



Dear Investors:

Known patterns can often dangerously create cognitive shortcuts. Humans and human-created algos have the propensity to often connect present with previously known events and outcomes. The underlying premise of stability and repetitiveness within environments can and should be questioned at this time. Investors can often ignore this because they are subconsciously anchored. Strangely enough, larger pattern libraries of professional investors can often mislead them even more at such times. It's critical to also appreciate that in marketplaces such as India, which preclude 'shorting', such forced pattern connections can often serve to confirm already elevated entitlement, and therefore likely to create larger asset bubbles. A quick glance over Indian sell-side literature in March would show that nearly every piece cited the 'Russia-Ukraine' conflict (and its subsequent insignificant impact on the ticker tape) to create feel-good parallels.

You can really super-impose India's VIX movement this time around with its movement as Russia-Ukraine conflict began 4 years ago. This is despite the fact that it's harder to find supply workarounds in the current conflict, or that India had already lost 10x as many jobs last month than it did back in March 2022, or much deeper vulnerabilities overall. Yet, for all the street chatter, headline India (read 'Nifty50', ex-financials) began F2027E (Mar) at levels that largely mimic its post-pandemic fiscal year beginning averages<sup>1</sup>. Complacency galore!

In C1Q26, *Minerva India Under-served* strategy was down **-10.0%** (net; in INR), vs. **-16.1%** decline (gross; in INR) in *BSE Smallcap*, and **-14.1%** decline (gross; in INR) in *BSE 500*. *Minerva India Under-served Fund (Tattva series USD)*, which tracks our onshore strategy, was down **-10.6%** (net; in USD). Effectively, performance fee accrual release in our offshore fund largely offset the **-5.0%** quarterly decline in INR. Please note that, unlike our pre-tax onshore INR returns, reported performance of *Minerva India Under-served Fund (Tattva series USD)* is net of not only taxes paid on realized gains, but also net of tax accruals on unrealized gains. Headline numbers are therefore not comparable between structures. Over the past year, *Minerva India Under-served* strategy was up **+2.7%** (net; in INR terms), vs. **-7.3%** and **-4.2%** declines (gross; in INR terms) in *BSE Smallcap* and *BSE 500* respectively. Over the last 5-years, *Minerva India Under-served* strategy was up **+22%** annualized (net; in INR terms), vs. **+16%** and **+10%** annualized gains (gross; in INR terms) in *BSE Smallcap* and *BSE 500* respectively.

C1Q26 was our heaviest net buying quarter in nearly a decade (previous high was C2Q16). Consequently, our liquidity declined from 29% at the beginning of the calendar to 23% by March-end. Let this not be a reflection of any change in our view on headline India, which remains as bearish as it was at the beginning of the year. We initiated 5 new positions during the quarter, some of which, subject to our value sensitivity, would continue to be scaled in this quarter. All of our legacy positions declined during the quarter, even as each of our top-5 holdings managed to outpace *BSE Smallcap*. Our book began this fiscal at 6.7x F2027E (Mar) EBITDA. Adjusted for our internal cuts to estimates<sup>2</sup>, book was effectively priced at 7.4x, or still about 20% discount vs. its pre-pandemic average. For contrast, this compares against 18.1x for *Nifty50* (ex-financials) on surreal (i.e. already elevated pre-conflict estimates + so far immaterial impact of conflict) expectations.

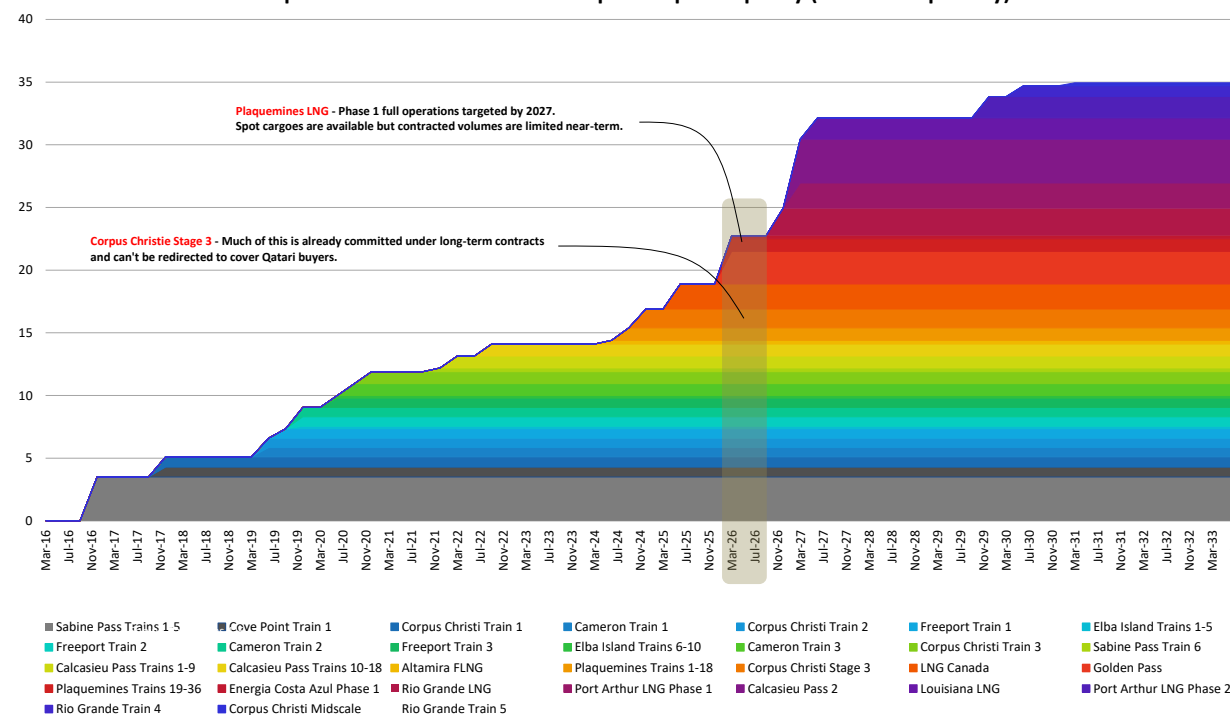
**Gas prices aren't resetting lower in the near-term, but massive additions over the next few years significantly offset the current shock.** While access to *Strait of Hormuz* (one of only 3 trade choke points without an alternative route) is desperately needed for a highly energy-dependent market, this does nothing

<sup>1</sup> *Nifty50* (ex-fin) began this fiscal at 18.1x F2027E (Mar) EBITDA, about in line with its 18.3x average beginning in the prior 4 fiscals

<sup>2</sup> About 10% cut on EBITDA, driven by elevated material and freight costs, FX shifts, and potentially higher minimum wages

to offset the ongoing impact of temporarily (83%) and permanently (17%) idled LNG facilities. By end of March, 2 of the 14 liquefaction trains at *QatarEnergy's* Ras Laffan export hub had been damaged, effectively taking out 17-19 bcm/yr (~3 bcfpd) for next 3-5 years. That extended repair timeline results from backlogs at the 3 large OEMs<sup>3</sup> globally that supply gas turbines used in LNG refrigeration compressors. While theoretically Russia has production capacity<sup>4</sup> to ramp up on gas to offset this loss, severed ties with Korea (in 2014) and booked out shipbuilding capacity in China effectively render this capacity unusable for LNG shipping. Likewise, at the time of invasion, United States, world's biggest LNG supplier, had almost no spare capacity to expand production either. Accordingly, there is no near-term solution to offset the now lost Qatari supply. As things stand, about a fifth of global LNG capacity has been idled, and 3-4% is certainly not coming back online for 3-5 years. While US export capacity of LNG is expected to rise sharply between 10-12%<sup>5</sup> in this calendar, that nonetheless barely accounts for a fifth of Ras Laffan's currently idled capacity. Even adjusted for demand reduction (affordability-driven cuts in South Asia + pull-back in China + Renewables and alternative fuel substitution in Europe), there is a base case<sup>6</sup> shortfall of 6-7 bcm this year. Current situation is therefore a sizeable global muddle for energy (power source), industrial processes, and inputs (chemical feedstock) alike!. That being said, the 2025-2030 period nonetheless represents the largest LNG capacity expansion in history, with United States' liquefaction capacities accounting for about half of all additions (see **Exhibit 1**), with biggest additions however not coming online until 2028 and 2029. Also, given phased launches and existing commitments, no more than 40% of the *Ras Laffan's* two train loss can be made up by new capacity coming online within the next year.

**Exhibit 1 – North America operational and sanctioned LNG peak export capacity (in Bil Cu Ft per day)**



Sources: NGI; US DOE, EIA

<sup>3</sup> GE Vernova, Siemens Energy, and Mitsubishi Heavy Industries

<sup>4</sup> Most of Russia's gas exports are through pipelines and not in LNG form

<sup>5</sup> Largely from 3 facilities, including the first year of the Golden Pass project in Texas (JV between *QatarEnergy* and *ExxonMobil*)

<sup>6</sup> This worsens if *QatarEnergy's* Ras Laffan facility isn't back (adjusted for 2 inactive trains) by June end.



As we entered this conflict, India's ability to fiscally support this shock appeared largely similar to what it was in April 2020. No one stands to lose more than India's hitherto gas-dependent small businesses. CMIE's non-farm employment contracted by nearly 11 mil<sup>7</sup> in March alone. By our estimate, 25-30% of this could be attributed to just 4 industries that are among the most impacted by the energy crisis [Synthetic textiles (polyester), F&B services, Ceramics, and Chemicals]. This however is still a fraction of the 120-mil contraction noticed during March and April 2020 (though 90% of this was recovered within a year). Further, as we write this quarterly update, nearly a million Indian workers had returned from GCC countries. The impact on consumer spends cannot be overstated here → By our estimate, lower remittances alone can account for about \$2.5 bil in annualized impact on domestic consumer spending. Collectively, known job losses (domestic + GCC) can shave close to 50 bps off of growth. While the peak shock of the Iran-conflict induced crisis is optically benign, we are now working with the hypothesis of lingering impact of higher energy prices for at least this calendar.

Elsewhere, by our estimate, expansion in fertilizer subsidies would likely also pull away 15-20 bps from growth. Meanwhile, if gas prices stay at April-beginning levels until the end of this calendar, that by itself could pull away another 20 bps<sup>8</sup>.

**We struggle to reconcile with anything more than 10% earnings growth for *Nifty50* (ex-financials) for F2027E (Mar).** Even assuming that the damage is contained within F1Q27 (Jun), we are nonetheless unable to reconcile with double-digit earnings expectations for F2027E (Mar). Short of Dalal street pulling off the sorcery of bringing material and freight costs back to February levels within the next two months, we would place insignificant odds on *Nifty50* (ex-financials) delivering anything better than high single-digit earnings growth in this fiscal.

**The read-through from median listed name to headline India in India is poor. It's foolhardy to spray-paint attractiveness (or lack of it).** While we remain far off from the camp that places headline India in the 'reasonably-valued' bucket, our view on broader India (and that's quite literally an extremely 'broad' term, with >3,000 traded names) is disconnected from this observation. Please refer to **Exhibit 2** on next page, which plots beginning of the year price/book multiples against operating returns for the entire listed universe across major markets, with the medians noted on the side. While India's median component doesn't appear stretched, we would be remiss to not note that, in contrast to headline India<sup>9</sup>, the median listed component doesn't get picked in nearly any majorly followed Indian benchmark. Incidentally, this is often the space we scout in. Consider this → The 1,000<sup>th</sup> name in India today is around \$320 mil, which places about 40% of our March-end book<sup>10</sup> even beyond this threshold. Also, it's critical to highlight that 4 of the 5 new positions added by us in the last quarter fell outside top-1,000 names.

<sup>7</sup> CMIE estimate

<sup>8</sup> Based on under-recovery of around INR 400/cylinder until December 2026, and ~INR 200/cylinder between December and March 2027

<sup>9</sup> Assuming *BSE 500* (ex-financials) were the proxy for headline India, the median component began the year trading at 5.3x, more than twice where the median Indian listed component began the year, and well ahead of our book's median of 2.1x.

<sup>10</sup> By weight of long-book. Includes our #1 holding.



Exhibit 2a – India (PB vs ROA)

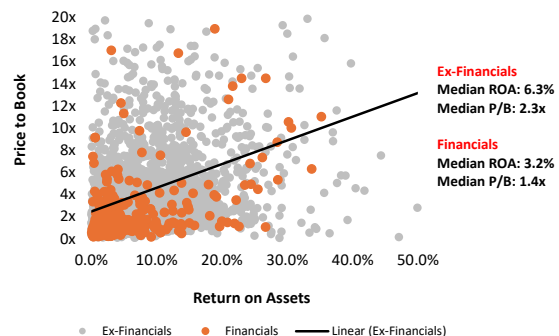


Exhibit 2b – United States (PB vs ROA)

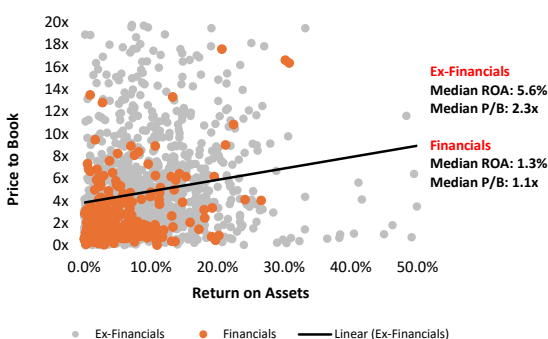


Exhibit 2c – China (PB vs ROA)

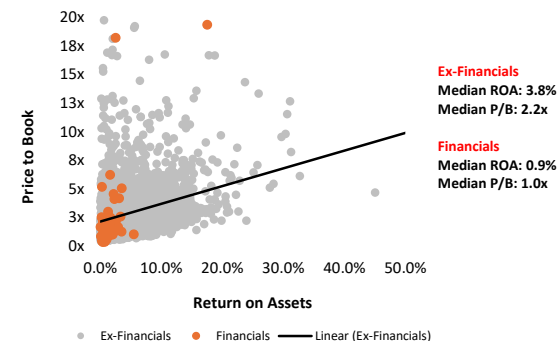


Exhibit 2d – Europe (PB vs ROA)

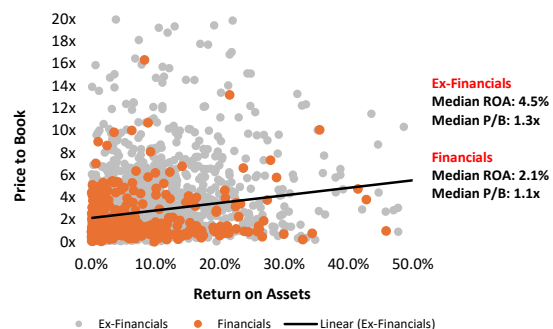


Exhibit 2e – Japan (PB vs ROA)

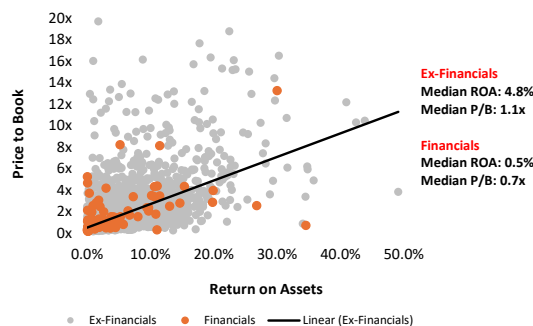


Exhibit 2f – Korea (PB vs ROA)

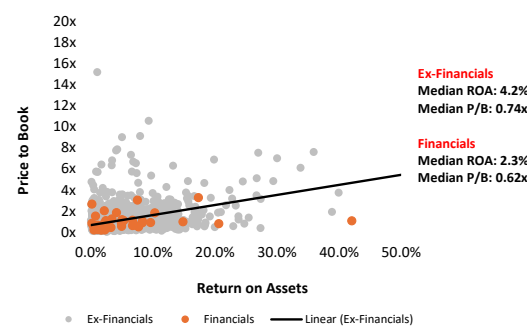


Exhibit 2g – Brazil (PB vs ROA)

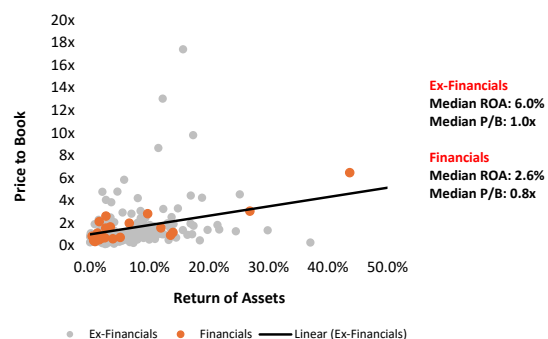


Exhibit 2h – South Africa (PB vs ROA)

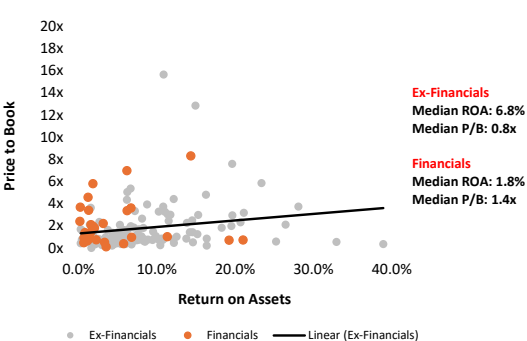
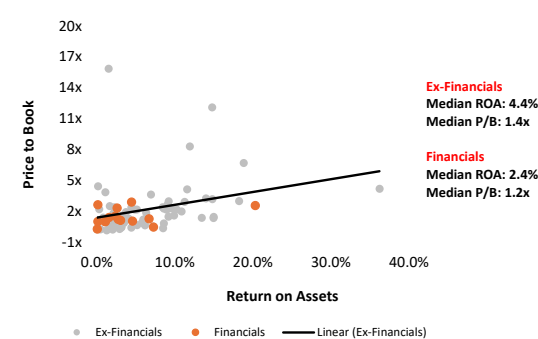


Exhibit 2i – Mexico (PB vs ROA)





C1Q26 was somewhat unprecedented for us - Previously, we had never initiated 5 positions within a single quarter. However, before we highlight underlying thesis on new exposures, it's critical to address the most material underlying operating and financial shifts (favorable or otherwise) on our legacy positions:

**Fiber costs might temporarily inch-up, but current elevated need for firewood does little to derail the path to distinct wood glut situation in this fiscal and beyond. Import intensity should decline for Indian forestry as Indonesians capitalize upon industry distress in EU.** Meanwhile, hardwood pulp market remains tight, and domestic paperboard prices run well ahead of import prices. In our paper holding's case, 2/3<sup>rd</sup> of the energy comes from running biomass through recovery boilers. Besides fossil fuel dependence on coal and grid, they also have a producer gas<sup>11</sup> plant to run lime kiln. Importantly however, there is no process or feedstock dependence on natural gas. We would highlight the following incremental shifts:

1. **Hardwood pulp's set-up continues to look solid.** Hardwood pulp market remains tight and we expect this to continue, given forest permit revocations in Indonesia<sup>12</sup> and somewhat associated delay in APP's new capacity coming online (which had targeted to add about 5% to global hardwood gross pulp capacity over the next several years). We note that effective April 1<sup>st</sup>, Suzano's 4<sup>th</sup> straight monthly BEK pulp price increase kicked in China.
2. **Import intensity has decidedly taken a backseat, but closure of Bab-Al-Mandeb strait might complicate this.** We note that INR has lost between 5-10% vs. IDR and CNY over the last 6 months alone. Coupled with elevated freight, trade channels are likely to see lower imports across the hitherto most affected grades (uncoated free-sheets and virgin paperboard). Further, it is estimated that 5-15% of APRIL Group<sup>13</sup>'s wood intake (2-7% of Indonesia total) remains at risk because of forestry permit revocations in Indonesia. Elsewhere, we expect higher gas prices to further accelerate mill closures in EU, driving Indonesian production westward at increasingly more favorable FX. This however can meaningfully reverse if Bab-El-Mandeb<sup>14</sup> gets closed, making India an incrementally favored destination for East Asians.
3. **Wood prices continue to soften. We don't see the conflict structurally reversing this.** Our pre-war discussions had confirmed continued reversal of years-long sharp increases in domestic wood prices. That being said, both wood (because of recent increase in firewood demand) and uncoated free sheet prices (because of weaker INR) have moved up by 4-5% since the war began. While near-term supply shift to service firewood demand might somewhat halt or mildly reverse what is otherwise a highly likely long-term decline in fiber costs, we estimate that war-induced shift of unorganized restaurants towards firewood cannot structurally be large enough to alter our thesis of domestic wood glut situation in F2027E (Mar) and F2028E (and continued decline in fiber costs).
4. **Prevalent paperboard prices are now running well ahead of the government-driven import price floor.** While there is a possibility that the floor import price for paperboard isn't re-instated, prevailing import prices are already running at >10% over the floor price. Meanwhile, as we pen this quarter-end letter, trial production at our holding's newly commissioned (hard) BCTMP mill is

<sup>11</sup> Combustible mix of gases (made from biomass) used to power kilns

<sup>12</sup> In January, Indonesia revoked permits of 28 forestry companies over environmental violations that allegedly exacerbated floods in Northern Sumatra

<sup>13</sup> It's exports likely account for about half of all Indonesian exports into India

<sup>14</sup> Please note that the container traffic through Bab-Al-Mandeb (pre-conflict) was anyways half of what it was at the end of 2023.



underway and commercial production is now set to begin before June. Given our thesis on continued declines in domestic wood prices, internalization of hard BCTMP<sup>15</sup> couldn't have begun at a more opportune time.

The sudden energy shock today has two manageable headwinds in this case – **1.** Moderately higher price of caustic soda (which we believe shouldn't be as challenging to pass through), and **2.** Higher price of imported 'soft' BCTMP.

Leading into the conflict, significant caustic soda overcapacity had driven continued softening in domestic caustic soda prices and set-up was decidedly negative. However, given higher freight and energy costs<sup>16</sup>, we suspect no more than a moderate short-term reversal, if that, at this time. We also don't expect this to materially impact margins for our forestry holding - Unlike India, which is a net exporter of caustic soda, Indonesians, the most efficient forestry producers and heavy exporters to India, are largely dependent on Chinese and Japanese chlor-alkali players<sup>17</sup>. Given that many of these mills are facing a tight fiber market, we don't expect Indonesians to absorb what appears to be a moderate price increase, likely allowing breathing room for Indian mills.

Given significant energy required for paper drying, paper mills' profitability tends to be more tied to natural gas gyrations than pulp mills. That said, unlike chemical pulp mills, BCTMP (grade required for virgin paperboard) mills rely significantly on fossil fuels<sup>18</sup>. The switch away isn't straightforward (assuming the grid even has the capacity) – Except bleaching (takes <1 yr), switching to electricity for most steps takes 1-7 years. As it is, we note that the pricing environment for 'soft' BCTMP was complicated - No other market pulp grade entered C2026 in a more oversupplied environment than BCTMP. Further, since Chinese paperboard players have been increasingly building internal-pulping capabilities, market BCTMP continues to lose share in its biggest market. While we don't expect 'already in red' suppliers in Europe to absorb natural gas driven costs at this time, we believe that soft BCTMP price pressure should be contained at this time (and likely passed through).

**We expect a step-back in an otherwise structural steel-> alloy shift in wheel rims. While gas availability remains a clear operating risk, we note a somewhat quick and inexpensive transition towards dual-fuel furnaces.** Given >30% increase in aluminum, the ongoing structural shift from steel to alloy rims is likely to break in the near term. Further, we note that alloy rims assembly is highly energy intensive, with gas used across aluminum melting, heat treatment, and painting, which makes this assembly considerably exposed to gas availability and pricing. That being said, facilities can be transitioned to alternate fuels like furnace oil within a quarter. Assuming that gas availability becomes a bottleneck, we expect the disruption to be limited to a quarter. It's also critical to highlight that no major industry peer currently operates dual-fuel furnaces, and this is likely to be an industry-wide disruption. To sum, at current elevated energy costs, we are modeling a margin impact of ~10 bps. On wages, we see limited impact (~5 bps), since the current workforce is already rolled above minimum wages.

<sup>15</sup> 'Hard' BCTMP accounts for 60% of overall pulp usage in virgin paperboard. The remaining 40% would continue to be imported.

<sup>16</sup> Power accounts for between 40-60% of chlor-alkali production costs

<sup>17</sup> Around 60% of Indonesia's caustic soda consumption is imported

<sup>18</sup> Since Bleached Chemi-Thermomechanical Pulp (BCTMP) pulping process relies on mechanical force (vs. chemicals) to tear fibers, lignin is retained in the fiber. Consequently, there is no 'black liquor' generated as by-product for subsequent burning in recovery boilers.

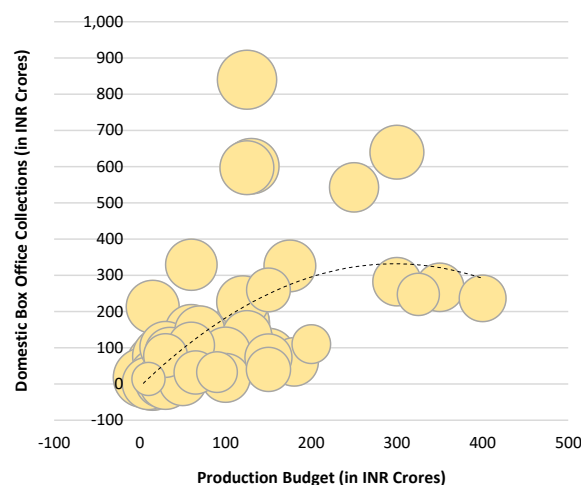
**Imminent break-even at Asian and Central American facilities should offset freight and wage-related headwinds for our apparel holding.** More than half of the shipments for this holding are routed through Hong Kong for buyers sourcing across multiple facilities. Based on current spot rates, freight costs are ~30% higher than F2026 averages, or about 10 bps impact on EBITDA. On wages, Haryana has seen the sharpest minimum wage revision over the past decade, with increase of over 30%. Even though Haryana only accounts for roughly a third of the India workforce at this holding, we have nonetheless conservatively assumed 30% increase in minimum wages at across facilities. Given that a fifth of the workers at this holding earn above minimum wages, this translates to ~10 bps impact on EBITDA. That said, we expect both freight and wage increases to be passed through to customers with a lag of a quarter. Offsetting these headwinds, the Indonesia and Guatemala facilities are expected to reach breakeven in FY27, which should more than offset the temporary cost pressures.

**At our lamps holding, minimum wage increases will likely be a more durable headwind through this year. We expect material costs to be passed through.** Higher freight and energy costs would impact multiple pieces of our lamps holding - Resins such as ABS (for housings) and polycarbonate<sup>19</sup> (used in reflectors) are dependent on feedstock that are all petro-chem derivatives. Further, import supply availability could be a challenge for both as Korean and Taiwanese producers have declared force majeure. That said, pricing resets quarterly with OEMs, and critically, more frequently during periods of sharp runs in materials, somewhat mitigating near-term margin headwinds. Within assembly, this business has minimal exposure to gas-intensive operations, with usage largely confined to reflector coating. On wages, while Haryana accounts for about a fifth of the workforce, we continue to assume ~30% increase in minimum wages nationally. At this time, we are modeling our holding to absorb half of this, driving about 40 bps reduction to margins.

**Indian domestic box-office has gained in 5 of last 6 quarters. Highly-rated content with bigger budgets continue to mostly get well consumed.** Across all our holdings, theatrical exhibition expectedly remains the least exposed to energy-related disruptions, while content pipeline continues to look solid for next year. Given expected minimum wage revisions, we are now penciling ~30 bps margin contraction to account for minimum wage revisions, with almost half of our holding's workforce at minimum wages.

**Exhibit 3** charts production budgets (on x axis) and IMDB ratings (bubbles) alongside domestic collections (on y axis) in the post-pandemic period. We maintain that highly rated content, when coupled with solid budgets, usually gets well consumed across languages and theatrical formats.

**Exhibit 3 – Domestic box-office vs. Production budgets**



*Notes: Only theatrical releases with known budgets and IMDB ratings were included. Releases for F2023-F2026 period were included. Bubble-sizes indicate IMDB rating.*

*Sources: Sacnilk, IMDB*

<sup>19</sup> PC is entirely imported in India. ABS has dependencies on imported feedstock, particularly acrylonitrile



**Glass availability remains constrained, with prices already up by 15-20%. For spirits and beverage companies, glass typically accounts for >30% of total costs.** With annual price resets in April across most states, we believe it is unlikely that such steep cost increases are fully absorbed. At this time, we are working with the thesis that pass-through approvals from state excise departments are likely. However, for our spirits holding, exposure to glass remains limited, with about 60% of the business in bulk alcohol (no glass usage) and another 30% in IMIL (where glass penetration is <10%). Barely 7% of the business (IMFL) is fully exposed to glass packaging. Effectively, about a tenth of overall volumes are glass-dependent. Even assuming complete absorption, we estimate margin impact to be no more than 25 bps.

**We initiated exposure in a regional multi-specialty hospital chain that services middle and upper-middle income patient cohorts.** More than 90% of its revenue is derived from cash-paying and insurance patients, with state schemes selectively used to drive incremental footfalls.

Our thesis is anchored on under-penetration of healthcare infrastructure in Eastern India, rather than reliance on government schemes. This view is supported by 1). Bed density in the region stands at roughly half of national average, which itself remains well below emerging peers, and 2). East India accounts for <15% of national medical equipment sales (based on our supply chain discussions). We would highlight the following:

1. **Limited incoming competition within an undersupplied region.** Our holding plans to add about 300 beds to an existing base of around 600 across Chhattisgarh and Jharkhand<sup>20</sup>. Healthcare delivery in these regions is inherently local, with >80% of patient flows originating within a 300 km radius. Regional supply additions meanwhile remain measured. Based on our regional checks, bed additions are unlikely to exceed 25% over the next 3-4 years, a pace that can be absorbed given current infrastructure. This contrasts with large national hospital chains such as *Apollo*, *Max*, *Fortis*, *Medanta*, *Narayana*, and *KIMS*, all of which are expected to collectively expand bed capacity from 35K to >50K (45%+ growth) over the same period.

Importantly, entire expansion is asset-light, with third-party developers funding land and building in exchange for long-term leases. We estimate per-bed capex at INR 5 mil vs. INR 8-10 mil for owned assets, and supports higher operating returns<sup>21</sup>.

2. **Talent acquisition supports execution and ramp-up.** Our work on staffing at recently commissioned facilities in Chhattisgarh suggests that about half of doctors have trained at or worked with tier-1 hospital chains. We remain comfortable with the proposed occupancy ramp-up schedule, which we expect to at least match typical greenfield trajectories.
3. **Operating leverage kicks in over next 5 years (driven by occupancy, throughput, and specialty mix).** Legacy assets currently operate at ~55% occupancy, which we expect to improve to >65% over the next 5 years. In near tandem, surgical innovation, particularly increased adoption of procedures such as robot-assisted knee replacement continues to reduce average length of the stay (ALOS). Empirical data validates this - ALOS declined from 5.6 days (F2021) to 3.5 days (F2025), >35% improvement, driving materially higher patient throughput and revenue per bed. Elsewhere, a newly operational

<sup>20</sup> Out of 300 beds, 150 beds have already been commissioned in F1Q26.

<sup>21</sup> We estimate ROICs in the high-teens for the asset light model, vs. mid-teens for owned assets.



radiation oncology facility in the North-East presents meaningful specialty expansion. This facility is uniquely positioned to capture regional patient flows that currently migrate to other states for advanced oncology care. Unlike surgical oncology, where surgical expertise is the limiting factor, radiation oncology is equipment driven, mitigating execution risk and increasing the probability of swift regional patient capture.

Occupancy normalization, ALOS driven capacity utilization, radiation oncology specialty, and expansion in deeply underpenetrated market form a multi-pronged earnings growth runway here. We model these drivers to support low-to-mid-teens earnings growth over the next 4-5 years. We place insignificant odds on multiple contracting from here.

**We allocated to a flexible packaging player that manufactures laminated tubes, and sells primarily to oral care, personal care, and pharmaceutical businesses.** Oral care accounts for little under half of revenues, personal care for 40%, while pharmaceuticals and others make a low-teens contribution. Geographically, AMESA accounts for a third of revenues, Americas make a fourth, while Europe and EAP account for a fifth each.

1. **Vendor consolidation in personal care laminated tubes.** Rising standards and sustainability requirements continue to drive consolidation in the personal care packaging market. Our holding's strong sustainability focus<sup>22</sup> and front-end presence positions it well to benefit from this shift, supporting share gains<sup>23</sup>. In contrast, the oral care segment is already relatively consolidated, and we expect growth to broadly track underlying demand. Accordingly, we expect the personal care piece to drive a disproportionate share of incremental profits (roughly 3/4<sup>th</sup>) over F2026-F2031E, largely led by share gains.
2. **Shift from aluminium tubes to laminated tubes in pharmaceuticals.** The pharmaceutical packaging industry is gradually transitioning from aluminium tubes to laminated tubes, driven by superior barrier properties and improved recyclability. We note that the share of laminated tubes has increased from 23% to 30% over the past decade, with further headroom as product requirements continue to evolve.

Elsewhere, we expect steady debt repayment to contribute an incremental 3-4% to earnings growth over the next five years. Overall, we are modelling fairly predictable high single-digit to low-teens earnings growth here. Coupled with a 2%+ yield, we view this position as a better alternative to cash at this time.

**We have initiated exposure in an Industrials name that serves international farm and construction equipment markets.** This new holding sells into the agriculture and CFM (construction, forestry, and mining) space, with agriculture making 60% of the business with CFM making the rest. Geographically, US accounts for half of revenues, followed by Europe at a fifth, and India at about a sixth.

Our investment thesis is anchored around a recovery in the US farm equipment market (from a fairly depressed base), supported by relatively benign inventory levels (inventory coverage as of March 2026 stood at ~5.8 months, vs. a historical median of ~6.5 months). For context, tractor sales in the US have declined by

<sup>22</sup> Ecovadis has rated it 'platinum' in F2026, which was an upgrade from its 'gold' rating in F2025

<sup>23</sup> Volume share has increased from ~7% to ~10% over the past five years.



about 40% between C2021-2025, and cut by a fifth relative to the normalized C2019 base. We would address this thesis in more detail once this position is scaled up to target.

**We initiated a tail exposure within a Tier-1 supplier of automotive control cables, gear shifters, winches, pedal boxes, parking brake systems, lighting, and electronic components.** 2/3<sup>rd</sup> of their revenues come from India. In terms of category-wise sales, 2W and PVs each contribute over a third of revenues, while CVs account for the balance.

1. **Order visibility supported by recent program wins.** This new holding recently secured a multi-year deal from *Stellantis* to supply control cables (~INR 3 bil over seven years), alongside a domestic order from *Tata Motors* (~INR 0.3 bil over three years). Collectively, these wins are expected to contribute around a third to incremental revenues over the next three years.
2. **Optionality from JV-led electronics expansion.** Through its JV with *Daiichi*, it is developing sensors, cameras, sound systems, and digital clusters. While still in early phase of development, these categories can materially increase CPV. At this time, we identify this, given limited visibility on commercialization timelines and margins.

We expect earnings to grow at a high-single-digit to low-teens pace over the next three years, with likely incremental upside from infotainment and lighting verticals.

**We initiated a position in India's leading container glass manufacturer.** This name generates revenues across three segments - Container glass (77%), Specialty glass (12%), and PET bottles, caps, and closures (11%). As far as end-demand is concerned, spirits and beverages account for >75% of revenues, followed by food and beverages (17%) and pharmaceuticals (8%). Currently, its production footprint is concentrated in Southern India, with both existing facilities serving regional markets. However, two upcoming capacity additions are expected to reshape this business - **1).** New facility in Gwalior will address North Indian markets, and **2).** Aluminum can plant will broaden the mix.

1. **Aluminum cans are a structurally accretive growth driver.** The aluminum can market in India is largely concentrated, with our holding entering as the fourth player. Critically, freight costs make cross-border shipping economically unviable in this space, resulting in a regional market structure that heavily favors local capacity builds.

Based on our discussions with can manufacturers, aluminum can penetration within beer stands at about 20%, which can double over the next 5-7 years. This could accelerate further with higher adoption of recycled aluminum<sup>24</sup>. Recycled aluminum has materially lower cost vs. virgin metal, further driving adoption over glass. In most of the developed world, canned beer often prices at parity or even at a discount to glass, driven by such cost efficiencies.

While cans operate at lower EBITDA margins (~15%) relative to glass (~25%), the economics are better appreciated on EBITDA per cycle vs. headline margins. Glass bottles are typically reused 6-8x, which limit the revenue and EBITDA generation per cycle for the packaging player. In contrast, cans

<sup>24</sup> Recycled aluminum usage in the country stays at a nascent stage given limited availability of the recyclers.



are single-use, resulting in higher EBITDA per cycle, estimated at ~4x EBITDA relative to glass. Consequently, despite lower margins, mix shift towards cans can meaningfully expand the total profit pool within packaging, even after accounting for cannibalization of glass.

2. **Freight remains a structural barrier.** Container glass remains a structurally regional market, with freight costs restricting trade. Landed imports from China would be ~15% higher vs. domestic prices, even before accounting for basic customs duty (assuming INR 35K per ton FOB and INR 12K per ton freight). This inherent cost disadvantage keeps imports economically unviable. That said, the same dynamic constrains exports as well, anchoring industry profitability to domestic supply-demand conditions.

On the supplies side, near-term risks appear contained. Our checks suggest that there are no material capacity additions expected over the next two years. Further, *HNG Glass* is unlikely to bring meaningful incremental capacity online, given existing elevated leverage and the imminent need for furnace relining across facilities.

Cost leadership further reinforces pricing power within this regional structure. Energy makes a fourth of total costs, making operational efficiency, furnace maintenance, and fuel flexibility (PNG, LPG, furnace oil, petcoke, electric boost) critical determinants of competitiveness. In this context, our holding stands out, with energy consumption ~20% lower than the next most efficient player; the gap widens materially vs. weaker operators such as *HNG Glass*. On a standalone basis, energy intensity (per GJ) has declined by 12% over F2023-2025, positioning our holding among the marginal price setters in the domestic market.

As aluminum cans' business scales up, we expect it to contribute about a tenth to EBITDA by F2031E, effectively contributing a fifth to EBITDA growth over the next five years. Meanwhile, the specialty glass segment is expected to expand from just under 10% of EBITDA to >15%. Cumulatively, we estimate a fourth of incremental growth to be driven by non-container glass segments, which are structurally less cyclical and volatile vs. container glass. We expect underlying earnings to compound in the low-teens.

Please let us know if you have any questions/thoughts.

Thanks,

**Piyush Sharma**

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## Performance benchmarking

|                             | Minerva India Under-served | Nifty 50 | S&P BSE 500 | S&P BSE Midcap | S&P BSE Smallcap | With Intelligence India Equity | India-focused CE Funds* |
|-----------------------------|----------------------------|----------|-------------|----------------|------------------|--------------------------------|-------------------------|
| Trailing 1 year             | 15%                        | -2%      | 2%          | 7%             | 7%               | -4%                            | -2%                     |
| Trailing 5 yr CAGR          | 24%                        | 11%      | 12%         | 18%            | 19%              | 9%                             | 8%                      |
| Since inception CAGR        | 17%                        | 10%      | 11%         | 13%            | 12%              | 8%                             | 8%                      |
| 2026 YTD                    | 2%                         | -8%      | -6%         | -2%            | -2%              | -9%                            | -6%                     |
| 2025                        | 3%                         | 9%       | 6%          | 1%             | -7%              | -2%                            | 5%                      |
| 2024                        | 8%                         | 9%       | 15%         | 26%            | 29%              | 13%                            | 16%                     |
| 2023                        | 28%                        | 22%      | 25%         | 46%            | 48%              | 28%                            | 26%                     |
| 2022                        | 18%                        | 6%       | 3%          | 1%             | -2%              | -3%                            | -2%                     |
| 2021                        | 92%                        | 23%      | 30%         | 39%            | 63%              | 36%                            | 20%                     |
| 2020                        | 18%                        | 15%      | 17%         | 20%            | 32%              | 24%                            | 12%                     |
| 2019                        | -10%                       | 12%      | 8%          | -3%            | -7%              | 1%                             | 3%                      |
| 2018                        | -6%                        | 3%       | -3%         | -13%           | -22%             | -7%                            | -5%                     |
| 2017                        | 17%                        | 29%      | 36%         | 48%            | 60%              | 29%                            | 31%                     |
| 2016                        | 9%                         | 3%       | 4%          | 8%             | 2%               | 3%                             | 1%                      |
| 2015                        | 22%                        | -4%      | -1%         | 7%             | 7%               | 6%                             | -1%                     |
| 2014                        | 34%                        | 31%      | 37%         | 55%            | 69%              | 39%                            | 49%                     |
| 2013                        | 21%                        | 7%       | 3%          | -6%            | -11%             | -6%                            | 6%                      |
| 2012                        | 39%                        | 28%      | 31%         | 38%            | 33%              | 14%                            | 28%                     |
| 2011                        | -11%                       | -25%     | -27%        | -34%           | -43%             | -25%                           | -31%                    |
| Annualized Volatility       | 21%                        | 16%      | 17%         | 20%            | 23%              | 18%                            | 16%                     |
| Annualized Volatility (+ve) | 14%                        | 10%      | 11%         | 12%            | 14%              | 13%                            | 9%                      |
| Annualized Volatility (-ve) | 14%                        | 11%      | 12%         | 15%            | 17%              | 12%                            | 12%                     |
| Sharpe Ratio                | 0.69                       | 0.40     | 0.44        | 0.52           | 0.45             | 0.43                           | 0.29                    |

Source: BSE, NSE, EurekaHedge, Bloomberg

Note: Returns are in INR and until the end of April 24<sup>th</sup> 2026; Our strategy performance is net of execution charges and mgmt. fees, but before incentive fees; Our management fees are accrued monthly for reporting purposes. Since the fee is actually charged and calculated quarterly in the onshore SMA structure, compounding of the fee charge leads to us conservatively reporting slightly lower strategy returns vs. client actuals; Sharpe was calculated by using since-inception monthly returns and is based on an Rf of 5%. Sortino was 1.01.

\*US-based close-ended funds, with returns adjusted for INR/USD movements.

## Strategy Snapshot

| Characteristic                         | Notes |                                                               |
|----------------------------------------|-------|---------------------------------------------------------------|
| Top 5 positions as % of book           | 65%   |                                                               |
| Avg. weighted market cap of book (mil) | \$499 | >> Median holding's market cap is \$283 mil                   |
| Avg. weighted institutional ownership  | 16%   | >> Median institutional ownership of current holdings was 12% |
| Avg. weighted free float of book       | 42%   | >> Median free float was 44%                                  |
| Net Exposure                           | 77%   |                                                               |
| Avg. weighted F2027E (Mar) EV/EBITDA   | 6.7x  | >> vs. 20.5x (Nifty Smallcap 50), and 18.1x (Nifty 50)        |
| Avg. weighted current P/B              | 2.3x  | >> Median P/B was 2.2x                                        |
| # of holdings                          | 13    |                                                               |

Note: Characteristics are as at the end of March 2026



## Principal and Investment Manager

**Piyush Sharma**, born and raised in India, has been running the Minerva India Under-served strategy across offshore and onshore structures since early 2011. The strategy focuses on investing in uncrowded and institutionally under-owned/orphaned situations within Indian smaller smallcaps. Essentially, strategy's focus is to capitalize upon flawed overly-generalized narratives within poor price discovery pockets. Having spent time with Citigroup and Bombay Stock Exchange in India, he moved to United States in early 2000s, where he covered stocks within Business Services, Autos, Consumer Products and Financials with Sanford Bernstein, Longbow Research, and Avondale Partners, working in teams that received accolades from leading institutional research arbiters, including Institutional Investor (II) and Greenwich Associates. Piyush received an MBA from University of North Carolina at Chapel Hill, MS from MNNIT, and BS in Accounting from University of Allahabad.



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