

CMBI Credit Commentary**Fixed Income Daily Market Update 固定收益部市场日报**

- *The new KHFC '31 widened 3bps from RO at T+35bps this morning. Asia IG widened 2-3bps with better selling flows on the long-end names. Bank and TW lifers T2s remained weak. We saw buying interests in high-quality CNH LGFV.*
- *UPLLIN: Advanta IPO should enhance UPL's financial flexibility. UPLLINs were unchanged this morning. See below.*
- *EHICAR: Media reported eHi Car paid coupon on time on EHICAR 12 09/26/27. EHICAR '27/'29 rose 0.5-0.7pt yesterday, and were unchanged to 0.3pt higher this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, cautious tone in Asia IG space and extended last week's difficult backdrop for duration-exposed mandates across the curve. However, flows showed a strong buying bias (roughly 8:2) particularly in very front-end, low-beta and T2 paper, where offer side liquidity was scarce. This reflected the attractive SOFR-2yr spread at current levels. In contrast, duration and higher-beta names remained net offered, generally widened a further 2-5bps. We saw selling in China TMT 10yr KUAISH/TME/MEITUA, KR corporates '31-'33 HYUELE/HYNMTR/POHANG, and longer-dated JP and AU financials. Some selective credits appeared supported by short covering, but this support seemed to be fading as investors continued to exit duration risk amid the recent Treasury sell-off.

In higher-yielding space, weakness persisted into quarter-end with flows broadly skewed toward selling across sectors and the yield curve from all client types. Bid support was limited to some short covering in selected on-the-run and low-coupon front-end AT1s and insurance subs, bonds were marked down a further 0.2-0.5pt. SOFTBKs lost 0.1-0.5pt. Chinese developer remained weak, CHJMAO/GRNCH/LNGFOR dropped 0.1-0.4pt. USD LGFV were under two way flows and active names CDSNFE/CHDOHU/GZDZCO were unchanged to 0.2pt higher. In CNH LGFVs, tactical buyers provided liquidity bids to sellers seeking to raise additional cash ahead of the onshore National Day holiday. CNH TMT BABA/MEITUA/TENCNT were 0.1-0.2pt lower.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
EHICAR 10 10/14/29	40.3	0.7	PRUFIN 4 7/8 PERP	81.6	-2.2
EHICAR 12 09/26/27	41.8	0.5	KZOKZ 6 3/8 10/24/48	91.8	-1.8
KORGAS 3.577 07/07/29	94.0	0.4	PRXNA 4.987 01/19/52	72.5	-1.7
INFRAB 14 1/2 11/15/28	105.7	0.4	KZOKZ 5 3/4 04/19/47	86.3	-1.6
TSIVMG 1.6 12/17/39	47.4	0.4	PRXNA 3.832 02/08/51	60.3	-1.5

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.77%), Dow (-0.67%) and Nasdaq (-0.92%) were lower on Monday. UST yield was higher yesterday. 2/5/10/30 year UST yield was at 4.92%/5.06%/5.24%/5.56%.

❖ Desk Analyst Comments 分析员市场观点

➤ UPLLIN: Advanta IPO should enhance UPL's financial flexibility

Media reported that UPL's subsidiary Advanta Enterprises has begun investor meetings for a proposed India IPO that could raise up to USD400mn. The offering could launch as early as Nov'26 at a targeted valuation of cUSD4bn. UPL received SEBI approval on the transaction in Jun'26. The proposed IPO should enhance UPL's financial flexibility. We view UPL's improving profitability as supportive of its credit profile. On a risk-adjusted basis, we prefer INCLN '27, INDYIJ '29, MEDCIJ '29-'30, and VEDLN '32 in the SEA regions. See Table 1.

UPL delivered solid 1QFY27 results. Revenue rose 10% yoy to INR101.8bn, supported by pricing and favorable FX, partly offset by lower crop protection volumes. Contribution profit increased 15% yoy to INR46.1bn, lifting the contribution margin to 45.2%. EBITDA rose 15% yoy to INR15.0bn and the EBITDA margin improved to 14.7%. Revenue and EBITDA growth met management's 1QFY27 guidance of +10-14% yoy and +14-18% yoy, respectively.

UPL's cash conversion was weaker. Operating cash outflow increased to INR62.0bn from INR26.9bn 1QFY26, reflected longer receivables days due to lower crop protection sales in Europe and delayed season impact in India seeds, as well as higher inventories built ahead of expected 2Q demand and lower sales volume in 1Q. Net working capital days increased to 110 days from 86 a year earlier. As of Jun'26, net debt increased to INR251.2bn, while net debt/LTM EBITDA rose to 2.6x from 1.8x in as of Mar'26, as per our calculation.

Management guided for FY27 revenue growth of 7-11% yoy and EBITDA growth of 10-14% yoy, while flagging weather and input cost uncertainty. UPL faces USD500mn loan due in Dec'26, followed by another USD500mn term loan due in Sep'27. We take some comfort from UPL's resilient 4QFY26 and 1QFY27 performance despite oil prices peaking in Mar'26, while UPL's USD1.5bn of undrawn committed short-term bank lines should provide a liquidity buffer. Furthermore, S&P affirmed UPL's BB rating and revised its outlook to positive from stable in Aug'26. Overall, we view the solid 1QFY27 results support its credit profile, yet we remain cautious on its cash conversion and the pace of deleveraging.

Table 1: UPL's o/s USD bonds and our SEA picks

Security name	ISIN	Amt o/s (USD mn)	Ask Px	YTM	Mod dur	Issue rating (M/S/F)
UPLLIN 4.5 03/08/28	XS1789391148	300	97.2	6.6%	1.4	Ba2/BB/BB
UPLLIN 4.625 06/16/30	XS2189565992	500	91.7	7.2%	3.3	Ba2/BB/BB
INCLEN 4.5 04/18/27	USV4605MAA63	400	98.8	6.7%	0.5	Ba3/-/BB-
INDYIJ 8.75 05/07/29	USY71247AA15	555	101.6	8.1%	1.4	B1/-/B+
MEDCIJ 8.96 04/27/29	USY5951MAA00	482	102.3	7.9%	0.1	Ba3/BB-/BB-
MEDCIJ 8.625 05/19/30	USY56616AA68	600	102.7	7.7%	2.3	Ba3/BB-/BB-
VEDLN 9 1/8 10/15/32	USG9T27HAN45	313.93	100.1	9.1%	4.4	Ba3/-/BB

Source: Bloomberg.

Table 2: 1QFY27 financial highlights

INR bn	1QFY26	1QFY27	Change
Revenue	92.2	101.8	10%
Contribution profit	40.0	46.1	15%
Contribution margin	43.4%	45.2%	1.8ppts
EBITDA	13.0	15.0	15%
EBITDA margin	14.1%	14.7%	0.6ppts
Operating cash flow	(26.9)	(62.0)	131%
Capex	2.9	4.3	48%
	Jun'25	Jun'26	Change
Net working capital days	86	110	+24 days
-Inventory days	110	123	+13 days
-Receivable days	129	141	+12 days
-Payable days	152	154	+2 days
	Mar'26	Jun'26	Change
Cash and bank balances	67.2	49.2	-27%
Total debt	235.8	300.4	27%
Net debt	168.6	251.2	49%
Net debt/ LTM EBITDA	1.8x	2.6x	-

Source: Company filling, CMBI FICC Research.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Korea Housing Finance Corp	500	5yr	5.375%	T+35	Aa2/AA/-
The Government of the Hong Kong SAR	200	3yr	5.0%	T+3	Aa3/AA+/AA-

➤ **Offshore Asia New Issues (Pipeline)**

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	IPT/IPG	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➤ **News and market color**

- Regarding onshore primary issuances, there were 66 credit bonds issued yesterday with an amount of RMB36bn. As for month-to-date, 1,936 credit bonds were issued with a total amount of RMB1,898bn raised, representing a 3.6% yoy decrease
- China eyes measures to stabilize property market, promote employment and income growth
- India IRDAI Consultation Paper on Distribution Reforms proposes major changes to lower distribution costs, curb mis-selling, and pass better value to policyholders
- **[BCDHGR]** S&P withdrew its BBB- rating on Beijing Capital Development Holding at the issuer's request, the rating outlook was stable at the time of withdrawal
- **[EHICAR]** Media reported eHi Car Services paid coupon on time on EHICAR 12 09/26/27
- **[GZRFPR]** Guangzhou R&F Properties soliciting consent to amend terms of 6.5% cash / 7.5% PIK senior notes due 2025-28
- **[KARAU]** Karoon Energy cut 2026 production guidance at Baúna project after SPS-92 electrical fault
- **[KWGPRO]** KWG secured 76.33% of in-scope debt holders to accede to RSA
- **[PKX]** Media reported Posco plans to ask the South Korean government to allow private companies to invest in nuclear power plants as it seeks cheaper and more stable power supplies
- **[WHCAU]** Whitehaven Coal to hold debt-investor update call on 7 Oct'26

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