METROPOLIS

Metropolis Healthcare Ltd.
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To,

BSE Limited
Scrip Code: 542650

National Stock Exchange of India Limited
Scrip Symbol: METROPOLIS

Dear Sir/Madam,

Sub: Earnings call transcript for Q2 and H1 FY27

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 Q2 and H1 FY27 earnings conference call held on Wednesday, November 04, 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 Chandrashekhar Kulkarni

Digitally signed by Kamlesh Chandrashekhar Kulkarni
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"Metropolis Healthcare Limited

Q2 and H1 FY27 Earnings Conference Call"

November 04, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchanges on November 04, 2026, will prevail.

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. MOHAN MENON – CHIEF MARKETING OFFICER – METROPOLIS HEALTHCARE LIMITED
SGA – INVESTOR RELATIONS – METROPOLIS HEALTHCARE LIMITED

MODERATOR: **MR. TAUSIF SHAIKH – BNP PARIBAS**

Moderator: Ladies and gentlemen, good day, and welcome to Metropolis Healthcare Limited Q2 and H1 FY27 Earnings Conference Call, hosted by BNP Paribas. 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 date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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

Tausif Shaikh: Good morning, everyone. I welcome you all for the Metropolis Healthcare 2Q FY27 first half earnings con-call. I, Tausif Shaikh, India analyst at BNP Paribas for Pharma and Healthcare, would like to thank the management for giving us the opportunity for hosting the call. From the Metropolis team, we have the senior management led by Ameera Shah, Chairperson, Whole Time Director; Surendran Chemmenkotil, Managing Director; Sameer Patel, Chief Financial Officer; and Mohan Menon, Chief Marketing Officer. Now I will hand the call to Ameera ma'am for opening remarks. Over to you, ma'am.

Ameera Shah: Good morning, everyone, and thank you for joining us today for the Q2 FY27 Earnings Conference Call of Metropolis Healthcare. I'm joined by Suren, Managing Director; Sameer Patel, CFO; Mohan Menon, CMO and the rest of our leadership team, along with SGA, our Investor Relations partner. We've uploaded our investor presentation on the exchanges and the website. I hope all of you have had a chance to go through it.

Let me start with the headlines for the first half. For the past 2 years, our growth was around 12% to 13% organically per year. However, over the last 4 to 6 quarters, we have stepped that up to 15% to 16% with revenue growing at 16.2% for H1 FY27, ahead of our stated guidance.

Importantly, we have delivered the step-up in growth while expanding EBITDA margins by 190 basis points to 26.2% EBITDA margin for the first half, and this is without any price increase so far in the year. As we move forward, we are optimistic of continuing similar growth and margin trajectory for the rest of the year.

What gives us more confidence is that this is not a one-off. Over the last 2 years, we have been deliberately putting in place the foundation to sustain and accelerate this growth while continuing to expand margins, a denser network of centers around our labs, a richer business mix led by Specialty and TruHealth, standardizing our laboratory platforms, significant technology upgrades across business and a disciplined approach in our inorganic strategy.

It's also worth noting that we delivered this growth in a quarter where the monsoon was one of the weakest in over 2 decades, with rainfall about 13% below normal and highly uneven across regions. The seasonal rise in acute and infectious diseases such as dengue, malaria, typhoid and viral fevers was therefore sporadic and varied significantly across geographies.

Despite this, we still grew around 16%, reinforces an important part of our business model that our growth is not only dependent on seasonal spikes in demand. It's also driven by the underlying strength of our portfolio across chronic disease management, preventive care and specialty testing, alongside the continued expansion of our network.

Let me now share perspective on the industry, the regulatory environment and our strategic priorities. The broad picture of the industry remains consistent with what we have shared with you before. The market is stable and the structural shift from unorganized to organized segment continues, driven by a greater emphasis on quality and accuracy, rising demand for specialty testing, technology-led convenience and the move to preventive health care, and wider access in Tier 2 and Tier 3 markets. Diagnostics is not merely a price-driven business. It is a fundamental business driven by science, accuracy, service quality and the trust of doctors and patients.

Putting in a simple way, the market is moving towards quality and science, and that's exactly where Metropolis has been built to compete. What is new today and what I would like to spend time on is the increasingly constructive role of government towards health care. Over the past several months, we have seen the government move to raise the bar on the diagnostics industry on quality, transparency and access rather than controlling price.

Together, these developments move the industry in a direction that clearly favors organized, compliant players like Metropolis over unorganized, which do not necessarily focus on quality and service. Firstly, on price cap on pharma products for hospitals. There has been a lot of discussion around pricing control on drugs and consumables sold by hospitals. Let me be clear that this has no bearing on our business, either financially or operationally. These measures are aimed at hospital pricing.

They do not extend to diagnostics, and there is no move towards price capping or price parity in our segment. Diagnostic pricing at organized chains is also transparent and, in most cases, significantly lower than comparable tests in a hospital setting. Second, the display of rates at centers. The requirement of display rates at centers at the point of service is a welcome change and one we fully support. For us, it changes very little operationally. At Metropolis, the patient already knows the price upfront, we collect the payment and then we deliver the service.

In a hospital, it's usually the reverse where the service is delivered first and the patient discovers the bill afterwards. Mandatory display of rates brings the rest of the industry closer to the way we already operate. It reduces the information gap that opaque, unorganized players have relied on and allows patients to compare like-for-like on price and quality. When the comparison is transparent, we believe our accreditation, our test menu and our service standards will speak for themselves.

Third is the NMC advisory on digital authorization of reports. The National Medical Council Commission has recently clarified that a registered medical practitioner can remotely review and authenticate lab and pathology reports using a recognized digital signature, subject to clear safeguards. This is a meaningful enabler for us in 3 ways. Number one, it improves quality.

Every report is reviewed by a qualified pathologist exercising independent professional judgment.

Our lab information systems already maintain complete audit trails, authentication logs, timestamps and signing credentials on each report, thereby enabling us to target a wider network base for specialty testing while the talent pool resides at one location. We can now route a report to the right expert wherever they sit rather than relying only on whoever is on site.

A complex hematology or oncology case from a small town can be reviewed by a specialist in our reference laboratory with the same rigor as a case processed in Bombay. Second, it supports our rural and Tier 3 expansion. One of the practical restraints in smaller towns has been the availability of qualified pathologists on site.

Remote authorization allows us to set up mini labs in these markets faster with a central pool of pathologists supporting them while also improving turnaround times and enabling round-the-clock reporting. Taken together, we see the evolving regulatory landscape as a clear tailwind. History has shown that whenever a formal regulation is introduced, business shifts more rapidly from unorganized to organized. We expect diagnostics to follow the same path, and we are well positioned not just to adapt to these changes, but to benefit from them.

Now let's focus on our 3 key strategic priorities for growth. Science and technology remain at the forefront. Science has always been at the heart of Metropolis, and we continue to invest ahead of the curve. In genomics, we are expanding our capabilities across oncology, reproductive health and rare and inherited disorders. We see genomics as a significant long-term growth opportunity and one where scientific depth, interpretation expertise and clinician trust are decisive.

We continue to invest in automation and AI across our labs and are deploying AI across the value chain from sample logistics and lab operations to report validation, customer engagement, quality improvement, TAT and productivity.

Lastly, data protection and patient data is a responsibility we take very seriously. We are well advanced in aligning our systems and processes with the Digital Personal Data Protection Framework, which further strengthens the trust patients and doctors place in us. Let me now spend a moment on preventive health care, which we see also as one of the more exciting growth areas for our business.

Over the past few years, preventive care has clearly moved into the mainstream. Consumers today are far more health conscious and proactively choosing regular checkups and early screenings rather than visiting a lab only when they fall ill.

This trend is translating into strong performance for us with our preventive health care revenues growing at about 20% per year. To build on this momentum, we have been adding allied services such as basic radiology, doctor consultations and vital checks across our network in our own centers. This gives us a clear advantage in prescription completion because patients can now complete the entire set of recommended tests and consultations with us in one place under one trusted brand.

Looking ahead, we'll be piloting some new models in preventive health care in line with our strategy of building a strong ecosystem of allied services around our Core Diagnostics business. We look forward to updating you on our progress once the pilots are completed.

Speaking of our recent acquisitions and inorganic pipeline, all the acquisitions we have done over the past year are performing well and integrating smoothly into the network. DAPIC in Dehradun and Scientific in Agra are both growing in line with the company average, while delivering margins higher than the overall company margins, which validates both our selection and our integration approach.

Core Diagnostics is a strong example of how we create value through strategic acquisitions, driving both revenue growth and margin improvement. On the revenue front, the acquisition has strengthened our capabilities in high-end specialized testing in oncology, an area where only a handful of players in the country have the required expertise, while providing access to new clinician and patient segments.

Importantly, cross-selling Core's specialized testing portfolio across our wider Metropolis network, along with upselling high-end test to our existing customer base is driving strong traction in the Specialty segment, which continues to grow at about 20%. At the same time, leveraging Core's oncology and genomics portfolio across our network has accelerated the growth of our own genomics business.

On margins, Core was at breakeven when we acquired it 1.5 years ago, and today, it is delivering near double-digit margins. Taking into account the acceleration of our genomics business, we estimate that in the past year, our IRR on the Core acquisition is at about 13%, and this will only accelerate in H2 as revenue growth increases and margins expand. We have also completed a planned restructuring of the Core team. And with that now in place, our focus shifts to accelerating revenue further.

Together, Core, DAPIC and Scientific have increased our revenue contribution from North India to about 17% of our domestic revenue, and we expect this share to rise as these businesses scale. Currently, the North Zone is the fastest organically growing region for us on the back of enhanced execution. Combined with our on-ground presence and established brand equity, these acquisitions have allowed us to penetrate deeper into these markets.

We see this as a stepping stone, particularly for targeting micro markets where there is a persistent gap between demand and quality supply. Let me also share how we're thinking about the M&A market today because it shapes the deals we choose to do and the ones we choose not to do.

Broadly, there are 2 kinds of businesses in the market; poor quality businesses that are up for sale and struggling to find buyers and some good quality businesses that have been acquired at very high valuations. We have looked at these deals but passed on them as it's not possible to earn a decent IRR.

The math here is important. When a diagnostics business is acquired at 18 to 20 multiple of EBITDA, the return depends heavily on margin expansion. But diagnostics is not like the pharma industry where the back end can be easily integrated and synergies flow through quickly.

In our experience, margins in an acquired diagnostics business first fall during integration as quality, systems, people and processes are brought up to standard and then may recover, but almost never than the level higher than when they start. Therefore, at those entry multiples, the IRR on such deals works out to be less than 10%.

In contrast, when we acquire businesses at reasonable valuations and then create the value ourselves over 3 years through our brand, test menu, specialty portfolio, logistics and procurement, the IRR generated can be closer to 20%. That is the approach we have followed with DAPIC, Scientific and Core. Looking ahead, we will continue to actively evaluate M&A opportunities, especially in North India across pathology and ancillary services.

But we will prioritize deals that generate higher IRR rather than pay very high valuations just to buy revenue. Acquiring established local brands at the right price gives us a head start in each micro market from where we can expand into the surrounding peripheral markets by adding tests, building more organized logistics and sample movement and deepening our connect with doctors and patients through digital channels and tech platforms.

I'm now going to ask Suren to go through the operational and financial performance of Q2 and H1. But before that, I just want to announce that the company has declared an interim dividend of INR1 per share. Thanks, Suren, over to you.

Surendran Chemmenkotil: Thank you, Ameera, and good morning, everyone. Quarter 2 has been another strong quarter for us with revenue growth of about 16% ahead of our stated guidance. Importantly, we have seen healthy growth across both B2C and B2B channels, strengthened our presence in the TruHealth and the Specialty segments and delivered broad-based growth across all geographies, spanning metropolitan markets to Tier 3 and Tier 4 towns.

This demonstrates the strength of our diversified business model and our ability to drive growth across channels, segments and markets. Patient volumes grew by 10% and test volume around 11% with the balance coming from a richer test mix and better realization.

Importantly, this growth has been delivered without any price increase. For the first half as a whole, revenue grew by 16.2%, a clear step-up from 12% to 13% we have delivered in recent years, while margin expanded by 190 bps to 26.2%, reflecting the operating leverage in our business. Given the consistency of this performance and the momentum we are carrying into the second half, we expect these trends to continue through the rest of the year.

I would also like to address a point widely discussed in the industry in the recent past. The price revision in CGHS rates has supported growth for several players in the sector. Our revenue contribution from CGHS is minimal, so our growth has been purely volume and mix based.

Turning into channel performance and the delivery of other segments. Our B2C revenue grew by 17% in quarter 2 as well as in H1 of the year, driven by sustained double-digit growth in

patient and test volume, which increased by 13.5% and 11%, respectively. Patient acquisition was supported by digital engagement, focused micro marketing campaigns and growing brand across geographies and segments.

Growth was broad-based across both mature and newer centers with existing centers delivering same-store growth of 10% and improved retail productivity, while newer centers continue to ramp up. During the quarter, we added 116 collection centers, taking our net additions to 700 over the last 24 months.

The labs established in financial year '25 and '26 are also gaining traction, and we are further strengthening their reach through an expanding network of collection spokes to drive higher throughput. Our B2B business grew 15%, reflecting our focused approach of partnering with hospitals, clinicians and quality-led institutions where our science expertise and specialty portfolio give us a clear edge.

Within B2B, patient volume grew by 7% and test volume grew by 11% which means partners are sending us more tests per patient, a clear sign of growing wallet share. We continue to add new lab and hospital partnership during the quarter, and B2B partner network has now crossed 9,000 partners. Our partner portal continue to make it simpler for partners to work with us with better visibility, quicker turnaround and seamless access to our full test menu.

On TruHealth and Specialty, both our strategic growth engines continue to deliver strong performance. Specialty grew around 20% supported by wider adoption of advanced test, deeper engagement with clinicians and cross-selling of Core's oncology portfolio. We added 43 specialty and super specialty tests in the first half of the year, giving us further headroom for growth.

Specialty also creates a halo effect to our routine business. A patient who comes to us for a specialty test naturally prefers to complete all their tests in one place. TruHealth, our preventive health care franchise, also grew 20% driven by integrated wellness offerings and focused digital acquisition. Packages that include radiology are gaining traction, supported by add-ons such as doctor consultations, vital checkups and ECG.

We are now adding these allied services, not only in our own centers, but also across the mature franchisee network, which helps us improve prescription completion and offer patients complete health care experience under one trusted brand.

Speaking of our performance region-wise, our growth has been broad-based geographically and not restricted to our core geographies. Our Tier 3 and rural centers led the way with around 20% revenue growth. And together, they account now for 26% of our domestic revenue, reflecting the success of our expansion beyond the metros. All the 4 geographical regions showed good growth again in this quarter, more particularly North. North India, strengthened by our acquisitions, now contributes to around 17% domestic revenue.

Let me share our focus areas for the second half of the year. Accelerated center additions, both to cover the peripheral areas around our newer labs and to go deeper in existing markets for

faster B2B partner addition with sharper focus on specialty related partnerships, mini hubs to bring testing closer to the patient, add basic radiology and allied services.

And improve turnaround times, increasing retail and center productivity by getting more out of every existing center and of course, continued focus on Tier 2 and Tier 3 markets where improving access to health care is creating a large and growing base of new patients.

Now let me speak about the margin trajectory and the improvements that we have done. EBITDA margins for the quarter 2 stood at 27.2%, an expansion of 180 basis points year-on-year, well ahead of our guidance of 125 to 170 basis points. This improvement came from volume-led operating leverage, disciplined cost management and steady progress on our productivity agenda.

What gives us confidence is that now margin expansion is sustainable as clearly visible in our operating metrics. Productivity per employee has improved as our manpower base has fairly remained stable for the last many quarters, even as test volumes grew around 10% to 11% year-on-year.

We are growing the business without growing the team in proportion, thereby increasing productivity and operating leverage. Samples processed per lab have increased per day. So each lab is processing higher volumes on the same fixed cost base. Gross margin improvement has been our prime focus. Our laboratory platform transition, which I talked earlier, standardizes our network on a common test menu, equipment, reagents and turnaround times while consolidating vendors will be completed in quarter 3, which will aid the gross margins.

Also, richer test mix will support uptick in gross margins. We are progressively replacing many manual processes with technology across operations from sample logistics to reporting and back-office functions. Network density is increasing as we add centers around existing labs, taking our center-to-lab ratio from 24:1 towards 30:1 and then 35:1 over the next 2 years. Our business mix continues to premiumize as Specialty Genomics and TruHealth continues to contribute a growing share of revenue. Let me talk about our technology road map.

The second half will also be a significant period for our technology transformation. We will be rolling out a new CRM platform, a dynamic pricing engine and new sales app for our field teams and an enhanced SLIMS integration capabilities across our laboratories. Through SLIMS, we are also working towards seamless integration of hospital portals with our systems, empowering our hospital partners with streamlined workflows, better connectivity and greater ease of doing business with Metropolis.

We are also transforming our finance function and have launched a comprehensive program to reengineer our end-to-end finance processes across all work streams. Alongside these initiatives, we are scaling our AI applications across customer engagement, laboratory, operations and quality. Together, these technology investments will make us faster, more data-driven and more productive while strengthening the overall experience of our customers and partners.

Lastly, on the pricing front, our last price increase was implemented in January '25, and we are currently evaluating the possibility of the next price revision maybe early next year. This is being

considered in light of the increase in our operating input costs, transportation and logistic costs, service costs, amongst many other expenses.

Given our strong volume trends and the structural shift towards trusted organized players, we believe there is room for a calibrated price increase, enabling us to pass on a portion of these cost increases without any meaningful impact on volumes.

Our approach will be data-driven with the extent of the revision determined for each micro market based on peer benchmarks on market share, competitive intensity and brand equity. We estimate a rollout of this in quarter 4 for part of the business. With this, I hand over the call to Sameer, who will take us through the financial highlights, and thank you, and over to you, Sameer.

Sameer Patel: Thank you, Suren, and good morning, everyone. Let me briefly walk you through the key financial highlights for quarter 2 FY27. Quarter 2 FY27 revenue stood at INR497 crores with a growth of 16% year-on-year, supported by 10% growth in patient volumes and 11% growth in test volumes. B2C and B2B revenue for the quarter grew 17% and 15%, respectively, on a year-on-year basis. Our focus segments continued to perform well.

TruHealth contributed 17% of revenue and grew 20% on a year-on-year basis, while Specialty contributed 40% of revenue and grew 20% on a year-on-year basis. With respect to quarter 2 margin, EBITDA stood at INR135 crores, growing 24% year-on-year. EBITDA margin expanded 180 basis points to 27.2%. PAT stood at INR75 crores, growing at 43% year-on-year. PAT margin expanded 290 basis points to 15.2%.

This PAT margin is highest post-COVID period. On the balance sheet front, our net -- our net working capital days stood at 13 days compared to 16 days in FY26. This is through efficiency that we are building. Our cash and liquid investments stood at INR348 crores as on 30th September 2026 compared to INR203 crores as on 31st March 2026, building a strong cash position to fund further our organic and inorganic growth. With this, I open the floor for question and answers.

Moderator: Thank you. We will now begin the question and answer session. The first question comes from the line of Surya Narayan Patra, PhillipCapital India Private Limited.

Surya Patra: Thanks for the opportunity and congratulations for the great set of numbers. My first question is on the number of tests per patient, what we are seeing. See, in fact, the TruHealth has been doing phenomenally well and consistent momentum that we have been seeing there. But still the test per patient -- number of tests per patient, if I see, it hovers around just 2 number only, which seems to be lower in the industry. Is it because a large portion of the test volume that we are seeing, it is around the sickness test or specialty test, something like that?

Surendran Chemmenkotil: So what happens for us, we count 1 TruHealth test or a wellness as 1 test. We don't count it as 8 or 10 tests, which there are various components in each. The wellness packages has up to, maybe, 50 or 60 parameters or so. But we just count it only as 1 test. That's why even if the TruHealth is increasing by 20%, all of it has been counted as 1 test. So that's what is the reason why you are seeing the number the way it is.

Surya Patra: Okay. My second point is about the genomic and cancer volumes here. So if you can see, we have been seeing there is a kind of consistent and sequential improvement in the Specialty revenue share and particularly after the acquisition of the Core Diagnostics. But since that is now fully integrated into the business model now, we are kind of focusing more on the genomic side and all that. So what is the share that these 2 specialty areas that would be having in the overall thing and what mix can attain, let's say, next couple of years' time?

Surendran Chemmenkotil: You're asking about the oncology share in the overall specialty test and is that what the question is?

Surya Patra: Yes, genomic and oncology.

Surendran Chemmenkotil: Yes. See, oncology is fair because oncology, in fact, we were doing the oncology testing even before Core acquisition. Now the basic oncology test, we used to do it, right? So oncology is a large portion of the overall specialty test. But genomics is in early days for us, that's maybe last 1.5, 2 years, we are doing genomics. We are still just growing in the genomics portfolio. So, I mean, genomics plus oncology put together will be a considerable portion of the overall specialty portfolio.

Ameera Shah: And I think both these portfolios will continue to accelerate faster than the average company growth. So the opportunity for genomics, we believe, is quite large and like Suren mentioned, we are early days. So we continue to expect to see a significant acceleration in that area over the next years to come.

Surya Patra: The next point is the center to lab ratio, what we have been seeing kind of a consistent improvement, and we are targeting a better number also. So on that front, if you can just highlight how this MetLink program or the Partner Portal program. So those are kind of helping us really expanding the franchise count?

Surendran Chemmenkotil: So let me just take a couple of minutes to explain this whole thing. See, one is we have stopped adding any more new labs, and we stay put with 750 towns for operations, right? And then we are doing the addition of the collection centers in the 750 towns. So that's why you are finding where your denominator is constant and your numerator is going up, and on existing markets only, we are not expanding into further markets.

So that definitely gives us that center to lab ratio is going up with every quarter, right? And we said that we will take this up to maybe close to 30 by the end of this year and then maybe end of next year to a 30:1 to 35:1 ratio. I think that program stays very solid and the other one is that when we're adding partners, we also need to retain these partners, make sure these partners are happy and they make money and they enjoy doing business with us. That's where the MetLink comes into effect.

MetLink is nothing but an engagement program between the partners and us. I mean, in the portal, they are able to see their all the test menu, the prices, they're able to see their statement of accounts. They're able to see their daily numbers, their target versus actuals. If there are any additional programs and incentives, etcetera, that we give it to them, they are able to see this and

there are also annual and quarterly engagement that we do with the partner. That's basically the MetLink program.

So with the implementation of the MetLink program for the last, now, 18 months, it's done, we are seeing the retention of our partners is very high. We have very low single-digit partner churn at this point of time versus what we used to do, maybe close to 2-digit number in the past. So same partner and growing volumes and staying put with us, the same geography is really helping us to get the overall volume growth in these Tier 3, Tier 2 markets.

Surya Patra: Just my point of asking this question was that, sir, are we doing anything different to have an accelerated growth in the franchisee count because that is what seems driving the Tier 3, kind of, growth momentum? So that was the question.

Surendran Chemmenkotil: So exactly, that's what I've answered. I think one is we are adding up more centers and secondly, we are retaining the franchisees because most of the centers that we're adding through franchisees and earlier, we used to have a higher attrition of channel partners, though, with the MetLink program, the partner portal by making ease of doing business, etcetera, the partner retention has gone up. And, hence, we are able to see a much better ratio.

Surya Patra: Okay. Just last one clarification I wanted, ma'am. See, the Maharashtra government directive to the hospitals that all the procedure pricing has to be, kind of, reported publicly. So whether this is likely to have a, kind of, positive implication on the volumes that we can think about.

Surendran Chemmenkotil: I think Ameera mentioned in her speech that publishing the rates upfront is a welcome change as far as we are concerned. In our business, we tell the rates upfront to the patient and he or she pays the money first and then go through the testing, that's how it happens and we'll be more than happy to publish in all our centers and our website, etc. Anyway, the customer can get all the rates. So it's a very welcome change from our point of view. That's a very good move.

Moderator: Next question comes from the line of Kunal Thanvi, Banyan Tree Advisors.

Kunal Thanvi: Congrats on good set of numbers. I had 3 questions. One was on we had launched a 60-minute test in Mumbai. I wanted to understand the traction there and are any other cities that we have added with instant booking kind of model? The second question was on you spoke about the regulatory changes that are coming through in your opening remarks, Ameera, I just wanted to understand.

So we've already been seeing the unorganized sector kind of struggling a bit in the last 18 months or so, and that is reflective in all national labs' numbers because we see growth. There is some step-up in the growth that has come through. Do you think this can bring the intensity of the shift from unorganized to organized can become, like, reasonably harder with regulations also kind of supporting the quality and standardization in terms of reports, etc?

And the third question was on competition and market share in 2 specific markets. One is North because with Core, we have entered that market and perhaps this is the first time when we are seeing we doing well in North. So I wanted to understand how we are doing vis-a-vis the competition.

And secondly, in our home market, which is Mumbai, we see there is a- like at least from an anecdotal point of view, we see the other 2 players, which is, say, Suburban and the other one, they both are also gearing up very strongly in terms of their brand communication in terms of lab addition, etc.

Do we see any market share movement in our core market or we are able to hold on to our market share in Mumbai? Because 2 years back, I remember we were gaining market share in Mumbai as well. So these are the 3 questions.

Ameera Shah: So as I was saying, on the industry front, the movement from unorganized to organized has been going on now for a while. And as we mentioned, this is not going to be a hockey stick, but there have been a few incidents that trigger this. For example, one obvious incident that triggered it was COVID, where out of 300,000 labs in the country, only 2,000 got approval to actually do COVID testing and therefore, during those few years, those 2,000 became more visible, more brand-focused and quality came to the front.

So those -- that's how one -- that was one trigger that moved a faster movement to organized market. The second thing, obviously, again, during COVID was the use of technology and as people got very used to e-commerce, things at home, technology used as a convenience.

People started also looking for health care providers who are able to provide that kind of technology, which is why you've seen organized hospitals and organized diagnostics grow faster post because obviously, we are able to put in place the kind of technology requirements that consumers have.

So if government regulation comes in, in a positive way, it will only help the organized players because today, as organized players, we are already meeting all of those minimum standards, but not necessarily everybody else in the industry who are necessarily in the unorganized space are not necessarily following them.

And therefore, that creates a dichotomy in the market. So if regulation comes in, it will certainly put more people at an apple-to-apple comparison, which does mean that it will probably many players, who can't meet those requirements, who are at very, very small subscale levels will probably have to start winding down.

And we've been seeing that happening over the last few years, even without government regulation that as quality comes to the fore, as consumers become more conscious, as specialized testing increases, which the unorganized guys can't do, we have seen smaller players shut down and not be able to operate in the market.

And even in the organized space, while we saw many competitors jump into the industry in the last 7, 8 years, even with deep pockets, as they have not been able to scale profitably, we even see those shut down as well. So I think this is one industry where building a strong brand based on science, quality or whichever model that you follow and having trust really gives you a first-mover advantage. Suren can take the other.

Surendran Chemmenkotil: Yes. Okay. Let me come to the first question that you asked on the Insta60, which is the 60 minutes home visit services. We launched it in Mumbai. We could see a very good traction. We also were pleasantly surprised to see that, like quick commerce, also people wanted faster home visit services.

Normally, we thought health services have been planned maybe a day in advance or so. But after launching these services, we are finding good traction. So we are able to serve our customer in almost close to 100% of the cases, we are able to meet the 60-minute services whenever they are requested for.

So we have found good traction. And post Mumbai, we have launched it in Chennai. We could find an equal enthusiasm in Chennai as well. So now we will take this forward. I think in the month of November, first week of November, we are launching it in Bangalore. So the Insta60 service is definitely now seeing some headlines now.

Now coming to your third question, the first part was about the North business, why and how is it doing. So definitely, see, one is the Core Diagnostics and secondly, we also had Agra and Dehradun, which is helping us in terms of growing in the North.

And overall, in some of the markets beyond Core, Agra and DAPIC, also we have pivoted on the B2B model and in market like rest of UP and Upper North and then in Delhi, etc, we are also getting good traction from the B2B hospitals on the Specialty business.

So everything put together is helping us to grow the North geography, and we will continue to put our best efforts in North to further grow and also, there was another part of in the third question about Mumbai market share growth, etc. See, we continue to do very well in Mumbai and our center expansion and our all productivity other initiatives around the existing centers, etcetera, continue to do well.

If you have seen our report, we already said 16%, 17% is the growth in the West markets for us, largely spearheaded by markets like Mumbai, Pune, Surat, etcetera. So we continue to do well.

I mean, I won't be able to answer your question on the market share because there is no credible data available from the market share. You can compare the growth of the operator that you are talking about and our growth, and then you can figure out who is gaining more traction actually.

Kunal Thanvi: Sure. Fair, fair. I understand. One last follow-up is on Insta60. Like, do you feel this can bring new growth to us? Or it is more of a channel rerouting that is happening? And if so, then is this channel more costlier to you compared to the erstwhile 1-day delivery kind of model?

Surendran Chemmenkotil: No. So this definitely, what we are seeing is while most of the customers are currently coming or existing customers asking for superior services, but we are also finding new customers, right? And as we continue to run this program, we are sure that we'll get more and more new customers.

And with respect to the cost, this is not only a question of we need to keep certain slots available, and it's more about planning and keeping the -- our applications suiting the customer's immediate requirement, etc. So not necessarily it's going to cost us more.

Ameera Shah: One of the advantages of being an omnichannel player, which has brick-and-mortar plus home services, is you're able to obviously use your resources in multiple channels versus obviously for the pure home visit guys who have to keep adding people every time they expand a route. So therefore, the cost for us, to Suren's point, doesn't turn out to be more because you're able to use your resources through branches and through your brick-and-mortar centers as well

Kunal Thanvi: Sure. Does that also mean that your productivity per resource will can go up because of this?

Surendran Chemmenkotil: Well, we can have better productivity through this, yes, you're right.

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

Tausif Shaikh: Surendran, in your opening remarks, you said EBITDA margin expansion would be in the range of 120 to 170 bps for FY27. Are you revising your earlier guidance, which was at the upper end of 150 basis?

Surendran Chemmenkotil: So that's what we said, the first half of the year, we did about 180 - 190 bps is the growth in EBITDA, and we continue to see similar trends for the rest of the year as well.

Tausif Shaikh: Okay and on price hike, which you highlighted you will be taking in the fourth quarter, I just want to understand, will it be a broad-based or it will be only restricted to B2C or any specific region?

Surendran Chemmenkotil: Well, at this point of time, restricted to B2C. I mean, not necessarily restricted to any region. We are just examining all the possibilities, and we are doing all our analytics at this point of time. It will be different price changes in different micro markets. So what exactly will go to each of the markets, it's too early for me to comment on it. But we are working on it. It will take a couple of months for us to do complete groundwork before we go and execute it.

Moderator: Next question comes from the line of Anshul Agrawal with Emkay.

Anshul Agrawal: First question is on margins. I understand earlier, we had given a medium-term guidance of margins going to 27%, 28%. Should we think about this in a manner of staggered expansion only because from what I can gather, taking price hikes, operating leverage, not building up too many labs, etc.

Because the network doesn't need it, would sort of accelerate our margin trajectory. So should we, sort of, think about margins reaching very quickly to that range? Or should we think that over the medium term, we have capability of going beyond this range as well?

Surendran Chemmenkotil: Yes. So, Anshul, see, what takes the EBITDA margins up are basically things , one, of course, it will come from the operating leverage. And second, I talked about the lab platform transition, which is almost coming to a closure by the end of this quarter. For the coming quarters, I'll get the full benefit of the lab platform changes and also the productivity initiatives, many things have already happened and more things are going to happen. So these are the things which are going to give me the benefit on the margins.

And, of course, once we start doing a price revisions and that also should help us in improving in the margins, right? But at the same time, we are also like I said, are expanding some 25 mini hubs, and we are trying to bring in many other products on the retail. So there are some investments also parallelly we will do, which may cost us a little bit more. So net of it, we clearly see an opportunity to improve the margins, maybe 125 to 150 bps in the coming years also.

Anshul Agrawal: Got it. Second question was on the comments Ameera ma'am made in her opening remarks. I believe these regulations around remotely approving or, sort of, signing these reports are already in place, at least in radiology. Has something changed meaningfully on the pathology front as well? Could you just elaborate on this?

Ameera Shah: See, the regulation that was there earlier, there is something given by the National Medical Commission, and then each state makes their own rules as well and sometimes these rules are conflicting, sometimes they're overlapping, and there was a fair amount of lack of clarity around what the rules really are and in some states, they debated whether remote authorization is allowed or not.

So while we have pathologists in every lab and who are on the ground and looking at slides under the microscope, the idea was to use your specialist sitting in Bombay to approve a report in Patna because, obviously, the doctor you appoint in Patna, the pathologist is not going to be a specialist at everything.

And the earlier regulation did not have full clarity on this, and it was debated by multiple geographies. Therefore, now this NMC clarification gives clarity as to what clearly you can do and what you can't do, which helps chains like us, because like we said, you're able to use your best talent wherever they are to approve reports in even a small market, providing better quality to patients and therefore, that better quality will should lead to better business in those markets. So I hope that clarifies it.

Anshul Agrawal: It does. So this is pan-India level? Correct?

Ameera Shah: That's right.

Anshul Agrawal: Just one last bookkeeping question from my end. Could you help us with the capex guidance for the current year, considering that we'll not be adding any more labs?

Surendran Chemmenkotil: So we did mention in the past that our capex will be in the range of 4% to 5% overall, right? And that's how we maintained it last year also with a similar range this year, too. I mean, about INR65 crores, INR70 crores is the normal capex that we do with everything put together. So I mean, we should be in the same range this year as well.

Moderator: Next question comes from the line of Shrikant Akolkar with Nuvama.

Shrikant Akolkar: I have a couple of questions on the price increases. So on your price increase commentary, what do you think there will there be industry-level price increases? And what kind of response do you anticipate from the unorganized diagnostic companies?

Surendran Chemmenkotil: See, well, I mean, I can talk on behalf of my company, right? I can't tell you what will happen in the rest of the organization of the industry because we are doing it because, see, 2 years, we have not done the price increase. There are many components of price in our cost, which has gone up, the inflation, you all know about it, the logistic cost, the transportation cost, the service cost, etc, everything has gone up for the last couple of years.

And I think it's only right from our side to consider price increase at this point of time. I don't know whether the rest of the industry will behave which way and what will happen to the unorganized sector. I may not be able to comment on that.

Shrikant Akolkar: Understood and for long, the diagnostic organized player always believe to keep prices steady and they always believe that the volume growth will come, which is happening. Now, what is really changing because we have seen a couple of years back, there was a price increase. Now, you're also talking about price increases. So apart from the cost increases, is there any other reason to increase prices right now?

Ameera Shah: See, we have to remember one thing that price increase is not something new. Price increases have been happening every year or every 2 years by organized chains as well as unorganized for donkey's years, right? This is not a new phenomenon. So we are just saying that the only reason last year we did not do it is because there was a GST law that became applicable that gave some input benefit.

And therefore, for 1 year, we took a pause, and I think some of the other industry peers also took a pause for that 1 year just to make sure that we are all very compliant from a tax perspective and, therefore, otherwise, annual price increases have been a regular feature. Every 1 or 2 years has been a normal thing.

We do not believe that the unorganized industry does not take price increases. In fact, if you have to understand that at the local level, the unorganized pathologist does not have much volume increase and actually, price increase is their only way to increase the revenue. So usually, they do take an increase every year, and that's been the norm in the industry.

Shrikant Akolkar: Understood. Last question on Core Diagnostics. I think we had last quarter high single-digit exit run rate for the margins. Can you please update on this?

Surendran Chemmenkotil: So we had a double-digit margin in the last quarter for Core Diagnostics.

Moderator: Next question comes from the line of Gourav Bhama with JM Financial.

Gourav Bhama: I would like to start with first congratulating on a great set of numbers. Just for bookkeeping at a single pick, I would request if you can provide us some sort of FY27 guidance on both top line growth and EBITDA margin.

Surendran Chemmenkotil: FY27, right? Okay. So we did say that the first half of the year was about 16% is good revenue growth and about 180 to 200 bps margin growth. So we expect the similar trend to continue for the rest of the year as well.

Moderator: Next question comes from the line of Shyam Sundar Srinivasan with Goldman Sachs.

Shyam Srinivasan: Just on some of the remarks made on the region-wise growth. I think, Ameera, you mentioned the North is growing organically the fastest. But if I look at your presentation, Slide 9, it shows 12%. So maybe there is some way to reconcile. So if you could clarify that.

Surendran Chemmenkotil: Yes, you're right. I think 12% is for North. We said the contribution from North has gone up to 17%.

Shyam Srinivasan: Okay. Okay. I clearly remember it was mentioned growth, but maybe I'm wrong. Okay. Just a second question is on again, just going back to some of the opening remarks around hospital pricing and the kind of margin caps those industries are seeing. When we look at the TAM for diagnostics, about 35% sits with the hospital labs, right?

So if let's assume and I'm making a hypothetical suggestion here, if there are price caps that come on diagnostics also or like at least a standardized rate, I think you mentioned earlier that your rates are significantly lower than hospital labs. So does this represent an incremental opportunity from a B2B perspective? How would you think about that?

Surendran Chemmenkotil: See, our contract with the hospitals are at a certain price and it's also already the prices with them are on a discounted price. What price they give it to the customer is going to be what coming under the cap, right? So my pricing with the hospital actually doesn't change. It's based on a very normal, what you call, price contract basis. So I mean.

Shyam Srinivasan: My question is more an opportunity. Do you think their contribution will shrink? Like why should there be 35% sitting with them when they are not cost competitive, when now prices probably come under pressure for them, they need to do more outsourcing to guys like you? I'm looking at that logic.

Surendran Chemmenkotil: All right. So we don't know about that because see, what happens in hospital, most of , they have their own labs, many hospitals have their own labs. The test that they don't do is only getting outsourced to us, which is most of the hospital, big hospital, only the specialty test gets outsourced to us.

And that was on a price contract with them, and that's not going to change. But whether there's an opportunity for them not to do some of the tests and I mean outsource to us, I mean, that's unlikely because they already have the lab and arrangements there. Then why will they outsource those tests where they already set up the lab for?

Shyam Srinivasan: Because prices are now untenable at the rates at which the government seems to be suggesting and their cost structures are bloated.

Ameera Shah: We'll have to wait and watch whether the change in onco is actually impacting margins of hospitals or not because each hospital will have a different contribution of oncology drugs as a part of it. I mean just from the hospital results, which have already come out just in the last few days, we have not really seen margins impacted yet. So I think we'll have to first wait to see if margins are impacted of hospitals because of it.

The logic is you're right that, hey, let's try to cut costs in other places. Now whether that results in more outsourcing of tests, I think we'll have to wait and watch. I don't think there's a clear direct connection at this point and to clarify, we mentioned about the North Zone growing the fastest, we mentioned that for H1, what the data you're looking at is for Q2.

Shyam Srinivasan: And H1, what would that number be, Ameera? Just sorry, that's not there in the presentation.

Ameera Shah: About 16%.

Moderator: Next question comes from the line of Akash Shah with Investec.

Akash Shah: Congratulations on the great set of results. Most of the questions have been answered. I just wanted to ask a question on the patient growth that we have been seeing over the past few quarters. The patient growth has suddenly risen from around 5%, that we saw in fourth quarter of FY25, to now high single digit to mid-double digits. So is there anything anything structural that is driving the the patient growth that you see?

Surendran Chemmenkotil: See, for us, the patient volume growth maybe a year back was about 7%. That's now gone up to 10%, just getting the numbers right first and 2 or 3 things which is happening, which is helping us to do the patient volume growth. One is all the new centers and the labs that we put up over the last, let's say, a couple of years in the Tier 2, Tier 3 towns are all becoming productive.

And we are also seeing good traction and people wanting to do good quality diagnostics in these good labs, the branded labs. So we are clearly seeing good walk-ins coming in, in these centers. That's one reason and secondly, our engagement with our existing customers through the customer life cycle management, through the digital platform, etcetera, has also got accelerated.

And we are seeing more number of customers, same customer coming back to our network for the next services also. So these are the 2 big things that I can suggest, which is helping us to take the patient volume growth to double-digits.

Moderator: The next question comes from the line of Akshaya Shinde with Centrum Broking.

Akshaya Shinde: With the Tier 3 market emerging as a key growth driver and no major acquisition plan this year, could you help us understand the growth opportunities in this market and key specialties what's driving the demand there and the outlook on price hike and pricing strategy? That's it from my side.

Surendran Chemmenkotil: No. For Tier 3 markets, we are growing at around 20% and our contribution from Tier 3 is 26% at this point of time, is gradually going up and now, like I mentioned in the earlier comments that we are adding more and more centers in the Tier 2, Tier 3, Tier 4 towns and we will further accelerate the rate at which that we add centers.

You will see more phase picking up in the center addition in the Tier 2, Tier 3 markets in the days to come So that's another way for us to make the best out of the Tier 3 opportunities coming in and to your question of whether it is specialty or whether the routine test, which is coming from here, it's actually both.

In the Tier 3 towns, when you set up the lab and there's a collection center, the normal routine and semi-special test also comes there. But also there's an opportunity for us to pick up sample from which is on the specialty and send it to the nearest reference lab and get it tested. So we are seeing both routine as well as specialty tests coming in from Tier 3.

Price increase part, I think I've already mentioned that we are considering a price increase early next year, and the basic groundwork is happening as we speak, and it takes bit of time, and we do it normally for B2C and then different market, micro market may have a different price revisions. So early days, but maybe in the next month, 4 to 6 weeks' time, we will be able to do the whole working, and then we'll be able to get this going maybe early next year.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. We have reached the end of question-and-answer session. I now hand the conference over to the management for closing comments.

Ameera Shah: Thank you all for joining us today for this Q2 earnings call. As you can probably hear from our chat this morning, we feel very confident and positive about the direction that we are heading in. We feel not only our execution levers have become stronger, and therefore, the growth rate has moved to a different benchmark than before over the last 4 to 6 quarters regularly.

We've also been able to do this with a very strong margin expansion, and we continue to see that playing out not only in H2 of this year, but in the next few years as well. As Metropolis continues to build strength and depth in the pathology side of the business, as we mentioned, we are piloting a few ancillary services in preventive health care and otherwise.

And as we go through these pilots, we'll be happy to come back with information and inputs around if we are planning to scale them. But we are going to be making some of these investments, which are asset-light over the next couple of quarters so that it creates potentially a second growth engine for Metropolis besides pathology as well.

So thank you, and we look forward to chatting with all of you at the end of Q3 in early Q4. Thank you so much and Happy Diwali to all of you.

Moderator: Thank you. On behalf of Metropolis Healthcare Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.