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To,
BSE Limited
Scrip Code: 542650

National Stock Exchange of India Ltd.
Scrip Symbol: METROPOLIS

Dear Sir/Madam,

Sub: Earnings call transcript for Q2 FY26

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of Q2 FY26 earnings conference call held on Thursday, November 06, 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 C Kulkarni
Head – Legal & Secretarial

Encl: A/a





“Metropolis Healthcare Limited Q2 FY '26 Earnings Conference Call”

November 06, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchanges on November 06, 2025 will prevail



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C H O R U S C A L L

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

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

Moderator: Ladies and gentlemen, good day, and welcome to the Q2 and H1 FY '26 Earnings Conference Call of Metropolis Healthcare Limited, 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 the date of this call. These statements do not guarantee the future performance of the company, and it may involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will 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. Tausif Shaikh from BNP Paribas India. Thank you and over to you Mr. Shaikh.

Tausif Shaikh: Thanks. Good morning, everyone. I welcome you all to the Metropolis Q2 FY '26 earnings call. I Tausif Shaikh, India Analyst at BNP Paribas for Pharma and Healthcare Service would like to thank the management of Metropolis for giving us the opportunity to host the call.

From the Metropolis team, we have with us today Ms. Ameera Shah, Chairman and Whole-Time Director; Mr. Surendran, Managing Director; Mr. Sameer Patel, CFO; and Mr. Avadhut Joshi, Chief Business Development Officer.

Now I would like to hand the call to Ameera ma'am for opening remarks. Over to you, ma'am.

Ameera Shah: Thank you so much, and good morning, everyone, and thanks for joining us today on the Q2 and H1 FY '26 earnings conference call. I'm joined by Suren, the MD; Avadhut, the Chief Business Development Officer; Mohan, Sameer and the other team and SGA. We've uploaded our investor presentation and related documents on the exchange and on the company's website, and I hope everyone's had an opportunity to go through the same.

Let me begin with a brief overview of the broader healthcare landscape before we move into the company's performance updates. The Indian healthcare sector is undergoing major change driven by rising health awareness, better access and a focus on affordability. Patients are increasingly proactive about preventive care and early diagnosis, leading to more patients -- more tests per patient. With great emphasis on quality, accuracy and credible reports, consumers now prefer organized trusted diagnostic chains over small unorganized local labs.

The competitive environment continues to remain stable with no major new entrants. We're observing a natural consolidation in the market, where many smaller unorganized labs are finding it difficult to sustain due to rising compliance, technology and quality requirements. This trend is accelerating the shift towards organized and trusted diagnostic players where Metropolis is well positioned with its brand equity, clinician trust and superior quality standards.

Talking about our quarterly performance, it's an exciting time for us at Metropolis as we continue to deliver strong broad-based growth of 23% year-over-year, accompanied by sustained margin

expansion. This consistent trajectory reinforces the strength of our strategy, the resilience of our business model and the disciplined execution by our teams across the country.

We had earlier emphasized automation and digitization as key strategic priorities, and I'm pleased to share that we are seeing strong progress. Over the past few quarters, we have rolled out several digital initiatives, including a new consumer app, a partner app for our partners and lead automation for them as well, along with middleware auto authorization in our labs, helping improve our TAT, which is our turnaround time, and enhanced inventory management system, driving material efficiency and AI call quality monitoring in our contact centre for improved customer experience.

Together, these initiatives are not just strengthening our operational backbone, but also elevating customer experience, quality, consistency and scalability, all of which are critical to sustaining our leadership position in the premium diagnostics segment.

On the acquisition front, our focus during the year has been on stabilization, process integration and synergy realization. It's only been a few months, but the priority has been to standardize operating procedures and drive cost efficiencies as per plan. I'm pleased to share that we are fully on track with the expected synergy realization and timelines.

Our integration efforts are progressing smoothly, both at the technology and people level. Teams have been harmonized under a unified performance framework, while product portfolios are being aligned to strengthen cross-selling opportunities and enhance local market relevance. As planned, year 1 is about integration and efficiency, while year 2 will be focused on scaling revenue growth over the strong foundation.

For the current year, our clear focus at Metropolis remains at margin expansion and operating leverage with multiple levers in motion, better cost controls, improved test mix, automation benefits and productivity gains. Importantly, we are not planning any new acquisitions over the next 6, 9 months as we believe the immediate opportunity lies in organically scaling the business and strengthening key strategic drivers already in motion.

Our genomics journey continues to make steady progress, leveraging Core Diagnostics as our base platform. The integration of Core has enhanced our capabilities in high-end molecular diagnostics, oncology and next-generation sequencing, and obviously improved our front-end connect with oncologists.

We are now expanding the test menu, deepening collaboration with clinicians and building a stronger R&D-driven test development pipeline. The upcoming centre of excellence in Delhi will serve as a hub for innovation, training and scientific excellence, further reinforcing our leadership in research-driven diagnostics.

On the GLP-1 therapy front, we are closely tracking developments as this class of drug expands its presence in metabolic and weight management treatments. These therapies necessitate regular and repeat diagnostic monitoring to assess their efficacy and safety. And we see a long-term structural opportunity here to leverage our deep clinician network to co-create testing protocols,

packages and wellness plus disease management pathways aligned with GLP-1-based treatments.

Lastly, the Metropolis moat continues to strengthen. Our differentiators remain unwavering commitment to quality, wider accessibility and a deeper customer-centric approach. These core strengths have resulted in high customer and doctor retention, a top-ranking Net Promoter Score and a steady increase in revenue per patient and revenue per test.

Our focus has always been on the quality of business rather than just volume, ensuring that every customer interaction builds trust, loyalty and long-term customer value. In essence, we are building a resilient future-ready diagnostics company, one that balances growth with profitability, science with empathy and scale with precision.

With this, I hand over the call now to Suren, who will take you through the company's strategic updates and operational performance for the quarter and half year ended September 2025. Suren, over to you.

Surendran Chemmenkotil: Thank you, Ameera, and good morning, and a very warm welcome to everyone joining this call. We are pleased to report that Group revenue for quarter 2 and H1 of financial year '26 grew by 23% year-on-year. Metropolis revenues on an organic basis grew by 12% in quarter 2 and margins stood at 26.8% as compared to 26.2% in quarter 2 last year, an improvement of 60 bps in line with our guidance.

TruHealth and Specialty segment revenues grew by 21% and 15%, respectively, on a year-on-year basis for organic business. Group level EBITDA margin is at 25.4% in quarter 2 with Core Diagnostics EBITDA improving in line with our plans to high-single-digit, moving from breakeven in March. The same was at 23.1% last quarter.

Speaking of the second quarter, fever-related test volume did grow, but the growth was slower than the usual monsoon season and per expectations, primarily due to lower incidence of common infections such as chikungunya, malaria, dengue and viral fevers. Despite this, Metropolis remained well positioned by quickly realigning focus areas and emphasizing growth in Specialty testing and TruHealth offerings. This proactive approach allowed us to offset the decline in seasonal volumes, maintain overall business momentum and revenue growth of 23% year-on-year.

Our B2C segment contributed 59% of total revenues for the quarter, recording an 11% year-on-year growth for organic business. This double-digit growth was driven by strong performance in our TruHealth and Specialty segments, supported by targeted micro marketing initiatives and sustained clinician engagement programs.

Our Mumbai revenues for quarter 2 grew by 13% year-on-year despite lower fever-related cases, reaffirming our strong leadership in Mumbai market. B2B segment accounted 41% of total volumes, registering a 14% year-on-year growth for organic business. This growth was driven by an increase in both patient volumes and realizations.

Our clinical trial business also delivered a strong contribution in this quarter, aligning well with our specialty focus. With continuous enhancement to our partner portals, improved transparency and greater service efficiency, we remain optimistic about achieving higher volumes in the coming quarters.

As Metropolis enters into the next phase of growth, enhancing productivity and operational efficiency will be key to driving sustainable progress. Our focus is on maximizing output while maintaining superior service quality through the core levers of driving people productivity, process and lab operation efficiency through AI and digitization. This 6 to 12-month road map is designed to lay the groundwork for scalable and profitable growth and continue to position the company for leadership in Specialty.

As part of Metropolis 3.0 strategy, we continue to focus on the following things: one, accelerating our presence in new markets with focus on Tier 2 and Tier 3 cities. Following the completion of our lab expansion program in last year, we are now expanding our network of collection centres to feed these labs and increase throughput.

In H1, we added approximately 200 centres with a plan to add another 300 more centres in H2. We are now present across 750 towns, as we said earlier, and are going deeper in these towns by adding new clients and clinician connects and increasing our brand visibility amongst the consumers.

Secondly, strengthening our high-end specialized testing capabilities by enhancing AI-based allergy testing, AI-based diagnostics and expansion in genomics segment and many other areas. Third, enhancing the TruHealth portfolio through science-led bundling, doctor consultation and an integrated approach with basic radiology, allowing us to address the higher ends of the market as well as the lower rural packages for Tier 3 and Tier 4 towns.

Fourth, integrating digital and AI-driven tools to enhance service quality and operational efficiency, supporting sustainable growth and scalability. In conclusion, I would like to highlight that our H1 performance has been largely in line with our guidance, achieving an organic revenue growth of 12% to 13% and margin expansion of approximately 40 bps on a year-on-year basis so far. We remain confident in our ability to meet the stated estimates in H2 this year.

With these strategies in place, combined with the disciplined execution, a strong leadership team and alignment around common vision, we are confident in our ability to further build and reinforce our leadership position nationwide.

With this, I hand over to Sameer to take you through the financial numbers for the quarter and H1.

Sameer Patel:

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

Also change in definition for B2C and B2B segment to streamline the same with the industry standards. B2C includes all owned franchisee and rural centres and B2B includes B2B lab, hospital, government, corporate and clinical trials.

Moving to the financial and operational performance. First, I would like to highlight operational performance for MHL on organic basis. Revenue and EBITDA grew by 12% and 14.5%, respectively, and PAT grew by 13.6% on a year-on-year basis. Patient volumes stood at 3.6 million, a growth of 6% on a year-on-year basis.

Test volumes stood at 7.4 million, a growth of 6% on a year-on-year basis with increasing contribution from TruHealth segment, we consider one profile as one test, which is different from peers. On a like-to-like basis as peers, this number would be significantly higher.

Our B2C revenue stood at INR 230 crores, a growth of 11% on a year-on-year basis and B2B revenue growth stood at 14%. TruHealth and Specialty segment grew by 21% and 15%, respectively. As per the revised classification of B2C segment, B2C contributes 59% of total revenue. Revenue for Specialty B2C segment grew by 16% and B2C TruHealth segment grew by 20% on a year-on-year basis. B2B revenue contributes 41% of total revenue and B2B Specialty grew by 15%.

EBITDA of MHL on organic basis stood at INR 104.8 crores, a growth of 14.5% on a year-on-year basis. EBITDA margin for MHL Organic stood at 26.8%, increase of 210 basis points on a sequential basis and 60 basis points on a year-on-year basis. PAT for MHL on an organic basis stood at INR 53 crores at a growth of 13.6% year-on-year basis. PAT margin of MHL Organic stood at 13.6%, an increase of 20 basis points on a year-on-year basis.

Moving to key performance indicators for MHL Group. Revenue for the Group grew by 22.7% on a year-on-year basis. Patient volume stood at 3.7 million and test volume stood at 7.9 million, a growth of 11% and 12%, respectively. B2C revenue grew by 16% and B2B revenue grew by 33% on year-on-year basis.

On MHL Group basis, revenue from North now contributes 19% of overall revenue, largely because of recent acquisitions, which has its major presence and revenue coming from North region. Revenue growth from Tier 1 towns stood at 26% and Tier 3 towns stood at 13% on a year-on-year basis. Revenue from Tier 3 town now contributes 24% of total revenue.

Contribution from B2C revenue stood at 56% in Q2 FY '26. The decrease in B2C compared to organic business of 59% is largely on account of consolidation of Core Diagnostics, which has majority of revenue contribution from B2B.

EBITDA margin for MHL Group stood at 25.4%. The decrease was largely attributed to a lower margin profile of Core Diagnostics. However, we are happy to report that margin for Core has increased from low-single-digit to higher-single-digit in Q2 FY '26 compared to quarter 1 FY '26. PAT for the MHL Group stood at INR 52.9 crores with a margin of 12.3%.

That's all from my side. With this, I open the floor for the question and answers.

Moderator: Thank you very much. The first question is from line of Anshul Agrawal from Emkay Global. Please go ahead.

Anshul Agrawal: My first question is on margins. How should we look at margin trajectory going ahead? I mean, you have posted the healthy organic margin expansion. Should we expect this to continue with ramp-up in Core as well in the latter half of the year or would we stick to our margin guidance previously of almost flattish because of Core dilution?

Ameera Shah: Suren?

Surendran Chemmenkotil: Yes. So if you remember beginning of the year, when we stated the estimates, we said for this full year, the organic business will do about 70 to 100 bps margins better than the previous year, and the previous year was 24.3%. And we said we will move up by 70 to 100 bps, and we stay committed to the same number even at this point of time.

And we said for the overall Group, there will be dilution of 1% to 1.2% because of the lower margins of Core. And that also by the time we exit this year, Core will be close to 2-digit margins. So these are the, I mean, statements we made in the beginning of the year. And all these remain same at this point of time. We are heading towards the same direction.

Anshul Agrawal: Just a follow-up to understand this better. Our organic business margins have surpassed the expectations that we would have had at the beginning of the year. So question was from that perspective.

Surendran Chemmenkotil: Yes. So Anshul, what happens in quarter 2 is relatively a high-volume quarter, and hence, your margins will be definitely better than the average margin of the year. And hence, it's not necessary that the quarter 2 our margins will be the same going forward in quarter 3 and quarter 4. So for a full year basis, from a 24.3%, you would see 70 to 100 bps upside by the time we close this year for the full year. That will be the organic business trajectory.

Anshul Agrawal: Got it. This wouldn't be dependent on our B2C and B2B mix, or would it?

Surendran Chemmenkotil: Well, I think there will be some impact of the B2C, B2B mix, but we are not envisaging any significant shift in the B2C, B2B mix going forward, which is at currently 59%, 41% (19:44 Inaudible) and the B2C contribution can be a little higher by the time we exit this year.

Anshul Agrawal: Got it. Second question was on TruHealth. In your opening remarks, you mentioned that we are adding certain radiology tests in the TruHealth packages. Would this sort of be limited to sort of filling up prescriptions or would we think of venturing into advanced radiology at this stage?

Surendran Chemmenkotil: So currently, the plan on TruHealth with respect to radiology is that the basic radiology services like the ECG and then X-ray and ultrasound, these are 3 things that we are basically adding on to the TruHealth packages. And we have a capability of adding now the ECG across the country and the X-ray and ultrasound around 5 towns in the country. So that we now got integrated into the TruHealth packages. And not high end in this scheme of things for the rest of the year, we are not including the very high-end radiology like MRI or a CT scan, etcetera.

Anshul Agrawal: Got it. The last question that I had was on our volume or top line guidance. I understand it's a stable pricing environment as such with more tailwinds around GLP-1 drugs and specialized testing. Would we sort of retain our top line guidance as we stated at the start of the year?

Surendran Chemmenkotil: Yes. We want to maintain top line guidance, like I mentioned, for the rest of the year as well.

Moderator: The next question is from the line of Senjoy Chakraborty from BNP Paribas Securities India.

Senjoy Chakraborty: So my first question is on the lab testing charges. Although it's a very small amount compared to your other operating expenses, on a half yearly basis, the expense has almost close to doubled. Just wanted to understand what is the reason behind this? And will we see the same quarterly run rate in that expense in the third and fourth quarter as well?

Surendran Chemmenkotil: Just give a moment. You're talking about lab testing charges, right?

Senjoy Chakraborty: Yes, that's right.

Surendran Chemmenkotil: Yes. So I think H1, 60% of the lab testing charges are because of the Core, outsourcing charges of Core. But otherwise, nothing has significantly changed. And it's only because of the integration of Core and the trends will remain same for the rest of the year.

Senjoy Chakraborty: My second question is on your revenue for this quarter. So would it be possible to quantify how much of the revenue from your acquired assets came from each of the assets? Like how much revenue came from Core and Dr. Ahuja's and Scientific Pathology, if that's possible?

Surendran Chemmenkotil: Well, I think the overall put together is 11% of the revenue growth has come from all the integrated entities. Maybe, we can talk later to give you the details of each of the entities have contributed to each.

Senjoy Chakraborty: That sounds okay. If I can just squeeze in one more. Coming back to the margin front, if I'm correct, earlier you had guided high-single-digit margin for Core. And given that you have already are at high-single-digit margin in the second quarter itself, so are you still sticking to your earlier guidance for Core or do you think there is a scope for low-double-digit margin for FY '26? And how do see the margins.

Ameera Shah: Yes. No, for FY '26, I think we'll stick with the high-single digit, because as you know, Q1 was I think about 2%, 3% margin. Q2 is, like we said, is sort of mid-to-high single-digit. Q3, we hope to move to a higher-single-digit and then Q4 move to sort of closer to a double-digit.

So the average for the year will still come out to a high-single-digit, which gives us a good foundation to make a leap into next year to obviously move into a double-digit margin on track for what we had sort of projected when we actually made the acquisition.

So I think the synergies are playing out as we expected. But usually in these acquisitions, what we've seen is whenever you buy one of these businesses, there is a certain amount of practice clean-up that has to be done, ways of working changes that has to be done, integration that has to be done.

And in services businesses, this not only takes a little bit of time, but it also means that sometimes you may stop certain businesses, etcetera. So whatever clean-up needs to be done, we are doing it in year 1 on the revenue side so that you don't carry that on into the future.

Moderator:

The next question is from the line of Shyam Srinivasan from Goldman Sachs.

Shyam Srinivasan:

Ameera and Surendran, just the competitive intensity at this point of time, maybe in B2B also, if you could kind of give us some qualitative comments. Your B2B revenue growth is now starting to trend better. So I just want to understand that. And is there any impact of this reclassification on any of these numbers?

Like it looks like B2C percentage contribution has gone up to 59%. but on a like-for-like, I can see what you have moved to in terms of definition, but where were our classifications earlier? And does that have a material impact on your growth rates for both of these 2 segments?

Ameera Shah:

So I'll answer the first question. I'll let Suren take the second one. So just talking on the competitive intensity, see, obviously, during COVID, we saw a bunch of health techs jump in, we saw a bunch of pharma guys jump in, hospital guys. We haven't really seen any new players jump in, in any significant way in the last couple of years.

So on the B2B side, while some existing players are intensifying their efforts, we haven't seen any price competition escalation. We are seeing some amount of stability for that in the last 1 or 2 years now. So it's still obviously an intensely competitive environment, which it always has been, I mean, for many, many years to come. But there's nothing new or nothing disruptive that actually spoils the market.

So also the reflection of the B2B growth being higher in Q2 is not necessarily only about our execution getting better, which it is partly, but it is also about the nature of tests that are generated in the quarter.

So this quarter, we saw more specialty and more acute business in the market and less of routine, which is represented through lower B2C growth because of the lesser routine, but higher specialty growth and higher B2B growth. So some of it is just the product mix, which is specific to the quarter. But yes, our execution on B2B is also getting stronger as we go. Suren, if you want to take the question on the B2C contribution.

Surendran Chemmenkotil: Yes. Shyam, if you remember in the last year, through all these discussions, we have mentioned that we are just cutting off some of the low margin and difficult B2B corporate, government business, etcetera. That clean-up has actually done last year and then we are working on a very cleaner base. That's point number one.

And point number two is, and after that, the institutional business has really become relatively much smaller. And hence, we are now calling the institutional business and B2B together. So the remaining changes in the percentage is only a mathematical rearrangement after that. Otherwise, on the base, nothing fundamentally changed.

And in quarter 2 also, specifically, I must tell you that we have got one good contract on clinical trial. That has helped us to get our B2B better than the normal run rate in quarter 2. So that was a one quarter specific project that we had.

Shyam Srinivasan: Got it. Helpful. Just the second question is on GST impact. I know there is some benefit that accrues to you from a sourcing perspective. So just want to understand, are you calling out the quantitative impact or I know maybe you have to pass it on. So just how in the second half it flows through to you?

Surendran Chemmenkotil: All right. So see, there are GST impact on 2 aspects. One is on the reagent and consumables and second one on the equipment when we purchase. Now coming to the reagent and consumables, we already had a part of the consumables and reagents at 5% GST only. And some of the consumables and reagents have moved from 12% to 5% GST.

So not a very significant, what you call, benefit as such. But whatever benefit we will get, we want to pass it on to the customer one way or the other. And whatever GST benefit that we will get out of the equipment purchases, that will actually come on to the procurement efficiencies.

Moderator: The next question is from the line of Raman K.V. from Sequent Investments.

Raman K.V.: Sir, during the quarter and during the first half, how much was the revenue from radiology segment?

Surendran Chemmenkotil: Radiology segment is very, very small for us. We are early days on radiology segment in a very, very small very low-single-digit percentage if you ask me.

Raman K.V.: Okay. Basically, it doesn't have a substantial contribution towards your entire consolidated.

Surendran Chemmenkotil: No. As of now, no.

Raman K.V.: So with the TruHealth and Core Diagnostics, how are you planning to increase your radiology segmental revenue? Are there any plans?

Surendran Chemmenkotil: So Core Diagnostics, there is nothing on radiology. It's purely whatever we do. So let me give you some information. So we have about 35 centres across the country now fully equipped with all the basic radiology testing capabilities, which is the X-ray, ultrasound, 2D Echo and ECG, etcetera. That's 35 centres in about 5 cities now fully equipped and we will - start driving the radiology in these centres and also get the portfolios, including radiology in these 5 cities. So that is one opportunity for us to drive forward.

And second thing is ECG capabilities now we have almost done across the country. So that will also start playing out. These are the 2 opportunities for at least for the rest of the year. These are the 2 levers that are available on the radiology segment, and we will start building this portfolio stronger going forward from here.

Raman K.V.: Understood, sir. Sir, my second question is with respect to the clinical trial. Can you explain the business part of it? And how do you see the traction in that particular? Like how much is it contributing to your overall pathology volumes and revenue?

Surendran Chemmenkotil: Well, I think clinical trial is a very small percentage of the business. Only in the quarter 2, we got a contract, which we delivered in quarter 2. Basically, this is about working with the pharma companies and other alliances to do some turnkey projects. So it's not one of the things which we keep, all the time depending upon, but it's a relatively small part of the business.

Raman K.V.: So what are the margins in this business? Better than the consolidated margins or it's less?

Surendran Chemmenkotil: Yes, it's a little better than the company level margins.

Raman K.V.: So are we planning to take this sort of turnkey clinical trial projects or is it like you're trying to be consolidated?

Surendran Chemmenkotil: We are one of the key players in this segment. The size of the market itself is not very big here. But we are a significant player in this market and there are some other small operators as well. So we really reach out to all the opportunities available and then we'll keep grabbing these kind of opportunities as and when it comes.

Raman K.V.: Sir, my final question is with respect to the Core Diagnostics. So by the end of this year, in the call, you mentioned it will move towards the double-digit by the end of this year. So can we expect that by first half of FY '27, the Core Diagnostics margins to be in the similar level of Metropolis?

Surendran Chemmenkotil: No, no. So we said in the first half of the year, it's a single-digit number. We will come closer to a double-digit number by the time we exit this year. And full year basis, we will be still a very strong single-digit number. And we said in 3 years period, we will bring this into the current levels of Metropolis margins. It will take another 2, 2.5 years more to bring up to the Metropolis levels of margin. But the efforts are on, and we are in the right direction.

Raman K.V.: Okay. Basically, you mean it will come to around 23%, 24% margin by FY '28, if I'm correct?

Sameer Patel: Third year.

Surendran Chemmenkotil: Third year, yes, third year of acquisition.

Raman K.V.: And on the volume front, you had a strong revenue and volume growth in the first half. Are we planning to maintain our mid-double-digit volume growth for the entire year or are you expecting much better than that?

Surendran Chemmenkotil: At consolidated level, our volume growth will be in double-digit numbers, 10% to 11% for rest of the year as well.

Moderator: The next question is from the line of Ankeet Pandya from Baroda BNP Paribas Mutual Fund.

Ankeet Pandya: So I have 2 questions. So firstly, like we have completed our major lab expansion last year. And this year, we are investing in collection centres. So from FY '27, FY '28 onwards, can we see some increase in the growth numbers from current 11%, 12% to around mid-teens kind of a growth over the next 1 to 2 years?

Surendran Chemmenkotil: Well, a little too early for me to give you a projection for the coming year. Give me another couple of quarters more to give you the right projection for the coming year. But the effort is always to bring the growth level to the next level as we go forward.

Ankeet Pandya: Okay. Sir, lastly, on the GLP. I know, of course, it is too early to give any guidance or numbers. But have you seen any traction in terms of increase in test in obesity or weight management kind of a thing over the last 1, 2 quarters, given that there's one molecule that has already been launched. So has there been any increase in test in this space?

Surendran Chemmenkotil: At this point of time, not anything that's significantly visible in terms of the growth per se, but we are quite hopeful that this will help the diagnostic operators in the days to come. I mean, the full-fledged availability of this medicine and usages in India has still not happened. I think it may happen sooner than later as per our information.

But then once they start using, then the diagnostic testings will happen to keep getting the reports in between when they take the medicine. So I mean, we are hopeful that this will help us in the coming quarters.

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

Surya Patra: My first question is on the Core Diagnostics integration. So whether the integration is fully complete by now? And the related question is that, since last 2 quarters that we are witnessing a strong double-digit growth on the revenue per patient. Anything because of the Core Diagnostics that this number is getting influenced positively?

Ameera Shah: So I'll just add something and Suren you can add on to it. See, any time you do an acquisition, what we find is, like I mentioned in India, there are various kind of practices that different organizations follow.

So what we have seen historically is that every time we do an acquisition, we have to actually spend the first many months to clean up some of the past practices that may not be cohesive going forward for Metropolis. And that usually dips the revenue of the acquired entity for the short term.

So the revenue growth in the first 6 months of the year would have been impacted Core negatively for any business that we already stopped and that we are cleaning up. So as this gets cleaned up, it sets the foundation for a faster growth in the future. So we'll hopefully see that playing out. So that obviously will impact the overall MHL growth as well.

The second part about your question about is the integration done? See, in services businesses, you're integrating largely people and cultures along with technology and processes. The technology and processes and infrastructure part is a little easier to do. The people and culture part obviously takes a little longer than 6 months.

So that will continue to be a work in progress. While the policies and guidelines and ways of working have been integrated, but culture and some of those things will take a little longer to

get done. But we have already -- and maybe Avadhut and Suren can talk to this, we have already -- the replication in infrastructure has been already removed.

So wherever we had duplicate infrastructure, that has been shut down, wherever we could get synergies from procurement, corporate cost, that has been done. But there are obviously some new costs that have come in like technology, audit, other things, which they may or may not have been doing in the same way as we are choosing to do today. Suren, Avadhut, if you want to add on anything?

Surendran Chemmenkotil: No, I think you mentioned that. So he asked the question of whether integration is complete or not. No, it is not. It's work in progress. I think we will take maybe a couple of more quarters to do the full integration completed. And yes, patient volume growth, there is definitely some impact of the Core Diagnostics volumes also helping us in terms of the overall patient volume growth for the company.

Surya Patra: Sure, sir. Second point, a related aspect. See, because of the Core integration, so now possibly the service offering quality and capability would have obviously seen a kind of improvement. So because of that, whether we have seen any upgrade to our TruHealth portfolio or package? And also recently, what we have added the ECG to this thing, TruHealth, so whether these 2 Core integration as well as ECG, whether that has created any uptick in the average realization for your TruHealth packages?

Ameera Shah: Just to clarify, Core Healthcare, Core Diagnostics, we acquired because it is a genomics-based platform specific in oncology. So therefore, the customers that you're selling to are mostly oncologists as well as oncologists sitting inside hospitals, right?

And now as we continue to expand our genomics portfolio to beyond oncology to neurology and obviously, to women and child, etcetera, which we are already doing, this will obviously add all of these other customers, but this will not impact your TruHealth profile because your TruHealth packages are largely more routine tests which are things where consumers are making decisions to come and sort of do a bundle of a check-up every year.

There are some people who talk about using genomic tests for packages like this, which can give you a predictive or a preventive outlook. But just to clarify on that, those things are not still scientifically proven. So by doing it from a preventive basis, doing a genetic test for a preventive basis, the data does not exist for India today that allows you to make a good correct scientific decision on the back of that. So we do not offer genomic tests as part of a preventive profile at this point of time.

So it will not affect the TruHealth packages. The TruHealth packages RPP is moving up because we are able to provide more test to the patient scientifically that is relevant for them and patients are willing to pay us a higher price for these packages for the brand premium, the quality of care and the accuracy that we bring to the table maybe compared to others.

Surya Patra: Yes. My next question was about the AI benefit. So see, obviously, this is theoretical so far that, okay, AI initiatives are benefiting us. But have you seen any tangible benefit so far? Could you say otherwise that, okay, what is the kind of investment on the AI-related aspect or upgradations?

And what tangible benefit that you are either have started seeing or anticipating to see going ahead? And in what form that you will be seeing the true benefit here?

Ameera Shah:

See, just to talk on AI, I mean, AI has been talked about from 2 different types, right? One has been on productivity and efficiency where you are able to replace manual labour on the non-medical side and be able to make your processes smarter and therefore, have more productive workforce, right? The second part is talking about using AI in the medical tests where you don't need doctors and all of that. So I want to separate these two.

When you're talking about AI in non-medical, I think there are real use cases for it. There are organizations across industries who are using AI, let's say, for recruitment, for screening profiles, for talent onboarding, for billing, for all kinds of things, for accounting. And I think those are real life use cases which are across industries. I think those are very much doable and implementable to get a tangible benefit from.

We are early in that journey, but there are a bunch of things that we are trying to implement that will hopefully get us there over the next year or so. And that obviously will be a continual journey work in progress. So we are investing resources and time in that area.

The second part of AI, which is using AI for medical tests where you don't need doctors is a very hypothetical scenario. In our minds, AI is a tool to empower doctors to make better decisions, not a tool replacing doctors. And therefore, again, it's about productivity within the doctor space.

Today, AI, you get these softwares or tools from the U.S. or Europe, which you cannot plug and play into the Indian ecosystem because you need Indian data sets that make these AI models relevant for the Indian patient, which at this point doesn't exist yet. And I think it's very much work in progress for the whole industry. It will take a few years for those to become relevant for the market here.

From a medical standpoint, you are seeing AI used for large-scale screening. For example, TB diagnostics are being done using AI by the State of Maharashtra, where chest X-rays are being used using AI, etcetera. But this is not a confirmatory diagnosis. It's a very screening tool. So the precision is not there today to give a 100% accurate report from. I hope that answers your question.

Surya Patra:

Yes, yes, really ma'am. Just last one point with your permission. So now obviously, that you are seeing the sweating of assets after creating significant network expansion. But simultaneously, hence, in the process that you are talking about expanding the pick-up points of the collection centres.

So is there any kind of a standard equation that you think you will go up to that level in terms of the collection centre addition looking at your network expansion? So whether any equation between like collection centre to lab or collection centre to kind of your patient service centre, such equation you have in mind?

Surendran Chemmenkotil: Well, I think neither in the company nor in the industry, there is no such ratios that lab versus collection centre per se. But we are currently at about 20, 22 centres per lab that we have, if I

look at across the country. The first destination is we would like to take this to 30 centres per lab. So that may happen maybe in the next 12 to 18 months' time. That's the first destination. Then we will look at the lab profitability and lab profitability has to start getting better. So that's one aspect.

And second aspect is most of the service centre addition that we are talking about is through the franchisee route. And very few of this will be happening through the own centres. Only in top 5 or 6 cities we will be adding our own collection centre. Rest all will be happening through the franchisees. So not much of impact that will happen on the overall profitability of the company while we increase the collection centres.

Moderator: The next question is from the line of Aashita Jain from Nuvama.

Aashita Jain: Just couple of questions. Firstly, on the organic growth of 12%, what percentage could be attributable to the price hikes that we took last year? And do we have any plans to take any price hikes in the coming year?

Surendran Chemmenkotil: Okay. Well, I think roughly 2% of the growth must be attributed to the price hike. And we do not have any plans to increase the prices during this financial year for sure.

Aashita Jain: Sure. And secondly, on the Core Diagnostics, we did mention that we are doing clean-up in the other acquisitions as well. But how should we see the revenues of the Core Diagnostics for this year? And how should we see Core Diagnostics as well as 3 the other acquisitions, these portfolios growing in the coming years? Would it grow faster than our standalone growth rate?

Surendran Chemmenkotil: I think Ameera clarified to you, I mean, in one of the earlier questions about the overall growth, like because we are just cleaning up the business. So we are not necessarily looking at the year 1 so much about the revenue growth. We're just making sure the whole portfolio is very sound, clean and stronger.

That's the year 1 focus. And year 2, of course, we will be taking the revenue growth in all these acquired entities. And definitely, it should further help the overall growth of the Group in the coming years.

Aashita Jain: Understood. But can these grow faster than our organic growth?

Surendran Chemmenkotil: Well, I think just give us a couple of more quarters to give you more specific answers to this. And I think we will do the estimation as we come closer to the end of this year.

Aashita Jain: Sure, helpful. And just lastly, a book-keeping question. When I look at this quarter, below EBITDA line item, the depreciation has gone up, and the other income has gone down. So anything to read into this?

Surendran Chemmenkotil: Yes, just a minute.

Sameer Patel: Other income has gone down because last year we had a cash which we had utilized in the month of March to acquire Core. And that's why the investment income has come down, and that's the reason for the other income coming down. And depreciation, certainly, we have added assets

last year during the year, which has now has the annualized effect of the depreciation. So overall, that's where it's gone up.

Moderator: The next question is from the line of Yogesh Soni from InCred Capital.

Yogesh Soni: Most of the questions have been already answered. I wanted to understand one thing on the test volume front. If one has to understand on the industry volumes based on doctor consultation tests, routine monthly tests, which are being done by patient and emergency test, can you help me understand, I mean, how much each of these tests would have a contribution in the overall volume front? If not for Metropolis, then in general for the industry?

Surendran Chemmenkotil: Well, not very handy with these numbers. So maybe we'll have to connect separately so at least we can give you the best answers.

Yogesh Soni: Okay. And just to get a sense on the Core Diagnostics scale-up that you mentioned during the start of the call for FY '27. What kind of growth are we expecting for Core once the integration is completed and we realize the initial synergies in FY '26?

Surendran Chemmenkotil: I think that's exactly what I thought I have clarified in the earlier question as well. So by the end of this year, we will be able to start giving you the correct projections around each of the entity, how much they will grow. But I think I said, overall, this should help further increase the growth of the company. That's what we will be looking at.

Moderator: The next question is from the line of Pranaya Jain from Banyan Tree Advisors Private Limited.

Pranaya Jain: So I have 2 questions. Number one is, can you talk about the consolidation that is happening in the industry? In the last 1, 1.5 years, has the pace of consolidation increased? And can you throw some colour on it based on geographies, say, like is West consolidating faster than some of the other geographies? That is question one.

And the second question is, can you throw some more light on the clinical trial business of yours? Like we wanted to understand who are your customers, what kind of projects are these and so on? Like some colour on clinical trial business will be very helpful.

Ameera Shah: Sure. I'll start with the industry and what we're referring to as consolidation. See, in our industry, the biggest good and bad has been that the sort of barrier to entry has been low and which is why you saw lots of small players, and we saw lots of new larger players enter.

What people realize after spending 2, 3 years in the industry is that while the barrier to enter is low, the barrier to scale is not so low. It's actually hard. And the barrier to scale profitably is extremely high.

So therefore, after a few years in the industry people who entered quickly, land at sometimes losing interest in the business because they feel that, okay, this is either going to take extremely long and it's not going to be so easy to actually make money from it. So therefore, then people slow down their aggression in the market and some of them shut down and some of them just continue to stay there, but they don't stay very aggressive and active.

Now at the same time, what's happening in the last 5 years, you've seen 3 changes. One, you've seen great technology adoption in healthcare because of which it naturally leads to the more organized players doing better because they have more capability and capital for technology.

The second, you've seen consumers beginning to choose brands because about 2,000 players became more brand visible during COVID because these were the ones doing COVID testing versus the 300,000 players in India. And therefore, you are seeing that now consumers are preferring brands even in healthcare and in diagnostics.

And that makes it harder for the small single lab owners who are non-branded and don't have chains. So I think a combination of these trends is leading to the organized sector growing a little faster and the small independent labs actually struggling to make sort of end's need.

Now even in the independent labs, there are 2 varieties. You have the technician labs, and you have the pathologist run labs. The pathologist run labs, which tend to be of better quality are still doing fine, are able to survive. The challenge they are having is more in a succession plan because often their kids don't want to pick up medicine or pathology and therefore some of them land up shutting their labs when they get older.

The technician labs, which are the very subscale labs, which don't really have a moat, or they don't really have a differentiator are the ones who are really struggling and are actually shutting down.

Now the data third-party data around this doesn't really exist in the industry. So whatever we can share is more from a pulse of the industry and our observation. So we don't really have data to tell you is it specifically adding in more markets. But I do believe that the more markets which are more educated and aware, which is more West and South, will certainly see probably more consolidation in my mind than markets of North and East where education is lower and therefore the focus on quality is lower.

And also markets where there is little access, like UP, Bihar and other markets, you may still see mushrooming of labs versus in the bigger cities it's harder to survive financially because of now higher competition and compliances, and therefore, probably the smaller labs will have a harder time. So I hope that gives you enough insight into that area.

Pranaya Jain:

Yes, that was very helpful. Can you throw some light on my second question as well.

Ameera Shah:

Clinical trial, yes. The clinical trial piece is where we really work with pharmaceutical companies. And pharmaceutical companies when they want to introduce a drug into India, either a drug that exists or a new one, they need to do clinical trial studies before exposing it to humans and selling it commercially. That's Phase I to IV. We usually participate in 2, 3 and 4.

We work with these companies where we do all the testing for their clinical trials. They like to partner with companies who have the ability to pick up samples from all across sites in India, have the ability to maintain the high quality that they need, to keep all the documentation and the audit trails that are required for them to get approval from Indian FDA or U.S. FDA.

So this business tends to be more structured and more difficult to enter compared to sort of the normal lab business. And that's why there are very few of us in the market who are able to do what we do. And I think I could be wrong, but I think that we are probably the largest player from testing in clinical trials or the number 2, if Avdhut or Suren want to add anything on that. It's not a very large market, but the market is a fairly profitable market and one that we've established a brand in.

Surendran Chemmenkotil: Yes. I think that's what on the clinical trial, the larger customers of pharmaceutical companies and healthcare research institutes to the specific question that you asked.

Pranaya Jain: This will be only for domestic testing, right?

Surendran Chemmenkotil: Not necessarily.

Ameera Shah: This will be MNC pharma as well as Indian pharma companies, both. And it will also be sort of CROs who are operating globally or in India who would be our customers.

Pranaya Jain: Any colour on how big this business is for us?

Ameera Shah: We don't have that separate segmentation actually at this point. So like I said, it's not a very large market, but it's a market that's growing. And every year is different because it depends on how fast approvals come in for drugs. So some years, it's low, some years, it's high. So while we put an effort into it, it's not a business that we expect to become extremely large.

Pranaya Jain: Understood. And it won't be ROE dilutive, right?

Ameera Shah: Not at all.

Moderator: The next question is from the line of Aditya Chheda from InCred Asset Management.

Aditya Chheda: So my question is on the centre expansion. Notably, over the last 3 years, the expansion in owned service network/centres has been faster, almost doubled versus the franchisee growth. So is it a function of the North market where we need to open more owned centres or if you can explain about the dynamics of the same?

And since you classified rural separately, would those be a mix of franchisee and owned? And the last question is your -- if you can quantify the lab network and centre network expansion in number that you would be doing for FY '26? Yes, these are the questions.

Surendran Chemmenkotil: Well, I think the number, let's say, 2 years back, the own network numbers were relatively lower. That's why last 2, 3 years, you find more number of owned centres coming up. And then most of the labs also come along with the owned centre. So we have added more than 100 labs in the last 3 years. So with every new lab addition, one more centre also get added. So that's how in all the key cities, you will find the own network has really gone up.

And the franchisee network is otherwise largely the way that we will grow the collection centres in the days to come. And in the rural areas, definitely, there is no owned centres. I mentioned it earlier; only top 5 cities or 6 cities will have our owned centres. Rest all will be the franchisee

centres. And like I said, for the rest of the year, we are estimating another 300 more centres to come up.

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

Ameera Shah: Thank you so much, everyone, for joining us today for the Q2 call. We remain very excited and optimistic about the trajectory for our growth. This has been a big year for us with organic growth doing well, but plus doing these 3 or 4 acquisitions that we have done in the first half of this year.

It's a lot to digest, but we are happy to say that we are on track, and the team continues to plug away and deliver the results on the acquisition front as well as on the organic front. We believe the second half of the year to continue to be quite stable. And we'll continue to focus our energies on really boosting productivity, boosting and accelerating organic growth in the next 6 to 9 months.

And obviously, by March, April, when we come back to you after Q4, we will be very happy to share our thoughts and plans for the next year and which direction that we believe we'll go in. But we believe we are in a very positive time at Metropolis and very excited about this year and the years to come.

So look forward to chatting with you guys more at the end of Q3. Q3 is obviously not always the best quarter in the year. It's usually the lowest because of festivals. And however, we continue to put our best efforts to do the maximum that we can. Thanks, everyone.

Moderator: Thank you very much, ma'am. On behalf of Metropolis Healthcare Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.