Near-term headwinds may affect Metropolis

Firm's Q4 revenue grew by 10% Y-o-Y, driven by patient, test volume growth

RAM PRASAD SAHU
Mumbai, 10 April

The stock of diagnostics major Metropolis Healthcare is down 21 per cent over the last three months. A weak December quarter (Q3FY25) performance, downward earning revisions, lower volume/margin expectations, and regulatory worries have weighed on investor sentiment. While the stock has been under pressure due to multiple concerns, some brokerages believe that the correction has fully discounted these worries.

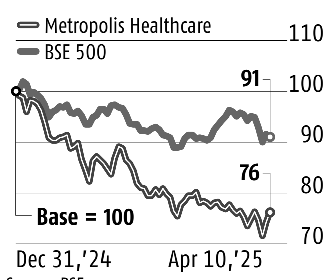
The near-term triggers for the stock are the March quarter (Q4FY25) performance and the acquisition of Dr Ahujas Pathology and Imaging Centre (DAPIC) earlier this week.

For Q4, the company is likely to disappoint the Street and its revenue growth is expected to be lower than brokerage estimates. In its Q4 update, the company reported that revenues grew by 10 per cent on a year-on-year (Y-o-Y) basis and was driven by patient volume growth, test volume growth, and change in product mix, coupled with realisation benefits. Business to consumer (B2C) revenues saw growth of 14 per cent Y-o-Y.

The operating profit growth, according to the company, is lower due to higher material costs, and reduced revenue growth. The reported operating profit is lower also due to one-time costs, including acquisition costs for Core Diagnostics, and Scientific Pathology.

Amey Chalke and Raghav Vedanarayanan of JM Financial highlight that B2C growth at 14 per cent is also lower compared to previous quarters. Owing to a lower top line, elevated costs from network expansion, and one-off cost from Core acquisition, margins are expected to be subdued, they add.

UNDER PRESSURE



Source: BSE

Earlier this week, the company announced that it had acquired Dehradun-based DAPIC to enhance its network in North India. The ₹35 crore deal, which has been done at three times FY24 sales, is reasonably valued. Metropolis will now become the second-largest diagnostic chain in Uttarakhand.

With three recent acquisitions of Core Diagnostics, Scientific Pathology and DAPIC, the company's North India revenue share will increase from 8 per cent in FY24 to about 14-15 per cent in FY26. The recent acquisitions are in line with its strategy of acquiring and scaling strong B2C brands in North Indian cities.

Incred Research believes that the DAPIC acquisition will help accelerate expansion across Uttarakhand — a high growth market with significant potential. The company has in the past successfully executed over 20 strategic acquisitions, integrating leading B2C labs in key cities, and transforming them into strong regional hubs for expansion. The brokerage has maintained an "add" rating on Metropolis, with a target price of ₹2,250.

In addition to an increase in competitive intensity and pricing pressures, which have earlier dented realisations for the sector, what could impact Metropolis more than peers are regulatory issues in Maharashtra. The state government is planning to regulate prices of diagnostic tests at private laboratories and diagnostic centres. A proposed Bill in this regard could be tabled in the state legislature by July. The Bill seeks to control arbitrary/excessive pricing via capping and bringing transparency in test pricing.

JM Financial believes that in the near term, this price cap could lead to margin compression, with the impact for Metropolis likely to be the highest. The West India region fetches over half of Metropolis' revenues. However, over the long term, the price cap move could accelerate the shift to the organised sector as standalone labs will likely be adversely affected versus larger peers, says JM Financial, resulting in market share gain for large organised players. The stock is trading at 30 times FY27 price-to-earnings (P/E) estimates, and is 10 per cent lower than that of Dr Lal PathLabs, and 30 per cent lower than that of Vijaya Diagnostic Centre.

YOUR MONEY

MULTI-ASSET ALLOCATION FUNDS

Equity or debt-oriented? Let risk profile, time horizon decide

SARBAJEET K SEN

Diversified equity funds (large, mid and small) have declined between 11 and 19 per cent over the past six months. Multi-asset allocation funds (MAAFs), a hybrid category of funds, have done a much better job of containing the downside by declining 5.6 per cent over the same period.

Amid market turbulence, investors seeking stability with reasonable returns may go for MAAFs. These schemes invest across equities, bonds and commodities, with a minimum 10 per cent allocation to each asset class.

In addition, they may invest in units of Infrastructure Investment Trusts (Invits) and Real Estate Investment Trusts (Reits).

"Multi-asset funds attempt to give smoother returns with varied asset allocation mixes that have lower correlations with one another, thereby creating a stable return profile with possibly lower drawdowns," says Rahul Pal, chief investment officer–fixed income, Mahindra Manulife Mutual Fund.

Winners keep rotating among various asset classes. This works in favour of MAAFs. "Market cyclicality means no two asset classes perform in a similar fashion under different market conditions. The recent volatility shows how investing in MAAFs can help tide over market uncertainties," says Ashish Naik, fund manager, Axis Mutual Fund.

Varied asset mix

MAAFs follow diverse allocation strategies. "Not all MAAFs are identical. Currently, roughly 80 per cent of them are equity-oriented (65 per cent in equity and the rest spread across other asset classes), and they enjoy equity taxation. The balance are debt oriented," says Naik.

Within commodities, some funds invest in gold and silver exchange-traded funds (ETFs), while others opt for listed commodity instruments.

Know the risks

MAAFs tend to underperform when one asset class experiences a sustained rally. "If there is a secular bull run in one asset class, MAAFs may offer relatively moderate returns as they must always invest in other asset classes," says Pal.

These funds, too, experience some downside during a market downturn. "Investors must not live with the unrealistic expectation that these funds will not have any downside, as the assets they hold might not be perfectly uncorrelated," says Kumar.

How to select a MAAF

One MAAF can be very different from another. "When selecting a MAAF, consider its asset allocation strategy to ensure that it aligns with your risk profile and investment goals," says Abhishek Kumar, Securities and Exchange Board of India (Sebi)-registered investment advisor and founder, SahajMoney.com.

Naik adds that investors must, based on their risk appetite, decide whether to go for a MAAF that is high on equity or on debt.

Suitable for varied risk profiles

Given the variety on offer, investors with varied risk profiles can find a MAAF suited to their risk appetite. "MAAFs can be a part of every investor's portfolio as they aim for optimal level of risk," says Naik.

Aggressive investors may prefer schemes with 65 per cent equity exposure, while those with moderate risk appetite can choose a fund with 35–65 per cent equity allocation. First-time investors may also go for them. "New investors exploring different asset classes may begin by allocating to MAAFs. Over time, they can decide the asset allocation that best suits their portfolio and allocate accordingly," says Jiral Mehta, senior research analyst, FundsIndia.

Investing for at least five years is essential. "Those who invest for a shorter time horizon may be disappointed," says Pal. Finally, investors must not expect returns from a MAAF to match pure equity funds.

TWO LARGEST FUNDS GAVE DOUBLE-DIGIT RETURNS OVER PAST DECADE

MAA Funds	Corpus (₹ cr)	Returns (%) 1-year	3-year	5-year	10-year
ICICI Prudential	55,360.3	8.5	17.1	26.1	14.6
SBI	7,674.0	6.0	13.5	15.6	11.3
Kotak	7,642.9	2.9	NA	NA	NA
Nippon India	5,330.1	6.8	14.5	NA	NA
UTI	5,285.0	4.6	16.5	18.3	9.8

Returns are for top 5 funds (direct-growth plans) by corpus size. Returns above 1 year are compound annualised.
Source: Navigation RA

Cancelling a card? Minimise its impact on your score

Credit cards offer convenience and rewards. But cancelling one due to high fees, limited usage, or to avoid overspending may affect your credit score, despite seeming like a prudent decision. Here are some steps to minimise impact on your credit score:

Pay off outstanding balances: Ensure all dues are cleared before initiating cancellation. Unpaid balances will continue to accrue interest and penalties.

Redistribute credit utilisation: Transfer balances or limits from the cancelled card to another active card to maintain a healthy utilisation ratio.

Don't close multiple cards simultaneously: Closing several cards at once amplifies the impact on both utilisation ratios and account age.

Keep older cards open: Retain cards with long-standing histories as they positively contribute to your average account age.

Monitor your credit report: After cancellation, check that the closure is accurately reflected in your report and ensure there are no errors.

Redeem rewards before cancelling: Utilise any accumulated points or benefits on the card before closing it

Read full report here: mybs.in/2emDVEl

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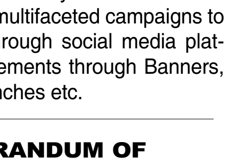
10 YEARS OF PRADHAN MANTRI MUDRA YOJANA

The Pradhan Mantri Mudra Yojana (PMMY) has completed 10 years on April 08,2025. The scheme has been instrumental in transforming the MSME financing landscape in India. Over the past decade, PMMY has played a vital role in terms of access to credit for micro enterprises. The scheme's tiered structure—Shishu, Kishore, and Tarun— has enabled the Bank to disburse affordable, collateral-free loans to entrepreneurs.

PMMY has significantly expanded our bank's outreach to the micro-enterprise segment. During the first five years of the scheme, we disbursed credit facilities aggregating to Rs. 18,923 crores to 11,59,636 borrowers under the scheme. Cumulative disbursements during the 10 years period is Rs. 71,364 crores to 43,65,580 borrowers i.e. growth of around 300%, both in volume as well as in value terms. Credit facilities to women entrepreneurs under the scheme constitute more than 25%. As Bank of India is celebrating the 10th anniversary of the launch of PMMY, Bank of India has launched multifaceted campaigns to give wide publicity to the PMMY through social media platforms, Indoor and Outdoor Advertisements through Banners, Standees and digital displays at branches etc.

SIGNING OF MEMORANDUM OF UNDERSTANDING BY HUDCO WITH MMRDA



Housing and Urban Development Corporation Limited (HUDCO) signed a Memorandum of Understanding (MoU) with Mumbai Metropolitan Region Development Authority (MMRDA), Maharashtra, on 8th April, 2025 at Mumbai. The MoU establishes a framework for cooperation between HUDCO and MMRDA wherein HUDCO shall explore and provide funds up to Rs.1,50,000 Crore over a period of five years for development of infrastructure projects to be implemented by MMRDA in Mumbai Metropolitan Region. The MoU was signed in presence of Shri Devendra Fadnavis, Hon'ble Chief Minister, Maharashtra, Shri Eknath Shinde, Hon'ble Deputy Chief Minister, Maharashtra, Shri Sanjay Kulshrestha, Chairman & Managing Director, HUDCO, Dr. Sanjay Mukherjee, VC & MD MMRDA and other dignitaries.

NBCC SUCCESSFULLY CONCLUDES E-AUCTION OF BULK SALE OF RESIDENTIAL UNITS

In a landmark real estate transaction, NBCC (India) Ltd. has successfully e-auctioned 1185 residential units at Aspire Dream Valley, Greater Noida (W) through an e-auction, garnering a total sale value of Rs. 1504.69 cr. With this successful transaction, NBCC has reinforced its position as a leading real estate developer and the only PSU in the sector in India setting a new benchmark for transparent and competitive property sales through digital platforms.

SJVN RELEASES RS. 269.97 CRORE AS LAND COMPENSATION FOR 3097 MW ETALIN HEP IN ARUNACHAL PRADESH

In a significant step towards accelerating hydro power development in Arunachal Pradesh, SJVN has released Rs. 269.97 crores as land compensation for 3097 MW Etalin Hydro Electric Project in Dibang Valley. During a review meeting chaired by Hon'ble Chief Minister of Arunachal Pradesh, Sh. Pema Khandu held yesterday at Tawang, Sh. Raj Kumar Chaudhary, Chairman & Managing Director (Additional Charge), SJVN informed that the land compensation amount was deposited in the joint account of DC & DLRSO, Dibang Valley on 26th March, 2025.

INDIAN BANK REDUCES REPO BENCHMARK RATE IN LINE WITH THE RBI MPC

Indian Bank has announced a reduction in Repo Linke Benchmark Lending Rate from 9.05% to 8.70% applicable on its assets portfolio, following the Reserve Bank of India's (RBI) announcement cutting the repo rate by 25 basis points, from 6.25% to 6.00%, in the latest Monetary Policy Committee (MPC) meeting. The revised lending rates will be effective from 11th April, 2025.

The RBLR has been reduced by 0.35% (35 basis points), directly reflecting the decrease in the RBI's repo rate. This move will lower borrowing costs for customers with loans linked to RBLR, such as home loans and business loans. Depending on their loan terms, customers may benefit from reduced EMIs (Equated Monthly Instalments) or a shorter loan tenure.

BANK OF INDIA EXPANDS NATIONWIDE WITH 111 NEW BRANCHES

Bank of India (BOI) has taken a significant step in expanding its footprint by inaugurating 111 new branches across the country. The virtual inauguration was led by the Managing Director & Chief Executive Officer, Mr. Rajneesh Karnatak, reinforcing the bank's commitment to financial inclusion and enhanced customer accessibility.

The newly inaugurated branches span multiple cities, further strengthening Bank of India's nationwide presence. Hyderabad FGMO (Field General Manager Office) has seen the highest increase, with seventeen new branches. Chennai FGMO has witnessed significant growth with fourteen new branches. Pune FGMO has expanded with thirteen and New Delhi FGMO has introduced twelve new branches. Bhopal FGMO has expanded with eleven. Chandigarh and Lucknow FGMO have each inaugurated ten branches each.

TPCODL ENHANCES ELECTRICITY SUPPLY WITH MAJOR TRANSFORMER UPGRADE

In a significant move to strengthen power supply infrastructure, TP Central Odisha Distribution Limited (TPCODL) has successfully upgraded the power transformer at the Hindol Road Primary Substation (PSS) in Dhenkanal. The existing 5 MVA power transformer has been replaced with a new 8 MVA unit, ensuring enhanced reliability and improved voltage for nearly 8,000 consumers in the region.

This strategic upgrade aligns with TPCODL's commitment to delivering quality and uninterrupted power supply while supporting the region's growth and development. The increased transformer capacity is expected to meet the rising power demand and reduce the chances of overloading, especially during peak hours.

HISTORIC MOU SIGNED BETWEEN UPSIDA AND IIT-BHU

In a significant step towards developing Uttar Pradesh as a pharmaceutical hub, a Memorandum of Understanding (MoU) was signed between UPSIDA and the Indian Institute of Technology (IIT), Banaras Hindu University (BHU), Varanasi.

This MoU aims to facilitate the establishment of industries, availability of skilled human resources, training, research, and placement support in the pharma parks being developed by UPSIDA in Lalitpur, Bundelkhand. The MoU was signed by Mr. Mayur Maheshwari, IAS, CEO of UPSIDA, and Prof. Rajesh Kumar, Dean, Research & Development, IIT(BHU), Varanasi. This partnership marks the beginning of a long-term collaboration that will drive employment, innovation, and industrial progress in the region.