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To,

BSE Limited
Scrip Code: 542650

National Stock Exchange of India Ltd.
Scrip Symbol: METROPOLIS

Dear Sir/Madam,

Sub: Earnings call transcript for Q3 FY26

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of Q3 FY26 earnings conference call held on Thursday, February 05, 2026. The transcript is also available on the Company's website i.e. www.metropolisindia.com

You are requested to take the above information on record.

Thanking you,
Yours faithfully,

For **Metropolis Healthcare Limited**

Kamlesh C Kulkarni
Head – Legal & Secretarial

Encl: A/a





“Metropolis Healthcare Limited
Q3 FY '26 Earnings Conference Call”

February 05, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchanges on February 05, 2026 will prevail.

The logo for Metropolis, featuring the word "METROPOLIS" in white capital letters on a green rectangular background.

The logo for ICICI Securities, featuring the word "ICICI Securities" in white capital letters on a red rectangular background.

The logo for Chorus Call, featuring the words "CHORUS CALL" in black capital letters with a red diamond symbol between "US" and "CA", all contained within a green diamond shape.

MANAGEMENT: **MS. AMEERA SHAH – CHAIRPERSON AND WHOLE-TIME DIRECTOR – METROPOLIS HEALTHCARE LIMITED**
MR. SURENDRAN CHEMMENKOTIL – MANAGING DIRECTOR – METROPOLIS HEALTHCARE LIMITED
MR. SAMEER PATEL – CHIEF FINANCIAL OFFICER – METROPOLIS HEALTHCARE LIMITED
MR. AVADHUT JOSHI – CHIEF BUSINESS DEVELOPMENT OFFICER – METROPOLIS HEALTHCARE LIMITED

MODERATOR: **MS. NISHA SHETTY – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Q3 FY '26 Earnings Conference Call of Metropolis Healthcare Limited, hosted by ICICI Securities. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements do not guarantee the future performance of the company and it may involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Nisha Shetty from ICICI Securities. Thank you, and over to you, ma'am.

Nisha Shetty: Thank you, Subham. Good morning...

Moderator: Sorry to interrupt, Ms. Nisha, you're not audible. Your line is not clear.

Nisha Shetty: Yes. On behalf of ICICI Securities, I welcome you all on Q3 FY '26 earnings conference call of Metropolis Healthcare Limited, and I thank the Metropolis Healthcare management team for giving us this opportunity to host this call. Today, on this call, we have with us Ms. Ameera Shah, Chairperson and Whole-Time Director; Mr. Surendran Chemmenkotil, Managing Director; Mr. Sameer Patel, Chief Financial Officer; and Mr. Avadhut Joshi, Chief Business Development Officer.

I will now hand over the call to Ms. Ameera Shah for her opening remarks. Thank you. Over to you, ma'am.

Ameera Shah: Thank you, Nisha, and good morning, everyone, and thank you for joining us today for the Q3 and 9-month FY '26 earnings conference call. As mentioned, I'm joined by our team. Our investor presentation and financial results have been uploaded on the stock exchange and our website, and I hope everyone has had an opportunity to review them.

And I'll begin with a quick, brief overview of the industry landscape and our strategic priorities, after which we'll go through the operational and financial performance for the quarter. Over the past few quarters, the diagnostics industry has continued to demonstrate stable demand with growth increasingly driven by specialty diagnostics, preventive health care and complex testing, rather than routine investigations alone.

Clinician behavior and patient awareness are steadily shifting towards greater emphasis on accuracy, depth of insight and precision-led decision-making. At a global level, there has been considerable discussion around tariff actions and trade policies, particularly by the U.S.

However, we'd like to clarify that healthcare and diagnostics is predominantly domestic in nature with localized sourcing and service delivery and remains largely neutral to these developments. And at this time, we do not see any material impact on our operations and cost structure.

The recently announced Union Budget signals a clear priority for health care, spanning pharmaceuticals, hospitals, diagnostics and allied services. A strong focus on workforce development, including upgrading existing allied health institutions and setting up new ones across public and private sectors aims to add nearly 100,000 professionals across 10 disciplines over 5 years, strengthening diagnostic and clinical capacity. The budget also emphasizes Tier 2 and regional health care infrastructure, which should reduce patient migration to metros and improve access for underserved populations.

Overall, it reinforces a long-term policy commitment to expanding health care access, capacity and quality across the value chain. For a health care leader like Metropolis, this will create opportunities that did not exist earlier, especially in smaller markets of India.

Within India, the diagnostics sector is gradually entering a phase of consolidation. The phase of unreasonable capital and poor unit economics seems to be over, and the phase of consolidation is back in place. Financial and strategic capital is scouting for larger acquisitions with a stronger focus on long-term growth and strong economics rather than discount-led revenue growth.

In this evolving environment, Metropolis remains well positioned given our strong brand recall among doctors and consumers, scientific leadership and pan-India network of labs and collection centers. We continue to believe we have a strong moat via our trusted brand, quality processes and scaled infrastructure and continue to scout for high-quality and reasonably priced acquisitions.

A key milestone during the quarter was the launch of our Centre of Genomics established in Delhi following the integration of Core Diagnostics, which now functions as our national reference hub for advanced molecular testing and precision diagnostics, supported by our CAP accredited laboratories in Gurgaon and Bombay.

Together, this integrated platform of Center of Genomics brings high throughput sequencing, advanced bioinformatics and strong clinical interpretation capabilities, enabling us to deliver clinically-actionable genomic insights at scale across oncology, reproductive health, inherited disorders and preventive genomics.

This category of tests are growing fast in the industry. And at Metropolis, we believe we are building the capabilities to become very significant players in this category. This will be a key strategic growth lever for the next few years, generating business via B2C and B2B, a category of tests that requires precision, experienced interpretation by experts and a broad network of centers, falling perfectly into Metropolis' right-to-win.

Alongside genomics, we continue to progress on our digital and AI journey in a measured and responsible way. While the potential of AI and pathology is significant, we believe that meaningful clinical adoption is still at an early stage. And therefore, our focus remains on selective high-impact use cases rather than broad-based deployment. Currently, AI is being

applied in a few targeted areas at Metropolis, including enhanced test interpretation, strengthening quality monitoring, supporting scientific selling and enhancing customer conversion. At the same time, we are actively working on a pipeline of future applications across report interpretation, clinical decision support, workflow optimization and automating certain processes.

Over the medium to long term, we believe AI will play an important role in improving productivity and report turnaround time and strengthening quality governance in pathology. AI can play an enabling role to improve productivity and analytics. But at this time, it is unlikely to replace doctors or disrupt the industry cost structure overnight. As part of our science-led innovation journey, we achieved an important milestone this quarter with the grant of our first patent by the Patent Office of the Government of India for a system focused on monitoring and managing TB-related infections.

To our knowledge, this makes Metropolis one of the first listed diagnostic companies in India to receive a patent of this nature, reflecting our commitment to scientific research and clinical innovation. Adopting this tool may help us connect deeper with the prescribing doctors treating TB patients and assisting them in diagnosis and treatment.

On the inorganic front, our recent acquisitions are progressing well and are well integrated into the Metropolis system. At Core Diagnostics, the primary focus over the past quarters has been on operational alignment, process standardization and cost synergy. The Q3 margins for Core were expected to be slightly higher than Q2 because the plan was to launch the genomics platform in Q3 '25, which would have meant higher gross margins for these genomics tests.

However, due to delay of machine arrival into India, these got launched 3 months later in January '26. And these tests were therefore outsourced at lower gross margins earlier, resulting in a lower EBITDA. However, now these tests have started in-house as of January '26. And in Q4, we expect a meaningful improvement in gross margin, supporting a high single-digit EBITDA margin for Core in Q4 of this year.

Our smaller acquisitions, including Dehradun, Agra and Kolhapur continue to perform as expected, delivering margins better than the group average. Overall, by year-end, we expect our acquisition portfolio to demonstrate visible synergy benefits across revenue growth and test mix improvement and channel diversification.

Looking ahead, Q4 is typically a seasonally stronger quarter for the diagnostics industry. While seasonality patterns have become less predictable in the post-COVID environment, we are seeing encouraging momentum entering the quarter. With sustained traction across channels, improving productivity and better mix, we remain confident of delivering on our guidance of 12% to 13% organic growth rate and expanded margins for FY '26, along gradual uptick in margins on the back of scale and operational efficiencies, material productivity and prudent cost management.

To conclude, Metropolis remains firmly committed to building a high-quality science-led diagnostics platform anchored in accuracy, consistency and clinical trust. With disciplined

strategy execution and strong operational leadership, we believe we are well positioned to deliver sustained long-term value for all stakeholders.

Lastly, the company is pleased to inform its shareholders that the Board of Directors has approved the issue of bonus shares in the ratio of 3:1, that is 3 fully paid-up equity shares of face value of INR 2 each for every 1 existing equity share, subject to the necessary statutory and shareholder approvals.

This bonus issue made by capitalizing a part of the company's reserves reflects the company's strong financial position and continued confidence in its long-term growth prospects. This initiative aims to reward shareholders for their continued support while improving the liquidity of the company's equity shares in the market.

With this, I'll now ask Suren to walk you through the operational performance and the business drivers for the quarter.

Surendran Chemmenkotil: Thank you, Ameera, and good morning, everyone. We are pleased to report a strong performance for quarter 3 with group revenues growing 26% year-on-year and the 9-month revenues increasing by 24% on a year-on-year basis. Organic revenue growth remained healthy at 15% for the quarter and 13% for the 9 months, supported by balanced volume expansion, improving test mix and disciplined execution across businesses.

What is particularly encouraging this quarter is the all-round performance across segments, geographies, patient volumes and margins. Q3 is typically a seasonally softer quarter for the diagnostic industry, driven by festive holidays, reduced outpatient footfalls and lower elective procedures. In addition, this year, we also witnessed a typical seasonal behavior in quarter 2, with the usual infection-led diagnostic demand not materializing as expected.

Recognizing these early trends, we proactively recalibrated our operating focus, accelerating our efforts to build high-quality B2B and institutional business in order to create a more stable and predictable demand base entering quarter 3. This strategic pivot helped us sustain growth momentum despite the absence of seasonal tailwinds and deliver balanced performance across B2C and B2B segments.

Over the last year, I have spoken about our efforts towards the structured cleanup of lower-quality institutional accounts, exiting businesses that were margin dilutive, operationally inefficient or misaligned with our service and quality standards. This year, we have systematically built a pipeline of better quality institutional and corporate partnerships with sharper focus on clinical engagement, service excellence and sustainable unit economics.

This changed approach to institutional business has now started yielding tangible results, contributing meaningfully to our quarter 3 performance and improving the overall quality of revenue mix.

On the organic side, revenue grew by 15% year-on-year, supported by healthy patient volume growth of 9% year-on-year. In the B2C segment, which contributed approximately 60% of our revenues, the revenue grew by 15% driven by strong performance in TruHealth and Specialty.

TruHealth continued to scale well, supported by curated wellness packages, increasing preventive health adoption and deeper digital engagements. Specialty testing delivered robust growth through focused clinician engagement, scientific upselling and wider deployment of advanced tests across centers.

Importantly, the integration of core diagnostics has begun to meaningfully enhance our specialty portfolio, enabling us to cross-sell super specialty and advanced oncology tests into the broader Metropolis customer base and clinician network. This cross-selling leveraging capabilities is strengthening our leadership in complex diagnostics and creating a sustainable pipeline for higher value test growth.

In the B2B segment, which contributed to 40% of revenues, 15% year-on-year growth was driven by both volume expansion and improved realization. We deepened our relationship with key institutional clients, laboratories and hospitals through dedicated account management, faster turnaround times and enhanced service quality. Specialty testing within B2B demonstrated strong traction, reflecting growing clinician confidence in our advanced diagnostic capabilities.

Our corporate business played a particularly important role in stabilizing performance during this quarter by delivering predictable volumes, healthier realizations and more resilient revenue base. Geographically, our sustained focus on Tier 2 and Tier 3 markets continue to yield strong results. Over the past 2 years, we have systematically expanded our footprints across cities and towns, building hub-and-spoke network that enable efficient scaling.

During this quarter, we added 110 new centers, most of it through the franchisee, taking total addition to more than 300 centers in 9 months and strengthened our presence in 750 towns now. This network expansion is now translating into consistent volume growth, improved asset utilization and operating leverage.

On the margins, for the organic business, we delivered a strong performance this year with a healthy 29.3% year-on-year expansion of EBITDA margins, remaining robust at about 25%. The improvement was driven by a combination of material cost efficiencies, operating leverage on fixed costs and sustained productivity initiatives across the network.

Our focus on disciplined cost management, procurement optimization and workflow efficiency continue to translate into structural margin improvements. The quarter also included a onetime impact on account of Labor Code implementation of about INR 9 crores at group level, which would have effect on profitability. Excluding this, the underlying performance remained very strong, reinforcing the quality and sustainability of our earnings.

Quality continues to remain the cornerstone of our operating philosophy. At the beginning of this year, we launched the Internal Quality Control Index, a scientific performance framework designed to establish uniform, measurable and real-time quality benchmarks across the entire laboratory network. This framework tracks the full diagnostic journey from the pre-analytics and logistics to laboratory examination and post-analytical reporting using rigorous clinical and operational parameters.

It enables early identification of deviations, rapid corrective actions and consistent diagnostic accuracy across geographies. In parallel, we continue to monitor our pre-analytical compliance in test across all collection centers and logistic touch points, strengthening sample integrity and chain of custody even before samples enter the laboratory. Together, this initiative significantly enhance governance, transparency and clinical reliability across the expanding network.

Looking ahead into quarter 4, we are encouraged by early momentum across channels, the seasonality turning favorable, continued traction in specialty and wellness, expanding network reach and sustained productivity improvements, we remain confident of closing the year on a very strong note in line with our growth and margin objectives.

To conclude, quarter 3 reflects the strength of our operating model, combining strategic agility, scientific leadership, disciplined execution and quality governance. We remain well positioned to sustain momentum and deliver long-term value creation.

With this now, I hand over to Sameer Patel, our Chief Financial Officer, to walk you through the financial performance. Thank you.

Sameer Patel:

Thank you, Suren, and good morning, everyone. Let me now share some of the key financial performance for quarter 3 FY '26. As informed in the previous quarter, we have bifurcated our performance reporting on 2 aspects for the current year. MHL Group includes 4 acquisitions of Core Diagnostics; DAPIC, Dehradun; Scientific Pathology, Agra; and Ambika Diagnostics, Kolhapur. MHL organic excludes these 4 acquisitions.

Moving on to the financial and operating performance. First, I would like to highlight operational performance for MHL on an organic basis. Revenue and EBITDA grew at 15% and 29%, respectively. PAT, excluding exceptional items, grew at 52% on a year-on-year basis. Patient volumes stood at 3.3 million, a growth of 9% on a year-on-year basis. Test volumes stood at 7 million, a growth of 8% on a year-on-year basis with increasing contribution from TruHealth and Specialty segment.

Our B2C and B2B revenue both grew by 15% on a year-on-year basis. TruHealth and Specialty grew by 25% and 16%, respectively, on a year-on-year basis. B2C revenue contribution, 60% of total revenue. Revenue for Specialty and TruHealth in B2C segment grew by 17% and 29%, respectively on a year-on-year basis. B2B revenue contributes to 40% of total revenue and B2B Specialty grew by 16% on a year-on-year basis.

EBITDA stood at INR93 crores, a growth of 29.3% on a year-on-year basis. EBITDA margin stood at 25%, an increase of 280 basis points on a year-on-year basis. PAT, excluding exceptional items, stood at INR 48 crores, a growth of 52% year-on-year basis. Impact of Labor Code amounting to INR8 crores is treated as exceptional item. PAT margins, excluding exceptional items, stood at 12.8%, an increase of 300 basis points.

Speaking about key performance indicator for MHL Group. Revenue grew by 26% on a year-on-year basis. Patient volume stood at 3.5 million and test volume stood at 7.3 million, a growth of 14% and 13%, respectively on a year-on-year basis. B2C and B2B revenue grew by 19% and 35%, respectively, on year-on-year basis.

On MHL Group basis, revenue from North now contributes 17% of overall revenue, largely because of recent integration, which has its major presence and revenue coming from North region. EBITDA margin stood at 23.4%. The decrease compared to the organic business was largely attributable to lower margin profile of Core Diagnostics. The margin for Core Diagnostics is expected to meet the stated guidelines of high single-digit as an exit run rate for quarter 4 FY '26.

PAT, excluding exceptional items, stood at INR 51 crores, a growth of 63% year-on-year basis. Impact of Labor Code amounting to INR 9 crores is treated as exceptional item at a group level. PAT margin, excluding exceptional items, stood at 12.6%, an increase of 280 basis points.

Estimated capex for the year is INR 55 crores to INR 60 crores. This is largely towards strengthening and expanding our pan-India network, upgrading IT systems and processes, scaling up high-end equipment to support advanced and super specialty test capabilities.

Speaking about liquidity position and cash strength, the company remains net debt-free with a current cash reserves of INR 127 crores. We will continue to accumulate cash to fund and support our future growth initiatives. That's all from my side. With this, I open the floor for question and answers.

Moderator: The first question comes from the line of Surya Narayan Patra from PhillipCapital India.

Surya Narayan Patra: Sir, my first question, is it possible to share what is the organic volume growth that we would have seen in the test side?

Surendran Chemmenkotil: Organic test volume growth is 8% for this quarter.

Surya Narayan Patra: Okay. And my second question was on the genomic initiatives. So, we have added equipments that -- and we have expanded the capability there. And this is also considered to be a kind of a value growth driver for us going ahead. But concurrently we know that genomic has never been a kind of high-volume growth area for India so far, and there is a kind of a rising competition on that front also with disruptive prices that it is talked about. So, what is your thought process here and how do you see this opportunity really contributing incrementally in terms of value terms?

Ameera Shah: Look, if you look at Metropolis' positioning, we have never really been the company who is focusing on tests which are commoditized in high volume. We've been the company who's focusing on making sure that all the places that we are really working in are non-commoditized areas, which are really focusing on giving the right report to the patient when it's required in the clinical setting.

Genomics, if you look at the therapeutic areas which are growing the fastest in the world are actually oncology and neurology over the next 10 years, and the same situation is going to be in India. And for cancer and for any brain or nervous system areas, finally, the most important tests are going to be genomics.

So, we expect this category to grow very fast over the next 10-odd years and longer. And therefore, being a critical player in that market is important. And the business that comes, there

you're right, there are at least 7, 8 players in the space, but it's only 7, 8 compared to all the other tests where you have 3 lakh players.

So comparatively, you're talking about still this being a cohort which has lesser competition. And even amongst the 7, 8 or 10, 15 players who are doing genomics, we have to remember that the doctors are going to need the most quality and precise report, which is where Metropolis' positioning will stay. And we are finding that our pickup of genomics has been very rapid since we have launched the test.

Surya Narayan Patra: Next question is on the network expansion side. Generally, it is also believed that there is a [inaudible 0:24:41]. Now, clearly, Metropolis is focusing more about splitting of the assets after creating a strong network expansion over the recent years. and that's why there is a kind of a marginal moderation in the modern network addition front that we have witnessed. But simultaneously, that is also considered to be a kind of a key growth driver. So, given that your thought process in the subsequent period?

Surendran Chemmenkotil: So, I mean, we have mentioned this in the past also, largely the laboratory expansions are mostly done with, to service the 750 towns that we are focusing. Now the focus is on going deeper into the 750 towns and improving and enhancing the customer service network there, and mostly through the franchised channel. So that's what we have been doing in the last 2, 3 quarters, and we continue to do that, and we find enough and more opportunity to further expand our network in the 750 towns, and we'll keep doing this and get more volumes and revenue growth from the Tier 3, Tier 4 kind of cities.

Surya Narayan Patra: Okay. Just last one point from my side, sir. See, we have seen in the opening remarks also, you mentioned ma'am that there is a kind of a volatile situation in terms of the currency, in terms of the trade issues, everything that we have witnessed. So, while this industry is immune from all that, given it is a domestic one, but any impact that one should anticipate to the reagent cost and all that?

Ameera Shah: See, at this point of time, we don't anticipate anything. But look, I mean, if the rupee runs away like crazy, there is obviously always a chance that vendors can come back and potentially talk about renegotiations. But having said that, a lot of our reagents and vendors are actually more EU-based and maybe even some Japan-based and less, I would say, U.S. So, I don't see there to be too much of an exposure at this point of time.

Moderator: The next question comes from the line of Sudarshan Agarwal from Axis Capital.

Sudarshan Agarwal: Congrats on the good set of numbers. I was just looking at the data point wherein you kind of say that you have kind of closed down 4-odd labs in this quarter. Can you tell me, is this to do with Core or the recent acquisitions and what drove this close down? And is there any more closures expected in the upcoming quarters?

Surendran Chemmenkotil: Well, I think all the laboratories we had closed down in the last 2 quarters are largely because of integration. Wherever there are duplicate labs available in a town, we have just decided to go with only 1 of the 2. And that's always been the stated strategy that we had. And there are a couple of more labs that we may shut down in the quarter 4 as well and the numbers could be a

little more lower than what we are starting the quarter with by the end of this year, right? So, you can expect maybe 2, 3 more labs getting integrated.

Sudarshan Agarwal: Got it. And in terms of your volume growth, as you kind of guided, it will kind of improve. It has come at around 8-odd percent. Q4 is near term, but in a longer term, do you expect this mid-to-high single-digit patient volume growth kind of to sustain?

Surendran Chemmenkotil: Yes, 7% to 8% volume growth has always been our aspirations in the near future, and we are working towards it, and we have started seeing the early successes on our programs, and we continue to believe that 7% to 8% is a range that we can strike up in the days to come.

Sudarshan Agarwal: Got it. And lastly, on Core Diagnostics. Now, given the nature of these testing, I would believe that there is a lower portion of seasonality related to these oncogenomic tests, right? So, I think sequentially, we would have seen a sharper drop in Core based on certain assumptions that I've made. What drove this? I understand that there was some delay in machines, etcetera, but sequential drop in revenues has happened. Is that understanding correct?

Surendran Chemmenkotil: No, there is no sharper drop as you have been just mentioning. A slight drop because in quarter 3, normally because of festivities, etcetera, the procedures comes to a halt and it comes back in quarter 4. So, a very marginal drop in quarter 3. But I mean, we are seeing quarter 4 coming back in full form.

Moderator: The next question comes from the line of Shyam Srinivasan from Goldman Sachs.

Shyam Srinivasan: Just first one on GST impact from a pricing perspective. In Q3 or maybe in Q4, is there a change to how, given all the reagent lower GSTs, how does this pan out for us? Is it already reflective in our RPP for Q3? Or we should expect realization to change in Q4?

Surendran Chemmenkotil: See, there is a very marginal impact on the GST for us. I mean, what actually has happened, if you have observed it, the GST on materials into the diagnostic was at around 12% and it's moved up to 5%. And some of the reagents were already at 5% and some of them are at 12%, 18% has come down to now 5%.

So, there's a marginal benefit that we actually get comes into our results. But if you also know that in January, every year, we used to do a price revision. So, this year, we have delayed the price revision and it did not happen in January, basically so that at least the customers continue to get the benefits of these revisions.

Shyam Srinivasan: Got it. So just understanding the price revision again because I was going to come to that second question. Is the environment conducive for price increase from a competitive standpoint? Yes, while GST benefits need to be passed on, do you think there is a revised time line now of when you can relook at pricing for yourself?

Surendran Chemmenkotil: Yes. We see the market is definitely may be able to absorb some price increase and the environment is conducive. But we are delaying it, deferring it for the reasons I've already mentioned. I mean when exactly we will do it, that's still a decision that we have to make. We

will keep observing the market for some more time. And then at appropriate time, we will use the price levers as well.

Shyam Srinivasan: Very helpful. Last question, just on like medium-term thought process around guidance for top line only. If you are able to do 6%, 7%, I'm just using patient volume growth, 6%, 7%, somehow test volume and patient volume for you seems to be same number, similar numbers. And you add RPP 5%, 6% and then mix change, let's assume, right? Which should come in RPP. Why are we not able to grow faster than the 12% to 13%?

Surendran Chemmenkotil: Well, I think we have delivered a 15% growth in quarter 3, as you could see it, right? And in the days to come, of course, you can expect improved performance on the top line.

Shyam Srinivasan: Okay. So, there's a -- maybe in Q4, when you tell us fiscal '27 guidance, maybe that is when you'll outline what you're going to grow next year?

Surendran Chemmenkotil: Yes. See, the estimate for this year was 12% to 13%, and we would like to hit the higher end of the 12% to 13% bracket that we have been talking about it. And hence, a similar trend that you will see it in quarter 4 as well.

Moderator: The next question comes from the line of Lokesh Manik from Vallum Capital.

Lokesh Manik: Just a couple of questions on my end. One is on routine testing, we've seen a growth of 12%, whereas your industry peers actually have seen a dip in that segment. So, would this be attributed to the geography that we are present in? Or would you attribute this to our strategy of focusing more on volume, which has been our strategy for the last 3 to 4 quarters or maybe more? So, some light on that would be helpful.

Surendran Chemmenkotil: See, the routine and semi-special in fact, all the test volumes category-wise that we have mentioned in the investor deck is at a consolidated level, right? And so, in the routine and semi-special numbers that you are seeing 15% to 16% growth in quarter 3 is including all the new entities that we added during this year.

Lokesh Manik: Yes. Sir, even in organic, we have grown 12%, if I'm not mistaken.

Ameera Shah: In organic, the test volume growth is 8%.

Lokesh Manik: No, I'm talking about the revenue growth, the segmental revenue that you give. So, I was just wondering if it was driven by geography that we are in the West of India that is driving it? Or this is more a focused strategy that we have?

Ameera Shah: Not really. I mean, as at the end of the day, it's your execution strength. So, it's not so much about the geography actually, if you see North is probably the fastest-growing geography for us. So, I think it's about the strategy and the execution of it.

Surendran Chemmenkotil: 12% is routine and 9% is semi-special.

Lokesh Manik: Understood. This was on the back of the peers underperforming. So, I thought maybe just wanted a clarity where it was coming from. That is one. Second is the GLP drugs which are

coming off patent, so do we have a focused strategy out there to take advantage of testing requirements that will come because of this? Or do we believe that the requirements are pretty much fulfilled in the existing test menu that we are offering to customers? So, just your thoughts on that.

Ameera Shah: See, the GLP therapies that are all coming out will all require a baseline testing to find out what's happening in the body to moderate dosage, along with a continuous monitoring to see whether it's actually effective and not harming the body in any way. So, our expectation is that like any other drug, if people are going to take medicines, they are going to have to monitor their blood levels as the underlying effect.

So, of course, with GLPs coming in a big way, we do expect that our GLP packages as well as all the other products we have launched will pick up in a fairly bigger way. And we've launched all of these GLP-1 packages already.

Moderator: The next question comes from the line of Kaustav Bubna from BMSPL.

Kaustav Bubna: So, I keep seeing some sort of rumors keep floating around WhatsApp. I know that some of them are really baseless, but about Reliance entering the genomics field and charging very low rates for testing. So, how is this or how strong are these rumors? Could you speak what you're hearing on the ground and how this affects your genomics business, if at all?

Ameera Shah: Look, I think difficult to comment, obviously, on their strategy or what they're doing, but there was already a business, a genomics business, which was in distress, which they then acquired from, I think, NCLT. And I don't know what their goal with it is because obviously, they are not in the larger space of pathology.

But what we are told is that it's more of a data strategy, which is more D2C and more of a screening test and not a diagnostic test. The difference between the 2 is you can do a screening test, but you can't actually take any decision unless it's a diagnostic test because that is more confirmatory versus screening test gives you some info, but you can't really take any action on it. but of course, the time will tell sort of which direction it goes in.

I think Metropolis' positioning is very different, which is we are all in the diagnostic space, which means we work very closely with prescribing doctors for very complex diseases to say that, look, this is definitely what's happening in the genome in the body, and therefore, this is the action that you can take from it.

So, 2 different strategies, a little bit like if I were to give a comparison, there are many organizations doing wellness screening, which may give you a sort of broad indication of what's happening in your body, but you can't actually take a decision on it versus a Metropolis, which will give you very final results where you'll take action based on it.

Kaustav Bubna: Understood. Understood. Great. And just one more question on the Labor Code. I kind of understand what could happen over the next 5 plus, 10 years, obviously, over a very long period of time that can reduce the unorganized competition. So, obviously, government regulation is one, which I don't think much has happened on, correct me if I'm wrong. But even Labor Code

acts as some form of government regulation. Do you see that as a possible catalyst to reducing unorganized competition in any way over time?

Ameera Shah: Look, I mean, I think, definitely, with government coming in with stronger regulatory frameworks, whether it's on the wage code, whether it's on the quality framework, certainly will help organize the unorganized sector. Obviously, but this depends on enforcement, and it depends on whether people follow the rules on the ground in the unorganized sector.

But by the way, we are also seeing, for the first time, I would say, in a very long time, we are seeing the government very intent on sort of creating deregulation and appropriate regulation in multiple sectors across the country, including health care, and an intent to want to give some compliance framework, which is focused on not only access and affordability, but also quality care. So, I'm actually quite hopeful that we might actually find the sector starting to organize in a better way compared to what I've seen in the last 20 years.

Moderator: The next question comes from the line of Tausif Shaikh from BNP Paribas.

Tausif Shaikh: Ma'am, is it possible, can you share the 9-month organic revenue growth from Northern India? The idea is just to understand whether Metropolis' positioning has changed after acquisition in the Northern market, mainly the B2C market?

Surendran Chemmenkotil: Yes. I mean, the northern part of the country is growing faster for us than the rest of the country. And I think we have just translated in terms of the contribution, which has gone up from 9% to 17%, right, in the last 3 quarters after the acquisitions.

Tausif Shaikh: So, this would include Core Diagnostic as well, right?

Surendran Chemmenkotil: Correct.

Tausif Shaikh: I would appreciate if you can highlight organic revenue growth over there.

Surendran Chemmenkotil: Well, at this point of time, I won't be able to give you the specifics, but I think it's growing faster than the company's revenue growth, I can tell you that.

Moderator: The next question comes from the line of Anshul Agrawal from Emkay Global.

Anshul Agrawal: First question is on organic margins. I believe our organic margins for the 9-month period have expanded by about 100 bps. If I recollect, this was a slated target. have you seen any tailwinds from GST, etcetera, which have sort of resulted into this expansion? Or do we expect this 100 bps sort of expansion in margins to continue as our lab network sort of matures?

Surendran Chemmenkotil: So, Anshul, I've already mentioned that the GST impact is very marginal. And the margin expansion is largely on the back of the material productivity improvement and other productivity initiatives we have taken in the organization. And at the beginning of the year, we have made an estimate of 70 to 100 bps improvement in the margins, and we stay put with that. You can see that coming in the coming quarter as well.

Anshul Agrawal: Second question was on our radiology foray. Any comment on how that piece is sort of shaping up? And any plans to sort of enter into the advanced radiology space even a pilot basis?

Ameera Shah: I think we are looking at 2 spaces. One is on the low-end radiology space and how we can potentially scale that up. I think we had mentioned earlier that we already made some progress on this in this last year, where now a fair number of our centers have got ECG for sure, but also in some cases, X-ray and sonography, and we'll continue to sort of scale that up. And there are multiple opportunities, we believe, that can be leveraged through that model.

On the high-end radiology, we are certainly exploring to see whether we can pilot a couple of centers and sort of see what kind of results we get. And the idea would be obviously to leverage our very strong brand with doctors, with consumers, along with obviously a brand for technical excellence and very good customer service. So, we will certainly try to see if we can pilot something and then see the results of it before we scale.

Anshul Agrawal: Got it. The third question I had was on preventive health care testing on our proven business. The results have been very strong. Could you help me from what I understand, while online players sort of created this market for even organized players, still on pricing front, preventive health care packages by organized players as well as us are slightly or meaningfully higher versus the online players. What according to you is driving growth in this segment? Is it maturity of the population at large? What exactly do you believe is driving this growth in preventive health care testing for organized players as well as Metropolis?

Surendran Chemmenkotil: See, 3 things, I think we have mentioned in the past and I reiterate that 3 things are helping on the preventive health, which is wellness and the bundled packages growth. One, of course, is a much better awareness that we are able to create. As an industry, we are able to create much better awareness. And secondly, the affordability the need for doing these preventive checkups are also getting better.

And in our case, particularly, our ability to, I mean, engage with our customer base on a regular basis on a customer life cycle management process and digital channels, etcetera, is getting better. So, a combination of all this, I think we are seeing the TruHealth portfolios expanding every quarter.

Ameera Shah: So, just to add to that, I mean, I think in health care, we'll often find that, like you said, even though the market was created by the sort of digital health tech players, finally, the most important component is trust, consumer trust. And I think that even though the market creation happened, I think the ones who probably benefited more are the incumbents where there was already a brand trust created between the consumer and the institution. And then, obviously, it depends on how you execute that and whether you're able to pick up that market creation.

Anshul Agrawal: Sorry. Just a follow-up on that. So, from what I can gather from your comments, pricing is probably not a key lever in determining what customers are choosing or the diagnostic player that they are choosing from in preventative health care. Would that be a fair assumption to make now?

Ameera Shah: Look, I think that It would not say that price is not an important factor in preventive health care. I think in illness and curative health care, it's definitely not an important factor. But in preventive health care, I think it's still an important factor, but it's not the only factor. We have to remember that finally, if somebody is buying something, they still have to trust what comes out of it.

So, I think the quality of it, the acceptance by the doctor, the convenience, the experience that you go through, these are all other very important the interpretation you give, is there a doctor doing a consultation with you at the end of it. These are all very important parts of also how people choose a wellness package. Price is one of them, but definitely not the only and most important factor.

Surendran Chemmenkotil: And Anshul, we also created a lot of value into the overall health check packages of last 3, 4 quarters. We have introduced the ECG. We have introduced vitals checking, and we introduced doctor consultation within Metropolis. So, the customers are seeing value in all these things and hence, the repeatability and all that is getting better.

Anshul Agrawal: Got it. Very clear. Just one last bookkeeping question from my end. Could you help us understand what is the capex number for the 9-month period?

Surendran Chemmenkotil: The 9-month period is about close to INR 40 crores at a group level. And we think that for the full year basis, this could be something close to INR 60 crores.

Moderator: The next question comes from the line of Tanya Chowdhary from Investec.

Aakash: Aakash, here. So, my question is to Ameera ma'am. Ma'am, in one of the interviews you had told that Specialty and especially now the Genomics is a high value in tests, but it won't be margin accretive. However, it will increase the EBITDA per patient. So, I just wanted to get a sense, get light on the margin accretive nature of the same. And whether if it's not margin accretive, whether our efforts at cost and other synergies will help us drive up the margins?

Ameera Shah: Thank you for the question. Just to clarify, what I mean by margin accretive or higher EBITDA is, today, if you look at the group margin of the organization, close to about 25% on the MHL organic business, right? And if the question is that is genomics margin going to be higher than that on an individual stand-alone test, maybe at this point, no. The reason for that is because the gross margins on these super specialized tests are lower than they are on the routine tests.

Having said that, but if an existing, who is already coming to you for certain tests or comes to you with a bundle of tests, some routine along with a genomics test, then that additional EBITDA that it adds to your sample is quite significant. So, I think the way we have to look at it is that are you picking up a single genomic sample on its own? Or are you picking it up as a battery of tests, which includes genomics?

And if you're picking it up as a battery of test largely, the majority, it will still give you a margin accretion versus if you're picking up only a genomics test alone because the gross tests are different. I hope that's more clear.

Moderator: The next question comes from the line of Naman Bagrecha from IIFL Capital.

- Naman Bagrecha:** Just 2 specific questions. If we look at the labor force charges, there's an impact of almost around 2 to 3 bps of that which would be recurring in nature at least. So if that amount has, let's say, impact on a recurring basis?
- Sameer Patel:** On a recurring basis, I think the amount would be around INR 5 crores to INR 6 crores, not more than that.
- Naman Bagrecha:** Okay. And can you also give us, let's say, the capex guidance? What I believe was that we were targeting to improve the CC per lab ratio from, let's say, around -20, 22 collection centers per lab to around 30. So, by when do we expect that?
- Surendran Chemmenkotil:** Well, I mean, that's an aspirational goal. I already mentioned it that way, right? And that the number of labs are getting consolidated and the centers are going up. It's a gradual progression. And I know it's very difficult for me to put a time line to when will you hit the 30 number. And I also believe that it just doesn't matter when you will hit it, but as long as you're progressing in the right direction.
- Naman Bagrecha:** Okay. Okay. So, any capex guidance that you would like to give for the next 2 years?
- Surendran Chemmenkotil:** At this point of time, no. And I think at a later stage, maybe we'll be able to share with you.
- Moderator:** Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments. Thank you, and over to you, sir.
- Ameera Shah:** Thank you, everyone, for joining us for this Q3 call. As you can hear from the team, we are very strong and confident on the direction that we are heading in and the commitments made to our investors and shareholders in the beginning of the year around margin expansion and a overall revenue guidance. I think we've seen that we've been able to show that in the first 9 months, and we continue to see that in Q4 as well.
- We are very excited about the coming year, and we hope that at the end of this quarter or Q4, we'll be able to give you a strategic plan and a guidance for next year as well. And I think the market continues to be strong and Metropolis' position continues to be in the leadership position. So, thank you all for joining and look forward to speaking soon.
- Moderator:** Thank you. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.