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Ref: MHL/Sec&Legal/2025-26/18 **May 20, 2025**

To,

BSE Limited	**National Stock Exchange of India Ltd.**
Scrip Code: 542650	Scrip Symbol: METROPOLIS

Dear Sir/Madam,

Sub: Earnings call transcript for Q4 FY25

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 Q4 FY25 earnings conference call held on Wednesday, May 14, 2025. 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
DN: c=IN, o=Personal, title=1552, pseudonym=03E861D8E622B2FB3F7BCF4B32E49955, 2.5.4.20=7b2c373c96d15b9bcfca30002f2fbd0e3a8a7775221bd4075c136f7c37ee6541, postalCode=422004, st=Maharashtra, serialNumber=2D68A0037BEAC42820279C8EFFC9AE2073AA3F9EF35E80715CBCB9B2ACFDCC68, cn=Kamlesh Chandrashekhar Kulkarni
Date: 2025.05.20 19:23:09 +05'30'

Kamlesh C Kulkarni
Head – Legal & Secretarial

Encl: A/a

"Metropolis Healthcare Limited

Q4 FY '25 Earnings Conference Call"

May 14, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchanges on May 14, 2025 will prevail.

MANAGEMENT:	**MS. AMEERA SHAH – CHAIRPERSON AND WHOLE-TIME DIRECTOR – METROPOLIS HEALTHCARE LIMITED** **MR. SURENDRAN CHEMMENKOTIL – CHIEF EXECUTIVE OFFICER – METROPOLIS HEALTHCARE LIMITED** **MR. AVADHUT JOSHI – CHIEF BUSINESS DEVELOPMENT OFFICER – METROPOLIS HEALTHCARE LIMITED** **MR. SAMEER PATEL – CHIEF FINANCIAL OFFICER– METROPOLIS HEALTHCARE LIMITED** **SGA, INVESTOR RELATIONS ADVISORS – METROPOLIS HEALTHCARE LIMITED**
MODERATOR:	**MR. SURYA PATRA – PHILLIPCAPITAL INDIA PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Metropolis Healthcare Limited Q4 FY '25 Earnings Conference Call, hosted by PhillipCapital India Private Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectation of the company as on 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 remain 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 the conference call, please signal the operator by pressing star then zero on your touch-tone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Surya Patra from PhillipCapital India Private Limited. Thank you, and over to you.

Surya Patra: Yes. Thanks, Kiran. Good morning, everyone. I, on behalf of PhillipCapital India, welcome you all to the Q4 and FY '25 Earnings Conference Call of Metropolis Healthcare. From Metropolis, we have with us today Ms. Ameera Shah, Chairperson and Whole-Time Director; Mr. Surendran, Chief Executive Officer; and Mr. Sameer Patel, Chief Financial Officer.

Now I'll hand over the line to you, ma'am, for your opening remarks. Over to you.

Ameera Shah: Hi. Good morning, everyone, and thank you for joining us today for this Q4 FY '25 earnings call. I'm joined by our CEO, Surendran; Avadhut, Chief Development and Business Officer; as well as Sameer Patel, CFO; and SGA IR Advisors. We've uploaded our updated results documents on the exchanges and the company's site, and I hope everyone's had a chance to go through the same.

Let me begin with a few key updates for this quarter. As highlighted earlier, we have accelerated our inorganic growth strategy and successfully signed 3 acquisitions. Number one is Core Diagnostics, the leader in pan-India oncology testing, which we closed also end of March. The other 2 we have signed and not closed yet, Scientific Pathology, which is the leading chain in Agra, positioning us as the second largest player in Western Uttar Pradesh; and Dr. Ahujas' Pathology and Imaging Center, DAPIC, which is Dehradun's premier diagnostic provider, giving us leadership in Dehradun and entry into Uttarakhand.

These strategic additions significantly strengthen our presence in North India. With this, the region's contribution to overall revenue is expected to grow from 8% to approximately 14% to 15% in FY '26. Aligned with our broader vision, DAPIC and Scientific Pathology Agra support our goal of expanding geographic reach by acquiring clean B2C-focused labs known for scientific rigor and high-quality diagnostics.

With these, we will go deeper into these 2 new markets that we have not had the chance to really be strong in before, which is UP and Uttarakhand. Furthermore, Core Diagnostics supports our goals of building leadership through deep technical expertise on the back end and direct doctor connect on the front end, along with the other goal of deepening presence and connect in North

India. Core Diagnostics also being the premier oncology platform in India gives us a great opportunity to become a platform for genomics across the country.

While we will start with oncogenomics, we will then expand into all other kinds of genomics through the core platform. Core Diagnostics. This string of pearls approach across North will enable us to enter underserved markets and further enhance brand equity and market share amongst the medical community and the consumers across this region.

Our immediate priority is the seamless integration of these 3 newly acquired entities into the Metropolis ecosystem. This includes onboarding them under the Metropolis brand, aligning their operational systems and processes and our standardized protocols and ensuring cultural alignment amongst the teams.

We will also be conducting a comprehensive review to identify synergies in areas such as technology, logistics, procurement, talent and identify cross-selling opportunities to expand our market share. These efforts will be instrumental in unlocking efficiencies, driving cost optimization and ultimately scaling revenue and profit margins in the quarters ahead.

While we deeply evaluated 6 to 7 good inorganic opportunities, we selected 3, which are the ones I mentioned, to go ahead with as they fit our top 3 criteria. Number one, the criteria was deeply scientific and ethical businesses known for their quality and expertise that fit our culture. Number two criteria was profitable businesses valued at fair financial terms that can be EPS accretive immediately and enhance ROCE in 3 years.

And number three, in markets or segments which are strategic to us, and we looked and evaluated the buy versus build arithmetic. And only when it made sense to us where the high gestation of building made sense to buy is when we actually went ahead. And that's how we chose these 3 out of the 6 that we evaluated.

When COVID happened, we had a choice to remain steady state and declare good profits or to take a bold stand of investment and change ourselves with the changing landscape of the industry. We chose to be bold and started a journey over the past 4 years, a period marked by significant challenges, transformation and resilience.

Among the many events that shaped this time, the COVID pandemic was undoubtedly the most impactful. During this crisis, we rapidly enhanced our testing capabilities, trained our teams and adapted our systems and processes to operate in an environment where the world had come to a standstill due to lockdowns. While revenues went up for 2 years, we also had to deal with the non-COVID revenues taking its time to come back to normalcy.

The pandemic also brought a wave of new entrants into the industry, many of who aim to bridge technological gaps by offering tech-driven wellness services. This helped expand the wellness market, a trend from which incumbent players like Metropolis ultimately benefited. However, as we move forward, many of these new competitors are either pivoting to traditional brick-and-mortar models, which require significant time and investment for them or they are shifting focus to low-margin segments in the B2B business.

While the competition brought some turbulence in the last few years in terms of talent poaching and pricing, the biggest change we had to adapt to was what the consumer desired in terms of technology and consumer connect, which required large investments from the incumbents, which have now been done.

Over these past 4 years, we also experienced shifts in the business mix where we increased focus on B2C and B2B businesses and reduced the contribution of our institutional business, which largely included government contracts. We faced other internal and external challenges as well, including brand infringement for hitech by a competitor, some unplanned engagement with the tax authorities and the need to rebuild a stronger management team, all of which we did while investing time and money into expanding our infrastructure.

We have added almost 90 labs and 2,000 centers in the last 4 years. While this has added some capex and opex cost to the P&L, we believe the strategy of investing heavily in technology, investing in a better management team, investing in a large number of labs and centers across India and exiting the government businesses will now help us to build a more solid business for the future and for the current.

Our period of heavy investment is now done, and we can move to a phase of reaping the benefits of these investments via accelerated organic and inorganic growth and better margins. From a governance perspective, we have further strengthened our Board with the appointment of Rehan Khan and Purvi Sheth as Independent Directors. Rehan Khan brings deep strategic insights from his extensive experience in the pharmaceutical sector and strong engagement with the clinical ecosystem.

Purvi Sheth adds critical perspective on organization's people strategy, culture and values, foundational elements for any service-driven enterprise. We've also strengthened our leadership team and have built talent pool at all levels in the organization.

We have promoted Surendran to the Managing Director of the business with a clear focus on enhanced organizational performance and improving shareholder returns. We have recently appointed Sameer Patel as CFO; and Diya Suri as Chief People Officer. Both come with diverse backgrounds in retail, QSR and have worked with large MNCs and bring fresh retail and service perspective.

With Suren continuing to run the business operations over the last 2 years and the rest of the leadership firmly established in their roles, we are well positioned to deliver strong performance in the year ahead. In summary, the last 4 years have been a phase of transformation and consolidation. Today, we stand on a strong foundation poised to leverage scale, accelerate digital adoption and further enhance our brand, setting the stage for the next phase of growth.

Looking ahead, our strategic focus will be anchored on the following key priorities: Number one, accelerated expansion of collection centers. While we will now slow down the number of lab expansion we do, the collection center expansion will accelerate. We aim to significantly scale our network of collection centers across the country, and this will allow us to broaden our geographical footprint, improve our service, also our lab to center ratio and drive higher throughput. With the infrastructure largely in place, our focus now shifts from build-out to execution and optimization.

Number two, enhancing productivity. We will initiate a focused productivity drive to boost sample volume and utilization across both our existing and newly added labs and collection centers. Number three, operational efficiency. We are committed to improving execution through cost rationalization, process automation and tight operational controls to achieve sustainable efficiencies.

Number four, geographical diversification. Our objective is to transition from being predominantly focused on West and South to establish ourselves as a truly pan-India diagnostics brand with more revenues coming in from North and East, and margin expansion through disciplined execution of our productivity initiatives, operational efficiencies and lower incremental costs from infrastructure and IT upgrades, we are confident in our ability to expand margins by about 100 basis points and going forward.

With this, I would like to hand over the call to Suren to speak about the strategies in detail with key operational and financial performance.

Surendran Chemmenkotil: Thank you, Ameera, and good morning, everyone. Let me begin by sharing the key highlights of our quarter 4 and full-year '25 performance. For financial year '25, we delivered 12 percentage year-on-year revenue growth, driven by 6 percentage increase in patient volumes with the remaining 6 percentage coming from a combination of micro market-enabled pricing and test mix improvements. Revenue for quarter 4 '25 stood at INR 345 crores, reflecting a 10% year-on-year growth. This includes contribution from core Diagnostics consolidated for 11 days in March following its acquisition.

Adjusted EBITDA for quarter 4 came in at INR 84 crores, while full-year '25 adjusted EBITDA was at INR 325 crores, making a 14% year-on-year increase. Reported EBITDA was impacted by one-time expenses of about INR 21 crores on account of 3 acquisitions completed in quarter 4. These costs include transaction fees and diligence expenses such as legal, financial, banking and tax, etc., as well as provisioning of one-time incentive and other allied costs aimed at a seamless integration and synergies.

These also include costs associated for other diligence and legal expenses paid for multiple targets identified for inorganic expansion, of which we have closed 3, which fit into Metropolis umbrella and give us the best ROI. Legal and provisional expenses related to ongoing tax cases also came in, in quarter 4 and also a small provision of certain inventories.

In terms of quarter 4 operating performance, we observed lower-than-usual revenue in February, particularly in our focus markets. This quarter also witnessed a decline in acute testing volumes due to seasonal weather changes, which impacted hospital footfall and diagnostic demand. Having said that, the positive development is that March saw a healthy recovery and April followed normal trends. Based on current indicators, we anticipate that quarter 1 revenue buildup will be in line with expectations.

Quarter 4 margins were affected by several factors, lower-than-usual revenues in February, like I mentioned, which resulted in temporary de-operating leverage the rollout of significant number of labs and centers in H2 of last year. We opened 12 new labs and 84 company-owned centers as the last phase of lab expansions in last year. Zero contribution margin from Core Diagnostics during its brief consolidation window, impacting overall EBITDA margin.

Looking ahead, with the planned addition of 90 labs now complete, our focus in financial year '26 will pivot to selective lab expansion, opening only those necessary to deepen our market presence. This approach will substantially ease the margin pressure associated with the rapid lab expansion. Simultaneously, we are consolidating overlapping labs between Metropolis and Core Diagnostics across various regions to unlock operational efficiencies. The positive impact of these initiatives are expected to start yielding tangible benefit from the first half of this year.

Moving on to highlights of operational KPIs for the year. Patent and test volume growth. In financial year '25, patient volumes increased by 6% year-on-year, while the test volume rose by 7 percentage. The steady growth was supported by our strategic focus on B2C segment, ongoing geographical expansion and a more client-focused approach within our B2B operations.

However, overall volumes were partially impacted by the discontinuation of certain institutional and government contracts. These engagements contributed to volume but limited impact on margins. As part of a deliberate strategy, we chose to exit this business in order to provide growth in the B2C segment and enhance the quality and profitability of our B2B portfolio.

Speaking of our B2C performance, B2C revenues grew by 17 percentage in financial year '25, driven by the adoption of a more granular approach, leveraging micro marketing strategies for targeted outreach and engagement.

In Maharashtra, including key cities like Mumbai, Pune, B2C revenues grew by 19% year-on-year, reflecting not only our strong brand preference in metro markets where patients and doctors alike, but also deeper penetration into smaller towns across the state and the broader Western region. Encouragingly, we are seeing similar growth trends now coming across from the other cities in India, reinforcing our confidence in further expanding B2C market share.

Geographical expansion, if I have to talk about it, we are now present in 750 towns, up from 350 just a couple of years ago. We have added 29 labs at a gross level in financial year '25 and have added more than 400 centers. Over 85 labs have been added in the last 4 years with 51 of these getting added in the Tier 2 and Tier 3 towns. This rapid expansion is expected to drive further volume and revenue growth, especially as these markets begin to mature.

Tier 3 towns, in particular, have seen 18 percentage year-on-year revenue growth and now contribute 26 percentage of our domestic revenues. Our clinician outreach programs in these towns have been instrumental in strengthening brand presence and accelerating B2C adoption.

Let me talk about TruHealth performance. Our TruHealth segment registered a 24% year-on-year revenues increase, now contributing to 19% of the total revenues, considering the exit run rate of quarter 4. Key drivers include enhancement to the portfolio such as introduction of Vital checkups covering about 12-odd parameters, doctor consultations and ECG services available across the centers and home visits. Additionally, region-specific bundling of wellness and illness test has differentiated us from the standard offerings in the market, improving customer relevance and engagement.

Now let me come to the Specialty segment. Our Specialty segment delivered a 13% year-on-year growth in financial year '25. We added 60 new tests across key focus areas, including oncology, women and child health, chronic diseases, nephrology and molecular genomics.

We introduced an industry-first HPV DNA self-sampling kit for cervical cancer screening and hereditary cancer panel that tests for about 25 cancers for those with cancer risk in the family. Additionally, we launched AI-enabled testing solutions for areas such as prostate cancer and karyotyping, significantly reducing the turnaround time.

With added capabilities brought in through Core Diagnostics and emerging cross-selling opportunities, we expect the specialty segment to contribute even more meaningfully to revenue growth in the coming period. We also remain steadfast in our commitment to technology advancement and digital transformation, consistently investing to enhance both operational efficiency and the customer experience.

We revamped our mobile app, offering users advanced features such as smart test analysis, real-time sample tracking and personalized health recommendations. An AI-powered recommendation engine has been introduced to deliver personalized test suggestion across multiple customer touch points.

We have implemented significant enhancement to our laboratory information management system to improve lab workflows, data accuracy, etc. Our continued focus on leveraging cutting-edge digital tool is driving deeper patient engagement, improved decision-making and greater scalability, positioning us to deliver a truly differentiated diagnostic experience.

In summary, our strategic initiatives are starting to yield measurable outcomes, and we remain committed to executing the Metropolis 3-point strategy, which includes: one, a focused and balanced B2C and B2B approach driven with micro market lens; two, focus on further inorganic opportunities and seamless integration of the acquired assets; three, expanding into untapped regions.

And deepening our presence within key cities; four, accelerate growth in Tier 3 towns through stronger engagement with doctors and patients; five, ongoing engagement of our specialty testing portfolio and continued tailoring of health packages and integration of basic radiology and Vital checks. These efforts are reinforcing the momentum in our B2C segment. We are firmly committed to achieving our goal of increasing B2C revenue contribution in the days to come.

I now hand over to the call to Sameer Patel, who will take you through the financial numbers in detail. Thank you.

Sameer Patel: Thank you, Suren, and good morning, everyone. First, I would like to express my gratitude to Metropolis Board and management team for welcoming me into the Metropolis family. I'm truly excited to join the organization at such a pivotal time. With a strong foundation and clear vision for growth, I look forward to working closely with the leadership team to strengthen financial discipline enhance transparency, support strategic initiatives that will drive long-term value for our shareholders.

Let me now share some of the key financial performance for the quarter 4 and full-year FY '25. Revenue for quarter 4 stood at INR 345 crores, a growth of 10% year-on-year with a 6% growth in patient and test volume on a year-on-year basis. Revenue for FY '25 grew at 12% with a patient volume growth of 6% and test growth of 7% on a year-on-year basis.

Our B2C revenue stood at INR 193 crores in quarter 4, an increase of 14% year-on-year. Our B2C revenue stood at INR 735 crores in FY '25, an increase of 17% year-on-year. Our B2B revenue stood at INR 120 crores for the quarter, an increase of 10% year-on-year. And B2B revenue stood at INR 477 crores in FY '25, an increase of 12% year-on-year.

The revenue share for TruHealth segment stand at 17% for FY '25, indicating a growth of 24% year-on-year. Our Specialty segment revenue contribution stood at 37% for FY '25 with a growth of 13% year-on-year. Our adjusted EBITDA for the quarter stood at INR 84 crores, an increase of 5% year-on-year.

Adjusted EBITDA for FY '25 stood at INR 325 crores, an increase of 14% year-on-year. Adjusted EBITDA margin for the quarter were 24.3% and for the full-year, it stood at 24.4%. Reported EBITDA for the quarter stood at INR 63 crores and reported EBITDA for FY '25 stood at INR 304 crores, a growth of 7% year-on-year.

PAT, excluding one-time costs for the quarter stood at INR 45 crores, a growth of 24% year-on-year. And for FY '25, it stood at INR 161 crores, indicating a growth of 26%. Please note that in the previous year, Q4 '24 and FY '24 full-year, the company had transitioned the accounting year of its 4 overseas subsidiary to align with the Indian financial year.

However, for the purpose of performance comparison, the impact of this one-time adjustment amounting to an increase of INR 18.25 crores in revenue, INR 5 crores in EBITDA and INR 40 lakhs in PAT has been excluded from Q4 FY '24 and full-year FY '24 base. Accordingly, all financial comparison for FY '25 are on like-to-like normalized base.

Moving on the balance sheet. We have a net cash surplus of INR 118 crores as at 31, March 2025. That's all from my side. With this, I open the floor for question-and-answers. Thank you.

Moderator: Thank you. The first question comes from the line of Raman KV from Sequent Investments. Please go ahead.

Raman KV: Sir, I have only 2 questions. One is what is your volume guidance for the coming years? And can we expect the 100 bps margin expansion in FY '26? Or will it be a gradual increase?

Surendran Chemmenkotil: Yes. So we have mentioned it in this call and the previous calls also, this year, we did 6 percentage patient volume growth. And primarily the defocusing of the institutional business has a little bit of impact on the overall patient volume growth. So this current year, we are confident of getting back to the 7 percentage range on patient volume growth.

And your second question on the margin expansion. So this year, financial year, the adjusted EBITDA, we are at 24.4 percentage. We expect the EBITDA to expand by about 1 percentage in this financial year.

Raman KV: My second question is with respect to, sir, how much of the current revenue in FY '25 is from B2C segment? And how much are you expecting it to be in FY '26?

Surendran Chemmenkotil: So in FY '25, the B2C revenue is 55 percentage of our total revenue. And the B2C revenues grew by about 17 percentage. And the previous financial year, we have improved by about 2 percentage in terms of contribution from B2C. And I think with a similar growth, we expect the expansion to be in the range of 1 to 2 percentage more in this financial year.

Moderator: The next question comes from the line of Amey Chalke from JM Financial.

Amey Chalke: I have one question on Core Diagnostics ma'am. So is it possible to give some breakup like how much revenue for this entity will be coming from genomics? And what are the reasons for having a low margin for this entity? And what steps we can take basically to improve margins?

Ameera Shah: Sure. So I mean, if you look at industry-wide, you will find that even at sort of INR 100 crores, the new entities which have built businesses over the last 7, 8, 10 years have not really managed to make profits because it's either subscale. In Core case, it's also completely driven by specialty revenues, right? With specialty revenue, your gross margins tend to be a little bit lower because your cost of goods is a little higher. But then usually, it offsets when you are able to get different kinds of test mix from the same customer.

But when you're getting only specialty mix from the customer, which is what Core does, it's difficult to actually make profit at the bottom line. So when this is merged into Metropolis, there will be 2, 3 benefits, right? One is there will obviously be some synergy of cost because we don't need to have so much overlapping infrastructure as currently Metropolis and Core have across the country.

So there will be some synergies that will come through there. There will be some synergies that will come through corporate costs and other kinds of synergies, etc. And there will be an ability to sell the Core test menu through the Metropolis' large distribution network all across the country, which will hopefully enhance the volumes.

So I think with combination of these things, we believe that we can take this to a similar to a Metropolis profitability in 3 years, as we mentioned. The first year, we are hoping for a high single-digit EBITDA, and then that will sort of keep expanding over the next 3 years.

To your question around the genomics as part of Core. Core has got, obviously, I don't remember the exact number, but I think it's about 20%, 30% of the revenue is genomics and which is all specifically oncogenomics. But what we believe is that this can become now the platform for really scaling up not only across the oncogenomics, but other kinds of genomics across the country.

And obviously, the main reason we acquired Core was because of the doctor connect that Core has with the 1,700 oncologists across the country, not so much for the machines or the back-end testing, but really for the front-end connect. And the idea will be how do we leverage that in the best way possible. So as we start to integrate the center, we'll be exploring all these different opportunities.

Amey Chalke: So this INR 100 crores revenue needs to go to what level to come to the margins of Metropolis?

Ameera Shah: So actually, within the Metropolis Group, even at this INR 110 crore level, it will start to make profit. It's already a breakeven business. So really, we've already started putting some of the cost synergies at play, which are the procurement costs, the overlapping of lab infrastructure, etc. So in our hands, this will already be profitable in the next few months. We don't have to wait for it to really scale. We can get it to, like I said, a single-digit profitability on our own. And then obviously, some of it will come through revenue growth as well over the next 3 years.

Amey Chalke: Second question I have is seems to become very aggressive in expanding ourselves in North India. However, adding so many assets together, are you looking to bring them under Metropolis umbrella as a brand or you will keep it them as a separate centers with generating some cost synergies from labs, etc., other IT? How does it work like going ahead? Because we intend to add more -- do more M&A in North India as well.

Ameera Shah: So I'll tell you if you look at the DAPIC and the scientific acquisitions we announced Dehradun and Agra, this is a playbook Metropolis has done many times before, right, which is to go in and partner with the leading player in a particular location, in this case, Agra and Dehradun, use that as a base to then grow across the city across different channels, B2C, B2B, institutional, corporate, etc., and then also start building a network across the region that they are in and keep expanding the presence, right?

So this is something we've done before. It's not new to us. And I think, therefore, we have a reasonable sense on how to go about it. Obviously, there is always integration challenges. Any acquisition you do requires a lot of love and care, and we will be doing that.

Core, of course, is a different kind of acquisition for us. But for all 3, the goal is very much to put it under Metropolis brand, not necessarily immediately, but in a phased manner. So for example, the Scientific and Dehradun will immediately come under Metropolis brands as soon as we sign the deals and we close them and we integrate them in the few months. Core will take about 12 months for it to come under the Metropolis brand.

Amey Chalke: Just last question, if I can squeeze in. So going ahead, like in FY '26, what would be our plan in terms of the lab addition, etc.? You are giving guidance for the margin improvement. So is the plan we are not going to add that many labs like?

Surendran Chemmenkotil: Yes. So well, I think we have mentioned in this call as well in the previous call that the rapid lab expansion is almost over. To serve almost 800 towns in this country, we have now enough number of labs. So like last year, we added about 29 labs. That levels of lab addition will not be happening or will not be required going forward. So we may add some single-digit number of labs based on just filling in some of the markets to improve the turnaround time, etc. But otherwise, we don't have plans to increase the number of labs in this coming year.

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

Shyam Srinivasan: Just the first one on the revenue guidance. I was not sure whether we have articulated anything. I heard 7% patient volume growth. So if you could also help us understand how we are looking at overall top line development in fiscal '26?

Surendran Chemmenkotil: Yes. So we expect the realization continue to be at around 5 percentage levels. So with the 7 percentage patient volume growth and a 5 percentage realization improvement, I think we expect the revenue growth to be in the similar range of 12 percentage as we did during the previous year. And of course, the acquired entities will also grow about 13, 14 percentage in this year.

Shyam Srinivasan: Yes. Just dialing back a couple of years where we had aspirations to grow mid-teens until '26, if I recollect right. So maybe we are falling a little bit short of that. But is there a plan to accelerate? And is this the inorganic moves that we are doing? Is that the way to kind of bridge the gap? I'm just trying to ask a philosophical question?

Ameera Shah: No, you're absolutely right. I think the combination of organic and inorganic will certainly take Metropolis to obviously a much higher growth. I mean if you put the 2 together, we'll be closer to a 26%, 27% growth overall in the year '25, '26. As Suren mentioned, the idea is to grow organically about 12% and then to grow the acquired assets also at about 13%, 14%.

So together, that will definitely take us a leap forward in the year of FY '25, '26. And we'll continue to keep trying to accelerate the organic growth, either through product mix, either through volume and obviously, the same thing with the acquired assets.

Shyam Srinivasan: Very helpful, Ameer. Last question, just on some of the revenue segments, right? And maybe I don't think we have full disclosure, but happy to. The routine and semispecial seem to be showing like a slowdown versus -- and you articulated about specialty and TruHealth, which really are doing much better. So anything on -- is it competitive dynamics? Or is there something else that is making the slower growth? Or is it just a Q4 phenomenon, sorry?

Surendran Chemmenkotil: It's largely a quarter 4 phenomenon. You will see that getting into the quarter 1 and quarter 2, you will see the routine semispecialist still coming back close to the 2-digit number.

Ameera Shah: But also, Shyam, we have to remember that the routine and wellness, there is an overlap, right? Because what usually happens is patients are walking into centers maybe for 3, 4 routine tests. And then in some cases, where they are choosing to actually upsell to a higher package, that gets moved into wellness, right? So sometimes it may appear optically that the routine is falling, but actually, it's just that it's moving from one segment to another actually for a higher ticket price.

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

Anshul Agrawal: Question one is on the breakup of one-off costs. Could you kindly provide me with the breakup of these one-off costs of INR 21 crores, the 3 things that you mentioned?

Ameera Shah: I don't have the exact breakup right now. But as we mentioned, the majority of that is coming from M&A-linked costs. We have to remember that we evaluated about 6 opportunities. We went into diligence and contracting, etc., on 6 opportunities, and we finally only decided to be very disciplined and choose 3 out of those. So the M&A costs are linked, I would say, it's largely to a larger number of assets.

Plus, like we said that we had some costs which came for the tax cases. You have to obviously hire professionals, etc., to manage -- to sort of get that moving. And the last one was a small provisioning for inventories at the end of the year, which we believed were slow moving or close to expiry, etc.

Anshul Agrawal: Got it. So these costs incurred for M&A transactions, once the other 2 assets get closed, would they recur? A part of it would recur? Or are this the entire cost that you have booked concluded and booked?

Ameera Shah: This is the entire cost we have booked because we signed all 3 deals in March. So all the costs have been booked in this quarter. So you won't see any more costs from the M&A translating into Q1 of FY '26.

Anshul Agrawal: Okay. And similar for the tax cases or are they ongoing?

Ameera Shah: Well, we did get a very positive thing on the appeal. So on the appeal side, everything has been sort of disallowed and we've actually got a tax refund. But as we know, after appeal, there is usually 1 or 2 more stages in the tax situation. So it's very difficult at this point to say that it's completely done with. But we don't know at this point of time if the tax authorities will choose to pursue it.

Anshul Agrawal: Second question is on the margin trajectory. I think we guided for 100 basis point expansion on normalized margins. Now this, I believe, is after accounting for dilution of margins from core as well at single-digit margin guidance for core probably will dilute about 150 basis points at a consol level. So would we be expanding...

Surendran Chemmenkotil: So Anshul, sir, the 100 basis points is on the organic business that we talked about it, okay? And Core from a breakeven, they'll get into a single-digit EBITDA during this year. That's the plan that we stated before as well. And the other 2 acquisitions that we have done is in the same range of the company margins. Then there is no dilution or anything from that side. But Core will be a high single-digit EBITDA by the time we close this year.

Anshul Agrawal: Got it. Just to summarize this point, so Core will be at single digits and organically ex-Core, our margins will expand by 100 bps is what our guidance is, correct?

Surendran Chemmenkotil: That's right.

Anshul Agrawal: Last one question from my end. On the revenue trajectory, I think we have guided for almost 12% organic growth. Now this is in line with what we have done in the last couple of years. Despite this accelerated lab expansion, are we being conservative in this guidance? Do we see upside to this?

Ameera Shah: Difficult to answer that question, Shyam. It's a no win. It's a lose-lose question. So look, I mean, I think we are just guiding in terms of historic data points and what we feel comfortable with. Obviously, as a group, we are aspiring for higher. But at this point of time, the only thing we can go with is what we have shown that we have delivered and then obviously hope for better numbers.

Moderator: The next question comes from the line of Bino Pathiparampil from Elara Capital.

Bino Pathiparampil: So just on the revenue guidance, the organic growth would be 12% and the acquisitions will add on to it and the reported revenue growth in FY '26 should be around 25%, 26%. Is that right?

Ameera Shah: That's right.

Surendran Chemmenkotil: That's right.

Bino Pathiparampil: Okay. And second, on margins, the 100 basis point expansion will be on the adjusted EBITDA margin. So 24.4% plus 100 bps, 25.4% should be the organic margin we should look at FY '26, correct?

Surendran Chemmenkotil: You're right.

Bino Pathiparampil: Okay. And maybe there could be some dilution because of Core in that. So the reported may be 50 to 100 basis points below that.

Surendran Chemmenkotil: Yes. The core will be at single digit, 8, 9 percentage by the time we close this year.

Bino Pathiparampil: Understood. And last question, the number of labs you have given, which is 210 now right now, does that include the labs of Core Diagnostics?

Surendran Chemmenkotil: No, it doesn't include the labs of Core Diagnostics. From this quarter onwards, we will include the number of Core Diagnostics. In fact, we are in a rationalization phase as we speak, like just looking at which lab is required and which lab we can consolidate. So by the end of this quarter, we will have that clear number in hand since we'll start reporting from quarter 1 onwards.

Bino Pathiparampil: Okay. And tentatively, all 3 acquisitions put together, how many labs will be roughly adding -- we will be adding? If you can give a range also, that will be fine. 10 labs.

Surendran Chemmenkotil: Less than 10 in a consolidated level, all the 3.

Moderator: The next question comes from the line of Rishi Mody from Marcellus Investment Managers.

Rishi Mody: Could I get the FY '25 numbers for Core Scientific Pathology and Dr. Ahuja on the revenue and EBITDA margin levels, if you all have those ready?

Ameera Shah: Yes, we do. So Core is approximately INR 108 crores, this is for FY '25, you're asking, right?

Rishi Mody: Yes, FY '25.

Ameera Shah: Yes. So I think Core is approximately, between INR105 crores and INR 110 crores of revenue with breakeven sort of -- I mean it had a loss in '25. But currently, in Q4, it's at a breakeven level. And then for Scientific, I think it's about INR 25 crores to INR 26 crores for the whole year in FY '25. And Dehradun is approximately INR 10 crores to INR 11 crores of revenue. And Scientific and DAPIC, both are at company level margins, Metropolis company level margins. So therefore, there should be no dilution from those.

Rishi Mody: Okay. And when you say, Core is Q4 FY '25 breakeven, is there something which -- like normally, what I've seen in acquisitions of a relatively larger size, people tend to hive-off some of the businesses which don't fall in line with the existing company's policies. So do you see any of that happening and hence, Core would be either a revenue decline and profitability increase or flattish revenue? Like I'm just trying to understand, is there anything that you want to solve in Core before you ramp it up?

Ameera Shah: So I mean, certainly, there will be some synergies and some dis-synergies, and we have sort of netted those off. But overall, despite the synergies and dis-synergies, we will have a positive revenue growth. So we certainly don't see it flat lining. We see it in a positive revenue growth situation. And like we mentioned, we hope to take the margin up to a high single-digit number this year.

Rishi Mody: Okay. And when do you expect the Scientific Dr. Ahuja kind of consolidating into your numbers?

Surendran Chemmenkotil: In the final stages of the -- in the acquisition. So maybe not later than by the end of this month, sorry.

Rishi Mody: Okay. So 1 month will be in Q1 FY '26 in consolidation terms, correct?

Surendran Chemmenkotil: That's right.

Rishi Mody: Okay. So one should expect somewhere close to INR 10 crores and INR 15 crores, INR 25 crores of addition in EBITDA from these 3 acquisitions in the upcoming year. Is that correct?

Ameera Shah: Give us a moment to confirm that to you, yes. Yes. So it should be between INR 20 crores, INR 25 crores.

Rishi Mody: Okay. Got it. Second, on the INR 21 crore one-time expense, could you just split it between the 3 purposes, acquisition, legal and inventory write-off? Because from what I understand, legal and inventory write-offs seem to be like a regular day-to-day business. So just wanted to get some clarity.

Ameera Shah: The normal legal, we would also put it as part of the normal billing. This is related to the tax matters. Therefore, we...

Rishi Mody: But it's not yet over, right? So like it could be an ongoing expense going forward as well?

Ameera Shah: Well, I mean, as of now, it's over until we know the tax authorities are picking it up, which we are not sure of. So difficult to know whether it's an ongoing expense or not at this point of time. At this point, it's come in our favor, and we don't know the next step really. The majority, as I mentioned, are on the M&A costs, which are all one-off along with the tax expenses.

The inventory part of it is much smaller, which is mostly connected to sort of expired goods, which therefore, doesn't happen sort of on a monthly or a quarterly basis, but more of an accounting entry that happens at the end of the year, more from a provisioning perspective.

Rishi Mody: Right. What is the inventory write-off amount? Is it like INR 1 crore, INR 2 crores, INR 3 crores?

Ameera Shah: It's close to INR 1 crore to INR 2 crores.

Rishi Mody: Okay. INR 1 crore to INR 2 crores is the inventory write-off. Third, I wanted to ask Surendran, till Q3, you were doing a B2B client rationalization exercise. Is that over in Q4, like Q4 is a normal B2B business on a like-for-like basis? Or Q1 would be a more?

Surendran Chemmenkotil: So what we mentioned to you earlier was defocusing on the institutional business. So that is 1 full-year, we have run with that and that part is over. From quarter 1 onwards, you will start seeing the institutional business, which we want to keep and which we want to grow. That's what happened. And B2B overall improvement plans are continuous, and we should start only getting better on the B2B revenues going forward.

Rishi Mody: And B2B, I'm assuming the growth now should converge to B2C growth? Or is there some gap that you still think will be there?

Surendran Chemmenkotil: No B2B growth levels will be like 10% to 12% levels of growth.

Rishi Mody: Okay. And B2C, you said 12%-plus is company level. So I'm assuming 14%, 15% is B2C that you are targeting?

Surendran Chemmenkotil: That's right. We need to start building the institutional business into much healthy ones going forward. Whatever we don't want to keep it has already been exited as we close the year. We'll now start building a good quality institutional business as well into the portfolio, which is good in terms of margin and cutting the monies, etc., won't be difficult. That's a process that we will now start focusing upon.

Rishi Mody: Okay. And finally, the 100 bps margin expansion that you've guided for on the organic business, which is the entire FY '24 numbers, if I take, excluding the one-time expense of INR20 crores. I'm just trying to understand because we've done with the lab expansion, is this on a conservative side from your end? Or is this something that you... ?

Surendran Chemmenkotil: See, what happens, like we always maintain a lab when we expand the labs, it takes a couple of years for us to get into the company levels of margin or sometimes a little more than 2 years. So the last 2 years, we have done a very high number of labs. So a little bit of impact will be there in this financial year also and maybe in some part of the next financial year. By the time it will completely vanish, it will take 2 more financial years. So we have factored a part of it in this financial year's projections and the rest we will put into the next financial year.

Rishi Mody: Okay. Finally, Ameera, on the competitive scenario, just wanted your comment, are you seeing the market share recoup by your firm done in Mumbai and the core markets of yours? Or do you think there's still some market share gains that you can do from the unsustainable e-commerce-led players that had started out?

Ameera Shah: To be honest with you, we don't hear so much around the health-tech players much anymore. We don't see the aggression either on the ground or from a funding perspective either at this point of time. We are finding that the omnichannel approach that we are taking, which is the brick-and-mortar as well as online digital engagement is actually working quite well with customers.

And as you've seen, our growth continues to do very well in our core markets on the B2C side as well. So frankly, we believe the opportunity continues to be there for us. It's really for us and for our taking. And it's up to our execution to be able to really keep growing and which we feel quite confident about.

Rishi Mody: So you still think there's some juice left to take out from the unsustainable players, or its normal industry setting? I'm just trying to understand out of the existing B2C growth in FY '25, is there a non-recurring part that might happen?

Ameera Shah: There's nothing nonrecurring in the B2C revenues that we are posting at this point of time. Really, it's coming from a combination of 3 things. It's coming from an expansion of our collection center networks in our core markets, which we will continue to do.

Second, it's coming from the product mix and being able to really customers wanting to do sort of larger packages and therefore, having a higher revenue per patient. And it's also coming thirdly from the additional services that we are providing in our centers, which Suren mentioned around the basic radiology, the vital checks and really expanding some of the services to make the consumer experience more complete and wholesome, where you're not giving pathology, but you're giving 2, 3 other services as well. So I think it's a combination of these 3, and we believe all of them are sustainable and therefore, can keep growing in that direction.

And like we said, is along with the core markets that we've been growing well in B2C, we've also picked up another few cities that we believe that now we can make headway in B2C in. And one of them also happens to be in North besides, obviously, some being in West and South. And we would like to now go deeper into these markets to grow the B2C there. We're not mentioning the names only from a competitive reason, but we have picked up about 4 markets more that we can go deeper on a B2C side.

Moderator: The next question comes from the line of Surya Patra from PhillipCapital India Private Limited.

Surya Patra: So my first question is about the new test additions that we are now seeing backed by the AI and next-gen sequencing and technologies. So by this, what is the kind of a target market that we are likely to add for us?

Ameera Shah: So if you see the new tests are across different spaces. A lot of them are coming from the genomics segment. And we are really doing a lot across not only oncogenomics, but also across neuro and women and child care as well. And as we continue to grow this area, it will allow us to offer even more advanced and specialty testing to doctors for their patients across the country, which means you then have everything from start to finish under your umbrella, which means a doctor can have access to anything required for that patient's treatment in one place.

And that obviously increases the engagement between the doctor and the patient and between the doctor and us. And that's how we see the new test really play out and really help us to grow. This market is basically, if you see whether it's on geographies or on tests, as the cities are getting busier with more competition on the B2B side, you move into newer cities, and therefore, you'll see our Tier 3 growth getting stronger and bigger.

The same way on the test menu as certain things become more common and more people start them, Metropolis has to keep innovating and starting more specialized and more advanced tests to sort of keep them going. We are also doing something on the allergy side and which is quite interesting and also something on prenatal, which is basically sort of pre-pregnancy and also post pregnancy. So we've got a bunch of tests for women and child care and as well as allergy as well, which are quite interesting and helping to take care of patients.

Surya Patra: Okay. But is it possible to have a sense that, okay, like wellness, which is like 10% of the current industry size. So these markets will have a similar 10%, 5% of the industry going ahead or something like, is there a sense that one can have?

Ameera Shah: See, wellness is a slightly -- right now, it's a broad definition, right? If you see most of us, when we say wellness, we are actually including bundling packages through it as well. So like I mentioned, if a patient walks in for 3, 4 tests, sometimes they are preferring to do a larger package because they are saying, look, I'm anyway coming to give my blood, so I might as well do more tests at one time.

So it may not be necessarily a well patient. It may not be somebody who's doing it from a preventive care basis. It might be somebody who's already unwell with the fever or somebody who's coming to check their thyroid, but may land up doing other tests as well. So you can call it wellness and bundling, right, as a combination, which for us constitutes about, like we said, close to about 17%, 18% of our contribution today. And as we include more illness packages in it, it will continue.

Surya Patra: My second question is about the capital allocation priorities, ma'am. So while we have said that now we want to go slow a bit on the center addition front. But just trying to understand that whether on the M&A front, we will remain as focused as we were or we are like to prioritize there also targeting like, let's say, North may not be thinking right now about the East on that front? And what is the kind of investment that you're targeting for '26?

Ameera Shah: See, from a capex basis, certainly, the capex numbers will come down. While we have spent probably between INR 60 crores to INR 70 crores in the last couple of years, we believe that the capex numbers will be closer to INR 50 crores for the organic business for this year. So you can say INR 50 crores, INR 55 crores.

And in terms of acquisitions, look, I mean, I don't think we are at this point looking to go out and do another 3 deals in the first quarter of this year. I don't think we are in that place. Having said that, there are always multiple discussions going on in terms of funnel that we keep building. And if and when we find something that meets our priorities, on we mentioned on the financial priorities, on the strategic priorities, on the good quality business, then it would be difficult to either wait or to delay because these opportunities don't always come exactly at the time you want.

So I would say, broadly, we are not actively looking to close any deals in the next 3 to 6 months. But if any of the discussions conclude into something, we may look at something. And yes, the idea would be to continue to build more in the North, but opportunities can come from across the country. There are still markets even in West and South in which we don't have a strong B2C connect, where if something interesting came, we would be open to it as long as it met our criteria.

Moderator: The next question comes from the line of Gaurav from Antique Stock Broking.

Gaurav: So just on the gross margin to understand better for the organic business. Did we take any price hikes in FY '25? And do we intend to take any price hikes in FY '26?

Surendran Chemmenkotil: So in the quarter 4 of '25, we did do a price increase in the select markets, like I said, as a part of the micro marketing strategy, about 4, 5 markets, we took the prices up. And then a few markets, we also kind of rationalized the prices. The net impact of that is about close to 2 percentage. And so that's as far as quarter 4 of last financial year is concerned. So for the next 2, 3 quarters, definitely, there is no plans to do any price changes. And as we get into the next calendar year, we will see looking at the market dynamics and the related stuff, we will take a call.

Gaurav: So we've maintained the gross margin around the 80% level for around 8 quarters now. Going forward, we see some pressure on the gross margin front for the organic business with input costs, etc.?

Surendran Chemmenkotil: We are not -- yes, we're not anticipating any further pressure on the gross margin levels.

Gaurav: Okay. That's helpful. Sorry, continuing on Core, you've been asked a lot of questions, but so revenue seems to be flat FY '24 to '25, what you disclosed in December '24 and now. Any reason why they're not able to scale up despite the Doctor Connects? Is there a capacity issue? Is there just less BD marketing focus? And what is the Core revenue? What is the peak revenue that Core can achieve with the current capacity? If you can share that.

Surendran Chemmenkotil: Revenues were not planned. I don't know where you picked that up from. The revenue is growing at -- yes, we said last year, we ended with about INR 110 crores, which came at a 15 percentage, 16 percentage growth. And we are also saying this year, we will be growing in excess of 13 percentage. So financial '25 was INR 116 crores. So it's on growing. It's not a steady state. And what is the best revenue that you can hit? I don't want to comment on that first, but I think we are looking at 13 percentage, 14 percentage year-on-year revenue growth for the financial year '26.

Gaurav: Okay. Looking at it differently, do we envisage any capex 1 year after integration?

Surendran Chemmenkotil: Yes, there could be some capex. We really want to strengthen the genomics portfolio there using the Core as a platform. So there will be some capex we will be incurring in Core.

Gaurav: Just last clarification. You mentioned gross margins are lower assessment of other specialty players. Will gross margins for the Core business be in the 55%, 60% range or in that ballpark?

Surendran Chemmenkotil: The gross margins of Core is at 60 percentage levels. And like we said, getting the procurement benefits coming on the back of Metropolis procurement process, I think we should only be able to get some benefits, some improvements on the gross margin levels of Core.

Ameera Shah: One more thing you have to remember on Core that while we had signed the deal at about INR 247 crores of acquisition value, finally, what we booked in our books is INR 218 crores of acquisition value on closing. So that's just information for you.

Gaurav: And the equity cash split remains the same, right?

Ameera Shah: That's right. INR 130 crores was cash and the rest was equity.

Gaurav: And the co-founder continues to be a part of operations?

Ameera Shah: Yes. The CEO who was running the business before we acquired continues to be the CEO of the business and the team is stable.

Moderator: Ladies and gentlemen, due to time constraint, that was the last question. I now hand the conference over to the management for their closing comments.

Ameera Shah: Thank you, everybody, for joining us today. As we mentioned, it's been 4 years of many opportunities, challenges and great transformation at Metropolis. And while we've stayed bold and taken some big actions on expansion, acceleration and lots of changes along the way, we do believe these are all very fundamental in the growth phase for the next step.

Going into this next year, we are looking forward to continue to accelerate the centers, increase our volumes and really fill our labs even more and really focus on productivity and efficiency in this next phase. We're very excited about the direction that we are headed in and certainly believe that the industry continues to offer the right opportunity to credible incumbents like us who have always took all around the science and expertise being the driving force of this business.

While technology, while distribution, while commercials, all of them are important, the core of the business still remains the scientific expertise that we bring to the table. So with the acquisitions, we are looking forward to a big leap forward in FY '25, '26 with strong organic growth, good margins and the acquisitions totally adding to a 25%, 26% revenue growth for

Metropolis in this next year. I look forward to chatting with all of you at the end of quarter 1. Thank you, and have a good weekend.

Moderator: Thank you. On behalf of PhillipCapital India Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.