

MARATHON TRENDS ADVISORY

PORTFOLIO OVERVIEW

MARATHON  TRENDS

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COMBINING LONG TERM TREND FOLLOWING WITH AN OVERLAY OF FUNDAMENTAL ANALYSIS

Investment Approach

At Marathon Trends, our core philosophy revolves around "BUYING STRENGTH and SELLING WEAKNESS." Trend Following PMS aims to provide investors with superior returns by actively navigating India's dynamic equity markets. Our approach is a harmonious blend of fundamental and technical analysis, enabling us to discern and capitalize on evolving market dynamics. With the Trend Following PMS, we offer clients a dynamic investment approach that blends the art of trend interpretation with the science of risk management, aiming to secure and maximize returns in an ever-changing market landscape.

Investment Strategy

Our investment strategy is a carefully crafted three-step process that aims to capture and capitalize on market trends, providing our investors with optimal risk-adjusted returns.

- **Trending Earnings:** It involves deploying robust fundamental analysis to identify stocks with strong earnings and growth potential with good corporate governance for informed decision-making.
- **Trending Price:** The strategy prioritizes stocks for sustained upward momentum and actively seeks those outperforming the broader market, aiming for significant returns.
- **Exit Strategy:** We take into account the rate of change in both earnings and prices, ensuring a comprehensive evaluation of our holdings. Thereby, selling weakness in stocks.

Holding Strategy

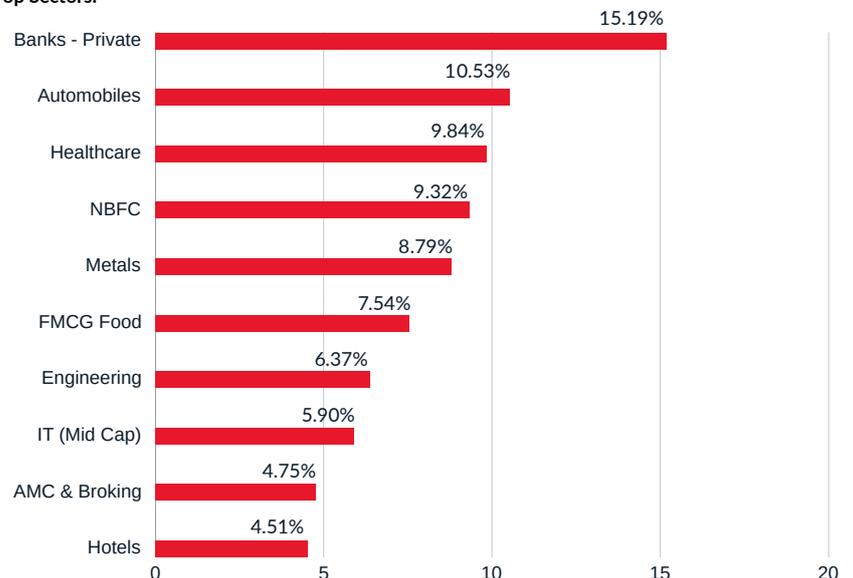
- **Scheme Inception:** Launched in 2023, our "Trend Following PMS" is designed to hold a curated selection of approximately 20 stocks, ensuring a diversified yet focused approach.
- **Diversification:** We remain sector-agnostic to spread risk and potential for reward, ensuring that investments are aligned with the market's movements

Portfolio Allocation

Top Holdings:

- | | |
|------------------------------|--------------------------|
| 1. Aditya Birla Sun Life AMC | 6. Mahindra And Mahindra |
| 2. Bajaj Finance | 7. Narayana Hrudalaya |
| 3. Bharat Electronics (BEL) | 8. Fortis Healthcare |
| 4. Coromandel International | 9. Federal Bank |
| 5. Cummins India | 10. TVS Motors |

Top Sectors:





Aditya Birla Sun Life AMC

About:

Founded in 1994, Aditya Birla Sun Life AMC is a joint venture between Aditya Birla Capital Ltd and Sun Life AMC. The company provides a range of financial services, including mutual funds, portfolio management, offshore investment solutions, and real estate offerings.

Quarterly Performance:

- Quarterly Revenues up by **15.7%** YoY.
- EBITDA up by **20.8%** YoY.

Future Outlook:

Aditya Birla Sun Life AMC reported a strong performance in Q1FY26, driven by healthy growth across equity, debt, and alternate asset segments. Steady operational efficiency, improved fund yields, and better cost control supported margin expansion and double-digit PAT growth. The firm is expanding aggressively into alternatives and passives, while initiatives like the SIF brand and GIFT City platform reflect a strategy geared toward innovation and investor diversification. Though offshore AUM and client withdrawal warrant monitoring, the overall trajectory remains constructive, backed by robust SIP inflows, a growing retail base, and a widening product suite.

Narration Amt.Cr.	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Sales	386.62	424.21	445.11	428.84	447.39
QoQ % Ch	5.80%	9.70%	4.90%	-3.70%	4.30%
YoY % Ch	24.25%	26.63%	30.35%	17.31%	15.72%
Expenses	166.36	173.77	170.78	184.91	181.41
Operating Profit	220.26	250.44	274.33	243.93	265.98
QoQ % Ch	7.50%	13.70%	9.50%	-11.10%	9.00%
YoY % Ch	29.60%	30.49%	41.21%	19.07%	20.76%
OPM %	56.97%	59.04%	61.63%	56.88%	59.45%
Other Income	94.81	95.84	38.43	71.96	117.88
Depreciation	9.13	9.79	11.14	9.75	10.27
Interest	1.43	1.4	1.72	1.1	1.31
Profit before tax	304.51	335.09	299.9	305.04	372.28
Tax	68.8	92.75	75.43	76.96	95.17
Net profit	235.71	242.34	224.47	228.08	277.11
QoQ % Ch	13.10%	2.80%	-7.40%	1.60%	21.50%
YoY % Ch	27.71%	36.08%	7.23%	9.45%	17.56%
PAT Margin %	60.97	57.13	50.43	53.19	61.94
QoQ % Ch	7.00%	-6.30%	-11.70%	5.50%	16.50%
YoY % Ch	2.78%	7.46%	-17.74%	-6.69%	1.59%
EPS (Rs.)Qtr.	8.18	8.41	7.79	7.92	9.62
QoQ % Ch	13.10%	2.80%	-7.40%	1.60%	21.50%
YoY % Ch	27.67%	36.03%	7.23%	9.45%	17.56%

SWOT Analysis

Strengths

- **Strong Revenue and Profit Growth:** Operating revenue grew 16% YoY to ₹4.5b; PAT rose 18% YoY to ₹2.8b, aided by lower employee costs and higher other income.
- **Improved Margins and Operational Efficiency:** EBITDA margin rose to 59.5% (vs. 57% in Q1FY25); cost-to-income ratio declined to 40.5% (vs. 43% YoY); Opex as % of AUM also dropped to 18bp.
- **Broad-based AUM Growth:** Total AUM grew 14% YoY to ₹4 trillion; equity (up 8%), debt (20%), hybrid (19%), ETF (26%), and index (21%) all contributed, showing strength across categories.
- **Robust SIP and Retail Traction:** SIP inflows up 4% YoY to ₹11.4b; SIP accounts rose to 3.86 million, with 90% of accounts over 10 years old—indicating high stickiness and maturity of investor base.

Weaknesses

- **Moderate Market Share Movement:** Despite AUM growth, market share remained flat at ~6.24%, suggesting slower gain in competitive positioning.
- **Offshore AUM Pressure:** Offshore AUM declined 12% QoQ to ₹106b, possibly due to global outflows or performance-related reallocation.
- **Flat Real Estate AUM and Withdrawal Trends:** Real estate AUM remained stagnant at ₹5b; some large client withdrawals were noted due to portfolio restructuring, hinting at concentration risks.

Opportunities

- **High Growth in Alternate Assets:** Alternate AUM surged 67% QoQ to ₹398b, led by 154% QoQ growth in AIF & PMS—providing diversification from traditional MF revenue.
- **Product Innovation in Passive Space:** Passive AUM up 22% YoY to ₹364b, supported by expansion of product offerings (from 44 to 52), including Index Funds, ETFs, and FoFs.
- **SIF & GIFT City Platform Expansion:** New SIF brand and fundraising at GIFT City for ABSL Flexi Cap and Bluechip Funds indicate a push into new investor segments and geographies.
- **Strong MFD Ecosystem & Retail Penetration:** MFDs now total 89,000, contributing 54% of equity AUM—supporting deeper retail access and better reach across semi-urban and rural markets.

Threats

- **Dependence on Market Cycles:** Revenue and fund performance remain highly sensitive to equity/debt market conditions and macroeconomic interest rate trends.
- **Rising Competition in Passives and Alternates:** The AMC faces rising competition from global and local players, especially in passives and AIF/PMS, which could pressure fee yields and margins.
- **ESOP & Cost Management Constraints:** While current ESOP costs were low at ₹16m, future hikes or leadership hiring (especially for Alternatives) could inflate costs if not offset by revenue scale.



Bajaj Finance

About:

Bajaj Finance Limited is a subsidiary of Bajaj Finserv Limited. Initially, the Company was promoted by erstwhile Bajaj Auto Limited and Bajaj Auto Holdings Limited. The Company is engaged in business of lending and acceptance of deposits. It has a diversified lending portfolio across retail, SMEs, and commercial customers with significant presence in both urban and rural India. It accepts public and corporate deposits and offers variety of financial services products to its customers. The Company has two wholly owned subsidiaries, viz Bajaj Housing Finance Ltd. (BHFL) and Bajaj Financial Securities Ltd. The Reserve Bank of India classified the Company as an Asset Finance Company. Apart from this, it focuses on six broad categories: Consumer Lending, SME Lending, Commercial Lending, Rural Lending, Deposits; and Partnerships and Services

Future Outlook:

Bajaj Finance delivered a steady operating performance in Q1FY26, supported by robust AUM growth and strong customer additions. However, near-term concerns have emerged around asset quality, particularly in MSME and auto finance, which led to elevated credit costs and NIM pressure. With management taking proactive steps to tighten credit filters and reduce exposure to riskier geographies and segments, the business remains resilient. The company expects margins to improve modestly aided by lower funding costs, while MSME growth is likely to remain subdued in FY26. Stable leadership and digital execution continue to support its long-term structural growth story.

Narration Amt.Cr.	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Sales	16,100.05	17,091.22	18,035.11	18,456.85	19,523.88
QoQ % Ch	7.90%	6.20%	5.50%	2.30%	5.80%
YoY % Ch	28.82%	27.72%	27.33%	23.65%	21.27%
Expenses	4,955.81	5,338.02	5,691.16	6,026.19	5,991.73
Operating Profit	11,144.24	11,753.20	12,343.95	12,430.66	13,532.15
QoQ % Ch	6.10%	5.50%	5.00%	0.70%	8.90%
YoY % Ch	26.57%	24.36%	24.26%	18.32%	21.43%
OPM %	69.22%	68.77%	68.44%	67.35%	69.31%
Other Income	4.78	7.64	26.23	20.71	4.6
Depreciation	199.81	210.04	219.13	252.01	251.49
Interest	5,683.86	6,149.32	6,385.63	6,551.98	6,917.68
Profit before tax	5,265.35	5,401.48	5,765.42	5,647.38	6,367.58
Tax	1,353.37	1,387.74	1,457.23	1,101.81	1,602.29
Net profit	3,911.98	3,999.73	4,246.54	4,479.57	4,699.61
QoQ % Ch	2.30%	2.20%	6.20%	5.50%	4.90%
YoY % Ch	13.82%	12.64%	16.70%	17.13%	20.13%
PAT Margin %	24.3	23.4	23.55	24.27	24.07
QoQ % Ch	-5.20%	-3.70%	0.60%	3.10%	-0.80%
YoY % Ch	-11.64%	-11.80%	-8.35%	-5.28%	-0.93%
EPS (Rs.)Qtr.	63.3	64.72	68.71	72.48	76.04
QoQ % Ch	2.30%	2.20%	6.20%	5.50%	4.90%
YoY % Ch	11.32%	10.17%	16.70%	17.13%	20.13%

SWOT Analysis

Strengths

- Strong AUM Growth:** AUM rose 25% YoY / 6% QoQ to INR 4.41 trillion, led by Gold Loans (+20% QoQ), Urban SF (+13%), Rural SF (+11%), and Commercial Loans excl. LAS (+18%).
- Stable Profitability Metrics:** PAT grew 22% YoY to INR 47.6b; PPoP also grew 22% YoY to INR 84.9b, showing consistent core performance.
- High Customer Acquisition:** Total franchise reached 106.5 million (+21% YoY), with 4.69 million new customer acquisitions in Q1FY26.
- Strong Return Ratios:** Maintained healthy profitability with RoA at 4.5% and RoE at 19%.
- Cost of Funds Improving:** CoF declined by ~20bp QoQ to 7.8%, with management expecting a further 15-20bp decline, aiding future NIM recovery.

Weaknesses

- NIM Compression:** NIM fell ~10bp QoQ to 9.53%, despite declining CoF, indicating spread pressure.
- Rising Credit Costs:** Annualized credit costs at 2.02%, higher sequentially (PQ: 2.33%) and YoY (~2%).
- Deteriorating Asset Quality:** GNPA rose by 7bp QoQ to 1.03%, NS3 by 6bp to 0.5%, and PCR declined 170bp QoQ to 52%.
- Auto Loan Weakness:** Auto Finance portfolio declined ~9% QoQ, pointing to sustained underperformance in this vertical.
- Opex Growth:** Operating expenses rose by 19% YoY to INR 41.2b, in line, but keeping cost efficiencies tight.

Opportunities

- Scope to Expand NIMs:** With expected CoF moderation to ~7.6-7.65%, management guides for ~10bp NIM expansion in coming quarters.
- Digital/Technology Advantage:** Strong tech-led origination across urban and rural finance can further deepen penetration.
- Recovery in Macro Conditions:** Broader economic recovery may revive demand in MSME and 2W/3W segments, aiding disbursements.
- Internal Succession Planning:** Stable leadership continuity till FY28 ensures long-term strategy stability.
- New Loan Growth:** New loans booked grew 23% YoY to 13.5 million, offering scalability for the core retail engine.

Threats

- MSME Portfolio Stress:** MSME growth expected to remain flat or decline in FY26; ~13 of 17 tracked MSME sectors showing slowdown or contraction.
- Geographic Vulnerability (Karnataka):** State accounts for 11% of the loan book; disbursements reduced by 35-40% due to emerging portfolio weakness.
- Consumer Leverage Risks:** High indebtedness among borrowers has led to tightened underwriting norms in select products.
- Macro Headwinds:** Broader slowdown and soft credit demand may impact growth beyond MSME, especially in discretionary lending.
- Potential Asset Quality Slippage:** Credit costs guided at 1.85-1.95% for FY26, reflecting ongoing caution across segments.



Bharat Electronics Ltd

About:

Bharat Electronics Limited (BEL), a Navratna PSU under the Ministry of Defence, Government of India, is a distinguished manufacturer of cutting-edge electronic products and systems for the Army, Navy, and the Air Force. Beyond its military contributions, BEL has ventured into diverse sectors like homeland security, smart cities, e-governance solutions, space electronics, energy storage products, solar technology, network & cyber security, and more.

Quarterly Performance:

- Quarterly Revenue up 4.6% YoY.
- Quarterly EBIDTA up 30.6% YoY.

Future Outlook:

Bharat Electronics Ltd is well-positioned for strong growth, supported by a healthy order backlog, upcoming high-value contracts, and a growing role in indigenously developed strategic systems. Its sustained margin performance and ongoing investments in sonar, radar, and electronic warfare solutions further strengthen its competitiveness. As global and domestic defense spending scales up, BEL is expected to benefit from both direct orders and increased export opportunities. However, execution discipline and efficient working capital management will be crucial in mitigating risks related to order delays or payment lags.

Narration Amt.Cr.	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Sales	4,243.57	4,604.90	5,770.69	9,149.59	4,439.74
QoQ % Ch	-50.40%	8.50%	25.30%	58.60%	-51.50%
YoY % Ch	20.11%	14.86%	38.65%	6.84%	4.62%
Expenses	3,295.37	3,204.95	4,101.20	6,333.53	3,201.47
Operating Profit	948.2	1,399.95	1,669.49	2,816.06	1,238.27
QoQ % Ch	-58.50%	47.60%	19.30%	68.70%	-56.00%
YoY % Ch	40.99%	38.04%	55.66%	23.12%	30.59%
OPM %	22.34%	30.40%	28.93%	30.78%	27.89%
Other Income	203.58	157.76	186.38	194.64	163.32
Depreciation	107.68	111.19	110.93	137.58	120.79
Interest	1.18	1.32	1.32	5.86	1.44
Profit before tax	1,042.92	1,445.20	1,743.62	2,867.26	1,279.36
Tax	261.93	361.32	442.35	746.25	318.69
Net profit	791	1,092.45	1,310.95	2,127.04	969.91
QoQ % Ch	-56.00%	38.10%	20.00%	62.30%	-54.40%
YoY % Ch	46.89%	38.40%	52.51%	18.36%	22.62%
PAT Margin %	18.64	23.72	22.72	23.25	21.85
QoQ % Ch	-11.20%	27.30%	-4.20%	2.30%	-6.00%
YoY % Ch	22.30%	20.49%	10.00%	10.78%	17.20%
EPS (Rs.)Qtr.	1.08	1.49	1.79	2.91	1.33
QoQ % Ch	-56.00%	38.10%	20.00%	62.30%	-54.40%
YoY % Ch	46.89%	38.40%	52.51%	18.36%	22.62%

SWOT Analysis

Strengths

- **Strong Order Book & Inflows:** Maintains a robust order book at ₹748.6 billion, with fresh inflows of ₹76.3 billion in Q1FY26, up 53% YoY.
- **Superior Margin Performance:** Gross margin at 53.2%, EBITDA margin rose by 580 bps YoY to 28%, leading to a 23% YoY PAT growth.
- **High Revenue Visibility:** Execution pipeline of key programs like LRSAM (₹30b), Himshakti EW (₹17b), and Akash missile system (₹13b) supports >15% revenue growth in FY26.
- **Indigenous Capability Expansion:** Strengthening leadership in sonar and EW systems with minimal import dependency and focus on AI/ML-enhanced defense systems.
- **R&D and Strategic Collaborations:** Active partnerships with DRDO and other defense labs enhance long-term technological relevance and self-reliance.

Weaknesses

- **Revenue Miss vs Estimates:** Revenue of ₹44.2 billion was below the ₹48.4 billion estimate due to geopolitical disruptions.
- **Dependence on Government Contracts:** Heavy reliance on MoD contracts exposes the company to procurement delays and bureaucratic risks.

Opportunities

- **Massive Order Pipeline:** Upcoming high-value orders like QRSAM (₹250b), MF-STAR radars, Shatrughat/Samaghat EW systems (₹65b), LCA Mk1A upgrades, and drone programs provide multi-year growth visibility.
- **Export Growth Potential:** Expansion of export-ready sonar systems and rising global defense spending open up international opportunities.
- **Emergency Procurements & Indigenous Push:** "Atmanirbhar Bharat" initiative and rising indigenization in defense procurement strongly favor BEL's long-term prospects.

Threats

- **Execution Risks & Delays:** Delays in project approvals or user readiness could impact the timely execution of large orders.
- **Commodities & Inflation:** Volatility in input prices can pressure margins despite current resilience.
- **Competitive Intensity:** Increasing competition from private sector and international defense players can erode future market share or pricing power.
- **Payment Cycle Risks:** Delays in payments from MoD or public sector clients could strain cash flows.



Coromandel International

About:

Coromandel International Ltd is one of India's leading agri solutions provider. It offers a diverse range of products and services across the farming value chain. It specializes in fertilizers, crop protein, bio pesticide, specialty nutrients, organic fertilizers, etc

Quarterly Performance:

- Revenue increased by **48.9%** YoY.
- EBITDA increased by **59.5%** YoY.

FUTURE OUTLOOK:

Coromandel International is well-poised to maintain its strong growth trajectory in FY26, supported by robust momentum in both crop protection and fertilizer segments. Favorable monsoon conditions, easing global agrochemical inventories, and capacity additions will likely drive volume growth and margin stability. Strategic backward integration in phosphates and expansion of product offerings through innovation provide long-term tailwinds. While the subsidy receivable position remains elevated, steady inflows and improving supply chain dynamics offer comfort. The company's focus on geographical and product diversification reinforces its structural growth story.

Narration Amt.Cr.	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Sales	4,728.83	7,432.83	6,935.19	4,988.39	7,042.30
QoQ % Ch	20.90%	57.20%	-6.70%	-28.10%	41.20%
YoY % Ch	-16.94%	6.36%	26.92%	27.49%	48.92%
Expenses	4,238.49	6,470.95	6,221.90	4,579.02	6,260.22
Operating Profit	490.34	961.88	713.29	409.37	782.08
QoQ % Ch	86.50%	96.20%	-25.80%	-42.60%	91.00%
YoY % Ch	-30.50%	-8.82%	104.47%	55.73%	59.50%
OPM %	10.37%	12.94%	10.29%	8.21%	11.11%
Other Income	54.1	65	113.67	472.72	83.74
Depreciation	65.26	68.98	70.75	85.4	120.58
Interest	57.42	66.05	73.09	65.87	67.96
Profit before tax	421.76	891.85	683.12	730.82	677.28
Tax	112.52	232.75	175.21	152.36	175.69
Net profit	310.97	664.05	511.77	579.67	505.01
QoQ % Ch	94.00%	113.50%	-22.90%	13.30%	-12.90%
YoY % Ch	-37.05%	-12.26%	121.56%	261.59%	62.40%
PAT Margin %	6.58	8.93	7.38	11.62	7.17
QoQ % Ch	60.50%	35.90%	-17.40%	57.50%	-38.30%
YoY % Ch	-24.22%	-17.51%	74.57%	183.62%	9.05%
EPS (Rs.)Qtr.	10.56	22.55	17.38	19.69	17.15
QoQ % Ch	94.00%	113.50%	-22.90%	13.30%	-12.90%
YoY % Ch	-37.15%	-12.39%	121.56%	261.59%	62.40%

SWOT Analysis

Strengths

- **Strong Operating Performance:** EBIT grew by 50% YoY, led by crop protection (+77% YoY) and nutrient & allied (+46% YoY) segments.
- **Higher Manufacturing Volumes:** Overall fertilizer volumes increased 12% YoY to 1.08 MMT, supporting margin expansion.
- **Improved Profitability Metrics:** Manufacturing EBITDA/mt stood at INR 5,118 (+20% YoY), and EBITDA/mt for phosphate fertilizers at INR 5,937 (+23% YoY).
- **Strategic Backward Integration:** Raised stake in Senegal-based BMCC to 71.5%, strengthening access to rock phosphate supply.
- **Robust Cash Flow and Subsidy Inflows:** Received INR 13b in subsidies during the quarter (vs INR 9.87b YoY), reducing working capital stress.

Weaknesses

- **High Dependency on Subsidies:** Outstanding subsidy at end-Q1FY26 stood at INR 29.1b, exposing it to delayed receivables and government policy risk.
- **EBIT Margin Pressure in Core Segment:** Nutrient & allied segment saw a 30bps YoY margin contraction to 9.9%, indicating input cost or pricing pressures.

Opportunities

- **Capacity Expansion Projects:** Ongoing phosphoric and sulphuric acid plant construction at Kakinada to be commissioned by 4QFY26, aiding self-sufficiency.
- **Crop Protection Product Pipeline:** Launch of new molecules and increasing demand due to easing global inventory will support segment growth.
- **Monsoon-led Tailwinds:** A forecast for above-normal monsoon bodes well for agri-input demand across India.

Threats

- **Regulatory Uncertainty:** Fertilizer pricing and subsidy dynamics remain under tight government control, which could impact profitability.
- **Raw Material Price Volatility:** Dependence on imports for key inputs like phosphoric acid and ammonia exposes margins to global commodity swings.
- **Geopolitical Risks in Sourcing:** Expanded stake in Senegalese rock phosphate mining adds exposure to Africa-specific operational and geopolitical challenges.



Cummins India

About:

Cummins, a subsidiary of Cummins Inc., USA, manufactures engines and power-generation products. It operates three businesses—Engine, Power Systems, and Distribution—and has eight plants in Maharashtra and Gujarat producing diesel engines and gensets (15–2,000 kVA) for various uses. The company also makes alternators, digital controls, and transfer switches. As a market leader with a 40% share in the diesel engine/genset sector, Cummins excels in high-margin HHP gensets. Domestic operations (power generation, industrial, and distribution) account for 80% of sales, while exports to over 40 countries—mainly in the Middle East and Africa—contribute the remaining 20%.

Quarterly Performance:

- Revenue increased by 25.5% YoY.
- PAT increased by 30.5% YoY.

Future Outlook:

Cummins India delivered a strong Q1FY26 with beats on all metrics, driven by exceptional Powergen performance, broad-based export recovery, and healthy distribution growth. The company appears well-positioned to sustain momentum, with market share gains, robust order books, and a diversified product portfolio across domestic and global markets. Near-term growth will be supported by volume gains in Powergen and deeper aftermarket penetration, while medium-term opportunities lie in railways, industrial solutions, and export diversification. However, gross margin pressures, monsoon-linked industrial softness, and external trade risks will need to be monitored.

Narration Amt.Cr.	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Sales	2,315.56	2,508.60	3,096.15	2,470.38	2,906.82
QoQ % Ch	-0.10%	8.30%	23.40%	-20.20%	17.70%
YoY % Ch	4.39%	30.55%	21.83%	6.53%	25.53%
Expenses	1,842.26	2,024.66	2,498.58	1,945.15	2,283.32
Operating Profit	473.3	483.94	597.57	525.23	623.5
QoQ % Ch	-12.10%	2.20%	23.50%	-12.10%	18.70%
YoY % Ch	38.21%	39.79%	10.15%	-2.47%	31.73%
OPM %	20.44%	19.29%	19.30%	21.26%	21.45%
Other Income	171.07	157.44	168.32	216.86	211.75
Depreciation	44.34	44.96	49.28	46.49	47.93
Interest	4.96	2.58	3.02	5.29	2.65
Profit before tax	595.07	593.84	713.59	690.31	784.67
Tax	132.46	144.47	155.13	160.81	180.77
Net profit	462.61	449.37	558.46	529.5	603.9
QoQ % Ch	-14.20%	-2.90%	24.30%	-5.20%	14.10%
YoY % Ch	30.78%	36.55%	11.94%	-1.74%	30.54%
PAT Margin %	19.98	17.91	18.04	21.43	20.78
QoQ % Ch	-14.00%	-10.30%	0.70%	18.80%	-3.10%
YoY % Ch	25.29%	4.59%	-8.12%	-7.76%	3.99%
EPS (Rs.)Qtr.	16.69	16.21	20.15	19.1	21.79
QoQ % Ch	-14.20%	-2.90%	24.30%	-5.20%	14.10%
YoY % Ch	30.78%	36.55%	11.94%	-1.74%	30.54%

SWOT Analysis

Strengths

- **Strong top-line growth across segments:** Consolidated revenue grew 26% YoY to INR 29.1b, with domestic sales up 25% YoY and exports up 34% YoY.
- **Margin expansion despite gross margin dip:** EBITDA margin expanded 110 bps YoY to 21.4% due to lower employee and other expenses, driving 32% YoY EBITDA growth.
- **Market share gains in Powergen:** Powergen segment revenue grew 31% YoY, outperforming industry trends, with notable strength in both <750kVa (29% QoQ) and >750kVa (24% YoY) categories.
- **Strong export momentum:** Broad-based export growth led by Latin America and Europe, supported by tailored product offerings and steady penetration.

Weaknesses

- **Gross margin contraction:** Declined 80 bps YoY to 37.0%, indicating some pricing or input cost pressures despite overall profit growth.
- **Industrial segment weakness in construction:** Growth in the industrial segment was muted at 12% YoY, hurt by monsoon-related slowdown in construction activity.
- **Dependence on Powergen for growth:** Significant revenue and market share gains are concentrated in the Powergen segment, making the performance cyclical and sector-sensitive.

Opportunities

- **Opportunities: Volume-led growth in Powergen:** Expected 15% CAGR in Powergen revenues over FY25–28, driven by data centers (15–20% of sales), manufacturing, pharma, and mission-critical sectors.
- **Railways product pipeline:** New offerings like diesel-electric tower cars, power cars, and hotel load converters to sustain railway sub-segment growth.
- **Aftermarket and distribution expansion:** Growing demand for CPCB IV+ compliant gensets and specialized products (dual fuel kits, AdBlue, hydraulic filters) offers long-term service revenue potential.
- **Export diversification:** Expanding presence in US and other markets with targeted engines (QSK38, QSK50) and low-emission offerings for regions with varying norms.

Threats

- **Geopolitical and trade policy risks:** Export-heavy growth is vulnerable to tariffs, regulations, and geopolitical instability.
- **Sectoral cyclicality:** Demand in Powergen, industrial, and construction segments is tied to macro cycles and infrastructure spending.
- **Rising technological complexity:** Transition to CPCB IV+ standards requires higher R&D and could intensify competition from global OEMs.



Federal Bank

About:

The Federal Bank Limited, originally incorporated in 1931 as Travancore Federal Bank Limited, offers a range of services including retail and corporate banking, para-banking activities such as debit cards and third-party product distribution, as well as treasury and foreign exchange operations. It is the second-largest bank and the largest private sector bank in Kerala. Federal Bank has a network of Over 1,500+ banking outlet and 2,000+ ATMs across India with 1.8 Cr+ customers.

Outlook:

Federal Bank's Q1FY26 performance was impacted by rising provisions and weaker NIMs, primarily due to stress in the MFI portfolio and T+1 repricing pressure. However, solid growth in SME, CV, and gold loans, combined with improving SA deposit trends, supports the bank's structural strength. The management's focus on rebalancing the loan book, optimizing costs, and stabilizing the MFI segment is expected to aid a gradual recovery in margins and asset quality in the second half. While near-term headwinds persist, medium-term visibility remains intact given Federal Bank's diversified book, prudent underwriting, and improving fee income traction.

Narration Amt.Cr.	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Sales	6,727.60	7,005.66	7,264.87	7,107.95	7,150.84
QoQ % Ch	6.10%	4.10%	3.70%	-2.20%	0.60%
YoY % Ch	25.75%	20.97%	19.39%	12.13%	6.29%
Expenses	2,047.78	2,148.79	2,349.35	2,265.23	2,505.88
Operating Profit	4,679.82	4,856.87	4,915.52	4,842.72	4,644.96
QoQ % Ch	5.80%	3.80%	1.20%	-1.50%	-4.10%
YoY % Ch	25.95%	17.60%	15.09%	9.50%	-0.74%
OPM %	69.56%	69.33%	67.66%	68.13%	64.96%
Other Income	936.05	1,009.63	931.15	1,047.34	1,164.49
Interest	4,211.53	4,393.45	4,569.82	4,456.47	4,539.62
Profit before tax	1,404.34	1,473.05	1,276.85	1,433.59	1,269.83
Tax	364.32	368.59	328.15	325.28	323.06
Net profit	1,027.51	1,096.25	944.15	1,090.94	918.32
QoQ % Ch	5.80%	6.70%	-13.90%	15.50%	-15.80%
YoY % Ch	16.75%	10.28%	-8.81%	12.38%	-10.63%
PAT Margin %	15.27	15.65	13	15.35	12.84
QoQ % Ch	-0.30%	2.50%	-16.90%	18.10%	-16.30%
YoY % Ch	-7.16%	-8.84%	-23.62%	0.22%	-15.92%
EPS (Rs.)Qtr.	4.22	4.5	3.88	4.48	3.77
QoQ % Ch	5.80%	6.70%	-13.90%	15.50%	-15.80%
YoY % Ch	1.45%	-4.18%	-8.81%	12.38%	-10.63%

SWOT Analysis

Strengths

- Resilient Operating Performance:** Pre-provision operating profit (PPOP) rose 6.2% QoQ and 3.7% YoY to ₹15.6b, beating estimates by 7.5%, driven by higher treasury income and recovery from written-off accounts.
- Improved CASA Mix:** CASA ratio improved 12bp QoQ to 30.4%, aided by 4.2% QoQ growth in SA deposits despite seasonality-led weakness in the CA book.
- Opex Under Control:** Operating expenses grew only 11% YoY (down 1.3% QoQ), helping mitigate the impact of weaker NIMs and elevated provisions.
- Diversified Credit Growth:** Advances grew 9.2% YoY/2.7% QoQ, with strong traction in SME (+3.6% QoQ), CV, Gold, and credit cards (+8.5% QoQ).
- Stable Restructured Book:** Restructured book reduced by 6bp QoQ to 0.55% of advances, indicating limited underlying stress outside of MFI.
- Moderate Loan Repricing Risk:** 33% of the loan book is fixed-rate, offering some buffer against rising rate volatility.

Weaknesses

- NIM Compression:** Net interest margin (NIM) fell 18bp QoQ to 2.94% due to T+1 loan repricing and interest reversals (~4-5bp impact), impacting profitability.
- Flat Retail Growth:** Retail loan book remained largely flat QoQ, with housing and mortgages either flat or declining sequentially.
- Cost-to-Income Ratio Still Elevated:** Despite improvements, FB's cost-to-income ratio remains in the mid-50s range, leaving limited operating leverage in the near term.

Opportunities

- Scope to Improve NIMs Gradually:** With the cost of funds expected to reduce and further repo rate cuts likely, FB guided only a 5-10bp NIM compression in 2QFY26.
- Expansion in High-Yield Segments:** Rapid growth in credit cards (+18.8% YoY) and SME segments offers yield-accretive opportunities.
- Recovery in MFI Book:** Management indicated that slippages peaked in May and have moderated in June and July, hinting at potential asset quality stabilization in 2HFY26.
- Focus on Tech & Distribution Efficiency:** Investments in digital banking and lean cost structures may improve long-term cost efficiency and customer acquisition.

Threats

- MFI Stress Dragging Asset Quality:** GNPA/NNPA rose 7bp/4bp QoQ to 1.84%/0.44% due to elevated slippages from the microfinance portfolio; MFI stress remains a key concern.
- Higher Credit Costs:** Credit cost jumped 39bp QoQ to 0.65%, above the guided 55bp FY26 average, reflecting pressure on profitability.
- Slower Deposit Growth:** Deposits grew just 1.3% QoQ, lagging loan growth, pushing the CD ratio up to ~83.9%, raising funding risks.
- LCR Ratio Decline:** LCR fell 9.5% QoQ to 132.5%, reflecting tighter liquidity buffers.



FORTIS HEALTHCARE

About:

Founded in 1996, **Fortis Healthcare** is an Indian private hospital network headquartered in Gurgaon. The company operates a network of healthcare facilities across India, the United Arab Emirates, Nepal, and Sri Lanka. Fortis provides a range of integrated healthcare services, including primary care, secondary care, and advanced quaternary care. Its medical specialties cover cardiac care, orthopedics, neurosciences, oncology, renal care, gastroenterology, and mother and child care. The company expanded its presence by acquiring the healthcare division of Escorts Group, including the Escorts Heart and Research Center in Delhi. Fortis Memorial Research Institute (FMRI) in Gurgaon serves as its flagship facility. Listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) of India, Fortis Healthcare is majority-owned by Malaysia's IHH Healthcare Berhad.

Quarterly Performance:

- Revenue increased by **16.6%** YoY.
- PAT increased by **56.8%** YoY.

Future Outlook:

Fortis Healthcare delivered a steady Q1FY26 performance with revenue growth driven by higher ARPOB, operational efficiency, and robust diagnostic segment momentum. While IP volumes were soft, management's focus on premium specialties, improved payor mix, and cost control supports margin stability. The planned bed capacity expansion and continued investment in high-value clinical programs should drive sustainable growth over the medium term. However, regulatory challenges, competition, and inflationary pressures remain key monitorables.

SWOT Analysis

Strengths

- **Healthy revenue growth:** Consolidated operating revenue grew ~17% YoY, supported by hospital and diagnostic segments.
- **Strong ARPOB performance:** ARPOB for India hospitals rose ~8.8% YoY to INR 2.15 lakh, driven by higher surgical mix and payor mix optimization.
- **Robust diagnostics growth:** SRL Diagnostics revenue increased ~12% YoY, with higher volumes and better realizations.

Weaknesses

- **Moderate footfall growth:** IP volumes grew only ~1.4% YoY in India hospitals, impacted by seasonality and softer demand in select regions.
- **Rising employee & other costs:** Total expenses rose ~7.5% YoY, partially offsetting margin gains.
- **Limited bed expansion in the near term:** Current growth in hospital revenue is heavily dependent on ARPOB improvement rather than significant capacity additions.

Opportunities

- **Expansion projects:** Ongoing brownfield expansions to add ~1,500 beds over the next few years, mainly in key metro clusters.
- **High-value specialty growth:** Cardiac sciences, oncology, orthopedics, and organ transplants are seeing rising demand, enhancing ARPOB.
- **Improved payor mix:** Higher share of international and corporate clients can further improve realizations.

Threats

- **Competitive healthcare market:** Rising competition from other hospital chains in metro and tier-2 cities.
- **Regulatory risks:** Price caps on certain procedures/tests could pressure margins.
- **Cost inflation:** Higher manpower, medical consumables, and technology investments could impact profitability.

Narration Amt.Cr.	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Sales	1,858.90	1,988.39	1,928.26	2,007.20	2,166.72
QoQ % Ch	4.10%	7.00%	-3.00%	4.10%	7.90%
YoY % Ch	12.16%	12.34%	14.80%	12.39%	16.56%
Expenses	1,516.38	1,553.56	1,553.14	1,571.73	1,676.05
Operating Profit	342.52	434.83	375.12	435.47	490.67
QoQ % Ch	-10.10%	27.00%	-13.70%	16.10%	12.70%
YoY % Ch	26.00%	31.70%	32.10%	14.28%	43.25%
OPM %	18.43%	21.87%	19.45%	21.70%	22.65%
Other Income	13.8	-42.3	46.75	-29.13	30.95
Depreciation	91	95.05	97.33	102.23	101.48
Interest	35.27	36.43	45.15	67.56	69.57
Profit before tax	230.05	261.05	279.39	236.55	350.57
Tax	56.07	67.97	25.09	48.53	83.79
Net profit	165.96	176.46	247.9	183.89	260.28
QoQ % Ch	-7.10%	6.30%	40.50%	-25.80%	41.50%
YoY % Ch	48.50%	1.58%	84.08%	2.89%	56.83%
PAT Margin %	8.93	8.87	12.86	9.16	12.01
QoQ % Ch	-10.80%	-0.60%	44.90%	-28.70%	31.10%
YoY % Ch	32.40%	-9.58%	60.35%	-8.46%	34.55%
EPS (Rs.)Qtr.	2.2	2.34	3.28	2.44	3.45
QoQ % Ch	-7.10%	6.30%	40.50%	-25.80%	41.50%
YoY % Ch	48.50%	1.58%	84.08%	2.89%	56.83%



Mahindra & Mahindra Ltd (M&M)

About:

Mahindra & Mahindra Ltd (M&M) is one of India's most diversified conglomerates, with a strong presence across various sectors. Originally incorporated in 1945 by Ghulam Mohammad and brothers KC Mahindra and JC Mahindra, the company was renamed Mahindra & Mahindra in 1948. M&M is a dominant player in the automobile industry, manufacturing a range of vehicles including 2-wheelers, 3-wheelers, passenger vehicles (PVs), commercial vehicles (CVs), tractors, and earthmovers. Beyond its automotive ventures, the company has expanded into several other industries, including financial services, auto components, hospitality, infrastructure, retail, logistics, steel trading and processing, IT, agribusiness, aerospace, defense, energy, and industrial equipment.

Quarterly Performance:

- Quarterly Revenue up **22.3%** YoY.
- Quarterly EBITDA up **13.6%** YoY.

Future Outlook:

M&M delivered a solid Q1FY26 with strong revenue and PAT growth across both Auto and FES segments. Margin performance remained stable, with improvement in the tractor business offsetting some softness in auto margins due to EVs. With continued gains in market share and a focus on value-added offerings, M&M is well-positioned for sustained growth. The company's strategy of maintaining a balance between profitability and expansion, especially in EVs, should help drive value creation. Rising steel prices and EV margin drag are short-term concerns, but the company's long-term prospects remain robust.

Narration Amt.Cr.	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Sales	37,217.72	37,923.74	41,470.05	42,599.31	45,529.19
QoQ % Ch	5.00%	1.90%	9.40%	2.70%	6.90%
YoY % Ch	9.81%	10.13%	17.48%	20.16%	22.33%
Expenses	29,974.60	30,790.34	33,239.32	34,688.37	37,301.39
Operating Profit	7,243.12	7,133.40	8,230.73	7,910.94	8,227.80
QoQ % Ch	9.70%	-1.50%	15.40%	-3.90%	4.00%
YoY % Ch	15.90%	24.50%	32.24%	19.79%	13.59%
OPM %	19.46%	18.81%	19.85%	18.57%	18.07%
Other Income	733.21	1,125.57	718.59	1,141.10	1,395.06
Depreciation	1,247.77	1,301.99	1,495.17	2,028.72	1,547.56
Interest	2,107.69	2,217.02	2,362.16	2,396.52	2,431.19
Profit before tax	4,620.87	4,739.96	5,091.99	4,626.80	5,644.11
Tax	1,075.09	1,378.90	1,467.51	1,084.95	1,267.53
Net profit	3,282.63	3,170.72	3,180.58	3,295.17	4,083.32
QoQ % Ch	19.20%	-3.40%	0.30%	3.60%	23.90%
YoY % Ch	-6.44%	35.05%	19.64%	19.65%	24.39%
PAT Margin %	8.82	8.36	7.67	7.74	8.97
QoQ % Ch	13.50%	-5.20%	-8.30%	0.90%	15.90%
YoY % Ch	-14.80%	22.63%	1.84%	-0.43%	1.68%
EPS (Rs.)Qtr.	29.45	28.44	28.53	29.56	36.63
QoQ % Ch	19.20%	-3.40%	0.30%	3.60%	23.90%
YoY % Ch	0.56%	45.15%	19.64%	19.65%	24.39%

SWOT Analysis

Strengths

- **Strong Revenue Growth:** Revenue grew 22% YoY, driven by robust performance in both Auto and FES segments.
- **Sustained Profitability:** PAT rose 25% YoY, aided by higher-than-expected other income of ₹6.4b.
- **Improved Tractor Margin:** Farm Equipment Segment (FES) margin expanded 140bp YoY to 19.8%, with core tractor PBIT margin at 20.7%.
- **Strong Return Ratios:** Achieved RoE of 20.6%, exceeding its long-term goal of 18%, underscoring strong capital efficiency.
- **Market Share Gains:** Auto segment revenue market share improved 570bp YoY to 27.3%, and LCV share (<₹3.5T) rose 340bp to 54.2%.
- **Leadership in UV Segment:** Continued dominance in UV space, supported by healthy demand for key models and mid-to-high teens growth guidance for FY26.

Weaknesses

- **EV Business Still Loss-Making:** Contract manufacturing for EVs via MEAL delivered just 0.2% PBIT margin; overall EBIT margin at MEAL stood at -3.5%.
- **Auto Segment Margin Pressure:** Auto EBIT margin remained at 8.9% due to lower-margin e-SUV volumes; core ICE margin at 10%.
- **Limited Diversification Outside India:** Revenue continues to be largely domestic-centric; global scale and diversification remain limited versus global peers.

Opportunities

- **EV Scale-Up Potential:** Positive EBITDA margin in EVs is expected as volumes scale and cost absorption improves via top-end variants and existing capacity.
- **Substitute Materials for EVs:** Adequate rare earth inventory and use of alternate materials like ferrites and light earths reduce dependence on volatile global supply chains.
- **Continued Market Share Gains:** Ongoing traction in UV and tractor segments with continued launches could support further share gains in FY26.
- **New Product Pipeline:** Strong launch pipeline in both ICE and EV categories provides growth tailwinds in coming quarters.

Threats

- **Input Cost Inflation:** Rising steel prices may lead to cost pressures in the auto segment in the coming quarters.
- **EV Profitability Drag:** Continued investment in the loss-making EV segment may dilute margins in the near term.
- **Macroeconomic and Monsoon Risks:** FES performance is sensitive to monsoon trends, which can impact rural demand and tractor volumes.
- **Competitive Intensity:** Increasing competition in UV and tractor segments from both domestic and global players can pressure pricing and margins.



Narayana Hrudayalaya

About:

Narayana Hrudayalaya is headquartered in Bengaluru, India, and runs a chain of hospitals across the nation. Dr. Devi Prasad Shetty is the visionary Founder and Chairman of Narayana Health. It has a strong presence in Karnataka and eastern India, as well as emerging locations in the north, west, and central India. Additionally, an international hospital is situated in the Cayman Islands. The network offers advanced care in over 30 specialties including Cardiology, Cancer Care, Neurology, Orthopedics, Nephrology, and Gastroenterology.

Quarterly Performance:

- Quarterly Revenue up 15.4% YoY.
- Quarterly EBITDA up 11.27% YoY.

Future Outlook:

Narayana Hrudayalaya delivered a mixed Q1FY26 with strong ARPOB and margin performance offset by weak IP footfalls and a miss on EBITDA. While India growth will remain moderate in the near term due to lack of new capacity, better payor mix and surgical case composition should support ARPOB-led growth. The Cayman business continues to perform strongly, with the Camana Bay hospital expected to stabilize in the coming quarters. With an aggressive capex plan of 2,000 new beds and targeted expansion in core clusters, NARH is poised for long-term growth. However, near-term performance will depend on margin preservation and stabilization of volume trends both in India and overseas.

Narration Amt.Cr.	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Sales	1,306.27	1,400.01	1,334.59	1,475.44	1,507.27
QoQ % Ch	4.80%	7.20%	-4.70%	10.60%	2.20%
YoY % Ch	5.91%	7.26%	10.88%	18.39%	15.39%
Expenses	1,003.84	1,091.58	1,027.17	1,117.72	1,170.76
Operating Profit	302.43	308.43	307.42	357.72	336.51
QoQ % Ch	3.90%	2.00%	-0.30%	16.40%	-5.90%
YoY % Ch	11.73%	0.10%	10.21%	22.92%	11.27%
OPM %	23.15%	22.03%	23.03%	24.24%	22.33%
Other Income	24.24	23.6	17.7	19.52	24.45
Depreciation	61.3	65.13	69.58	82.5	84.3
Interest	34.02	35.13	36.58	40.68	45.16
Profit before tax	231.35	231.77	218.96	254.06	231.5
Tax	29.86	32.98	25.91	56.78	34.79
Net profit	201.38	198.63	192.94	197.21	196.65
QoQ % Ch	5.60%	-1.40%	-2.90%	2.20%	-0.30%
YoY % Ch	9.48%	-12.34%	2.62%	3.41%	-2.35%
PAT Margin %	15.42	14.19	14.46	13.37	13.05
QoQ % Ch	0.70%	-8.00%	1.90%	-7.50%	-2.40%
YoY % Ch	3.37%	-18.27%	-7.45%	-12.65%	-15.37%
EPS (Rs.)Qtr.	9.85	9.72	9.44	9.65	9.62
QoQ % Ch	5.60%	-1.40%	-2.90%	2.20%	-0.30%
YoY % Ch	9.48%	-12.34%	2.62%	3.41%	-2.35%

SWOT Analysis

Strengths

- **Strong ARPOB Growth in India:** Despite weak IP footfalls, ARPOB rose 14% YoY, driven by better surgical mix, payor mix improvement, and price hikes.
- **Continued Margin Resilience:** Even with sequential revenue dip, hospital margins in India expanded, showcasing operational efficiency and cost control.
- **Cayman Business Strength:** Sales in Cayman Islands unit grew 48% YoY, driven by ramp-up at Camana Bay Hospital. EBITDA trajectory is expected to improve with volume stabilization.
- **Oncology Growth & Focus:** Oncology continues to scale, supported by investments in specialized chemotherapy centers via Everhope Oncology.
- **Aggressive Expansion Pipeline:** Plans to add ~2,000 beds, primarily in Bengaluru and Kolkata clusters by FY2029E, with Rs26.5b capex planned over FY26-28.

Weaknesses

- **Revenue Dependence on Select Geographies:** 50% YoY decline in Bangladesh patient revenue weighed heavily on overall India growth.
- **Margin Impact in New Hospitals:** Daycare procedures and new services at Camana Bay may initially deliver lower margins, impacting consolidated profitability.
- **High Capex Dependence on Debt:** With 80% of upcoming capex to be debt-funded, net debt/EBITDA could approach 2.5-3x, increasing leverage risk in absence of M&A.
- **Muted India Growth Until New Beds Add:** India revenue growth to remain in single digits till capacity additions materialize from 2HFY28 onward.

Opportunities

- **Ramp-Up in Cayman Operations:** Full utilization of Camana Bay Hospital expected in 2-3 quarters; strong non-Cayman market demand to drive future growth.
- **Premiumization via Case/Payor Mix:** Continuing improvement in private payor mix and complex case procedures to support ARPOB CAGR of ~8% over FY25-28E.
- **M&A Scope:** Management evaluating M&A opportunities, which could accelerate growth and fill geographic/product gaps.
- **Efficiency in Existing Hospitals:** Better throughput and reconfiguration of beds in mature facilities is yielding results without the need for additional capex.
- **New Services Launched in Oncology & Robotics:** Investments in robotics and high-end services to support pricing power and profitability.

Threats

- **Volatility in Footfalls from Overseas:** Lower patient flow from countries like Bangladesh continues to impact volume recovery; any geopolitical or visa-related challenges can worsen this.
- **Ayushman Bharat Scheme Risks:** ~50% of scheme patients come under Ayushman Bharat; delays in payments remain a concern for cash flow.
- **Execution Delays in Capex Projects:** Greenfield capex has already seen delays due to seasonal factors (rain); further slippages could defer growth timelines.
- **Rising Cost Pressures:** Minimum wage hikes, robotics investments, and equipment R&M costs led to higher SG&A in Q1FY26.
- **Insurance-Linked Receivables Risk:** Higher provision for doubtful debts in Q1 due to low insurance receipts can hurt profitability if recovery is delayed.



TVS MOTOR COMPANY

About:

TVS Motor Company, a global leader in manufacturing two- and three-wheelers, emphasizes sustainable mobility through its global manufacturing hubs in India and Indonesia, serving key markets and beyond. Its extensive two-wheeler portfolio caters to diverse riders: the award-winning, performance-driven Apache series; popular commuter scooters Jupiter and Ntorq 125; rugged utility-focused XL 100; and everyday models Radeon, Sport, and Star City Plus. The company has also entered the electric vehicle market with the cutting-edge iQube Electric, while the Scooty Pep Plus remains a top choice for female riders.

Quarterly Performance:

- Quarterly Revenue up 18.4% YoY.
- Quarterly EBITDA up 26.0% YoY.

Future Outlook:

TVS Motor posted robust Q1FY26 results, driven by record volumes, strong domestic demand, and export recovery. EBITDA margins rose 100 bps YoY despite minimal pricing support.

Though the 125 cc motorcycle segment drags, new launches like Jupiter 110 and improving rural sentiment should boost recovery. Exports to Africa and LATAM are rebounding, and investment in products and subsidiaries will fuel long-term growth. With a strong operational base, TVS is well-positioned for sustained performance, while competition and input-cost pressures remain monitored.

Narration Amt.Cr.	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Sales	10,314.47	11,301.68	11,034.88	11,542.00	12,210.05
QoQ % Ch	3.70%	9.60%	-2.40%	4.60%	5.80%
YoY % Ch	13.90%	13.78%	9.11%	16.09%	18.38%
Expenses	8,883.60	9,678.14	9,401.91	9,638.36	10,407.13
Operating Profit	1,430.87	1,623.54	1,632.97	1,903.64	1,802.92
QoQ % Ch	-1.70%	13.50%	0.60%	16.60%	-5.30%
YoY % Ch	18.85%	20.69%	10.69%	30.83%	26.00%
OPM %	13.87%	14.37%	14.80%	16.49%	14.77%
Other Income	48.32	32.31	69.61	-57.35	39.66
Depreciation	241.34	259.29	258.43	291.8	314.83
Interest	499.87	509.04	536.09	550.8	550.56
Profit before tax	737.98	887.52	908.06	1,003.69	977.19
Tax	253.16	299.39	298.71	306.18	334.33
Net profit	460.88	560.49	566.03	648.16	610.04
QoQ % Ch	19.10%	21.60%	1.00%	14.50%	-5.90%
YoY % Ch	6.12%	45.08%	18.23%	67.49%	32.36%
PAT Margin %	4.47	4.96	5.13	5.62	5
QoQ % Ch	14.80%	11.00%	3.40%	9.50%	-11.00%
YoY % Ch	-6.83%	27.51%	8.36%	44.28%	11.81%
EPS (Rs.)Qtr.	9.7	11.8	11.91	13.64	12.84
QoQ % Ch	19.10%	21.60%	1.00%	14.50%	-5.90%
YoY % Ch	6.12%	45.08%	18.23%	67.49%	32.36%

SWOT Analysis

Strengths

- **Strong Volume Growth:** 2W sales rose 17.5% YoY in Q1FY26, the highest-ever quarterly unit sales, driving 18.4% YoY revenue growth.
- **Improved Profitability:** EBITDA grew 26% YoY with EBITDA margin expansion of 90 bp YoY.
- **Export Recovery Underway:** Export markets like Africa (especially HLX 125), LATAM, and Sri Lanka saw strong performance; entry into Morocco offers fresh opportunities.
- **Retail Growth in Rural Markets:** Domestic retail sales up ~9% YoY, rural areas outperforming at ~10% YoY, driven by good reservoir levels and agri outlook.
- **Cost Efficiency:** Other expenses declined by 90bp YoY, aiding operating leverage.

Weaknesses

- **Motorcycle Segment Underperformance:** TVS underperformed industry in motorcycle volumes in FY25, especially in the 125cc segment, a key driver in recent years.
- **Limited Pricing Power:** ASP growth was modest at +2.5% YoY, reflecting muted pricing actions despite inflationary pressures.
- **Low Margin Contribution from EVs:** EV segment profitability not yet highlighted as a margin contributor, and rare earth reliance remains a watchpoint.
- **Limited Levers for Margin Expansion:** Raw material costs were flat QoQ, suggesting minimal scope for further gross margin tailwinds.

Opportunities

- **New Product Launches:** The recently launched Jupiter 110 was well-received and may boost scooter segment share.
- **Capex-Led Expansion:** Planned capex of INR 1.6–1.7b for FY26 in new products and INR 20b investments in subsidiaries to drive future growth, including in EV and premium segments.
- **Festive Season Tailwinds:** Management remains optimistic about domestic recovery aided by upcoming festive season and infrastructure investments.
- **EV Ecosystem Growth:** TVS' commitment to electric mobility and sustained product investments could position it better in the fast-growing EV space.

Threats

- **Competitive Pressure in 125cc Motorcycle Segment:** Loss of share in this fast-growing segment could hurt medium-term growth if not addressed.
- **Bangladesh Market Weakness:** Persistent weakness in this export geography may continue to impact overall exports unless recovery is faster than expected.
- **Global Economic Uncertainty:** While exports have recovered, they remain susceptible to macroeconomic shocks or currency volatility in emerging markets.
- **Commodity and Currency Risks:** RM price increases or INR appreciation could affect margins in both domestic and export businesses.



About Marathon Trends

Marathon Trends Advisory Private Limited is a SEBI-approved portfolio management services (PMS) firm, led by market veteran Atul Suri.

With over 30 years of deep-rooted experience in Indian equities, Marathon Trends specializes in the "TREND FOLLOWING" approach. This strategy underscores the integration of long-term market trends with thorough fundamental analysis, ensuring optimized returns while emphasizing risk management.

The company's expertise is further highlighted by its consistent performance across market cycles. Marathon's philosophy revolves around recognizing Mega Trends and adhering to the adage, "Ride your winners, Cut your losers," ensuring wealth maximization for its clientele.

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