Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	78,540	0.6	8.7
Nifty-50	23,753	0.7	9.3
Nifty-M 100	57,093	0.3	23.6
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	5,974	0.7	25.2
Nasdaq	19,765	1.0	31.7
FTSE 100	8,103	0.2	4.8
DAX	19,849	-0.2	18.5
Hang Seng	7,214	1.0	25.1
Nikkei 225	39,161	1.2	17.0
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	72	-1.5	-6.8
Gold ($/OZ)	2,613	-0.4	26.6
Cu (US$/MT)	8,802	-0.4	4.0
Almn (US$/MT)	2,490	-0.2	6.2
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	85.1	0.1	2.3
USD/EUR	1.0	-0.2	-5.7
USD/JPY	157.2	0.6	11.4
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.8	-0.01	-0.4
10 Yrs AAA Corp	7.3	-0.04	-0.5
Flows (USD b)	**23-Dec**	**MTD**	**CYTD**
FIIs	0.0	2.45	0.4
DIIs	0.26	2.47	61.1
Volumes (INRb)	**23-Dec**	**MTD***	**YTD***
Cash	886	1148	1259
F&O	2,06,623	1,95,441	3,66,434

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

PNB Housing: Strategic shift in product mix; tracking well on execution

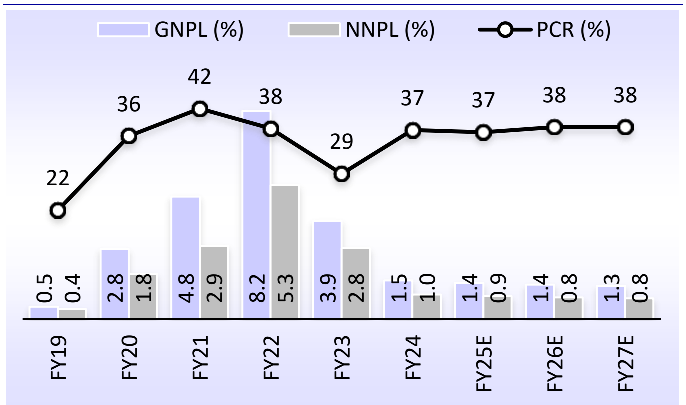
- PNBHF is a strengthening franchise where the risk-reward profile is favorable for a long-term investor to witness this transformation over the next three years. It is well-equipped to successfully navigate the near-term headwinds in its NIM profile, and further offset them with the product mix improvement.
- We expect PNBHF to deliver a healthy ~18% CAGR in the loan book and ~23% CAGR in PAT over FY24-27, with an RoA/RoE of 2.6%/14% by FY27. The company trades at 1.2x FY26E P/BV and the risk-reward is favorable for a further re-rating in the valuation multiple as investors gain more confidence in its sustained execution in retail (both emerging and affordable segments). On the technical front, we expect the supply overhang from private equity investors to be fully resolved within the next three months, which could lead to another leg of re-rating in valuation multiples. **Reiterate BUY with a TP of INR1,160 (based on 1.5x Sep'26 P/BV).**
- Key risks: a) a slowdown in the economy leading to lower demand for housing and moderation in loan growth and b) subsequent seasoning in the affordable loan book leading to asset quality deterioration.

Research covered

Cos/Sector	Key Highlights
PNB Housing	Strategic shift in product mix; tracking well on execution
Capital Goods	Demand building up after initial weakness in 3QFY25
Automobiles	Moderate growth for PVs in Nov'24 despite a high base
Life Insurance	Navigating the changes in surrender charges!
Aviation	PAX increases on robust demand; IndiGo share at 60%+
Consumer	Management interaction
Telecom	Subscriber trends normalize for Bharti in Oct'24
	TRAI mandates telcos to launch voice & SMS-only packs

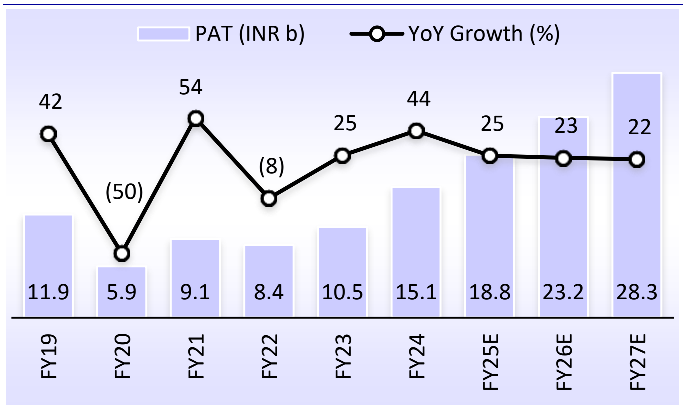
Chart of the Day: PNB Housing (Strategic shift in product mix; tracking well on execution)

Asset quality continues to improve



Source: MOFSL, Company

PAT CAGR at ~23% over FY24-27E



Source: MOFSL, Company

Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

Burman family gets SEBI nod for Religare open offer: Report

In September last year, the Burman family, who currently holds a 25% stake in Religare, announced their plan to acquire an additional 26% stake for Rs 2,116 crore.

2

Adani Defence acquires 86% shareholding in MRO firm Air Works at Rs 400 cr

Air Works, which has a workforce of more than 1,300 personnel, handles MRO work for commercial as well as defence aircraft

3

Wipro appoints Ranjita Ghosh as global chief marketing officer

On 25 November, the company named Omkar Nisal as its new Europe chief executive officer, succeeding Pierre Bruno.

4

ReNew sells 300 MW solar asset in Rajasthan

ReNew was listed on Nasdaq in 2021. It has a portfolio of 10.3 Gigawatt of operational assets in wind, solar and hybrid. It aims to double capacity by 2030.

5

China's top TV company plans to buy 26% stake in Indian contract manufacturer Epack Durable's subsidiary

Hisense Group is planning to acquire up to 26% stake in Epack Durable's subsidiary for establishing a large appliance manufacturing facility in Andhra Pradesh.

6

Claims ratio of non-life insurers dips to 82.52% in FY24: Irdai report

According to the Annual Report 2023-24 of Irdai, during 2023-24, the non-life insurance industry underwrote a total direct premium of Rs 2.90 trillion in India registering a growth of 12.76 per cent

7

OYO completes $525 million acquisition of G6 Hospitality from Blackstone

The combined entity is projected to generate a gross booking value of $3 billion, EBITDA of Rs 2,000 crore in FY26

23 December 2024
Company Update | Sector: NBFCs

PNB Housing

BSE SENSEX	S&P CNX
78,540	23,753

pnb Housing Finance Limited

Bloomberg	PNBHOUSI IN
Equity Shares (m)	260
M.Cap.(INRb)/(USDb)	219 / 2.6
52-Week Range (INR)	1202 / 600
1, 6, 12 Rel. Per (%)	-1/7/-3
12M Avg Val (INR M)	1981

Financials & Valuations (INR b)

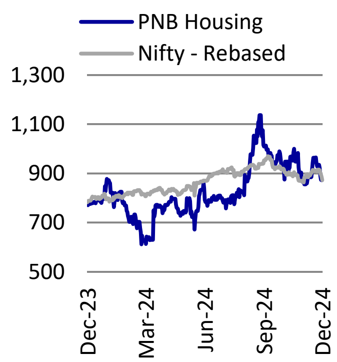
Y/E March	FY25E	FY26E	FY27E
Total Income	26.7	35.4	42.8
PPP	22.8	31.7	39.0
PAT	18.8	23.2	28.3
EPS (INR)	73	89	109
EPS Gr. (%)	25	23	22
BV (INR)	649	726	820
Ratios			
NIM (%)	3.8	4.2	4.3
C/I ratio (%)	26.5	22.9	21.8
RoAA (%)	2.4	2.5	2.6
RoE (%)	11.8	13.0	14.1
Valuations			
P/E (x)	11.6	9.4	7.7
P/BV (x)	1.3	1.2	1.0
Div. Yield (%)	1.4	1.8	2.2

Shareholding Pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	28.1	28.1	28.1
DII	22.2	10.9	7.7
FII	20.4	17.9	24.8
Others	29.3	43.0	39.3

FII Includes depository receipts

Stock Performance (one-year)



CMP: INR843 TP: INR1,160 (+38%) Buy

Strategic shift in product mix; tracking well on execution

Mix improvement to aid NIM expansion; recoveries to keep credit costs benign

- PNBHF is pivoting its product mix toward the emerging and affordable housing segments, with both these relatively higher-yielding segments now contributing ~23% to the loan mix (compared to ~18% as of Mar'23). This pivot will gradually help the company secure a structural improvement in its blended yields and eventually deliver an expansion in its NIM profile.
- The company is undergoing a transformation to morph into a franchise that will be stronger, more resilient, and one with high predictability in its earnings trajectory. Over the last two years, it has also: a) strengthened its collections function and b) nuanced its product offerings across prime, emerging, and affordable segments, each of which is managed by a strong senior management team. With a credit rating upgrade (to AA+), which has helped it moderate its CoB and made it more competitive, the company is now well-positioned to deliver ~18% loan CAGR over FY24-27E.
- The company's corporate loan book accounted for just ~2% of its total loan book as of Sep'24. While it is looking to restart Project Finance, PNBHF targets to keep the corporate book in the loan mix below 10% at all times. This will provide an added lever for improvement in blended yields.
- PNBHF has implemented decentralized underwriting, which has also led to an improvement in its Sanction TAT. In addition, the company has a central team that vets all the loan applications to rule out any possibility of collusion. Asset quality continues to improve for PNBHF and as of Sep'24, the corporate GNPA was NIL (PY: 25%), while retail GNPA declined to ~1.4% (PY: 2.5%).
- **We expect PNBHF to deliver a PAT CAGR of ~23% over FY24-27 and an RoA/RoE of 2.6%/14% in FY27E. The stock currently trades at 1.2x FY27E and we reiterate BUY with a TP of INR1,160 (based on 1.5x Sep'26 P/BV).**

Gradual improvement in the mix, with a pivot toward emerging and affordable segments

- PNBHF will leverage the Credit Linked Subsidy Scheme (CLSS) scheme under the Pradhan Mantri Awas Yojana (PMAY) to drive stronger growth in its affordable segments across ~300 branches.
- The emerging segment (typically beyond metros) provides ~50-75bp better yields compared to the prime segment and for only a slightly riskier customer profile. Likewise, in the affordable segment, the yields are ~300bp higher than the prime segment but the ticket sizes are smaller and would require the company to handle higher volumes.

- Emerging and affordable segments contributed ~18% and ~4% to the loan mix, as of Sep'24. While the affordable (on a much smaller base) segment grew 4x to ~INR30b over the past year, the emerging segment grew ~22% YoY. We expect the growth momentum to sustain in both segments even as the company aspires to scale up the share of the emerging segment to ~20-25% and the affordable segment to ~14-16% of the loan mix by FY27.

Asset quality continues to improve; GS3/NS3 at lowest levels in five years

- PNBHF's asset quality has significantly improved since its COVID peak. GS3/NS3 has declined from its peak level of ~8.2%/5.6% as of Dec'21 to ~1.25%/0.9% as of Sep'24.
- An improvement in the asset quality was driven by a combination of: a) resolutions of stressed wholesale exposures and b) improvement in retail asset quality through a combination of organic collections and technical write-offs. The total written-off pool stood at ~INR12.5b in the corporate segment and ~INR5b in the retail segment. Recoveries from the written-off pool have resulted in provision write-backs in P&L over the last two quarters and we expect this to continue for another two to three quarters.
- PNBHF has adopted a decentralized underwriting for better business control. It has also built strong collection capabilities and can now effectively leverage legal toolkits to resolve delinquencies. It has regularly been hosting mega auction fairs and has been able to achieve greater success in property auctions. We expect improvements in GS3 to sustain, with model credit costs of -20bp in FY25E and 25bp/27bp in FY26E/FY27E.

NIM expansion from improvements in the product mix

- With repo rate cuts expected in 1HCY25, there could be a transitory compression in NIM for PNBHF since its assets (because of competitive pressure from banks) will get repriced faster than its liabilities. However, beyond that, we expect PNBHF's NIM to expand as the product mix evolves favorably toward emerging and affordable segments.
- Yields are higher by ~250-300bp and ~50-75bp in the affordable and emerging segments, respectively. We expect the proportion of emerging and affordable segments to improve to ~35-37% by FY27, compared to ~22% as of Sep'24. We model NIM of 4.2%/4.3% in FY26E/FY27E (compared to ~3.8% in FY25E).

Opex to remain largely range-bound despite pivoting toward emerging and affordable segments

- PNBHF operates in 20 states/UTs with ~303 branches as of Sep'24, including ~160 branches in the affordable segment and ~50 branches in the emerging segment. The company plans to open around 15 additional branches in the affordable housing segment during FY25, with a focus on expanding in the southern, western, and northern regions. Further, it targets to add ~50 new branches every year from FY26 onwards.
- Unlike other mainstream affordable HFCs, the opex for PNBHF will continue to remain between 1.0 and 1.1% (as % of avg. assets) due to shared resources across its prime, emerging, and affordable segments. We expect the cost-to-income ratio to decline to ~22% by FY27 (FY24: ~24%). Likewise, despite moving toward higher-yielding and riskier segments such as self-employed and informal segment customers, the company remains confident about delivering credit costs of ~30bp (excluding any recoveries from the written-off pool).

Valuation and view

- PNBHF is a strengthening franchise where the risk-reward profile is favorable for a long-term investor to witness this transformation over the next three years. It is well-equipped to successfully navigate the near-term headwinds in its NIM profile, and further offset them with the product mix improvement.
- We expect PNBHF to deliver a healthy ~18% CAGR in the loan book and ~23% CAGR in PAT over FY24-27, with an RoA/RoE of 2.6%/14% by FY27. The company trades at 1.2x FY26E P/BV and the risk-reward is favorable for a further re-rating in the valuation multiple as investors gain more confidence in its sustained execution in retail (both emerging and affordable segments). On the technical front, we expect the supply overhang from private equity investors to be fully resolved within the next three months, which could lead to another leg of re-rating in valuation multiples. **Reiterate BUY with a TP of INR1,160 (based on 1.5x Sep'26 P/BV).**
- Key risks: a) a slowdown in the economy leading to lower demand for housing and moderation in loan growth and b) subsequent seasoning in the affordable loan book leading to asset quality deterioration.

Valuation matrix for HFCs under the MOFSL coverage

Val summary	Rating	CMP (INR)	TP (INR)	EPS (INR)		BV (INR)		RoA (%)		RoE (%)		P/E (x)		P/BV (x)	
				FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Housing Finance															
LIC HF	Buy	583	760	93.4	102.1	718	800	1.6	1.6	13.7	13.5	6.2	5.7	0.8	0.7
PNB HF	Buy	842	1,160	88.8	108.4	726	819	2.5	2.6	12.9	14.0	9.5	7.8	1.2	1.0
Aavas	Neutral	1,674	1,800	90.2	112.7	640	753	3.3	3.4	15.2	16.2	18.6	14.8	2.6	2.2
HomeFirst	Buy	1,000	1,320	52.8	66.1	326	388	3.4	3.4	17.5	18.5	18.9	15.1	3.1	2.6
CanFin	Neutral	727	900	72.6	83.2	451	528	2.2	2.1	17.4	17.0	10.0	8.7	1.6	1.4
Repco	Neutral	417	500	70.3	78.5	597	671	2.8	2.8	12.5	12.4	5.9	5.3	0.7	0.6

KKC - Financials Snapshot (INR b)

Y/E MAR	FY25E	FY26E	FY27E
Net Sales	103.1	122.1	142.7
EBITDA	20.6	25.0	29.2
PAT	19.7	23.9	28.1
EPS (INR)	71.1	86.2	101.5
GR. (%)	18.6	21.2	17.7
BV/Sh (INR)	249.8	283.6	323.5
Ratios			
ROE (%)	30.1	32.3	33.4
RoCE (%)	28.3	30.5	31.6
Valuations			
P/E (X)	47.3	39.0	33.1
P/BV (X)	13.5	11.9	10.4
EV/EBITDA (X)	44.3	36.5	31.0
Div Yield (%)	1.2	1.4	1.7

KOEL - Financials Snapshot (INR b)

Y/E MAR	FY25E	FY26E	FY27E
Net Sales	54.7	65.2	77.8
EBITDA	7.1	9.1	11.7
PAT	4.7	6.2	8.1
EPS (INR)	32.7	42.9	55.9
GR. (%)	30.7	31.4	30.3
BV/Sh (INR)	205.1	236.5	277.5
Ratios			
ROE (%)	16.9	19.4	21.8
RoCE (%)	16.3	19.0	21.4
Valuations			
P/E (X)	31.1	23.6	18.2
P/BV (X)	4.9	4.3	3.7
EV/EBITDA (X)	20.7	15.7	11.9
Div Yield (%)	0.9	1.1	1.5

Demand building up after initial weakness in 3QFY25

Genset channel checks

Our channel checks with genset players indicate that demand was weak in October and November months of 3QFY25 and has now started recovering. This weakness was more pronounced in the low-to-mid kVA ranges, which are price-sensitive and have much higher competition. Higher kVa ranges are still witnessing normal demand. Prices, as expected, have corrected by 6-7% but are still much higher on YoY basis. Most channel partners are of the view that this transitional phase will continue for one more quarter and demand will start normalizing after that. Overall revenue growth for 3QFY25 is expected to be impacted for players focused on low-to-mid kVa ranges like KOEL, while for Cummins, the impact seems to be limited on volumes. Export markets have bottomed out and will start improving sequentially in the coming quarters. We maintain our positive stance on genset players and believe that after this transitional phase, companies with a strong product portfolio and distribution network will benefit more in the medium to long run. We marginally revise our estimates on KKC and maintain BUY on both KKC (TP: INR4,250) and KOEL (TP: INR1,540).

Key highlights from our interaction with genset players

Genset demand varied across ranges and user bases

Our channel checks with genset industry players indicate that:

- **Selective view on different kVa ranges**: In the low-to-mid kVa ranges, volumes were impacted adversely during Oct'24 and Nov'24 due to pre-buying in earlier quarters. Demand for mid-to-high kVa ranges has remained normal during the quarter so far. Brands like Cummins are more focused on mid-to-high kVa ranges, and hence have continued to see normal demand, while KOEL has seen YoY decline in volumes. This is expected to be a transient phase, as the acceptance levels of CPCB 4+ products will start increasing when channel inventory gets exhausted.
- **Demand segmentation**: Demand from smaller users, such as retail customers or MSMEs, is price-sensitive and customers are taking some time to adjust to higher prices. Meanwhile, demand weakness from industrial users is temporary, as genset cost as an overall cost of capex is small and demand from this segment will revive early in 4QFY25 itself as construction activities ramp up.
- **Sequential impact on volumes**: There are indications that volumes for bigger players are either flat or marginally down on YoY basis, while for players focused on low-to-mid kVa ranges, volumes are likely to be down 15-20% YoY and more so for regions other than NCR. However, price hikes on YoY basis could offset some decline in volumes for 3QFY25.
- **HHP demand remains strong:** Data centers remain a key growth driver for HHP gensets, which continue to grow at a faster rate than low- to mid-range gensets. KKC is a leader in the HHP segment and continues to benefit from the strong demand in this sub-segment.

Higher pricing of CPCB 4+ genset seems to be getting accepted by market

After the norm change, prices for CPCB 4+ were higher by 20-40% across various nodes. Brands have reduced the prices by 6-7% broadly during last quarter across all nodes covered in CPCB 4+. This was in line with our expectations. Pricing for some of the players like Greaves Cotton is much lower than other players in the same range, while players like Mahindra Powerol are now catching up with the market share on lower pricing. However, we believe that further price correction may not happen as demand has started coming back in Dec'24 in both primary and secondary channels.

Higher competition in smaller nodes

Competition is higher in nodes of up to 500 kVa from various players. Players that are quite active in this range are KOEL, Mahindra Powerol, Greaves Cotton, Ashok Leyland, and Eicher, and many players have priced their products aggressively. This has resulted in higher competition in tender-based contracts. Along with this, Baudouin is catching up in the above-500kVa range. Thus, in the near term, we may continue to see the competition playing its part, but in the medium to long term, factors such as product quality, aftersales service, resale value, etc. will be more important, and in these aspects, Cummins and KOEL are far ahead of other players.

Engineering exports have been rising since Jul'24

India's engineering exports have been increasing since Jul'24 (Exhibit 9). KKC's export revenues seem to have bottomed out in 3QFY24 and have been growing sequentially since then. The company saw improved traction from Europe and Latin America, while APAC, Africa and the Middle East were still weak during 2QFY25. For KOEL, 2QFY25 exports declined 2% YoY to INR1.2b, as an improving power supply scenario in South Africa impacted offtake in the powergen segment. However, industrial exports saw healthy volume growth. The company is strategically focusing on increasing exports in the US and the Middle East.

Key factors to watch out for in coming months

In the coming quarters, we would be watching out for 1) demand improvement from current levels, 2) product mix of various players across kVa ranges, 3) stability of price points, 4) stability of HHP demand from data centers, and 5) recovery in export markets.

Positioning of various players in current market

The genset market is currently dominated by three players – KOEL, Cummins and Mahindra Powerol, with a combined market share of nearly 70%. With the transition, most players are ready with their CPCB 4+ offerings, and the sustainability of product quality and distribution network will be tested over the next few quarters. For higher kVa ranges, KOEL's acceptance has increased and the company has received orders for data centers above the 1,000kVa range. KOEL is pushing for higher sales of higher kVA ranges and has a dedicated team for pushing its OptiPrime product across ranges. Cummins is still a leader in data centers.

Valuation and view

KKC is currently trading at 39.0x P/E and KOEL is trading at 23.6x P/E on Mar'26E EPS. We value KKC at 45x P/E on two-year forward estimates and KOEL at 29x P/E on two-year forward estimates for core business. We marginally revise our estimates for KKC to take into account recent demand trends. We maintain BUY on both KKC (TP: INR4,250) and KOEL (TP: INR1,540) as they are well equipped to tide over the emission norm transition.

Automobiles

"What is happening compared to last year is that the industry has additional one stock. More supply (is) happening. So actual demand is one month lower than last year. Certain OEMs (original equipment manufacturers) are trying to manage that stock, but the demand is, anyway, not so strong."

Takuya Tsumura, Chief Executive of Honda Cars India.

Moderate growth for PVs in Nov'24 despite a high base

HMSI continues to gain share in 2Ws; MM and Toyota outperform in PVs

- **We have analyzed the segmental volume data for Nov'24 and YTDFY25 for the 2W and PV segments. We note that Nov was expected to be a weak month due to the high base of last year. Despite this, the PV industry has posted a 4% YoY growth in dispatches during the month.**
- **On a YTD basis, while the 2W ICE segment has grown 10.8% YoY, the PV industry has posted just 1% YoY growth.**
- **Within 2Ws, the ICE scooter segment has posted 16.8% YoY growth YTD, and the motorcycle segment has experienced ~10% YoY growth. HMSI has outperformed in both the scooter ICE and motorcycle segments, and hence its market share in domestic ICE 2Ws has improved 300bp to 28.8%.**
- **Within PVs, UV contribution has increased to 64.9% YTD. The major PV outperformers YTD are MM and Toyota, which have gained 210bp and 185bp market share, respectively.**
- **Our top picks in the auto OEM space are MSIL, MM, and Hyundai.**

HMSI and TVS retain their positions within ICE 2Ws

- The domestic 2W industry's volumes declined ~3.1% YoY in Nov'24 but have grown 12.3% YTD.
- While the motorcycle segment has grown 10.2% YoY for YTD, the ICE scooter segment has risen 16.8% YoY. Even mopeds have posted 12% YoY growth YTD.

Segmental trends:

Motorcycle segment:

- As highlighted above, the domestic motorcycle industry has posted 10% YoY growth YTD. However, it reported a 7.5% YoY decline in Nov'24 over a high base.
- Only HMSI has driven industry growth in motorcycles. While BJAUT and TVSL have underperformed the industry YTD, HMCL has grown in line with the industry.
- In fact, barring HMSI, the motorcycle industry has posted just 6% YoY growth YTD.
- Overall, HMSI has gained 320bp share to 19.9%, and HMCL has maintained its share at 43%. However, while BJAUT has lost 150bp share to 17%, TVSL has lost 50bp share to reach 10%.

100cc segment:

- The segment continues to underperform the industry and has posted ~6% YoY growth so far in FY25 (down 11% YoY in Nov'24).
- While HMCL is a dominant player and has grown ahead of the industry in this segment on a YTD basis with ~8% YoY growth, HMSI has notably outperformed this segment as well with 28% YoY growth.
- As a result, while HMSI has gained 120bp share to 7.4%, HMCL has gained 104bp to reach 77.4%. In contrast, while BJAUT has lost 180bp share to 9.2%, TVSL has lost 50bp share to reach 6%.
- For HMCL, Splendor continues to be its key growth driver, with 16.8% YoY growth YTD. Conversely, HF/Passion have posted a 4%/33% YoY volume decline.

125cc segment:

- The segment continues to outperform the motorcycle industry and has posted ~17% YoY growth so far in FY25.
- Both HMSI (+29% YoY) and HMCL (+25% YoY) have outperformed this segment on a YTD basis.
- TVSL is the only player that has experienced a decline of 6% YoY in this segment on a YTD basis.
- While HMSI has gained 390bp share to 43.3%, HMCL has gained 130bp share to 20.3% YTD. Conversely, while BJAUT has lost 230bp share to 24.9%, TVSL has lost 290bp share to 11.5%.
- For HMCL, it is important to highlight that while the Xtreme125R has done well, it appears to have also cannibalized its own models in the segment: Glamour sales dipped 18% YoY, and Super Splendor sales decreased 28% YoY.
- BJAUT appears to have discontinued CT125. Further, the bigger worry is the fact that BJAUT has underperformed industry growth despite the launch of Freedom 125 in Jul'24. While Freedom 125 has driven YTD growth, its Pulsar 125cc sales have declined 1% YoY. Moreover, Freedom 125cc sales have slipped to 5,953 units in Nov'24.

150-250cc segment:

- This segment has posted 12.4% YoY growth on a YTD basis.
- Here again, HMSI has significantly outperformed the segment with 50% YoY growth YTD. As a result, it has gained 540bp share to 21.5%.
- TVSL has also done well, with 23% YoY growth YTD and gained 200bp share to reach 23.6%.
- In contrast, the segment leader BJAUT has underperformed the industry and posted just 1.6% YoY growth YTD. As a result, it has lost 330bp share to 30.6%.
- Despite its new launches, HMCL continues to post weak numbers. It has posted a decline of 11.8% YoY on a YTD basis in this segment, and its share is now down 80bp to 2.9%.

Scooters ICE segment

- The segment has seen 17% YoY growth YTD.
- HMSI (+21% YoY), TVSL (+20% YoY), and Suzuki (+18% YoY) have been the key growth drivers on a YTD basis.
- The biggest gainer has been HMSI, having gained 160bp share to 49.4%, followed by TVSL (+60bp to 23.9%). We note that TVSL has significantly outperformed all players in Nov'24 (+21% YoY) as well, indicating that the newly launched Jupiter125cc is being very well accepted in the market.

PV update – UV mix further improves to 64.9%

- The PV industry grew by a modest ~4% YoY in Nov'24 and ~1% YTDFY25.
- The UV contribution has increased to 64.9% so far in FY25.
- In the PV segment, MSIL's market share has fallen by 150bp YoY to 40.6%, mainly due to a consistent decline in the contribution of the passenger car segment, in which MSIL has a higher share.
- Key outperformers this fiscal are MM and Toyota, which have seen their market share rise by 210bp and 185bp, respectively, for YTDFY25.

Car segment:

- The segment declined 9.6% YoY in Nov'24 and 17.4% YTD.
- MSIL has gained 320bp share to 65.5%. Toyota is another player to gain market share by 50bp YTD.
- TTMT is likely to have lost 290bp market share to reach ~10%.

UV segment:

- The UV segment, in contrast, grew ~12% YoY in Nov'24 and 13% YTD.
- Among top gainers, Toyota has gained 210bp share to 9.2% and MM has gained 130bp share to 19.7%. MM's growth is driven by Scorpio (+28% YoY), XUV 3XO (+68%), Thar (+24%), and XUV 700 (+19%).
- TTMT has also gained market share by 50bp YTD to 14.9%.
- MSIL maintains its market share in UVs at 25.8%. MSIL's growth drivers in this segment are Ertiga (+41% YoY), Fronx (+24%), and Brezza (+12%).
- In contrast, Hyundai/Kia have lost 80bp/100bp market share YTD to 15%/9%.

Valuation and view

- While the 2W segment has outperformed PVs so far in FY25, we expect its growth to moderate for the rest of the year.
- MSIL is our top pick among auto OEMs as it continues to be a play on the rural recovery with attractive valuation. We like MM for its healthy demand momentum in both SUVs and tractors for FY25. We also like Hyundai, as it appears well aligned to benefit from the industry trends toward UVs.

Domestic 2W volumes grew 10.8% YoY YTDFY25

Total domestic 2Ws ICE	Nov-24	YoY (%)	YTDFY25	YoY (%)
HMCL	4,37,650	-7.5	39,99,515	8.0
HMSI	4,32,888	2.9	38,67,427	25.2
BJAUT	1,77,701	-15.4	14,94,323	1.3
TVSL	2,79,584	3.4	22,58,757	12.2
Others	2,08,982	-1.7	18,11,818	7.7
Total	**15,36,805**	**-3.1**	**1,34,31,840**	**12.3**

Source: SIAM, MOFSL

Market share trend in overall domestic 2Ws

Market Share (%)	Nov-24	YoY (bps)	YTDFY25	YoY (bps)
HMCL	28.5	-133	29.8	-119
HMSI	28.2	165	28.8	297
BJAUT	11.6	-167	11.1	-121
TVSL	18.2	115	16.8	-1
Others	13.6	20	13.5	-57

Source: SIAM, MOFSL

Motorcycle volumes grew 10.2% YoY YTDFY25

Domestic Motorcycles	Nov-24	YoY (%)	YTDFY25	YoY (%)
HMCL	4,09,292	-4.8	37,81,886	9.7
BJAUT	1,77,701	-15.4	14,94,323	1.3
TVSL	99,523	-13.9	8,76,306	4.5
HMSI	1,98,265	-1.2	17,49,059	31.1
RE	72,236	-3.9	5,84,965	2.1
Others	33,229	-15.4	3,02,290	-1.8
Total	**9,90,246**	**-7.5**	**87,88,829**	**10.2**

Source: SIAM, MOFSL

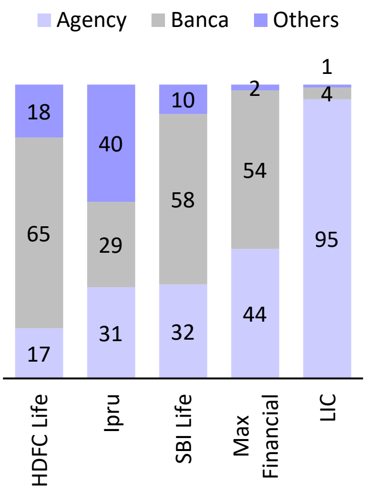
Market share trend in domestic motorcycles

Market Share (%)	Nov-24	YoY (bps)	YTDFY25	YoY (bps)
HMCL	41.3	117	43.0	-18
BJAUT	17.9	-167	17.0	-150
TVSL	10.1	-75	10.0	-54
HMSI	20.0	128	19.9	317
RE	7.3	28	6.7	-53
Others	3.4	-31	3.4	-42

Source: SIAM, MOFSL

Life Insurance

Distribution mix (2QFY25)



Navigating the changes in surrender charges!

Revising commission structure and IRR to tackle the change

- **New surrender charges were implemented from 1st Oct'24, wherein key changes were: 1) implementation of charges from the first year itself (earlier it was effective from the second year), 2) a revision in the formula for guaranteed surrender value defined by the regulator, and 3) the discounting rate for calculation of surrender value has been linked to the 10-yr G-Sec yield.**
- **These changes are likely to impact VNB margins for listed companies in varied proportions based on their product mix (share of non-linked business), persistency assumptions in VNB calculations, and actual persistency. HDFCLIFE/SBILIFE/MAXFIN have indicated 100/50/100-200 bps impact, while LIC/IPRU have cited minimal impact.**
- **To counter the impact, some corrections have been made in commissions – 1) LIC has lowered upfront commissions and raised commissions in future years, and 2) private players have altered commission structures based on agent cohorts in terms of premium size and persistency.**
- **Further, the IRRs in the non-par segment over the past three months have been reduced by ~15-43bp to pass on some impact to the customers. During this period, the 10-yr G-Sec yield has declined by just 15bp.**
- **With insurance as a savings product becoming more liquid and agents needing to increase their business to meet their club membership targets (based on commissions), the ticket sizes are expected to increase.**
- **With all the noise and media reports (https://tinyurl.com/4y6zp26k) surrounding the bancassurance channel, which the regulator is considering in relation to the parent bank's share in the overall bancassurance distribution of an insurance company, we believe that companies with a higher proportion of non-bancassurance channels in their distribution mix will outperform. IPRU and LIC have a significantly higher share of the non-bancassurance channel.**

Various commission structures adopted by insurance companies for brokers

- Base commissions have been cut 3-5% by the majority of the companies.
- About 85-90% of the revised base commission will be paid out immediately, and 10-15% would be retained by the insurer and will be paid based on 13-month persistency.
- Some insurance companies have not altered commissions or implemented this delayed payment structure but have cited that based on 13-month persistency clawbacks would be implemented.
- Some fringe players have, in certain cases, taken this as an opportunity to increase their commissions to garner market share.

LIC cuts FY commission for agents; others adopt cohort-based approach

- LIC has cut its first-year commission from 35% to 28% and has increased the trail commission from 5% to 7.5%. The overall payout to the agents for the tenure of the product will broadly be unchanged in case the customer is persistent for the first five years.
- LIC has an enabling provision for implementing a clawback for commissions as well, but the same has not been implemented. The persistency performance of the new products launched under the new surrender norms will be monitored for implementing any clawback clauses.

- Within the private sector, cohort-level segmentation has been done wherein business size and persistency track record are the key parameters. Agents with higher size and better persistency have better commissions and vice versa.
- For agents, the cut in upfront commissions can be detrimental to their MDRT/COT/TOT qualifications. These qualifications are based on commissions earned during a calendar year. Given that the first-year commissions have been cut, agents will have to focus on increasing the ticket sizes as well as widening their customer base.

No major cuts for the bancassurance channel

- Banks being the largest partner, have a strong bargaining power. As a result, no major cuts in commissions have been carried out. However, persistency-based clawback clauses have been negotiated with these partners.
- The critical element is the 13th month persistency, as beyond this, the persistency is managed by the insurance company itself.

Selective adjustments to non-par IRRs

- The other way to offset the impact of surrender charges is to adjust the IRRs in the non-par segment and bonus rates in the par segment.
- Since the implementation of surrender charges, the 10-year G-Sec yield is down by about 15bp but the companies have adjusted the IRRs by 25-40bp, reflecting the passing on of some impact to customers as well.
- Bonus rates in the non-par segments are also expected to be pruned going forward.

Management commentary during 2QFY25 earnings call on surrender value regulations and commission structure changes

Commentary	HDFC Life	Ipru Life	SBI Life	Max Financial	LIC
❖ New surrender value regulations	❖ 100bp impact is expected on VNB margins from new surrender charges regulations. It is renegotiating with channel partners on multiple terms to reduce the impact.	❖ The company is in the discussion phase with channel partners to offset the impact of surrender value regulations through clawbacks of commission, reduction of commission in certain products, etc.	❖ VNB margin has not been affected by surrender guidelines, and the company started relaunching products from the middle of September. No change made in the commission structure due to minimal impact of new surrender guidelines as the product mix is skewed towards ULIP.	❖ The company has relaunched 98% of its products and is in the process of mitigating margins through discussions for compensation benefits. It expects a 100-200bp margin impact, the majority of which will be mitigated in the next few quarters.	❖ The company has relaunched 32 out of 54 products in the first tranche post revision in premium rates, along with design changes. Commission has been aligned to policy duration. The company is currently not implementing a clawback provision and may make a decision after seeing the experience on the new products. Rewards and benefits apart from commission can be introduced going forward to encourage business in areas with profitable customers.

Aviation

** AIX Connect merged with Air India Express*
*** Air India data includes Air India Express*
**** Vistara data only upto 11th Nov'24. Effective 12th Nov, Vistara merged with Air India*

PAX increases on robust demand; IndiGo share at 60%+

- **Domestic air passenger (PAX) traffic grew ~12% YoY in Nov'24 to 14.3m (up ~4% MoM). It was above pre-COVID levels. Passenger growth increased for IndiGo, SpiceJet, and Akasa MoM. It was flat MoM for Air India group.**
- **Average domestic Passenger Load Factor (PLF) increased 510bp MoM in Nov'24. PLF rose for all the airlines MoM. The On-Time Performance (OTP) increased 90bp MoM for airlines; the domestic average was 66.7% in Nov'24. The cancellation rate increased 10bp to 1.1% in Nov'24.**
- **IndiGo's market share improved following the collapse of GoFirst, which ceased operations in May'23. It has maintained 60%+ share since then. IndiGo's market share has been increasing steadily during the past five months.**

India's domestic air PAX and market share

- India's domestic air PAX increased ~12% YoY (increased ~4% MoM) to 14.3m in Nov'24. Domestic PAX stood at 9.1m for IndiGo (up 15% YoY), 4m for AI group (up 14% YoY), 0.7m for Akasa (up 26% YoY), and 0.4m for SpiceJet (down 29% YoY).
- Domestic market share stood at 63.6% for IndiGo (up 180bp YoY), 28% for the Air India (AI) group (up 50bp YoY), 4.7% for Akasa (up 50bp YoY), and 3.1% for SpiceJet (down 180bp YoY).

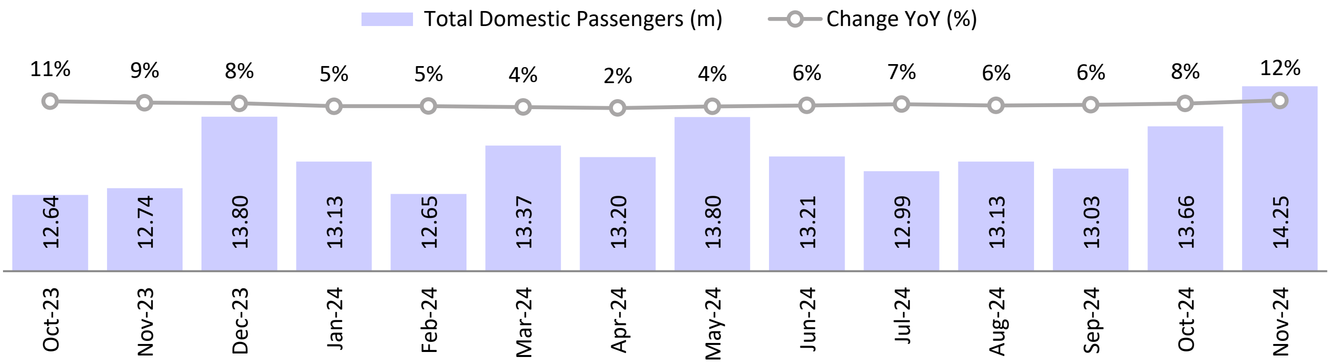
Domestic industry's PLF and OTP

- Domestic PLF stood at 78.6% in Nov'24 (73.6% in Oct'24 and 83.1% Nov'23). PLF stood at 90.3% for IndiGo (up 470bp YoY), 87.7% for the AI group (up 120bp YoY), 92.6% for Akasa (up 340bp YoY), and 87.9% for SpiceJet (down 290bp YoY).
- The average OTP for domestic airlines at the top four airports was at 66.7% (down 30bp YoY/up 90bp MoM). OTP stood at 74.5% for IndiGo (down 300bp YoY), 69.1% for Air India group (up 140bp YoY), 66.4% for Akasa (down ~12pp YoY), and 62.5% for SpiceJet (up ~21pp YoY).

Other highlights

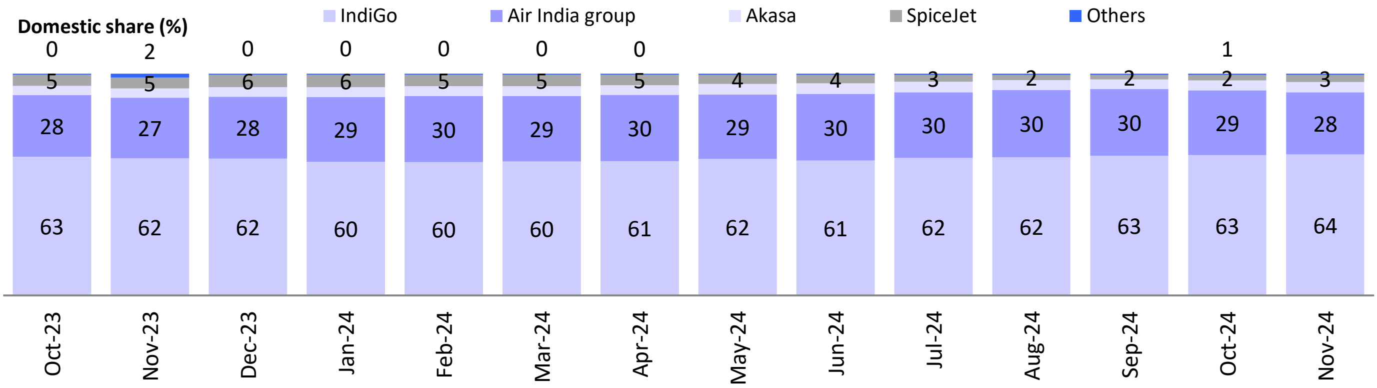
- The Air Turbine Fuel (ATF) price for Dec'24'TD is at INR91,857/klit (down 13% YoY/up 1% MoM). For 3QFY25'TD, the ATF price stood at INR89,998/klit (down 6% QoQ and down 20% YoY), while for 2QFY25, it stood at INR95,868/klit (down 3% QoQ). Currently, Brent crude stands at ~USD72/bbl (average of USD74/bbl in Dec'24 and USD74.8/bbl in 3QFY25'TD).

Domestic PAX grew 12% YoY and 4% MoM



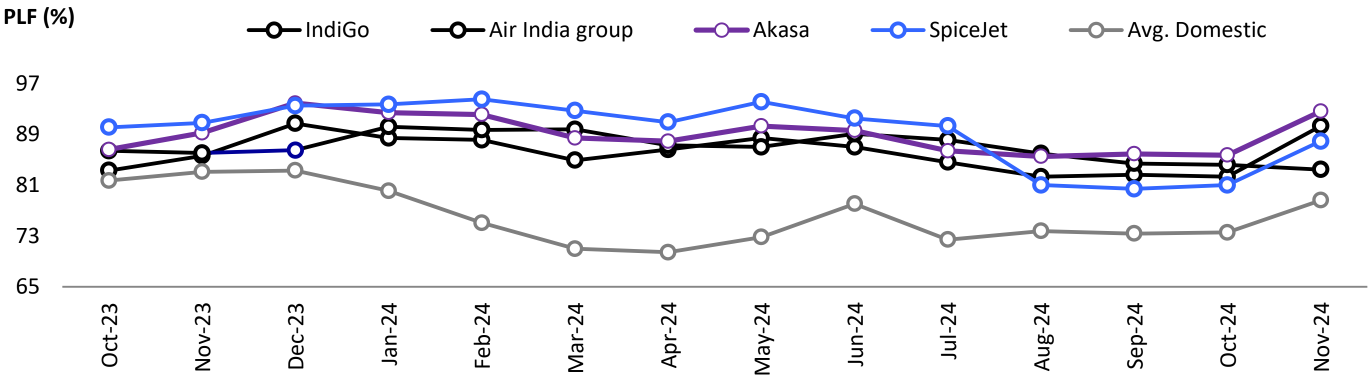
Source: DGCA, MOFSL

IndiGo's domestic market share was ~64% in Nov'24, while it was ~28% for the AI group



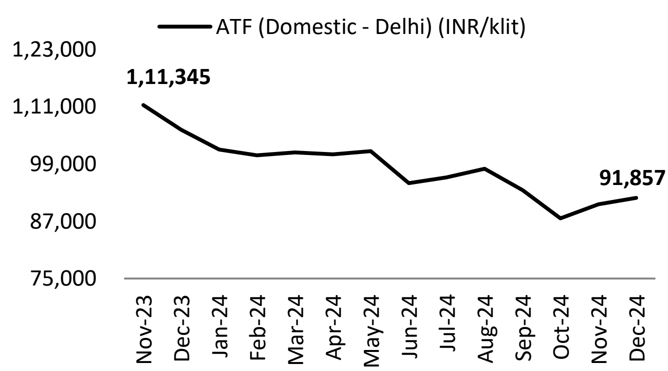
Source: DGCA, MOFSL

Average domestic PLF was 78.6%; highest for Akasa Air at 92.6%



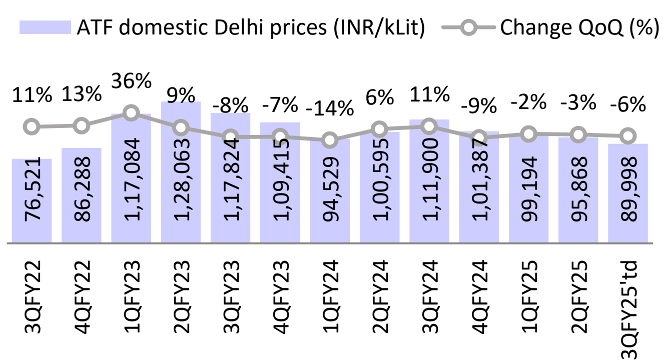
Source: DGCA, MOFSL

Increase in ATF prices MoM in Dec'24 to date....



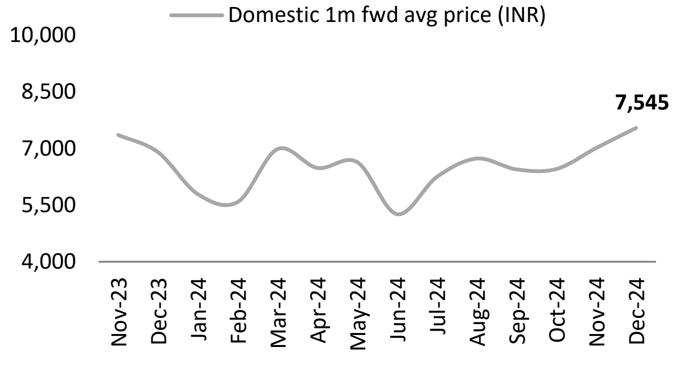
Source: HPCL, IOCL, MOFSL

...with the same declining 6% QoQ in 3QFY25'TD



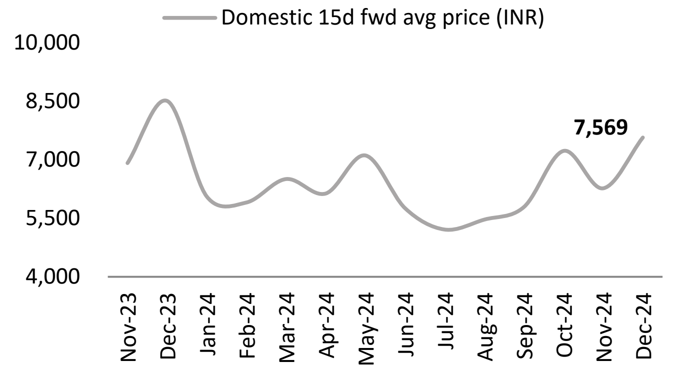
Source: HPCL, IOCL, MOFSL

Domestic fares on a one-month forward basis



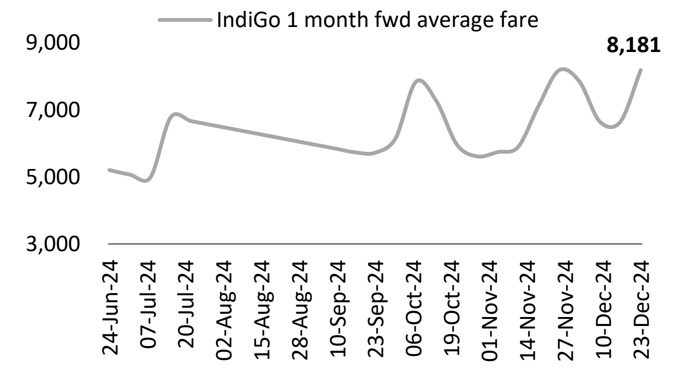
*Dec'24 to date Source: MakeMyTrip, MOFSL

Domestic fares on a 15-day forward basis



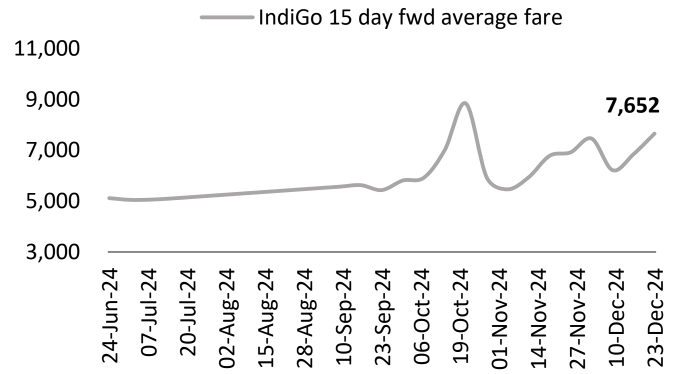
*Dec'24 to date Source: MakeMyTrip, MOFSL

IndiGo's fares on a one-month forward basis



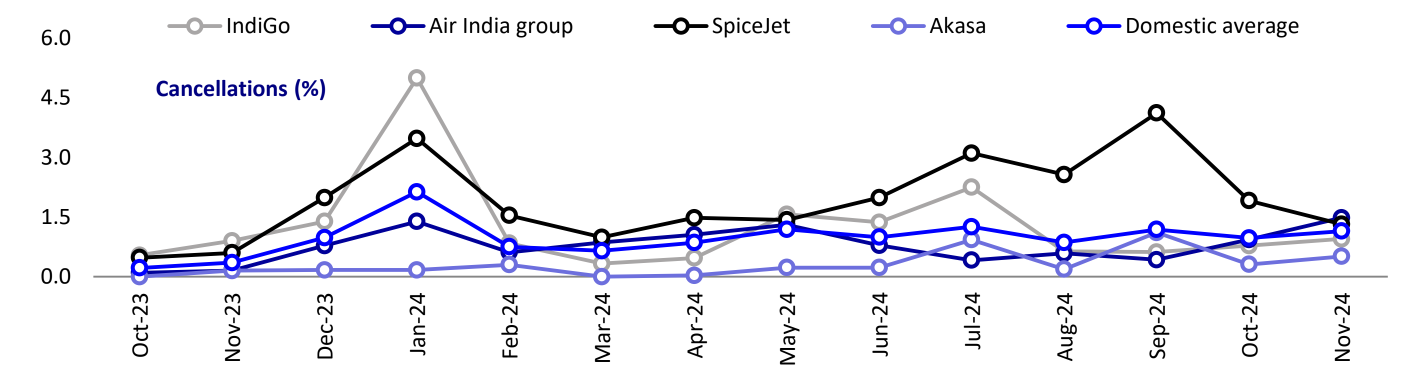
Source: MakeMyTrip, MOFSL

IndiGo's fares on a 15-day forward basis



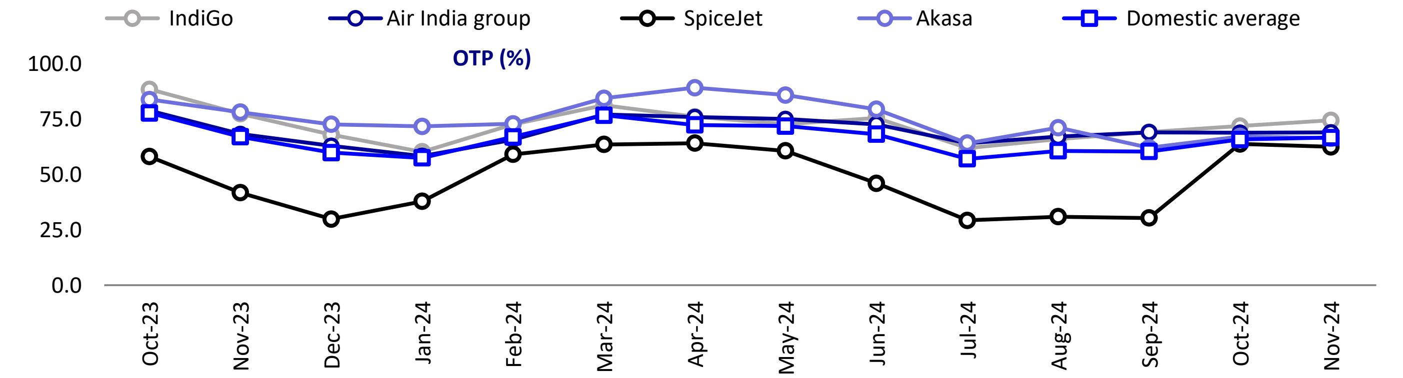
Source: MakeMyTrip, MOFSL

% cancellations increased YoY for all airlines in Nov'24



Source: DGCA, MOFSL

OTP increased for AI Group and SpiceJet YoY and declined for other players in Nov'24



Source: DGCA, MOFSL

Consumer

Management interaction

We interacted with the management of United Spirits, Berger Paints, and Indigo Paints to understand the demand trend, pricing action, competitive scenario, and margin trajectory. Liquor companies are expected to deliver strong volume-led revenue growth for P&A, driven by policy changes in AP, healthy demand supported by the wedding season, etc. The RM basket remains stable and operating margins are witnessing expansion. On the contrary, paint companies saw a weak demand trend, with Oct and Nov witnessing softness in demand. Although revenue growth is expected to trend lower than volume growth, the gap is narrowing and should be negligible by the end of 4QFY25. Near-term operating margins continue to appear weak.

Following are the details of our interaction:

United Spirits key takeaways:

- **The Premium & Prestige (P&A) portfolio has seen a positive trend and is expected to post high single-digit volume growth.**
- **Pricing and mix are likely to further drive value growth, with revenue growth is expected in the low double-digit range.**
- **Andhra Pradesh has become a key contributor to overall growth following the recent liquor policy change, while other states have experienced marginal improvements in demand.**
- The Popular segment is showing signs of improvement, with flattish to slightly positive volume growth.
- The ongoing wedding season is expected to maintain the positive demand trend.
- Gross margins are expected to expand, supported by cost efficiencies and pricing in previous quarters.
- **Extra Neutral Alcohol (ENA) inflation is currently low and driving margins, although it is expected to follow an inflationary trend going forward.**
- In the RM basket, there is an equal contribution of ENA, glass, and other packaging materials, each contributing ~33% to the RM costs.
- Advertising & Promotion (A&P) expenses are expected to be around 11%.
- While competition from Pernod Ricard remains aggressive in the market, the company is maintaining its position and winning in key areas.
- **EBITDA margin is expected to witness YoY expansion (16.4% in 3QFY24, 17.8% in 2QFY25).**

Berger Paints and Indigo Paints key takeaways:
Demand trends

- **October and November saw weak demand in the industry, with subdued festive performance. Nov was slightly better than October.**
- The extended monsoon and early Diwali led to the reduced festive demand.
- **The wedding season is not a big catalyst for the industry; demand generally coincides with the festive period to avoid renovation at a later period.**

- Demand in the South typically picks up in December and January, so it will be important to remain watchful for this uptake.
- **The impact from competition is minimal; the primary challenge stems from weak industry demand.**
- The product mix can be slightly better as the economy segment has seen more pressure.
- **Companies are expected to face similar growth pressures in 3QFY25 as experienced in 2QFY25.**

Volume and value growth

- **Revenue growth is expected to be in the low single digits, with mid-single-digit volume growth.**
- Given the pressure witnessed by the economy segment, the gap between revenue and volume growth is expected to narrow.

Pricing trends

- In 3QFY24, paint companies implemented a price cut of ~2%, which increased to 4-5% in 4QFY24. As a result, price cuts will be in the base post 4QFY24.
- **Moreover, companies have implemented a price hike of ~2% in 2QFY25. Hence, value growth could be marginally higher than volume growth from 4QFY25 onwards.**

Competitive dynamics

- The industry experienced some market share redistribution, with new players such as Birla Opus gaining traction (INR5-6b quarterly run rate).
- **Against the backdrop of slow industry demand, the marginal impact (~1%) from competition is also contributing to challenges.**

Margins and profitability

- EBITDA margins are expected to remain weak on a YoY basis due to GM pressure and negative oplev.

Subscriber trends normalize for Bharti in Oct'24

The Telecom Regulatory Authority of India (TRAI) released the subscriber data for Oct'24. The key highlights are as follows:

- **Wireless subs: RJio's inactive subs cleanup continues; subs recover for Bharti**
  - The industry's wireless subscribers dipped further by 3.3m MoM (following a ~17m decline in 2QFY25), largely due to the cleanup of inactive subscribers by RJio. However, the **impact of tariff hike-led SIM consolidation seems largely behind** with net adds recovering for Bharti and gains moderating for BSNL. Excluding IoT devices, wireless subs base declined ~4.8m in Oct'24 (vs. -18.9m in 2QFY25).
  - **After three months of decline, Bharti added 1.9m net wireless subs in Oct'24**. VIL continued to lose subscribers with ~2m net declines in Oct'24 (higher decline vs. ~1.6m monthly declines on average in 2QFY25).
  - BSNL's net adds further moderated to 0.5m in Oct'24 (vs. 6.3m net adds in 2QFY25), **indicating stabilization of the SIM consolidation impact**.
  - RJio's wireless subs declined further by 3.8m in Oct'24 (after ~13m net declines in 2QFY25). However, we believe the churn was likely restricted to inactive subs.
  - The Mobile Number Portability **(MNP) requests remained elevated** at 13.5m in Oct'24 (vs. 12.5m monthly average in CY24TD).
- **VLR subs: Robust VLR additions drive all-time high VLR proportion for RJio**
  - VLR (or peak active) subscriber base was up ~7m MoM (vs. 1.6m net declines in Sep'24), led by robust VLR additions for Bharti and RJio.
  - Despite ~4m wireless subs decline, **RJio's VLR subs base rose further by ~4m** MoM in Oct'24, **taking its VLR proportion to an all-time high of 97.5%**.
  - After three months of VLR subs decline, **Bharti added ~3m VLR subs in Oct'24**, while VLR subs decline continued for VIL with a 0.7m decline (though improved compared to the ~2m monthly VLR decline in CY24TD).
  - BSNL's **VLR additions moderated further to 0.9m** (vs. 8.2m additions in 2QFY25).
- **Mobile Broadband (MBB) subs: RJio's inactive subs base cleanup led declines**
  - The industry's MBB subs declined further by ~4m in Oct'24 (after a 5.6m net decline in Sep'24), primarily due to ~4m decline for RJio.
  - Following a muted Aug-Sep'24, **Bharti's MBB net adds improved to 2.1m** in Oct'24 (vs. ~1.9m monthly net adds on average in CY24TD), while VIL's MBB subs declined 0.9m MoM in Oct'24.
  - After three months of net additions, **BSNL's MBB subs dipped 1.4m in Oct'24, indicating a reversal in subscriber trends in favor of private telcos**.
  - MBB subscriber mix was stable at ~78% of the industry's wireless subs (though up ~410bp YoY). Bharti's MBB subs proportion was up ~590bp YoY at ~72.3%.
- **Fixed Broadband (FBB) subs: Bharti and RJio continue to expand market share**
  - The industry's FBB subs rose 1.03m MoM to 44.7m (+20% YoY), largely driven by robust 630k net adds for RJio and further ramp-up in Bharti's net adds to 430k, likely driven by the ramp-up in AirFiber offerings.
  - Bharti and RJio's market share inched up 60bp MoM each, and their combined market share in FBB now stands at ~53% (vs. 46% YoY). We **expect India's FBB market to also turn into an effective duopoly in the longer term**.

Telecom

TRAI mandates telcos to launch voice & SMS-only packs

TRAI has mandated telcos to launch **separate recharge pack for voice and SMS** to provide consumers, especially 150m feature phone users and elderly persons, the option to pay only for the services they require. We believe this move could **potentially lead to down-trading** among private telcos' non-data subscribers. However, the **actual impact (if any) will depend on the pricing structure** for these voice & SMS-only packs. Since tariffs are under forbearance, **telcos are free to set the pricing for these packs** in a way that could **limit the overall impact of potential down-trading**.

TRAI mandates separate voice & SMS-only packs for consumer protection

- TRAI had launched a consultation paper to address the issues related to consumers' choice of tariff availability, especially regarding the lack of separate voice & SMS-only recharge packs. All three private telcos had opposed the introduction of separate recharge packs for voice and SMS, citing concerns that it could reverse data inclusion (online recharge, UPI, etc). Meanwhile, BSNL and other consumer organizations had favored the introduction of separate voice & SMS packs, emphasizing consumers' right to choose their plan in a cost-effective manner.
- TRAI has now mandated telcos to launch separate recharge packs for voice & SMS, in addition to the existing data-only and bundled offerings. TRAI's move aims to provide consumers, especially the elderly and those in rural areas, with the option to pay only for the services they require.

Tariff construct had changed from voice-based pricing to data-based pricing

- With the launch of RJio, the Indian telecom industry's tariff structure largely shifted from voice-based pricing to data-based pricing with unlimited free voice calling. Until a few years ago, incumbents offered minimum recharge packs with metered tariff plans, which included limited voice and data allowances. However, over the past few years, private telcos have increased the pricing of minimum recharge packs (from INR49/28 days to INR199/28 days) and completely transitioned from metered voice plans to unlimited voice plans bundled with data allowances.
- The minimum recharge pack for Bharti and Vi now starts at INR199/28 days, which offers unlimited voice and 2GB of data. While RJio offers a minimum recharge plan of INR91/28 days for Jiophone users, its minimum recharge plan for smartphone users starts at INR189/28 days.

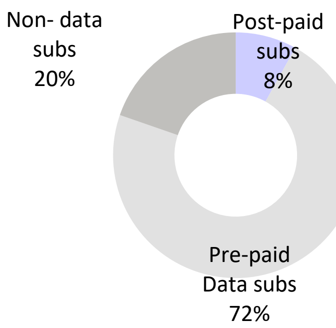
Non-data subs account for ~15%/20% of Bharti/Vi's wireless revenue

Non-data subscribers accounted for ~20% (~230m) of India's overall wireless subscribers. The primary use-case for such subscribers remain voice and SMS. On our estimates, non-data subs account for ~23% of Bharti's subs mix (~80m subs) and ~15% of Bharti's India wireless revenue. Similarly, non-data subs account for ~34% of Vi's subs mix (~70m subs) and higher ~20% of Vi's overall revenue. While the entire subscriber base for RJio is technically classified as data subs, we believe if there was an option of voice and SMS only pack at lower prices, RJio's Jiophone subscriber base (~50-70m, on our estimates) would also be prone to down-trading.

Telcos remain free to design voice tariff plans to limit down-trading

- We believe non-data subs would be prone to down-trading if separate voice & SMS packs are introduced at lower price points. However, the actual quantum of down-trading (if any) would depend on the voice & SMS-only plan tariffs.
- Telecom tariffs remain under forbearance and telcos are free to design separate voice & SMS plans in a way that could limit the down-trading potential. We continue to prefer Bharti and RJio (through RIL) in the telecom space.

Exhibit 1: Non-data subs account for ~20% of India's overall wireless subscribers, as of Sep'24



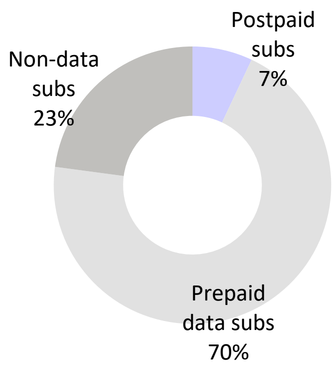
Source: TRAI, MOFSL

Exhibit 2: Minimum recharge plan starts at INR189-199 for a 28-day cycle for the three private telcos

Minimum recharge plans		Bharti	Vi	RJio	Jiophone
Plan voucher	INR	199	199	189	91
Validity	days	28	28	28	28
Voice	mins	U/L	U/L	U/L	U/L
Data	GB	2	2	2	3
SMS	per day	2800	300	300	50
Implied ARPU	INR	183	183	174	84

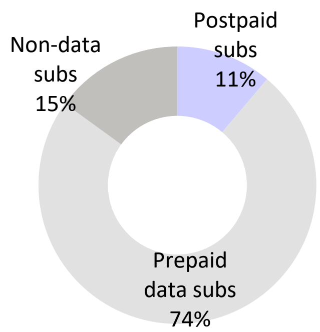
Source: Company, MOFSL

Exhibit 3: Non-data subs account for ~23% (~80m) of Bharti's paying wireless subs mix



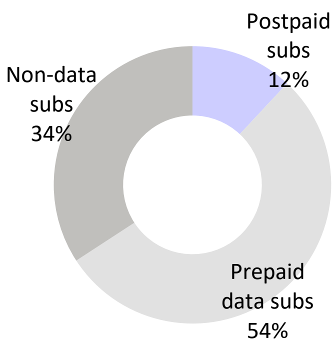
Source: MOFSL, Company

Exhibit 4: Non-data subs account for ~15% of Bharti's wireless revenue, on our estimates



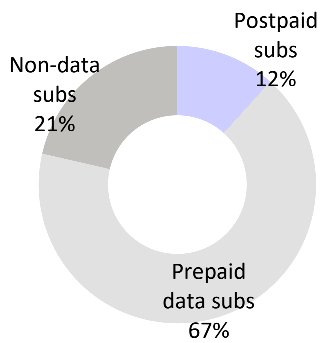
Source: MOFSL, Company

Exhibit 5: Non-data subs account for ~34% (~70m) of Vi's paying wireless subs mix



Source: MOFSL, Company

Exhibit 6: Non-data subs account for ~21% of Vi's wireless revenue, on our estimates



Source: MOFSL, Company

Suraksha Diagnostic: FY25 Revenue Guidance At ₹270 Cr, Margin At 38%, PAT Margin Seen At 27%; Ritu Mittal, Promoter, Jt MD & CEO

- Focus on tier two and three cities for future growth.
- Projected FY25 revenue of ₹270 Cr with a 38% EBITDA margin.
- 25% YoY growth in IA and 45% increase in PAT margins for the first half.
- Looking to close 1-2 niche acquisitions by FY25 end, primarily in East and Northeast India.
- Maintaining a 50/50 split between pathology and radiology services.

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Metropolis Healthcare: Will Expand Into New Testing And Other Speciality Areas Such As Oncology; Ameera Shah, Promoter & Executive Chairperson

- Aims to enhance its oncology testing portfolio with the acquisition of Core Diagnostics.
- Expansion into northern and eastern India is a top priority for 2025.
- Plans to grow its network from 700 to 1,000 towns and cities.
- Specialty testing contribution increased from 37% to 41% after acquiring Core.
- Price hikes are considered every couple of years, with a possibility for 2025.
- The company emphasizes quality and scientific innovation over pricing.
- Currently outpacing industry growth at 8-9% in volume.

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Berger Paint: Growth To Return For Paints Next Year; Abhijit Roy, MD & CEO

- Competition has taken 3-4% market share but growth opportunities remain.
- Focus on expanding in urban markets and construction chemicals.
- Despite challenges, market share is expected to stabilize by year-end.
- EBITDA margins remain strong, with guidance between 15-17%.
- Anticipation of normalized growth next year amidst current challenges.
- Consolidation in the industry is limited compared to cement and FMCG sectors.
- Input costs are softening, which may help margins if competition stabilizes.

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Kalyani Steels: Dumping Of Chinese Steel Products Is Significantly Harming Our Economy & Industries; RK Goyal, MD

- Steel dumping from China is affecting Kalyani Steels' margins and volume.
- India may impose a safeguard duty of up to 25% on steel imports.
- Karnataka government plans to increase duties on locally mined iron ore.
- Demand for specialty steel is declining despite growth in passenger car and two-wheeler industries.
- Future infrastructure spending may boost steel demand in the coming year.
- A proposed iron ore duty increase could raise steel prices but may not be sustainable for buyers.

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