



RANGOLI INDIA FUND
(GIFT CITY) NEWSLETTER
Q2: CY 2026

Acknowledging Context

The Earnings Cycle Has Turned

Corporate earnings cycles rarely turn on a single signal. They turn when a cluster of indicators begins to align: revenues recover, operating leverage reappears, profit growth broadens, and the operating environment becomes incrementally more supportive. Q1 FY2027 delivered on all four. Through FY2025 and much of FY2026, Indian equities operated against a difficult earnings backdrop. Nominal growth softened, urban demand remained hesitant and external uncertainty impaired visibility. Q3 FY2026 offered the first meaningful improvement, Q4 FY2026 reinforced it, and Q1 FY2027 carried the recovery decisively forward. The improvement is no longer visible only in macroeconomic indicators; it is now evident in corporate earnings.

Revenue, operating profit and PAT growth were all ahead of expectations, while forward earnings estimates for FY2027 and FY2028 edged higher. The quantum of the upgrades remains modest, but the directional change matters: the market is moving from a cycle of defending estimates towards one in which earnings expectations can begin to rise.

The global backdrop makes this delivery more significant. The IMF expects global growth of 3.0% in 2026, while world trade-volume growth is projected to slow from 5.0% in 2025 to 3.5%. AI-led investment continues to support the United States and economies embedded in the global technology supply chain. However, geopolitical conflict, volatile energy prices, sticky inflation and elevated interest rates remain meaningful constraints. India's earnings recovery has therefore emerged despite an uneven global environment, rather than because of a powerful external tailwind.

Growth Engine Is Broadening

Q1 FY 2027 tested a familiar Indian vulnerability. As a large energy importer [c.90% of crude requirements sourced externally], India remains exposed to the inflation, fiscal and currency consequences of geopolitical oil shocks. The rupee briefly weakened to 97 against the US dollar. Yet the transmission into domestic activity remained contained, with consumption, investment and industrial activity proving more resilient than initially feared.

Credit provides one of the clearest signals of this resilience. Bank credit growth accelerated to 19.3% in July from 18.6% in June, with momentum extending across industry, NBFCs, commercial real estate and retail. Industrial credit growth rose to 19.2% in June from 15.0% in March, while capital-goods output expanded 14.2%. Private investment is broadening across industrials, defence, renewables, energy, data centres, real estate and textiles. Taken together, credit growth, capital-goods production and commercial-vehicle demand suggest that investment intentions are increasingly translating into actual deployment of capital.

Consumption has also strengthened across income segments. Registration data indicate healthy growth in passenger vehicles, two-wheelers and tractors, while agricultural credit expanded 16.8%. Rural conditions have improved as recent monsoon activity brought Kharif sowing close to last year's levels. Adequate foodgrain stocks should also help contain inflation, although a delayed pass-through of higher input costs into consumer prices remains an important risk.

Formal and physical indicators corroborate this improvement. GST collection growth accelerated to 15.4% in July, while toll collections and cargo traffic grew 7.1% and 8.8%, respectively. These indicators point to stronger transaction activity, freight movement and formal-sector demand.

The external sector has provided additional support. Merchandise exports remained healthy, led by electronics, engineering goods and chemicals, while services exports expanded 6.4% despite concerns around AI-led disruption. Capital-inflow measures have also helped stabilise the rupee following pressure from crude prices and FPI outflows. Elevated oil prices and firmer global yields nevertheless remain key macroeconomic risks.

The central message is one of breadth. Credit, investment, consumption, rural activity, formalisation and exports are improving simultaneously. This provides a stronger and more diversified foundation for the emerging corporate earnings recovery.

Q2 CY 2026 Earnings Update | Recovery gains Breadth

With the earnings season now complete, Q1 FY 2027 has been, on balance, a positive surprise. The 483-company BSE500 universe, excluding oil-marketing companies, delivered revenue, EBITDA and PAT growth of 19%, 13% and 22%, respectively—near three-year highs. Approximately 42% of BSE500 companies exceeded earnings expectations, among the strongest outcomes in recent years.

The quality of growth was equally encouraging. Nifty 50 revenue grew 20%, its strongest performance in 12 quarters, supported by volume expansion and calibrated pricing. Domestic revenue growth of 19% reinforces the evidence of a genuine recovery in discretionary and business demand. Nifty earnings grew 15% against an estimated 10%, marking the strongest growth in ten quarters.

The recovery was not confined to a narrow group of large companies. BSE500 small-cap PAT grew approximately 28%, compared with an eight-quarter average of 14%. This wider participation indicates that the improvement is spreading beyond index heavyweights and into a broader set of businesses.

Profitability also remained resilient. Despite inflationary pressures, margins were broadly stable to marginally higher, supported by stronger volumes, pricing actions and cost efficiencies in commodity-linked sectors. The combination of revenue growth and margin resilience allowed PAT to grow faster than operating profit, while forward earnings estimates moved modestly higher.

Management commentary was similarly constructive. The consistent message was that volume momentum remains healthy, recent pricing actions are supporting revenue and near-term input-cost pressures remain manageable. At the same time, companies have generally retained conservative full-year guidance, with developments in West Asia, energy prices and the monsoon trajectory identified as the principal second-half monitorable.

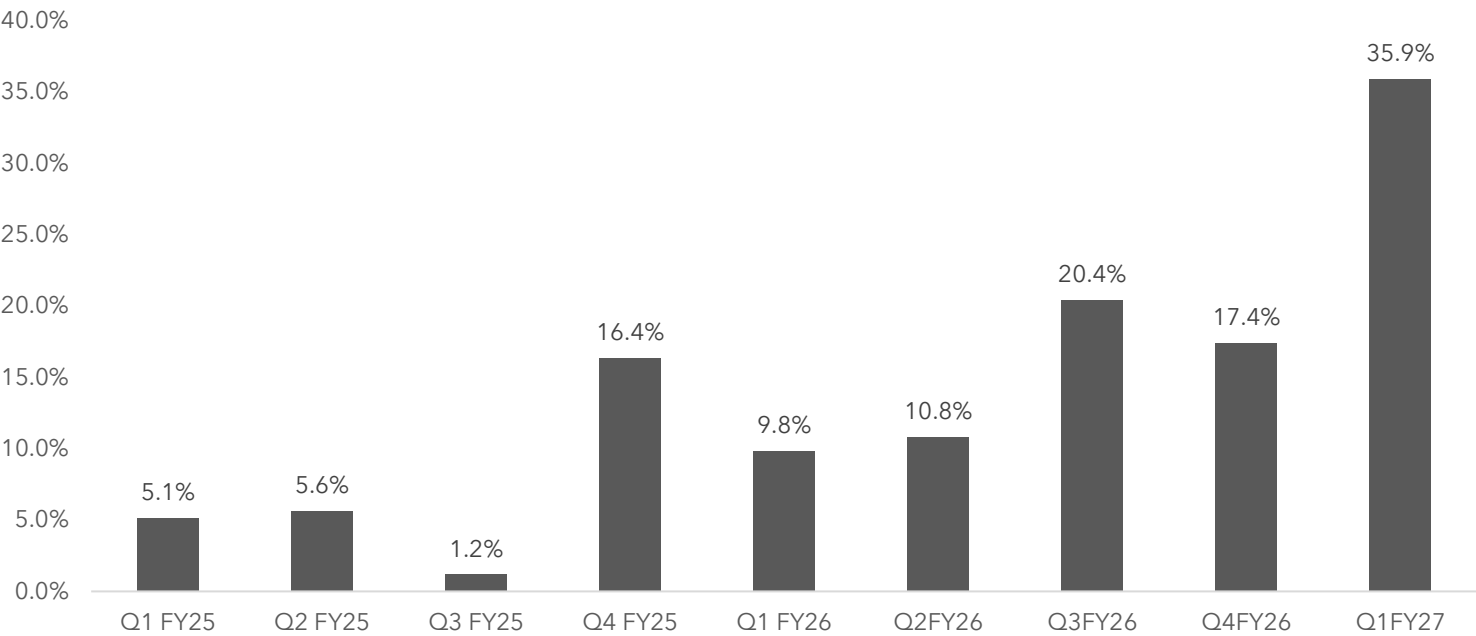
Q1 FY 2027 therefore represents more than a favourable quarter. It marks a transition from an earnings recovery driven by isolated sectors and favourable bases towards one supported by improving demand, broader participation and the early return of positive estimate revisions. The next test is durability: whether volume growth sustains, margins absorb higher costs and earnings upgrades broaden further over the coming quarters

BSE 500	Adj PAT Cr		
Sector	Q1 FY26	Q1 FY27	YoY
Automobiles	25,505	28,018	10%
Banks-Private	47,293	56,781	20%
Banks-PSU	45,753	58,962	29%
Capital Goods	12,118	15,152	25%
Consumer	18,200	18,770	3%
EMS/ Durables	2,464	3,141	28%
Healthcare	16,476	16,631	1%
Technology	33,919	38,663	14%
Utilities	20,993	24,093	15%

The sectoral composition of the report was diverse rather than concentrated. Automobile companies experienced strong volume growth due to increased demand from the Goods and Services Tax (GST) reduction, along with higher realizations and revenue growth from new product launches. Capital goods companies continued to report strong order inflows and improved execution, with operational efficiency becoming increasingly apparent in their earnings. Electronic manufacturing services (EMS) and consumer electronics companies benefited from structural demand trends and import substitution. The healthcare sector remained stable, with rising average revenue per occupied bed (ARPOB) in hospitals, an expanding pipeline for contract development and manufacturing organisations (CDMOs), and steady growth in domestic formulations. In the financial sector, headline loan growth was robust, asset quality remained generally stable, and the worst of the net interest margin (NIM) compression seems to be behind the sector.

The main exception was the IT Services industry, which continues to face headwinds from AI-led deflationary conditions and cautious discretionary IT spending.

Portfolio Growth | Unifi's Rangoli India Fund's strategy recorded weighted-average PAT growth of 36% YoY in Q1 FY 2027 – the highest quarterly earnings growth in nine quarters and the culmination of an anticipated trajectory.



More encouraging than the headline growth is its breadth. Healthcare, consumer discretionary, financial services and select technology holdings all contributed meaningfully, leaving portfolio earnings distributed rather than dependent on a handful of outperformers. Such broad-based delivery is a more reliable indicator of underlying portfolio health, and the more relevant signal to track as FY2027 progresses.

Portfolio Review

Credit | Portfolio Composition 23%

Margins troughing, Credit compounding

System credit growth accelerated to ~19% YoY through Jul’26, broad-based across Industry, Services and Retail. Industry (~23% of system credit) grew ~19% YoY, up from ~6-8% over FY22-25, supported by longer working-capital cycles amid commodity inflation. Competitive bank pricing also sustained the shift in corporate borrowing away from bond markets. Credit to NBFCs improved sharply after a period of moderation. Retail gold loans, despite moderating from elevated 1QFY26 levels, remained strong on higher gold prices and wider product penetration. Together, these three segments constitute ~36% of system credit but accounted for ~47% of incremental growth over the past year. Retail credit demand is mixed but improving. Housing loan growth is running in the low double-digits, while unsecured credit, though below FY23-24 levels, is showing early signs of recovery. We expect system credit growth to moderate to ~14-15% in FY27 as corporates partially return to bond markets once macro conditions stabilize.

The easing cycle is effectively behind us. Cumulative repo-rate cuts of ~125 bps since February 2025 have largely transmitted to asset yields, and 1QFY27 appears to mark the system’s NIM trough. Most large banks also see margins at or near their cycle bottom. For our housing-finance and gold-loan NBFCs, a measured rate increase would remain manageable, given their flexibility to pass on incremental costs.

Asset quality remained healthy in 1QFY27, with system GNPA’s at multi-decadal lows across large public and private banks. Secured corporate and retail books continue to perform well, while unsecured retail delinquencies, after pressure through FY25, have normalized to through-cycle levels for most institutions. Unifi’s BFSI portfolio comprises franchises at distinct but complementary stages of their journey.

Our mid-sized southern bank holdings represents a transformational story which is earlier in its reset, but the foundations are in place, and gradual improvement should translate into better valuations. In the private sector, we hold a high-quality franchise with strong governance, disciplined execution and below-system market share, providing runway for sustained above-system growth.

Our NBFC exposure spans housing finance, LAP and gold lending. One HFC is well positioned to grow faster than the industry through a management transition, while a second offers valuation comfort alongside sustainable mid-teens growth. We have also added affordable housing finance exposure—a resilient segment serving underserved borrowers and facing limited competition from larger banks.

Hospitals & Healthcare | Portfolio Composition 7%

Operating Leverage Meets Structural Demand

India's private hospital sector continues to deliver healthy growth, supported by structural demand and improving operating efficiency. ARPOBs continue to rise as the larger listed chains deepen their tertiary and complex-care offerings, while better operational discipline is steadily reducing average length of stay. After a period of consolidation following COVID, the sector has returned to capacity expansion. Encouragingly, new beds are ramping up and reaching breakeven faster than they have historically, reflecting both stronger demand and improved execution.

We hold two positions in the sector. The first is a leading East-South hospital chain with a strong presence in the affordable and mid-market segments – areas that remain relatively underpenetrated by premium-focused operators. Following several years of investment and operational restructuring, its India business is beginning to see meaningful margin improvement. Its overseas operations remain a steady contributor, while the recent international acquisition is being integrated and provides an additional avenue for growth over the medium term.

Our second holding is a South-focused hospital operator that continues to execute consistently, with healthy growth in revenues and profitability supported by improving case mix and operating efficiencies. The company's new hospital will be commissioned this year, and that would help in the next leg of growth.

Across both holdings, free cash flow generation is strengthening, and capital allocation has become increasingly disciplined. With operating leverage from existing assets, a long runway for healthcare demand, and healthier balance sheets supporting the next phase of expansion, we believe hospitals remain one of the more durable structural growth opportunities in the market.

Product Distribution | Portfolio Composition 11%

Hardware, Cloud, ICT upgrade cycle

The structural demand environment for enterprise and consumer technology remains firmly intact. Product cycles are compressing, innovation is accelerating obsolescence and opportunity in equal measure, and the enterprise shift toward cloud, cybersecurity, and SaaS is broadening the addressable market for technology distributors well beyond the traditional hardware stack. Alongside this, the consumer technology landscape is evolving – premiumisation is real, upgrade cycles are shortening, and connectivity is deepening across retail, education, and small business segments in ways that sustain volume even as unit prices rise.

Our holding in this space is a leading ICT distributor with commanding market positions across India and the Middle East – a franchise built on a highly defensible business of efficiently moving technology products from vendor to customer at scale. The business enters the current period with several tailwinds in close alignment. Data centre deployments across the region are accelerating, creating demand for infrastructure hardware that flows directly through distribution channels. Laptop volumes are rising, supported by firming average selling prices and an enterprise refresh cycle that has been deferred for longer than usual. In mobility, premiumisation of demand is driving a renewed consumption upcycle, supported by rising incomes and an increasing preference for higher-value products.

More importantly, the quarter provided greater confidence in the underlying resilience of the business. Despite logistical disruptions, the Middle East delivered a stronger-than-expected performance, supported by robust networking demand from data-centre investments and continued momentum in software, driven by increasing cloud adoption. The company has also taken steps to reduce its exposure to Turkey by disposing of half of the loss-making operation. The strength and growth outlook across India, the Middle East and Africa should increasingly dilute the impact of Turkey, allowing the underlying earnings trajectory of the core franchise to become more visible.

IT and Technology | Portfolio Composition 6%

During the quarter, Within our retained exposure, the US healthcare-services business continues to execute well and remains positioned to benefit from structural pressures across the American insurance ecosystem. Rising medical costs, increasing claims complexity, regulatory requirements and the need to lower administrative expenses should continue to drive outsourcing and offshoring. The embedded nature of these services, improving cash generation and strengthening balance sheet add further visibility to the growth opportunity.

Meanwhile, the value-added KPO business continues to deliver strongly. Its work is domain-intensive, embedded in client operations and directed at complex analytical and decision-support functions, making the model less vulnerable to commoditisation. AI should increasingly serve as a productivity and capability enhancer rather than a substitute for these services. Strong client relationships, deeper engagement and the ability to undertake progressively higher-value work should continue to support its growth.

Asset Management Company | Portfolio Composition 4%

The Indian asset management industry continues to experience strong tailwinds, marked by expanding retail participation, SIP-driven inflows, and greater acceptance of equity ownership. Monthly SIP contributions now ~Rs.32,000cr., underscoring the increasing breadth of participation. The rise of passive and hybrid strategies, alongside robust participation in mid- and small-cap funds, points to a market that is deepening and diversifying in earnest. In this space, one of our holdings is an industry-leading AMC benefiting from strong fund performance and a recent uptick in SIP market share. Backed by an experienced leadership and investment team, it stands to gain disproportionately as investor flows accelerate (**HDFC AMC**)

Automobiles | Portfolio Composition 5%

A Singular Bet on Market Share Gains

Within automobiles, the portfolio is concentrated in a single OEM that continues to outpace the industry through market share gains, premiumisation and a superior product mix. GST rationalisation and rising incomes are broadening mobility demand, while the company's move up the value chain has supported higher realisations and resilient margins.

Growth spans both conventional and electric platforms, with a disciplined EV strategy focused on profitability rather than premature scale. Its strong farm-equipment franchise adds cash generation and balance, positioning the business to compound through India's expanding mobility opportunity.

Pharma, Specialty API | Portfolio Composition 15%

Transitioning into the growth phase

We have meaningful exposure to four pharmaceutical companies, each supported by a differentiated business model and distinct growth drivers. The first is an integrated API manufacturer focused on low-volume, high-value products. Its strong compliance track record and capabilities across the product lifecycle enable deep customer engagement and enduring relationships. The company is now leveraging its credibility in generic APIs to expand into CDMO services. Following a change in ownership and a renewed emphasis on disciplined capital allocation, we believe the business is entering a phase of stronger and more sustainable growth. A healthy pipeline of product launches should provide the near-term inflection.

The second company researches, manufactures and markets OTC products through globally compliant facilities in India, the UK and the US, with approvals from leading regulators including the US FDA, UK MHRA and Australia's TGA. Growth has been broad-based across geographies, while ongoing capacity additions and a healthy new-product pipeline provide strong revenue visibility. As utilisation improves, operating leverage should support further margin expansion.

The broader sector environment is also becoming more favourable. Currency depreciation is strengthening the cost competitiveness of Indian manufacturers, while the approaching patent-cliff cycle is creating a sizeable pipeline of molecules coming off exclusivity. India is also gaining share in global CDMO outsourcing as customers diversify their supply chains. In addition to these two core holdings, we have smaller exposures across domestic pharma, MNC pharma, generic formulations and CDMO—allowing us to participate across the value chain without concentrating risk in any single business model.

Outlook

With an active share of approximately 91%, our portfolios are deliberately constructed to differ meaningfully from their benchmarks. Short-term performance may therefore diverge from market movements, particularly when sentiment moves faster than fundamentals. Over time, however, earnings delivery remains the principal anchor of portfolio returns and our earnings anchor is strengthening. Portfolio-level earnings growth remains healthy and broad-based, supported by operating leverage, improving demand visibility and an increasingly supportive macro environment across consumption, credit and investment. This improving earnings trajectory is beginning to reflect in portfolio performance, while our GARP framework is allowing us to participate selectively where earnings growth and valuations remain favourably aligned.

Given current earnings visibility, business quality and prevailing valuations, we remain comfortable with the portfolio's positioning and see no need for a material change in course. Conservative balance sheets, durable competitive advantages and largely internal growth drivers allow us to look beyond short-term price volatility and remain focused on operating delivery. Across mandates, our approach remains grounded in bottom-up research and valuation discipline, with the objective of compounding capital while limiting downside risk.

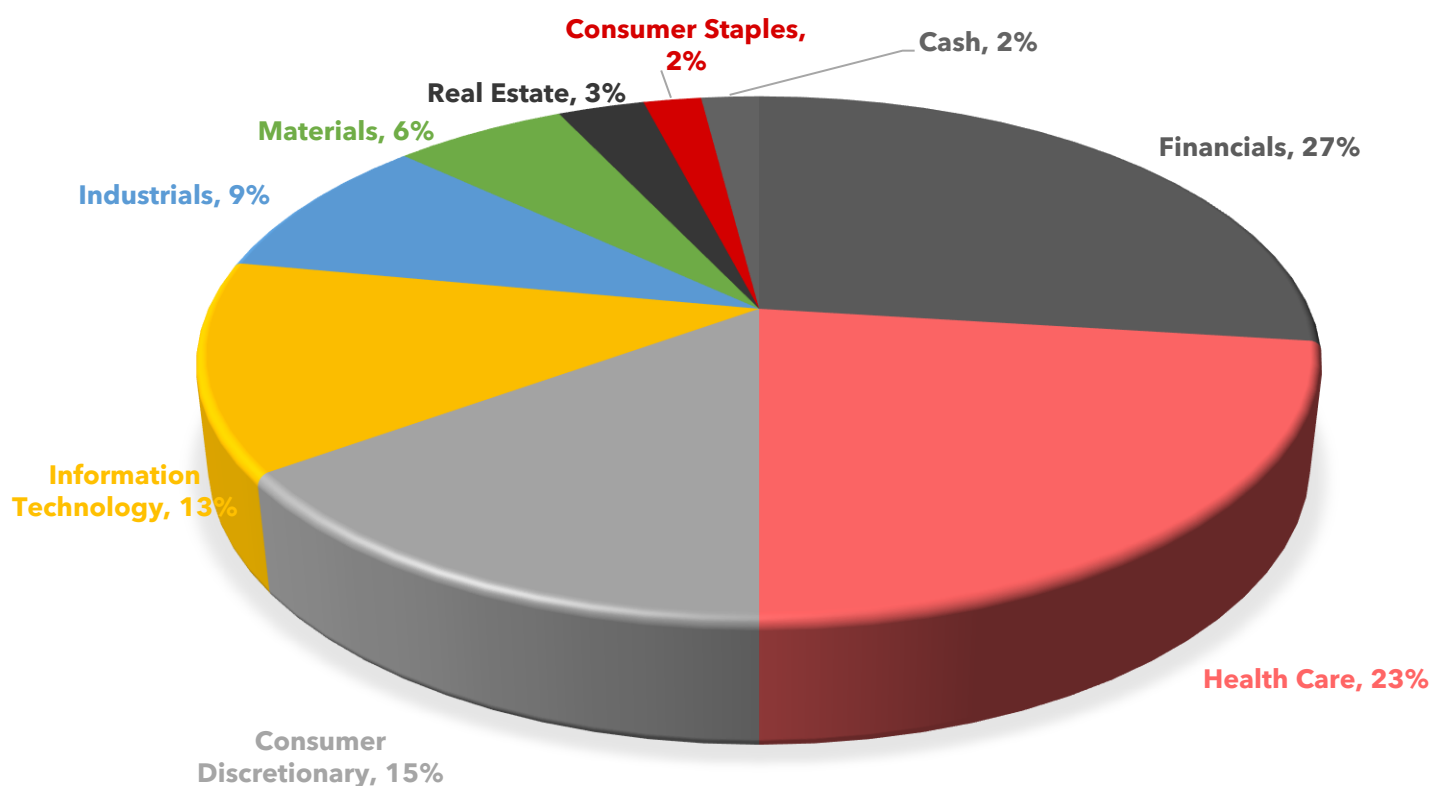
The following sections outline our investment strategies and provide a performance summary for Q1 FY27. Individual portfolios will vary in holdings and proportions based on the timing of your investments. Please do not hesitate to contact your relationship manager for a detailed review of your portfolios.

Background

The Rangoli GIFT Fund continues to draw from the best opportunities across all of Unifi's investment themes. The fund has the flexibility to invest in stocks across diverse sectors, themes, and market capitalization. The fund's holdings are well diversified and poised to benefit and consolidate their position and deliver industry-leading growth. We have trimmed exposure in a few names that have performed significantly well and redeployed the cash generated in firms that offer a better risk/reward proposition.

	Rangoli GIFT Fund
Launch Date	12 th April 2024
Scheme Corpus	USD 11.5 Mn
Strategy AUM	USD 1,567.9 Mn
Investment Manager	Unifi Investment Management LLP
Minimum Investment	0.15 Mn USD
Custodian	ICICI bank
Auditors	Walker ChandioK (Grant Thornton)
Lawyer	IC Universal Legal

The sector-wise composition of the fund is as below:



Background

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Company	Brief background and Investment rationale
Redington	Redington is a global distributor of Information, Communication, and Technology [ICT] products across 40 countries. It covers the entire gamut of IT products and smartphones, offering services and solutions across managed, cloud, and logistics services. The company partners with over 450 brand associations and services more than 73,000 channel partners. Redington reported revenues of Rs. 34,923cr, an increase of 35% YoY. This growth was driven by all major regions, with India experiencing a 63% YoY increase and geographies [outside India] growing by 16% YoY. The Middle East accounts for 30% of the company's topline, and the company is witnessing a short-term disruption in demand as corporates have postponed their purchasing decisions due to the West Asia crisis. Gross margins were down to 4.8% YoY due to intense competition in the technology solutions segment, a higher mix of mobile phones, and the execution of large data centre deals, which are lower-margin. EBITDA increased by 77% YoY to Rs. 708cr, as the company successfully managed its collections, leading to a reduction in receivable provisions from Rs. 101cr to Rs. 52cr YoY. Overall, the company reported a PAT of Rs. 486cr, up from Rs. 275cr last year, translating into 76% YoY growth. From a capital allocation perspective, the company's return ratio is healthy at 18% RoE, and it continues to pay out 30% of its PAT as dividends, resulting in a dividend yield of 2.2-2.5%. We like Redington, given that it is amongst the top 2 ICT distributors in its markets. The company's dominant position and financial strength provide it with a significant competitive advantage in a business with high barriers to entry. Redington has established a strong services business in thirdparty logistics and the high-margin cloud business. Redington's broad portfolio and relationships with vendors across various segments enable balanced growth and reduce vendor concentration. Redington has consistently demonstrated robust risk management practices across multiple cycles, effectively managing credit, inventory, and currency risks. A significant shift in consumer and enterprise behaviour has driven higher demand for advanced computing, leading to shorter product life cycles and the adoption of premiumization. This tailwind benefits Redington. Key risks include a higher-interest-rate environment, delayed margin recovery, and slowdowns/delays in the high-margin enterprise business.
Narayana Hrudayalaya	The India business has reported 16.1% YoY revenue growth to Rs. 1,296cr and 36% YoY EBITDA growth. Strong growth came from the hospitals segment, which continues to do well on ARPOB and margins. ARPOB grew 9% YoY to Rs. 52,603cr, and EBITDA Margin expanded 400bps to 23.5%. In the clinics/insurance business, losses rose to Rs. 33 cr in the quarter as the company added more corporate clients in the insurance business. Although losses in the insurance business will continue, strong growth in the hospitals business should ensure the India business delivers high growth. The company will commission new hospitals over the next 2 years, which should provide medium-term growth visibility. The Cayman hospital business saw 5% YoY growth, with revenue of USD 45Mn, as the new hospital continues to scale up. The insurance business reported revenue of USD 15Mn this quarter, with losses declining to USD 3.7Mn. The hospitals business continues to deliver a stable margin profile, while insurance losses will continue to decline as contracts are repriced. The UK business was weak this quarter, given the strong heat wave impacting execution. At the consolidated level, the company reported PAT of Rs.226cr, up 6% YoY from Rs.197cr in Q1FY26. New ventures losses will remain in the short term; however, we are below peak losses. The hospitals business will continue to grow well in all the geographies. Key Risks: Delay in Capex, delay in UK turnaround and government interference in pricing.

Sagility	Sagility is a pure-play, US-focused healthcare process services provider, which operates in a large and underpenetrated ~USD 45 billion market, benefiting from ongoing digitisation and efficiency-led transformation. The company offers one of the industry's broadest service portfolios, managing mission-critical workflows for insurers (close to 90% of revenue) and increasingly for hospitals and provider networks. It has a diversified global delivery footprint across India, the Philippines, the Caribbean, and the US. Sagility stands to benefit from the structural expansion of US healthcare spend (17%+ of GDP), alongside ~8% industry growth in healthcare operations and technology services. Rising regulatory complexity and cost pressures are driving sustained outsourcing demand, while deep client relationships, averaging 17 years with its top five customers, provide strong revenue visibility. With a largely non-discretionary revenue mix, the company has visibility of sustained growth, improving margins, potential deleveraging by FY27, and high-teens earnings compounding. In an industry conducive to consolidation, Sagility is well positioned to gain incremental wallet share as clients consolidate vendor relationships toward scaled, proven partners. Sagility delivered a Q1 FY27 performance broadly in line with guidance on both revenue and margins. USD revenues stood at USD 208mn, up 15% YoY in CC terms, and almost entirely organic. INR revenues grew 28% YoY to Rs. 1,964cr. Sequentially, revenues declined 6% (INR: 3%), but this is purely seasonal — Q3/Q4 carry the open-enrolment bump, and Q1 is structurally the softest quarter. Growth remains broad-based, led by sustained momentum in top accounts with a modest incremental contribution from newly onboarded clients. EBITDA came in at Rs. 438cr, up 27% YoY but down 10% QoQ; EBITDA margin was 22.3%, down ~20bps YoY and ~160bps QoQ, as the seasonal revenue decline and the annual wage-hike cycle weighed on margins, partly offset by rupee depreciation. Adjusted PAT grew a strong 53% YoY to Rs. 228cr, though down 12% QoQ in line with the margin move. The outlook remains intact. Client momentum continues to build as active clients rose to 109 (from 82 at FY26-end), with Top 3/5/10 concentration holding steady at 60%/70%/84%, meaning growth is broadening rather than concentrating. Deal pipeline remains healthy, with ACV deal wins of USD 35mn in the quarter, the strongest in the last five quarters, giving comfort on sustaining double-digit organic growth through FY27. The recently announced CareSeed acquisition adds HEDIS reporting and risk-adjustment capabilities focused on mid-market health plans and is expected to contribute ~50bps of incremental FY27 revenue; alongside BroadPath, it has added over 55 new small/mid-sized clients, with 6-7 active cross-sell conversations already underway. Sagility remains on track to be debt-free by FY27, after which free cash flow is expected to be redirected toward further bolt-on acquisitions focused on domain-capability expansion and client access. The broader industry outlook remains constructive, with continued outsourcing momentum from US insurers amid rising efficiency and compliance requirements. While pricing discussions may remain tight, management remains confident of mitigating pressure through automation, AI-led productivity gains, and disciplined cost control. Key Risks: Slowdown in IT spending by enterprise clients.
Bank of Baroda	BoB reported PAT of Rs.1,278cr in Q1 FY27 (vs Rs.4,541cr in Q1 FY26), impacted by a one-time Rs.5,680cr settlement with the NMC group routed entirely through the P&L with no prior provision. Excluding this, PAT would have been Rs.5,539cr. Advances declined 0.9% QoQ but grew 17.6% YoY. Domestic corporate loans fell 6.5% QoQ (up 15% YoY) while retail/MSME grew 2.2–2.3% QoQ. Deposits fell 0.9% QoQ and grew 13.8% YoY. CD ratio stood stable at ~85.4%. Management maintained its loan growth guidance of 12–14% and deposit growth guidance of 10–12% for FY27. NIM declined ~12bps QoQ to 2.77%; however, excluding the income tax refund benefit that boosted Q4FY26 margins, core margins were largely stable QoQ. Management reiterated its NIM guidance of 2.75–2.95% for FY27. Management suggested reading margin movement alongside NII growth.

	The bank's international advances book is a low-margin segment at ~1.7%. This book accounts for ~19% of the loan mix, the highest proportion among PSU peers, and expanded by 23% YoY. In this context, NII growth of 9.5% YoY was broadly comparable to that of large PSU and private peers. Core fee income fell 20% YoY to Rs. 1,291cr, partly offset by a rise in PSLC income to Rs. 280cr (vs Rs. 53cr in Q 4FY 26). GNPA rose 10bps QoQ to 1.99%, and NNPA rose 5bps to 0.50%. Gross slippages improved to 97bps (vs 103bps in Q4 FY26) and credit cost fell sharply to ~18bps (vs 35bps in Q4 FY26). PCR stood at 75% vs 77% in Q4FY26, and SMA I & II improved to 7bps from 18bps. Management reiterated its guidance of 1–1.25% gross slippage and sub-60 bps credit cost for FY27. On the ECL transition (effective FY28), management expects a ~5% net worth impact, amortised over five years. Key risks include slower-than-expected loan growth or margin recovery, adverse asset-quality/one-off surprises (litigation, ECL transition), and potential treasury volatility.
South Indian Bank	South Indian Bank reported PAT of Rs.378cr in Q1 FY27 vs Rs 322cr in Q1 FY26. Loan growth stood at 4.1% QoQ and 18.6% YoY, led by growth in the LAP and MSME segments. The corporate loan book grew 7.8% QoQ, as the bank capitalised on higher yields to deploy excess liquidity into short-term corporate loans. Management reiterated its strategic focus on increasing the share of Retail and MSME loans in the overall portfolio. Over the past year, ~49% of incremental loan growth came from gold loans, and excluding gold loans, the loan book grew 11% as of Q1 FY27. Deposits grew 2.0% QoQ and 11.4% YoY. CD ratio improved to 82% from 80% in Q4FY26. Margins improved 28bps QoQ to 3.23%, led by a 31bps sequential improvement in cost of deposits, along with a 5bps improvement in yields on advances. Margin improvement was also supported by an improving CASA mix and a decline in bulk deposits, which the bank has reduced by ~50% over the past year. Management indicated that from now on, margin expansion will be driven primarily by an improvement in the loan mix toward MSME and retail assets, along with a shift within the corporate portfolio toward higher-yielding exposures, as the benefit from deposit repricing is now largely behind. Operating expenses grew 13% QoQ and 4% YoY, as employee expenses normalized after a one-off reversal of Rs.80cr in pension and gratuity-related liabilities in Q4FY26. Excluding this one-off, operating expenses increased 1.6% QoQ and 3.9% YoY. The adjusted cost-to-income ratio improved to 57.9% from 61.5% in Q4 FY26, while cost-to-assets remained broadly stable at ~2.28%. The bank added 186 employees during the quarter, reversing a trend of sequential decline in the employee base over the preceding nine quarters. Management guided that operating costs are likely to increase from here on an absolute basis, while the bank continues to benefit from operating leverage. Gross NPA improved 5bps QoQ to 1.38%, and Net NPA improved 3bps to 26bps. PCR stood at 81% versus 80% in Q4 FY26. Gross slippages declined to 0.53% from 0.64% sequentially, while net slippages stood at 0.2% versus -0.1% in Q4FY26. Credit cost stood at 33bps versus 14bps in Q4FY26. Restructured book declined to 17bps from 19bps in Q4 FY26, while SMA I+II book stood at 0.75% versus 0.65% in Q4 FY26. Management guided that slippages and credit costs should remain manageable unless delinquencies rise unexpectedly due to the ongoing geopolitical conflict. Key risks include slower-than-expected RAM-led growth or margin improvement, and adverse asset-quality surprises.

Mahindra & Mahindra	M&M reported a resilient Q1 FY27, with outcomes better than feared given geopolitical tensions and commodity inflation. Auto volumes recovered in June after April–May labour and supplier constraints, while EBIT margins compressed to 7.1% as commodity inflation ran at 400–500 bps and hedging losses added ~85 bps. Management has implemented cumulative ~4% price hikes (1.5% + 2.7%) and expects Q1 to be the margin trough, with price recovery lagging but visible if commodity prices stabilize. The EV business (MEAL) is meaningfully profitable, posting ~5% EBIT margin. While PLI expires in FY28, management expects EV penetration to rise from 13% to 20–25%, enabling better pricing and cost efficiency. They anticipate being able to charge a 5–7% premium for EVs over time as word-of-mouth and TCO acceptance improve, while supplier scale should lower costs. The tractor business delivered strong volume (+18% YoY), modest ASP growth (+1% YoY), and an EBIT margin of 18.5% (down 130 bps YoY) amid ~300 bps of commodity cost pressure. Margins in Q2 may be weaker due to unhedged steel and rubber costs, along with a shift in the festival season to October 11 (which falls in Q3). This could reduce operating leverage in Q2. However, there has been an improvement in rural sentiment following the monsoon. Kharif sowing is currently only 4% lower compared to the same period last year, which supports a recovery expectation starting in Q3. Regarding supply chain and capacity, management noted that April–May production was impacted by labour shortages and supplier constraints, which normalised in June. Capacity stood at 56,500 ICE and 8,000 EV at the end of Q4FY26, with an additional 3,500 ICE capacity. Key monitorables remain: commodity price trajectory and pass-through timing; EV margin sustainability and PLI policy signals; Tractor demand durability through the Q2 festival shift and Q3 recovery; and execution of the additional 3,500 ICE capacity by end-H2.
Marksans Pharma	Marksans Pharma reported a strong Q1 FY27, with revenue growing 35.6% YoY to Rs.841cr. Adjusting for the QliniQ acquisition, which contributed ~Rs.44cr of revenue during the quarter, organic growth stood at ~29% YoY. EBITDA more than doubled by 113% YoY to Rs.213cr, while PAT surged 174% YoY to Rs.159cr. EBITDA margin expanded sharply by ~920 bps YoY to 25.3%. However, the strong YoY growth needs to be viewed against a weak Q1 FY26 base, which was impacted by pricing pressure in the UK, a Rs.10cr ECL provision related to an Iraq customer and negative operating leverage. Gross margin improved by ~140 bps YoY to 59.1%, supported by a favourable product mix, lower-cost inventory and favourable forex movements. Employee costs increased 16% YoY, while other expenses remained relatively well controlled. Other income increased sharply to Rs.25cr from Rs.6cr in Q1 FY26, providing an additional boost to profitability. The effective tax rate moderated to ~22.7% from 23.8% in the year-ago quarter. By geography, the USA grew 15% YoY to Rs. 377cr (down 7% QoQ, as Q4 is seasonally the strongest quarter for the region), supported by a healthy order book and new launches, with generic pricing erosion staying in single digits; winter demand is expected to pick up from Q2–Q3. UK & Europe delivered its highest-ever quarterly revenue of Rs. 356cr, up 75% YoY (+16% QoQ) — growth aided by a low base as well as the consolidation of QliniQ, with management targeting 200+ product filings over the next four years. Australia/NZ grew 54% YoY to Rs. 88cr, though down 28% QoQ given Q4's structural seasonal strength (Southern Hemisphere winter). RoW revenue declined 38% YoY to Rs. 20 cr due to supply disruptions caused by the Middle East crisis. During the quarter, two European acquisitions were finalised: QliniQ (Netherlands) - Acquired on June 1, 2026, for €7.5 million (about Rs. 85 crore). QliniQ specialises in women's health, dermatology, and respiratory care. It reported €9.4 million in revenue and €1.0 million in profit after tax for CY25, growing at a 41% CAGR from CY23 to CY25. In its first quarter post-acquisition (effective April 2026), it contributed Rs. 44 crore in revenue. ABCnow GmbH (Germany): This OTC wholesale and distribution platform was acquired in July 2026 for €0.9 million (approximately Rs.10cr) and will be consolidated from Q2 2027. Management aims to reach around Rs. 1,000 crore in European revenue over the next five years, supported by further acquisitions. The expected product mix is 85-90% generic/OTC, with EU margins matching or exceeding those of the US business.

	With a robust presence in over 50 countries, including key markets such as the United States, the United Kingdom, Australia, and New Zealand, the company offers a diverse portfolio of over 300 products across therapeutic segments including pain management, cardiovascular, central nervous system, anti-diabetic, and gastrointestinal treatments. Marksans operates state-of-the-art manufacturing facilities in India, the UK, and the US, all compliant with stringent international regulatory standards such as the US FDA, the UK MHRA, and Australia's TGA. The company's strategic focus on quality assurance, cost-effective production, and strong R&D capabilities has positioned it among the top Indian pharmaceutical firms in the UK market. Under the leadership of CEO Mark Saldanha, Marksans continues to expand its global footprint through strategic acquisitions and partnerships, reinforcing its commitment to delivering affordable healthcare solutions worldwide. Key Risks: Regulatory Risks; Higher API and KSM prices; Inability to scale up from the newly acquired entities
Kovai Medical Centre	The company's revenue grew 15.3% YoY to Rs. 431cr. The hospitals segment, which accounts for 95% of revenue, continues to do well, with 18% YoY growth and an EBIT margin of 23.2%. The Coimbatore facility is operating at 63% occupancy, with further scope for growth. On the growth capex, the board has announced capex of a paediatric block at its Coimbatore facility. This, coupled with the commissioning of the new Chennai facility, offers significant headroom for medium-term growth. On the ARPOB, the company is just touching 25,000, and this will continue to increase as the speciality mix keeps changing. The education business posted a 15% YoY revenue decline and a 30% YoY EBIT decline. Though the education business is smaller, it is quarterly volatile. The company reported consolidated PAT growth of 21% YoY to Rs. 69cr. The company is well-positioned for higher medium-term growth, supported by the new facility and ramp-up at the existing location. Key risks: Government interference in pricing, delay in new capex.
Alivus Life Sciences	Alivus Life Sciences reported a steady consolidated quarter for Q1 FY27, with revenue growing 6% YoY to Rs. 640cr, while EBITDA and PAT grew sharply by 23% and 30% YoY to Rs. 212cr and Rs. 160cr, respectively, aided by strong margin expansion. The Glenmark Pharma (GPL) business declined 53% YoY to Rs. 72cr, reflecting inventory rationalisation at the customer end, while the non-GPL business grew 27% YoY to Rs. 568cr, now accounting for ~89% of the revenue mix (up from 65% in Q4'26). Within non-GPL, growth was volume-led (~21-22% volume, ~7% currency, ~1-2% price erosion), with chronic therapies at 74% of topline and CVS+CNS at 58%; generic API grew ~7% YoY while CDMO grew 5% YoY, with 5 ongoing revenue-generating CDMO projects and 7 new inquiries under evaluation showing strong US traction, and two new CDMO contracts under pipeline. Gross margins were strong at 60% (vs 55% YoY), led by new-launch contribution and yield/process efficiencies, driving EBITDA margins to 33.1% (vs 28.7% YoY), even as opex and employee costs grew at a steady 8% and 11% YoY, respectively. The market mix remains steady with regulated markets at ~83% of sales, and the core therapy mix continues to be steady [CVS, CNS]. The company generated free cash flow of Rs. 90cr in the quarter, taking cash and cash equivalents to Rs. 880cr as of 30th June 2026. On the HP API front, cumulative DMF/CEP filings rose to 617 in Q1 FY27 (from 611 in Q4'26), with the 29-product portfolio comprising 13 validated products and 7 in advanced stages of development. Multiple brownfield and greenfield plants are expected to commercialise in H2 FY27: Dahej's brownfield capacity of ~160kL is expected to be operationalised in Q3 FY27, Ankleshwar's 100kL in Q4 FY27, and Solapur's 465kL capacity (across two phases — Phase 1 of ~115kL and Phase 1.1 of ~325kL) is expected to come online in Q4 FY27 and Q3 FY27. With the divestment of the majority stake to Nirma Limited, the company will enter a new phase of growth. Under the new promoters, the company intends to significantly increase its investments while exploring the incorporation of new chemistry platforms, thereby increasing growth opportunities in the medium term. Alivus' focus remains on building a sizeable portfolio of low- to mid-volume, high-value APIs. Regarding its R&D efforts, the company endeavours to focus primarily on APIs that can be commercialised in the next 3-5 years. Key risks include continued customer concentration towards Glenmark Pharma (notwithstanding its declining mix share), a low extent of backward integration with high KSM sourcing from top suppliers, regulatory risks, execution risk on the Solapur/Ankleshwar/Dahej capacity ramp-up, and higher tariffs in the USA.

Pearl Global	Pearl Global Industries reported a strong set of numbers in Q1 FY27, with topline growing 25% YoY to Rs. 1,528 cr, largely volume-led (21% YoY) with realisation up 3%. EBITDA grew 46% YoY to Rs. 164cr, aided by gross margin of 51.5% (vs. 46% in Q1 FY26), with EBITDA margin expanding ~150bps YoY to 10.7% on better product mix and operating leverage — Q1 is seasonally skewed towards higher-realisation outerwear/winter goods shipped from Vietnam and Indonesia. Adjusted PAT grew by 51% YoY to Rs. 103cr. On costs, employee expenses rose 24% YoY on wage revisions in Haryana and Noida, and other expenses rose 51% YoY on higher subcontracting charges from partnership facilities. Growth was broad-based across geographies: Bangladesh led with 34% YoY growth, India grew 29% YoY, and Vietnam grew 22% YoY, continuing to benefit from China+1 sourcing diversification. Indonesia and Guatemala together posted a second consecutive quarter of positive EBIT, with margins improving to 6.3% from (–) 10% a year ago. On capacity, Bangladesh will add 6-7mn pieces p.a. by September 2026, taking total capacity to 108mn pieces, while new capacity in Bihar alongside existing India capacity could scale India revenue to Rs. 1,700-1,800cr . Pearl Global Industries is a Gurgaon-headquartered global apparel manufacturer and exporter with manufacturing operations spanning India, Bangladesh, Vietnam, Indonesia and Guatemala, supplying finished garments across categories to leading international fashion and retail brands, with a strategy centred on capacity expansion, geographic diversification, and improving product mix to drive margin accretion. Key Risks: Wage inflation and cost pressures across key manufacturing geographies; reinstatement of US tariffs or adverse shifts in trade policy; slower-than-expected capacity ramp-up/utilisation at new facilities (Bihar, Bangladesh); customer/order-book concentration risk; and currency volatility across multi-geography operations.
Kotak Mahindra Bank	Kotak Mahindra Bank reported PAT of Rs. 4,123cr in Q1 FY27 vs Rs. 3,282cr in Q1 FY26. Loan growth was healthy at 3.3% QoQ and 15.2% YoY, led by growth across Corporate and SME segments, which grew 4.8% QoQ and 2.6% QoQ, respectively, while Retail loan growth was muted on a sequential basis. Unsecured loans grew 12% QoQ, led by higher growth across Credit cards, MFI and Personal Loans (excluding the Standard Chartered portfolio), and the unsecured mix improved to 9.7% from 8.9% in Q4FY26. Management reiterated its intent to continue growing ahead of the system, emphasising that growth will not be pursued at the expense of profitability or prudence, and remains committed to increasing the share of unsecured loans to ~15% over the next couple of years. The bank continues to guide to loan growth of 1.5-2.0x nominal GDP growth. Reported margins declined 14bps QoQ to 4.53%; however, excluding the one-off day-count benefit in Q4 FY26, margins were flat sequentially. Management refrained from providing margin guidance for FY27, citing the evolving macro environment, while reiterating its commitment to delivering profitable and responsible growth. Fee income, which constitutes 22% of total income, declined 9.6% QoQ and grew 11.2% YoY. Operating expenses were flat on an absolute basis, with employee expenses growing 7.3% QoQ, reflecting annual increments and higher retirement benefit costs. The cost-to-assets ratio improved further during the quarter, and management reiterated that operating leverage will continue to play out for the bank. Gross slippages and net slippages increased 22bps and 33bps sequentially to 1.07% and 0.61% respectively, largely due to seasonally higher delinquencies in the commercial vehicle and tractor finance portfolios. However, the bank continued to see improvement in collections within the commercial vehicle segment. Management reiterated that stress in the unsecured segment is behind, and characterised the current period's slippages as reflecting the seasonal impact of Q1. Credit cost increased to 53bps from 42bps in Q4 FY26. RoA stood at 2.12% versus 2.13% in Q4 FY26. Key risks include slower-than-expected loan growth or margin recovery, and adverse asset-quality surprises.

Lodha Developers	Lodha reported 43% YoY revenue growth to Rs. 4,997cr. The sharp growth is primarily due to the sale of the data centre land bank in Palava. The company has sold 30 acres at Palava to data centre operator Digital Edge. The transaction was at 42 cr/acre, resulting in revenue of 1,300 cr during the quarter. EBITDA Margin came in at 38.5% vs 28.2% in Q1FY26. Land sales have high margins, as these are legacy land parcels. With line items below EBITDA being stable, PAT has doubled to 1,371cr vs 675cr in Q1FY26. Earlier, the company had 370 acres of land at Palava under an MoU with the Maharashtra government, under which data centre players on this land would receive special state incentives. This has now been increased to 660 acres. Even for the additional 300 acres, all state government incentives will apply (130 acres have been sold to date; 100 acres will be used for a 1 GW bare-shell buildout; and the remaining 430 acres are available for sale). The company will use the proceeds from the land sales to fund a 1 GW bare-shell buildout. The land bank is currently valued at around 26,000cr, and this is an additional lever for residential real estate. On the residential side, pre-sales have been muted, with just 4% YoY growth to Rs. 4,640cr (including land). If we exclude land sales from this quarter and the base quarter, residential pre-sales have degrown by 15% YoY, primarily due to limited launches. Generally, the company gets 30% of its pre-sales from new launches. However, this quarter had only 330cr of new launches vs 8,000cr+ in the base quarter. The company has consciously delayed launches this quarter and will launch them in the remainder of the year. Management reiterates the pre-sales guidance of Rs.24,000cr for FY27, i.e. 17% YoY growth. Lodha is a play on premium real estate and data centres. The company is expected to deliver 20% PAT CAGR in the medium term. Key risks: Delay in new launches and the real estate cycle slowing down in the premium segment.
Fedbank Financial Services	FedFina reported PAT of Rs 114cr in Q1 FY27 vs Rs 75cr in Q1 FY26. AUM grew 5% QoQ and 35% YoY, led by Gold loans (53% of AUM), which grew 8% QoQ and 77% YoY. Gold tonnage grew 1% QoQ and 13% YoY. The company added 147 new gold loan branches over the past five quarters, taking the network to 631 branches, and plans to add 200 more branches in FY27, mostly gold loan branches. Gold loan AUM per branch improved to Rs.17.7cr, up 36% YoY, and the company intends to take this to ~Rs.20cr per branch. Gold loan LTV stood at 67% as of Q1 FY27, up from 61% in Q4FY26, primarily due to the decline in gold prices, and management indicated the company continues to operate at conservative LTV levels versus the RBI-permitted 85% ceiling for lower-ticket loans. Small Ticket LAP (19% of AUM) grew 3.3% QoQ and 5.1% YoY, with the company maintaining a cautious stance and tightened underwriting, while Medium Ticket LAP (28% of AUM) grew 5.2% QoQ and 22% YoY. Management guided to AUM growth of ~20-25% over the medium term. Spreads declined 40bps QoQ to 8.6%, led by a decline in yield on advances. Net Interest Income grew 6.6% QoQ / 39% YoY. Operating expenses declined 2% QoQ, aided by an 8% sequential decline in employee costs, though they were up 21% YoY. Cost-to-assets improved to 4.6% from 5.5% in Q4 FY26, and the cost-to-income ratio improved to 53% from 57% in Q4 FY26, resulting in a 15% QoQ growth in operating profit. Management indicated cost ratios are likely to inch up over the next couple of quarters as branch expansion continues, while expecting some operating leverage benefit in FY27. Gross NPA improved 30bps QoQ to 1.6% and Net NPA improved 30bps to 1%, largely aided by write-offs. Gross NPA on mortgage loans (ST LAP & MT LAP) declined 40bps QoQ to 3.4%, while Gold loan NPAs were stable at 0.1%. Credit cost stood at 78bps versus 71bps in Q4 FY26. PCR on stage 3 loans increased to 38.4% from 32.3% in Q4 FY26. Stage 2 assets increased 50bps QoQ to 2.7%, led by higher defaults from gold loans following the RBI's change in LTV calculation methodology effective 1st April'26. Management guided that credit cost is expected to improve in FY27 compared with 80bps in FY26. Key risks include a sharp correction in gold prices impacting AUM/asset quality, and slower-than expected recovery in Small Ticket LAP growth.

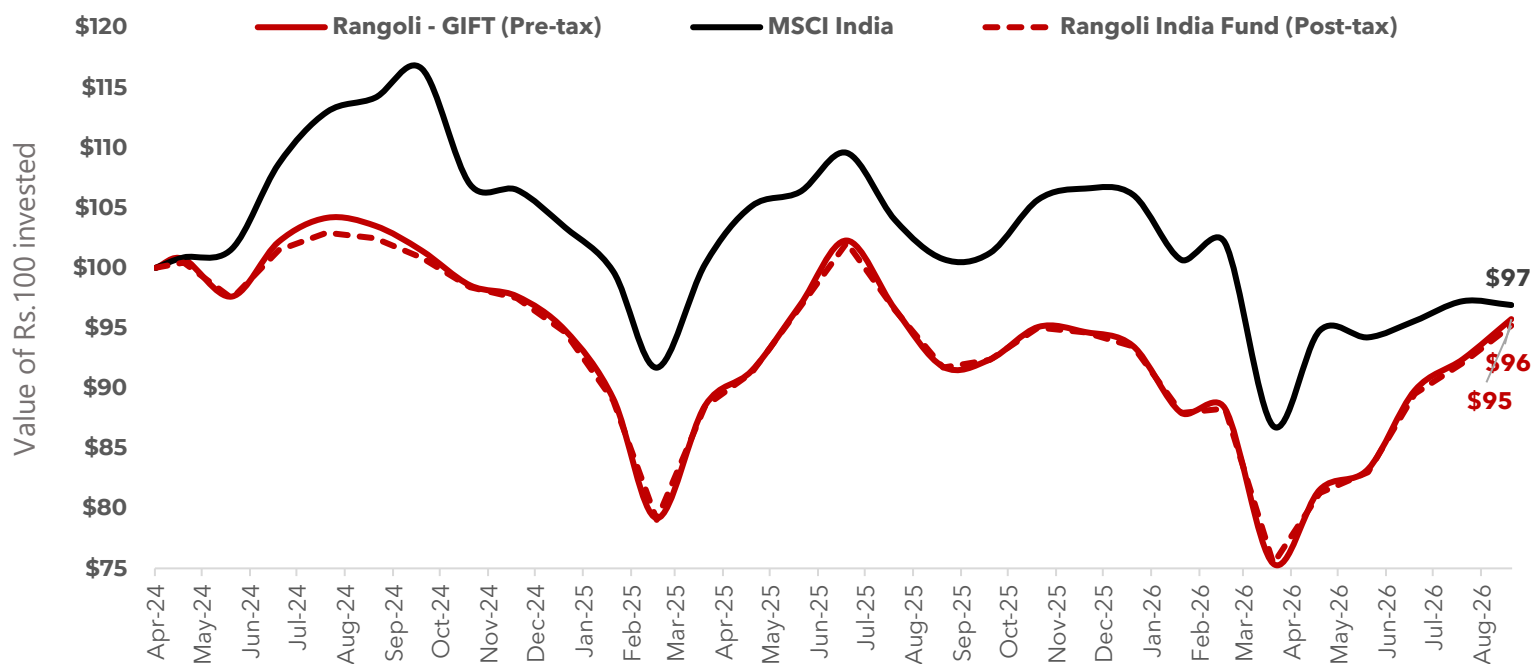
Angel One	Angel One reported strong financial results, with 24% YoY revenue growth to Rs. 1,102 cr. Net broking revenue grew 26% YoY to Rs. 659cr, although it fell 3% QoQ due to lower market volatility. Net Interest Income increased by 23% YoY and 5% QoQ, supported by the expansion of the Margin Trading Facility (MTF) book, which rose from Rs. 5,500cr in March to Rs. 7,100cr in June. MTF adoption also improved, with users increasing from 350,000 to 365,000, making up about 8% of the active client base. The company is leveraging technology and artificial intelligence to enhance productivity and reduce costs, decreasing its employee count from 4,139 at FY25-end to approximately 3,300 at FY26-end, a reduction of around 20%. This contributed to an 86% YoY increase in EBITDA to Rs. 360cr. After adjusting for the IPL ad expenditure, the company reported a PAT of Rs. 330cr, marking a 69% YoY growth from Rs. 195 crore last year. In addition to its broking & allied services, Angel One is developing its wealth management and new product offerings, including a US stocks initiative and a Loan Against Securities product set for broader rollout soon. The wealth business, Ionic, aims to establish an annuity-based revenue model. Management targets breakeven for the wealth and asset management segments, which currently account for about 4% of revenues in costs. We remain optimistic about Angel One's growth potential, driven by market recovery, improved MTF adoption, and AI-enhanced productivity. However, key risks include continued weakness in F&O volumes, regulatory changes, higher customer acquisition costs, and slower growth of newer segments.
Dixon Technologies (India)	Dixon reported revenue growth of 21% YoY to Rs. 15,547cr. Mobile phones and the IT hardware division primarily drove revenue growth. EBITDA margin declined to 3% in this quarter vs 3.8% in Q1FY26, and the adjusted PAT declined by 2% YoY to Rs. 220cr. The margin decline is primarily due to the mobile PLI ending in March, and the new PLI coming in with a lag. Until FY19, Dixon assembled TVs, washing machines, lighting products, and mobile phones. However, FY21 was an inflexion point as the government introduced the PLI for mobile phones. Dixon, already present there, has been the biggest beneficiary. In FY22, the government introduced the PLI for laptops and tablets. Dixon has got into this, and this is scaling up very well. Currently, mobile phones are the largest segment contributing to 75% of profits, and IT hardware is the fastest-growing segment. Dixon started as a mobile phone assembler, but is gradually moving into component manufacturing (displays and modules). Dixon assembles almost 20% of India's total mobile phones and recently entered into a JV with VIVO that would take its share to 40% by the end of FY27. The government has been encouraging the industry, and PLI-1 for mobile phones ended in March 2026, and the government has introduced a new PLI to incentivise more exports and component manufacturing. Similar to mobile phones, the government has introduced a PLI for IT hardware, and Dixon is benefiting from it. In addition, Dixon has a significant share in washing machines, Televisions, refrigerators, etc. Dixon is a play on increasing penetration of various consumer goods in the country + increased domestic manufacturing. Eventually, exports will also add to this. The company is expected to deliver strong 40% PAT CAGR in the medium term. Key risks: Higher raw material prices, any change in government policy.
Aavas Financiers	Aavas reported PAT of Rs 171cr vs Rs 39crs in Q1 FY26. Aavas reported AUM growth of 2.0% QoQ and 15.4% YoY. Disbursements grew 41% YoY on a low base, driven by strong volume pickup and 38% YoY growth in home loan disbursements. Loan growth remained muted despite higher disbursements due to a small uptick in repayments in April and May, particularly for loans above 14% interest rates, though the trend normalized in June. Management maintained its FY27 AUM growth guidance of 17-18% and disbursement growth guidance of 22-23%, with continued focus on branch productivity and expansion in states including Tamil Nadu, Uttar Pradesh, Gujarat, and Maharashtra. Spreads declined 14bps QoQ to 5.06% as the company passed on PLR rate cuts of 15bps in March'26 and 10bps in June'26. Management now expects full-year spreads to decline below 5%, revised down from ~5% earlier, due to the increasing focus on home loans, while remaining confident of maintaining RoA/RoE through cost and productivity levers. Cost-to-income ratio declined to 43.7% from 45.9% in Q4 FY26, and cost-to-assets declined to 3.37% from 3.88% in Q4FY26, as Q4 FY26 costs were elevated due to bulk branch additions in that quarter. Management expects the opex-to-AUM ratio to improve as growth accelerates in FY27, targeting below 3% over the medium term.

	Gross NPA increased 6bps QoQ to 1.11% and Net NPA increased 3bps to 70bps, which management characterized as largely seasonal. 1dpd increased 59bps QoQ to 3.76%, within the guided range of below 4%. Credit cost rose to 24bps from 13bps in Q4FY26, similar to Q1 FY26, before easing in subsequent quarters. Management reiterated its guidance of credit costs below 25bps on a sustainable basis, with no segment currently witnessing stress. Key risks include slower AUM growth, spread compression from home-loan mix shift, and asset quality deterioration beyond seasonal trends.
HDFC Asset Management Company	HDFC AMC reported core PAT of Rs 838cr vs Rs 748cr in Q1 FY26. Core PAT stood at Rs 636cr vs Rs 571cr in Q1 FY26, supported by AUM growth and favorable TER-led yield changes. QAAUM (Quarterly Average Assets under Management) grew 0.8% QoQ and 14% YoY, with equity AUM (exhybrid, 44.6% of AUM) growing 2.7% QoQ and 20% YoY. Equity AUM mix increased to 44.8% from 43.8% in Q4 FY26. Debt funds (11.6% of QAAUM) declined 7.6% QoQ and 6% YoY, while ETF funds (4.6% of QAAUM) grew 2.7% QoQ and 115% YoY. SIP flows for the company declined 1.4% QoQ and grew 20% YoY to ~Rs.48bn in June'26, compared with industry SIP flows that declined 1.0% QoQ and grew 17% YoY to ~Rs.318bn. SIP flows' market share declined 10bps QoQ to 15.1%. Despite the marginal 0.8% QoQ growth in QAAUM, revenue from operations grew 4.6% QoQ, largely due to changes in TER regulations. Yields increased 1.7bps QoQ, largely due to TER regulation changes that resulted in rationalization of distributor commissions across schemes. Equity yield stood at ~58bps versus 56bps QoQ, including index funds, with yield on active equity AUM at 60-61bps. Debt and liquid yields were stable QoQ at 28bps and unchanged, respectively. Operating expenses increased 20.5% QoQ and 26.5% YoY, driven by a 14% sequential increase in employee expenses and a 31% QoQ rise in other operating expenses. The increase in employee expenses was primarily due to annual salary hikes and included an ESOP charge of Rs.22.7cr for the quarter. The company revised its ESOP expense guidance upward to Rs.80cr for FY27 from Rs.63cr earlier. Other operating expenses grew 31% QoQ, primarily driven by higher CSR spending and increased IT-related expenses. Despite the sharp increase in operating expenses, EBITDA grew 0.7% QoQ and 10.2% YoY. HDFC Bank's share in the company's equity AUM has been gradually declining over the past few years, though management clarified that this reflects faster growth through other distribution channels rather than any loss of market share within HDFC Bank, with SIP contributions through HDFC Bank remaining healthy. The direct mix in equity AUM improved further to ~31%, driven by higher inflows through fintech platforms, RIAs, and large family offices. Management reiterated that the direct mix of equity AUM is expected to improve gradually over the medium- to long-term. Key risks include adverse capital market conditions, moderation in equity/SIP flows, and regulatory changes impacting TERs or distribution economics.
Centum Electronics	Centum delivered revenues of Rs 204 crore, showing growth of 14% YoY. Revenue from the higher margin Build to Specification (BTS) segment de-grew by 2% which hurt EBITDA margins for the quarter. Hence, EBITDA margins for the quarter came at 11.5% below the steady state guidance of 13%-15% that management gives. It is expected that execution in the BTS segment will improve in coming quarters, which will lead to gradual margin improvement. The margin improvement is expected to be gradual due to longer execution cycle of 24 months to 30 months in BTS contracts while Electronic Manufacturing Services (EMS) segment contracts get executed in 9 months to 12 months. Order inflow was strong during the quarter at Rs 360 crore, growing 70% yoy. Within that the BTS segment order inflow was Rs 120 crore, growing faster at 150% yoy. The order book mix is getting skewed toward higher margin BTS segment which should help improve margins over time. Order book stood at Rs 1797 crore, of which BTS segment forms 51%, rising by 3% from a year ago. During the quarter, the loss-making French subsidiary was sold and was de-consolidated with effect from PAT from continuing operations 4th June 2026. As a result, PAT from continuing operations came at Rs 11 crore, showing de-growth of 37% yoy due to lower BTS execution during the quarter.

Centum Electronics is a beneficiary of increased private sector participation and indigenization requirement in all the verticals the company is present in. The Company's long track record of 15+ years in Defence, Space & Aerospace, Transportation and Industrial & Energy puts it at an advantage while bidding for contracts. These verticals have high barriers to entry due to high quality standards requirement and multiple certifications. The Company has successfully supplied critical subsystems in applications such as launch vehicles, satellite payloads, satellite bus systems & ground equipment in space. Similarly, it has supplied such subsystems in applications such as missiles, electronic warfare, radar, military communications & fire control in defence. Both space and defence are high growth areas with superior margins due to the nature of contracts being build to specification (BTS).

The Company's future growth will be derived from growing its revenue base in the repeat order driven electronic manufacturing services (EMS) segment as well as new order wins in BTS segment. New order wins that are major in BTS are expected from navigation system in shipbuilding, spacebased surveillance and tank electronics indigenization.

Key risks include order book wins trajectory, BTS segment execution and supply chain issues/delays in sourcing



Key Portfolio Metrics

It is important to note that each investment in the fund has been made on its own merit, and the portfolio characteristics are merely a by-product of the process. In sync with Unifi's philosophy, the aggregate portfolio has low leverage, demonstrates potential for strong earnings growth, and has reasonable valuations.

Valuation Parameters* (As on 31st August 2026)	FY2027E	FY2028E
P/E Ratio	25.1x	20.6x
Earnings Growth	20.1%	19.2%
Debt Equity Ratio	0.1	0.1
ROE %	17.2%	18.0%
PE/ Growth Ratio	1.2	
Wt Avg Market Cap	\$ 6.3 Bn.	

**Adjusted for one-off to make figures representative.*

We are continually monitoring the environment for any opportunities that have the potential to materially improve the portfolio composition.

In closing, we encourage you to write to us or your relationship manager for a detailed review of the portfolio and understanding of our proposition in greater granularity.

Annexures:

Financial Details of Top Portfolio Companies

Company	Market Cap (USD Mn)	PBT (USD Mn)		YoY(%)	PAT (USD Mn)		P/E	ROE	Portfolio Weight
		Q1 FY26 (CC)	Q1 FY27 (CC)		Q1 FY26	Q1 FY27	FY27e	FY27e	31st August 2026
Redington Ltd	3,162	32	65	100%	29	51	15.3	15%	11%
Sagility	2,196	22	32	44%	16	24	18.8	11%	6%
Marksans Pharma	1,494	8	22	169%	6	17	25.2	16%	5%
Mahindra & Mahindra	38,430	472	505	7%	303	352	21.1	21%	5%
Kotak Mahindra Bank	43,025	460	577	25%	347	436	17.5	12%	5%
Narayana Hrudayalaya	3,919	25	28	13%	21	22	34.8	22%	5%
Bank Of Baroda	12,664	662	191	-71%	480	585	5.5	13%	5%
Alivus Life Sciences	1,753	17	22	29%	13	17	24.5	19%	5%
South Indian Bank	1,233	46	54	17%	34	40	7.2	14%	4%
Caplin Point Laboratories	2,046	19	24	22%	16	19	25.7	19%	3%
Pearl Global Industries	1,136	8	13	60%	7	11	27.7	22%	3%
Macrotech Developers	11,325	95	187	96%	71	145	26.9	16%	3%
Can Fin Homes	1,071	29	36	22%	24	28	9.2	17%	3%
Garware Technical Fibres	814	7	9	23%	6	7	29.5	21%	3%
Fedbank Financial	589	11	16	53%	8	12	13.0	14%	3%
Kovai Medical Center	694	8	10	21%	6	7	23.9	20%	2%
Angel One	2,795	17	34	98%	21	35	23.6	18%	2%
Coromandel Intl.	5,947	72	54	-24%	53	40	27.4	18%	2%
Dixon Technologies	8,399	39	92	137%	24	23	81.4	19%	2%
RPG Life Sciences	472	4	4	17%	3	3	33.2	21%	2%

RISK MANAGEMENT

While the environment is buoyant for India in the longer term, in the shorter to medium term, the aftereffects of unforeseen economic linkages from a recessionary West may be a risk. While India remains a largely domestic consumption-oriented economy, a rapid worsening of the economies in the West may affect their balance of trade with the World [including India] in the immediate to medium term. India's Current Account Deficit and foreign exchange reserves may be under pressure if energy prices remain elevated and rise. The recent softening of energy and commodity prices will assist India's macroeconomic case, but there remains the prospect of second or third-order impact from global macroeconomic and geo-political shocks.

Risk	Mitigants
Geo-political risks	Any geopolitical tensions between India and neighboring countries can disrupt supply chain in the region. This might have a non-linear impact on business.
Raw material inflation	India continues to be dependent on the supply of feedstock whose pricing is global in nature. Key categories would be crude, metals, minerals, and natural commodities. Sharp movement in their underlying prices will have a short-term financial impact on the companies. The situation in China [political] has the potential to disrupt the supply chain of a few of our investee companies.
Liquidity risk (in case of NBFCs)	The NBFC led liquidity crisis in India has had a systemic effect on the entire economy. Our investee companies have been able to tap diversified sources of liquidity on the back of their long-term track record of comfortable asset quality and asset-liability-management (ALM). However, sustained deterioration of the asset quality can continue to affect our holdings in Banks and NBFCs.
Foreign Exchange risk	Fund has invested exclusively in Indian Listed companies without employing any hedging strategies and hence the fund's investments face foreign exchange risk at the Fund level. The foreign exchange system continues to be guided by global developments. Our investee companies in the IT sector are subject to sharp movements in the USD and GBP. They mitigate the same via hedging, but there remains a portion of revenues that continue to be subject to the vagaries in fx movements. Most of our non-IT exposure is to companies that derive their revenues from the domestic market. The revenue from exports would be minimal for each strategy as a whole, and where relevant, are adequately hedged. A sharp depreciation in the INR will affect the import of feedstock (higher prices) which can lead to a brief moment of earnings-related volatility.
Leverage risk	Except for financial companies, most of the operating companies in the strategies carry nil to moderate debt on their balance sheets with a track record of having managed leverage well in the past. Their leverage is monitored regularly.
Technology Obsolescence	Technological changes can render the products/services of a company obsolete and thereby hurt its profitability and valuation. Such a risk is generally minimized by limiting the aggregate exposure of portfolio to such investments to less than 10% of value.
Governance risk	We avoid investing in companies with a known history of corporate governance issues. If such issue arises in an existing investment, we stop additional purchases and start optimally exiting the investment.
Concentration risk	At the portfolio level, such risks are minimized by limiting the aggregate exposure of portfolio to such investments to less than 10% of value at the time of investment.
Stock Illiquidity risk	High Impact cost, due to thin trading at the time of buying or selling is endemic to small & mid-caps. We plan our investment decisions, size of the investment and trading strategies to minimize the costs due to illiquidity.
Key Man Risk	Small and mid-caps are frequently managed by a key promoter / person on whom the business is completely reliant and without whom the business would be materially inferior. We generally avoid such names and in cases where we make any exceptions, the aggregate exposure of portfolio to such investments is limited to less than 10% by value.

Risk	Mitigants
Slowdown in global consumption	The wallet-share of the investee companies in the global manufacturing value chain, does not pose a significant risk of loss of business to their vendors. New and high growth areas such as Lithium-Ion batteries, EV vehicles are in relative infancy stage and have a strong growth curve ahead of them.
Softness in IT product spends	The convergence to digital software solutions is a 'must do' proposition and our investee companies have exhibited significant traction in competing in this space. A combination of their recent deal wins, and current bid pipelines bode well for their future.

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