers and a company we've been holding for a while. Here's what we took away from the conversation and what it could mean for the numbers.

Made-in-India Lift for America's Grid

Towers are labor heavy and the US has a limited and expensive labor pool. Decades of under investment have also thinned its design skills.

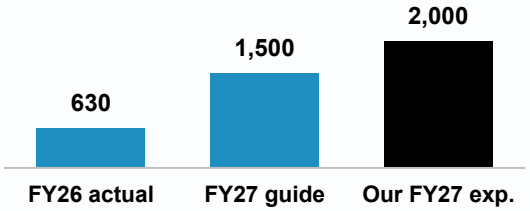
Who else can supply to the US?

Supplier	Why / why not
China	Shut out - US restricts Chinese grid equipment
Mexico	Lacks scale; inflation and currency woes
Turkey	Same - not big enough for US volumes
India	Scale built on years of domestic grid spend

Towers are made to order, not mass-produced - so China's scale edge mostly disappears. Its only edge left is cheaper steel.

Striking While the Iron Is Hot: Skipper

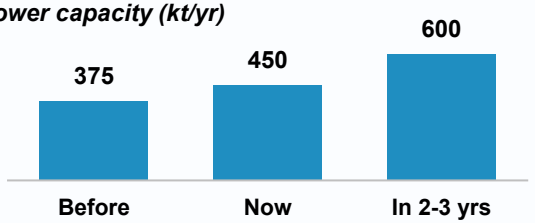
Export order inflow (₹ cr)



- *FY27 export inflow guidance raised from ₹1,000 cr at the start of the year to 1500 Cr (~2.4x FY26). We expect higher than expected inflows (2000 Cr) due to the tailwinds from the US grid shift.*
- *US vendor approval takes 3-4 years. Skipper has been approved by several US contractors & utilities, including a supply agreement with a leading grid contractor.*
- *US orders now come with an element of design work/customization which leads to better margins, and the US mostly buys tubular poles, not the lattice towers India uses.*

The Proof Is in the Pudding

Tower capacity (kt/yr)



- *Skipper's existing capacity of 375kt is operating at ~80% utilization. With the incremental commissioning of its 450kt capacity and plans to further expand capacity to approximately 600kt over the next 2–3 years, there is enough room for growth.*
- *US orders won now reach meaningful revenue from H2 FY28. Middle east starts to ramp as war eases.*
- *Exports are earning 1.5-2% more margin compared to domestic – aided by additional design work leading to Skipper's long-term target of 12%+ margins.*

India wins the US order by elimination, and the 3–4-year approval queue keeps late entrants out. With grid modernization driving a favorable demand environment, Skipper is well positioned to capitalize on the opportunity, with the US expected to emerge as a meaningful contributor from H2 FY28, followed by an improvement in margins as scale and operating leverage kick in.

#7: WEST BENGAL: NEW REGIME, NEW RHYTHM

"Each nation has a destiny to fulfill, each nation has a message to deliver, each nation has a mission to accomplish. Therefore, from the very start, we must have to understand the mission of our own race, the destiny it has to fulfill... Bharat cannot be killed. Deathless it stands, and it will stand so long as that spirit shall remain as the background, so long as her people do not give up their spirituality." — Swami Vivekananda

Early in 2024, we found ourselves in Siliguri, sitting across from the promoter of a West Bengal FMCG company. Somewhere between the tea and the numbers, he said something that stayed with us long after we left: "My mother passed away twelve years ago, yet someone still casts her vote every election. This is Bengal. Some things here will never change."

He said it without anger, the way one speaks of the monsoon.

Then came 2026, and the ground beneath those words gave way.

Markets taught us this long ago, history taught it long before markets existed, and life keeps teaching it again. Empires that thought themselves eternal are now chapters in textbooks; kingdoms that ruled for centuries are remembered by their ruins. Nothing is permanent, not booms, not busts, not dynasties, not even the things we are certain will never change. Everything turns. Only the length of the cycle differs.

Voice of the managements:

- *Ddev Plastiks: "Bengal is an opportunity" and there are "no players in East". The state "will acquire the land, consolidate and give it to the industries".*
- *Jupiter Wagons: The land policy is "under formalization"; "everybody is aiming for capex... by the time government comes up with the policy". It has won a ~400 MWh battery storage order from the state electricity utility.*
- *Skipper: The next ~150kt (to 600kt) has slipped from FY28 to FY29, and management is still choosing between Bengal and another state for it. Bengal's new industrial policy, due before Diwali, may tip that call.*

The Land Policy Everyone's Waiting On:

- *8th August: State says it will buy and bank land for industry itself.*
- *11th August: Ddev expects the policy "by end of August" - it slips.*
- *14th October: CM promises it before Diwali, with clear land and incentive rules, including power tariff subsidies. Same day, Haldia Petrochemicals opens ₹6,000 cr of new plants.*

Our on the ground conversations:

- *Business owners say the "fear factor is gone", and stalled projects like the metro are moving again - but real change "will take 4-5 years".*
- *Investors still discount Bengal - "they tend not to trust companies out of West Bengal, and this mindset will take time to shift".*



MARKET PULSE



Rather than relying solely on earnings calls and meticulously built Excel models, this section takes us closer to where the magic actually happens. This section is a humble attempt to interpret developments on the ground and connect them with the data already in front of us. In Kolkata, we stepped out of our spreadsheets and into the markets, speaking with dealers, distributors and shop owners across cables, building materials, CCTV, retail and more, looking for the signals that rarely make it into a quarterly presentation.

#1: CCTV - CHINA OUT, PRICES UP, CP PLUS IN

Conversations with multiple CCTV dealers in Kolkata, including CP Plus's own experience store, pointed to frequent price revisions, with prices changing weekly, but no reported shortage of inventory. Dealers indicated a growing preference for CP Plus (Aditya Infotech), driven more by the implications of the regulatory changes than by any perceived superiority in camera quality.

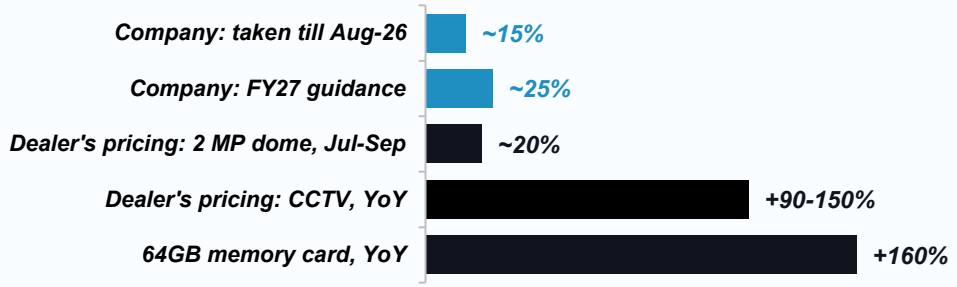
~20% → ~43%
CP Plus share of India's organized video surveillance market, FY25 → FY26

~90%
Aditya Infotech's Q1 FY27 revenue growth, to ₹1,402 cr

~25%
Price increase the company guides for FY27 - 10-20% already taken by August

+10-15%
Camera volumes YoY at the two dealers who shared numbers

Street price vs the company's price list (% increase)



The share shift is a regulatory win

- *STQC security norms removed uncertified, internet connected cameras from shelves starting 1 Apr 2026 - hitting Hikvision and Dahua.*
- *Dealers are switching to CP Plus "since it is STQC approved"; government projects use only CP Plus. Hikvision's approvals are proving "difficult".*

The edge lies beyond the lens

- *2 of 5 dealers still rate Hikvision higher - one puts faults at 5-6 per 100 CP Plus cameras vs 1-2 for Hikvision. But CP Plus wins on service.*
- *40+ brands are STQC-empanelled (management) - shelf stays contestable.*

Why the street runs ahead of the price list - our interpretation

- *Memory is where the triple digits are: a 64GB card went from ₹500 to ₹1,300. Memory (DRAM/Flash) represents 8-10% of Bill of Materials.*
- *Last FY, street had to clear uncertified stock before the 1 Apr 2026 cut-off - management says the market "pumped a lot of old inventory".*
- *The company quotes list prices to the channel; dealers quote the street, re-priced weekly. One quote was valid for 7 days, with +3% due the week after.*

Sufficiently stocked, not stuffed

- *No supply gaps at any dealer, and volumes up 10-15% YoY. But with prices up, dealers are not ready to carry stock - it needs far more working capital.*
- *Company: No consumption hit "in a major way". Q1 GM eased from Q4 as cheaper inventory ran out - memory & SoC covered only for 3-4 quarters.*

Regulatory Arbitrage aided in doubling CP Plus' share and is raising prices because of the memory cycle. Kolkata dealers say both are holding going into Q3. What to watch: margins once the memory cover rolls off, and Hikvision if it gets certified.

#2: WIRES & BUILDING MTRLS - PASSING ON THE BILL

Copper, propane and resins have all seen sharp price increases this year, with the Iran war adding fuel (no pun intended) to an already tight copper market. Across Kolkata's cable and building-material dealers, the cost is being passed down the chain within weeks and, so far, buyers are footing the bill without flinching. But for how long?

Multiple dealers, Similar signals

- Prices reset every 1-3 days, rising 2-3% a week. Copper cables are **up 35-40% since January** (aluminum 10-15%). Dealers re-buy "like gold": sell a coil, buy it back the same day at the new price.
- No stock shortages, and demand is holding - but dealers can't fund inventory at these prices. Polycab is the volume and quality leader.
- None of the ten dealers mentioned UltraTech's Ultravolt wires, which launched on 3 September indicating slower than anticipated ramp up.

What the results show: Copper pricing vs cable pricing

YoY growth	Q4 FY26 volume growth	Q4 FY26 price growth	Q1 FY27 volume growth	Q1 FY27 price growth
Copper (MCX)	-	+30%	-	+42%
RR Kabel	+10%	+24%	+17%	+37%
Polycab	+2%	+25%	+3%	+37%
KEI	+2%	+17%	-2%	+25%

Prices rose in line with copper at all three. But only RR Kabel is witnessing meaningful volume growth.

Building Materials: Where the Cost Buck Stops

Category	What dealers told us (price)	Next leg	Why	Demand and stocking	Listed names
Tiles	800x1600 tile ₹85 → ₹100/sqft (+18%)	~25% hike flagged from 1 Oct	Propane shortage after the Iran war shut Morbi kilns for ~2 months	Shortages possible; dealers sit on old stock to hold old prices	Kajaria, Somany
Plywood & laminates	+15-20% since the war (₹95 → ₹110/sqft)	+5-7% from October	Resin and adhesive costs	Stable demand; plywood volumes flat, MDF/HDMR growing	Century Ply, Greenpanel
Adhesives (Fevicol)	+₹300 per 10 kg bucket (~10%) in 3 months	+₹7/kg from 1 Oct (rubber: +₹10)	Crude-linked raw materials	Good supply and demand	Pidilite
Plastic pipes	+15% in 6 months	Possible, as Kolkata construction picks up	PVC resin prices	No shortages; dealers not stocking. Supreme (cheapest) sells most	Supreme, Astral
Paints	+₹300-350 per 20L drum (~3%) in 3 months	None flagged	Competition keeps hikes small	Ample stock, full payment, no stocking	Asian Paints, Berger

The cost shock is being passed on within weeks, and demand has not cracked. Q2 revenue growth will be mostly price - the winners are those passing it on fastest. Tiles and plywood have done this so far.

#3: RETAIL - OUR CHECKS CALLED IT

Prior to the Q2FY27 update, our mid-September store visits in Kolkata pointed to two very different trajectories: Style Bazaar, a leading value retailer in East India was roughly 30% below last year, while Senco Gold was about 30% ahead. The subsequent updates confirmed what the shop floors had already signaled.

Style Bazaar: Declining SSSG

	Our check (16 Sep)	Reported Q2 (3 Oct)
Sales growth	-30% YoY	SSSG -25% YoY
Sales/sq ft/month	~₹650 in Aug	₹642
Footfall	-25-30%; bill flat ~₹430	-
Q2 target	64% done by 16 Sep	-

Senco Gold: Pricing led growth

	Our check (stores, 16 Sep)	Reported Q2 (early Oct)
Sales growth	~30% YoY (new store, so low base)	SSSG +19%
Price	"Gold value up ~25%"	Gold +28% YoY
Tonnage	+10% (new store, low base)	-
Target	Jul-Aug target beaten by ~40%	

Sales per sq ft a month (₹)



Q2 growth vs the gold price (% YoY)



Intensifying competition

- *The store blamed competition. Footfalls were down 25-30%, and so was the customer conversion.*
- *It is also crowding itself: a second store opened on 14 Aug at the mouth of the same street.*
- *This is being done to capture a larger share of the crowd, ensuring they visit Style Bazaar first.*

Where the growth came from

- *Mostly price: At an older store plain gold jewelry tonnage fell 3-4%, made up by bangles (+5-7%). Bills rose from ~₹90k to ~₹1.2 lakh. Studded mix slipped to 14%.*
- *Q3 started strong: Both store managers called their October and November targets to be "easily" achievable.*
- *The threat is Malabar, opening in the area with lower making charges and one national price, against Senco's state wise pricing.*

Our ground checks highlighted diverging business trajectories: Style Bazaar continues to face competitive pressure, with declining footfalls and weaker store productivity as incremental stores from competitors within the same catchment ramp up. While Senco is benefiting from higher gold prices and healthy near-term demand.





INDUSTRY INTERACTIONS

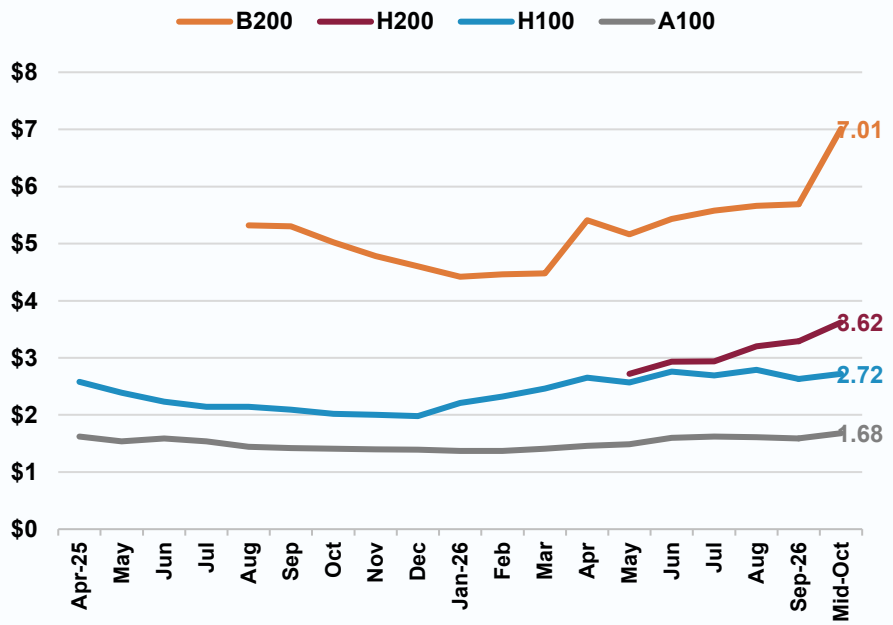
Our research engine covers hundreds of interactions every year – spanning across managements of private and public companies, players deep in the value chain, and industry experts. While we cannot publish every interaction, below are the select few conversations that enhanced our thinking this quarter.

#1: NEOCLOUDS - GPU OBSOLESCENCE CAN WAIT

SHRAVAS CAPITAL

Where are GPU rental prices headed? We put the question to a sales lead at a rival Indian neocloud. Our interest is personal: we have been owning E2E Networks, a fast-growing, pure-play domestic neocloud that rents Nvidia GPU compute to Indian AI startups, enterprises and government programs, and one of the ways we've been playing the AI capex theme.

GPU rental rates have turned up this year ($ per GPU-hour)



The residual value of GPUs has increased over the last year:

- *H100 ~$15K (Nov-25) to ~$21K (Sep-26);*
- *B200 ~$63K (Dec-25) to ~$71K - older chips are worth more*

Why rentals went up

- *DRAM and HBM (memory) prices have risen sharply, and are expected to double over the next year. This makes every new GPU server more expensive.*
- *On top of this, Nvidia plans to raise GPU prices by ~15% from end-January 2027. Both these factors push up the cost of new capacity and support rates on chips already installed.*
- *For Hoppers - Nvidia has stopped selling H100s and H200s into India, so no new Hopper capacity is being added.*
- *Due to advances in agentic AI, customers would rather commit to capacity now than fall behind. Current ROI on AI spends is high enough to justify paying more.*

Where rates go next (expert view, $/GPU-hour)

GPU	Today ($/GPU-hour)	Next 6-12 months
H100	3-3.5	To Hold; Upside of+10%
H200	4.5-4.8	To Hold; Upside of+10%
B300	7-8	To Hold; sharper deals for big commits
B200	6-7	May hold or ease slightly as B300 ramps
A100	1.5-1.8	Fully booked – likely to hold

Why residual values hold

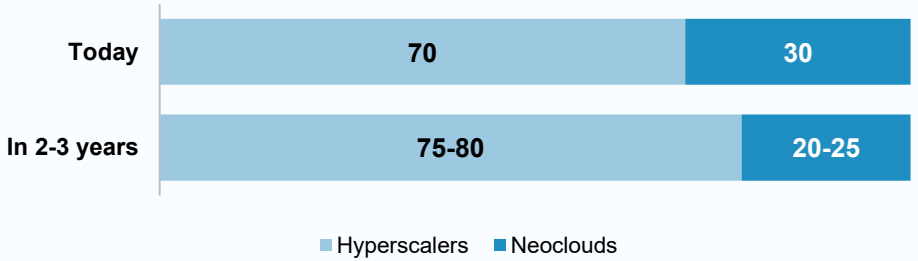
- *Current payback period on GPUs is ~30-36 months, vs economic life of 6-8 years.*
- *~80% of work is now inference, which older chips can still handle.*
- *Software side upgrades (CUDA updates and FP8 quantization) have lifted Hopper's inference throughput 3-4x since launch on the same chip - so the same GPU produces more tokens and earns higher.*

The bear case on GPU clouds was obsolescence - yet a previous-generation H100 rents for more today than it did a year ago. The residual value has also increased for every GPU. Over the next year, this trend is expected to continue.

#1: NEOCLOUDS – WHO WINS FROM HERE?

If GPUs hold their value, neoclouds will compete on customers, not capacity. Our conversations pointed to long-term contracts, reliable service and balance-sheet discipline, not GPU count, as what will separate the winners from the rest.

Share of India's AI workloads: Hyperscalers vs Neoclouds (%)



A complement to hyperscalers, not a replacement

- *Hyperscalers charge 2-3x of what neoclouds do, but they offer a full suite of services, not just bare metal compute.*
- *Most AI startups begin on AWS or Azure, where $30–100K in credits covers their first year. Their data, tooling and storage then stay there.*
- *Only heavy compute moves to neoclouds, and only when the workload will run for 2–3 years. Startups rarely move off hyperscalers entirely.*
- *Why choose an Indian neocloud over Nebius or Coreweave? – When startups eventually do move to neoclouds, they pick a domestic neocloud for lower prices, lower latency, and local data residency.*
- *As hyperscalers capacity goes live in India, the neocloud share could slip from current ~30% to 20-25%.*

What will decide the winners over the next 3-5 years?

Factor	What we heard
Scale	*An AI cloud needs at least ~1,000 GPUs; below that, it is a research lab. Scale also brings operating efficiencies: E2E's margins crossed 70% in Q1FY27 & Q2FY27 on a ~5,100-GPU fleet.*
Software stack	*Bare-metal players are most exposed because they have no moat. Neoclouds with a strong software stack and high reliability keep their customers.*
Customers	*Winners need hundreds of customers to spread risk. India has no CoreWeave-style anchor contracts (OpenAI alone has committed ~$22.4 bn). The nearest substitute is the government: the IndiaAI Mission has 38,000+ GPUs across empanelled providers.*
Contracts	*Even on 2–3-year deals, real revenue visibility is only ~6 months, and startups are the riskiest payers. Like a player on a long contract, a client can still walk away; a signed multi-year deal doesn't lock them in.*
Skills	*Newer chips need liquid cooling, more complex networking and teams that can handle GPU failures. With a new NVIDIA generation every 18–24 months, fleet refresh is a core skill.*

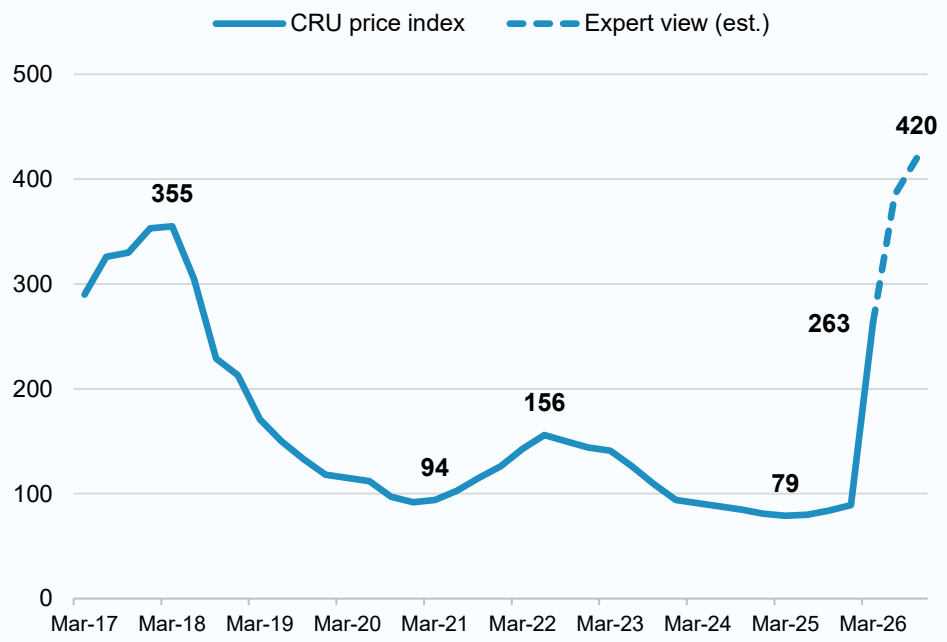
Anyone can buy GPUs. Over the next 3-5 years the neoclouds that do well will be those with a wide set of customers (both AI natives and enterprises), a high-quality software/orchestration layer, and disciplined capital structure.

#2: OPTICAL FIBER - COMMODITY TO BOTTLENECK

SHRAVAS CAPITAL

One of our AI build-out bets has been optical fiber. The vehicle is Sterlite Technologies: an Indian fiber maker that makes its own preform and has won orders from hyperscalers. To test the thesis, we went to the people who buy the product. We spoke to multiple industry veterans ranging from procurement to sales heads of large enterprises that have dealt with STL and HFCL for decades.

Fiber prices: ~4-5x since Dec-25, above the 2018 peak (index)



In India, bare fiber went from ₹250-300 to ₹1,400-1,500 per fiber-km in a year, and quotes now hold for just 7-15 days. In the last cycle, prices peaked in 2018 and fell ~75% by 2024. This time, experts expect prices to remain stable or increase slightly over the next year.

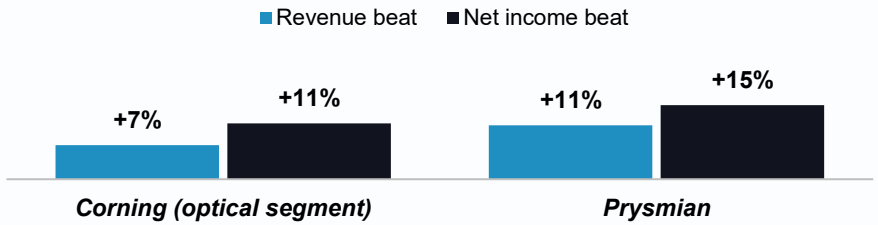
Why supply can't keep up

- *Fiber is drawn from a glass rod, the preform. China makes ~80% of the world's preform and controls germanium, a key additive now several times costlier.*
- *13-14 Chinese preform makers are expanding, yet supply has not eased as capacity is yet to come online & captive use for Chinese data centers.*
- *Lines can switch grades, so makers favor pricier bend-resistant G.657 (data centers, drones) over standard G.652 telecom fiber.*

Why demand keeps rising

- *Every Nvidia generation needs more fiber. An AI rack has gone from ~500 fibers in a cloud rack to ~4,000 for Hopper and ~12,000 for Blackwell, and ~16,000 is next for Rubin.*
- *BharatNet Phase 3 (₹1.39 lakh cr budget) has ~3-4 lakh km still to tender, and home fiber also creates incremental demand. Government projects are not slowing at today's prices.*

Q3CY26 results: Corning and Prysmian blew past consensus



Fiber has gone from commodity to bottleneck. China controls the key raw material, hyperscalers are locking up capacity, and Chinese suppliers aren't dumping in India or the US. It's still a cyclical business, which is why we track fiber prices and monitor demand every fortnight, so the turn doesn't catch us off guard.

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.

Our only long-term view is a bullish conviction on India's growth story, while our individual stock positions are driven by our 'Chakras' Framework, rather than static and perpetual optimism.

To reach the team: research@shravascapital.in

THE FUND STRATEGY

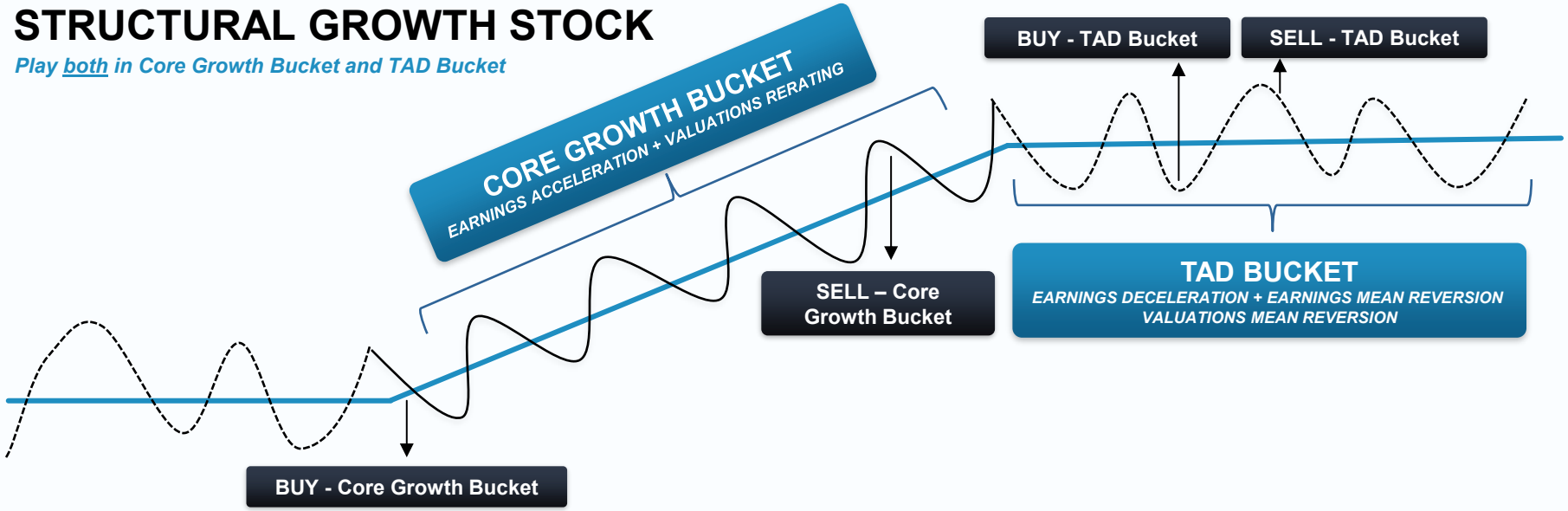
SHRAVAS CAPITAL

CORE GROWTH	TACTICAL, AGILE, DYNAMIC (TAD)
HIGH GROWTH MICRO, SMALL & MIDCAPS *(Consistent 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*
STOCKS	GO CASH/ HEDGE

HOW DO WE PLAY A STOCK?

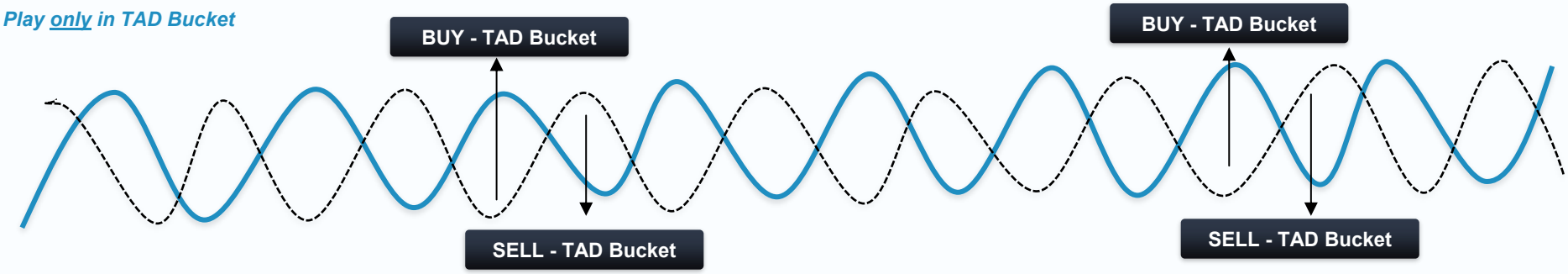
STRUCTURAL GROWTH STOCK

Play both in Core Growth Bucket and TAD Bucket



CYCLICAL STOCK

Play only in TAD Bucket



Valuations ..... Earnings - TAD Bucket ——— Earnings - Core Growth Bucket

OUR ROLE & ‘ARTHA’



DISCLAIMER

Shravas Capital has prepared this newsletter strictly to provide information and facilitate discussions with our current and potential investors. The insights we share are gathered from a mix of public records, third-party data providers, our own internal analysis, and direct conversations with managements and industry partners. While we consider these sources trustworthy, Shravas Capital makes no guarantees regarding the absolute accuracy, completeness, or up-to-date nature of the information provided.

This document should not be interpreted as an invitation, offer, or recommendation to buy or sell any securities or financial products. Furthermore, nothing in this newsletter is intended to serve as tax, legal, accounting, or investment advice. The opinions shared here are strictly those of Shravas Capital as of the publication date and may shift without warning due to changing market climates, new regulations, or other external factors.

Historical market or portfolio performance is never a reliable guarantee of future results. Any return figures, sector analyses, or index comparisons we present are provided simply as reference points. Unless otherwise noted, portfolio returns are unaudited and calculated using a Time-Weighted Rate of Return (TWRR) method, after deducting fees and expenses. Please note that your actual personal returns may vary depending on when you invested, your specific cash flows, and how your individual portfolio is constructed.

This material may include forward-looking statements, such as market and geopolitical forecasts, economic estimates, and expectations for corporate or portfolio growth. Because these projections rely on assumptions about the future, they carry inherent risks and uncertainties that Shravas Capital cannot control. Real-world outcomes could be significantly different from what is projected here, and we cannot promise that any specific investment goals will be met.

Investing in the stock market involves the very real risk that you could lose your principal investment. Shravas Capital often discusses mid-cap, small-cap, micro-cap stocks, which come with unique vulnerabilities. These types of investments frequently experience higher volatility, lower trading liquidity, and greater business-specific risks compared to larger companies. During negative market cycles, these segments can suffer severe price drops. We strongly urge investors to weigh their personal risk tolerance and financial standing before participating.

Whenever we reference market indices, valuation metrics, or economic data, it is solely to provide helpful comparisons. These references do not suggest that you can or should invest directly in those indices, and the assumptions behind our estimates may not ultimately hold true.

This document is strictly confidential and meant only for the person receiving it. You may not copy, share, or publish any portion of this newsletter without explicit written permission from Shravas Capital. Ultimately, we advise all readers to perform their own due diligence and to consult with independent legal, financial, and tax professionals before making any financial decisions.