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To,

BSE Limited
Scrip Code: 542650

National Stock Exchange of India Limited
Scrip Symbol: METROPOLIS

Dear Sir/Madam,

Sub: Earnings call transcript for Q4 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 Q4 FY26 earnings conference call held on Thursday, May 14, 2026. The transcript is also available on the Company's website i.e. www.metropolisindia.com

You are requested to take the above information on record.

Thanking you,
Yours faithfully,

For **Metropolis Healthcare Limited**

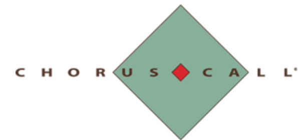
Kamlesh C Kulkarni
Head – Legal & Secretarial

Encl: A/a

"Metropolis Healthcare Limited Q4 & FY26 Earnings Conference Call"

May 14, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchanges on May 14, 2026 will prevail.



MANAGEMENT: **MS. AMEERA SHAH – PROMOTER, CHAIRPERSON AND WHOLE-TIME DIRECTOR – METROPOLIS HEALTHCARE LIMITED**
MR. SURENDRAN CHEMMENKOTIL – MANAGING DIRECTOR – METROPOLIS HEALTHCARE LIMITED
MR. SAMEER PATEL – CHIEF FINANCIAL OFFICER – METROPOLIS HEALTHCARE LIMITED
MR. MOHAN MENON – CHIEF MARKETING OFFICER – METROPOLIS HEALTHCARE LIMITED

MODERATOR: **MR. GAURAV TINANI – AMBIT CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 and FY26 Earnings Conference Call of Metropolis Healthcare Limited, hosted by Ambit Capital. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements do not guarantee the future performance of the company, and it may involve risks and uncertainties that are difficult to predict.

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

I now hand the conference over to Mr. Gaurav Tinani from Ambit Capital. Thank you, and over to you, Mr. Tinani.

Gaurav Tinani: Thank you, Swara, and good morning, everyone. On behalf of Ambit Capital, we welcome you all on the Q4 and FY26 Earnings Conference Call for Metropolis Healthcare Limited. Today, on the call, we are joined by Ms. Ameera Shah, the Promoter, Chairperson and Whole-Time Director; Mr. Surendran C., the Managing Director; and Mr. Sameer Patel, the Chief Financial Officer for Metropolis Healthcare Limited.

We will begin the call with opening remarks from the management, followed by a question-and-answer session. Thank you, and over to you, ma'am.

Ameera Shah: Thank you so much, and good morning, everyone, and thanks for joining us today for the Q4 and the FY26 earnings conference Call of Metropolis Healthcare. As mentioned, I'm joined by Suren, by Sameer, and also by Mohan, the CMO, and the rest of the leadership team and the IR Advisors. We've uploaded our investor presentation and related documents on the stock exchanges and the company's website, and I hope everyone has had an opportunity to go through the same.

Let me begin with a brief perspective on the broader diagnostics landscape before I move into the company-specific updates. The diagnostics industry in India continues to evolve in a very constructive direction. We are seeing a steady shift towards organized trusted players like Metropolis, as doctors and consumers are placing greater emphasis on quality standards, scientific expertise, lab compliance, and an overall superior experience. This transition reflects a maturing market where trust and reliability are becoming central to decision-making.

At the same time, the industry is also gradually moving beyond routine testing-led growth with stronger contributions now coming from specialty diagnostics, wellness, and more complex and clinically relevant testing. These areas not only enhance the depth of diagnostic insights but also align more closely with evolving health care needs.

In parallel, factors such as deeper digital engagement, improved consumer awareness, and a rising focus on longitudinal health monitoring are creating new opportunities for scaled and

credible diagnostic platforms. The broad direction has been visible in our earlier quarterly commentary as well, where we've consistently highlighted preventive care, specialty testing, AI-led enablement, genomics, and customer engagement as key structural drivers shaping the future growth of the sector. While competition will always be there, we believe the structural runway for us is strong without any unreasonable or disruptive competitive environment.

Metropolis remains well-positioned in the industry because our moat is built on capabilities that are difficult to replicate at scale: consistent lab quality, deep and long-standing doctor engagement, strong scientific and clinical expertise, best-in-class tech platforms, and a highly standardized operating model across the network. Together, these elements create a foundation that goes well beyond service-level differentiation and support sustained performance over time.

In diagnostics, trust is built not only through brand visibility and geographical reach, but through the accuracy, consistency, and reliability of what happens behind the scenes in the lab. Institutional knowledge built over years of experience further strengthens this backbone by ensuring that complex cases are handled with depth and accuracy. This remains one of the key reasons why Metropolis continues to earn trust with doctors and patients and sustain its leadership in the premium diagnostics space.

On digital and AI, our approach continues to be practical, measured, and focused on high-impact use cases. We do not see AI as a near-term disruptor in pathology, but an important enabler of productivity, service quality, customer engagement, and workflow efficiency. Over the past few quarters, we have strengthened our digital and AI tools across customer and partner platforms, lead management, workflow automation, contact center quality, and selective diagnostic applications.

Together, these initiatives are helping us build a stronger operating platform, improve productivity and efficiency, enhance customer experience, and support more scalable and sustainable growth for years to come.

Our genomics journey has continued to advance steadily and remains a key strategic pillar for the future. With the integration of Core Diagnostics and the ongoing strengthening of our central genomics platform, we are deepening our capabilities across critical areas such as oncology, reproductive health, inherited disorders, and precision diagnostics.

This platform is now anchored by 2 CAP-accredited genomic labs in Gurgaon and Bombay, along with the growing team of genetic counsellors across the country, strengthening our ability to deliver high-end genomic testing with quality interpretation and scale. This integration has also enabled us to expand access to high-end genomic testing across India through both our B2C and B2B channels.

Anyone can add machines, but the real difference in results lies in the personalized interpretation needed for every patient, which rests on institutional expertise and knowledge, not on the equipment. As a result, Metropolis is increasingly positioned as a trusted and credible leader in specialty genomics testing, capable of delivering advanced solutions at scale. We see genomics

evolving into a significant growth driver over time, particularly in disease segments where precision, nuanced interpretation, and strong scientific engagement are essential.

The participation and response we received at our recent genomics and scientific symposiums in Mumbai and Chennai have been so strong, clearly depicting that there are big gaps in the market for good clinical reports, which we can fill. We believe this is a strong testament to the clinical trust in Metropolis and to the relevance of the scientific platform we are continuing to build in genomics.

At the same time, we continue to make steady progress on productivity and platform modernization. Over the last few quarters, we have worked on lab platform upgrades, infrastructure consolidation, vendor consolidation, and more optimal use of technology across the network. These efforts are helping simplify the operating backbone, improve efficiency, and support structural cost discipline over time.

On the inorganic front as well, integration is progressing broadly in line with our expectations. For Core Diagnostics, we have committed that within 4 quarters of doing the acquisition, we would move from a negative 2% EBITDA to a high-single-digit EBITDA in Q4. We have completed this mission.

We are on our path for our 3-year commitment for a 20%-plus EBITDA at core. Over the past few quarters, our priority has been stabilization at the core, driving process alignment, integrating platforms, and realizing synergies across the acquired businesses so they are seamlessly embedded within the Metropolis umbrella and operating DNA.

We're now beginning to see tangible value emerge, not just from increased scale, but from enhanced capabilities, lab consolidation, better network utilization, procurement efficiencies, and a stronger foundation to support future growth. As we move ahead, our focus will shift more towards driving volumes and scaling the platform. This, in turn, will unlock efficiencies and leverage, providing a clear pathway for margin expansion over time.

Speaking of FY26, it's been a strong and well-executed year for Metropolis. We delivered organic revenue growth of 13.7%, better than our stated guidance of 12% to 13%. On a normalized basis, organic margins expanded by around 140 basis points to 25.9%, supported by sustained productivity improvements, ongoing lab platform upgrades, and consolidation initiatives.

As you know, we have also done a bonus share issue in March '26 to enhance the liquidity of our shares for shareholders. I'm pleased to share that the Board has also recommended another interim dividend of INR1 per share. This reflects the strength of our financial position and our continued commitment to creating long-term value for shareholders.

Looking at the past 3 years, we have accomplished the following: an organic CAGR revenue growth of 13% on a like-to-like basis, which is largely driven by test volume and patient volume growth; restored organic revenue margins to pre-COVID levels of around 26%; expanded lab capacity by more than 50% and increased our presence to more than 750 towns and cities across India; built a strong retail D2C mindset, resulting in self-referrals contributing 40% and B2C

business accounting for 60% of revenue, both creating a more sticky, higher-margin business model for the future. We expanded into basic radiology and vital checks in some centers on a pilot basis and are encouraged by the response.

We also, in the last 3 years, established a robust technology architecture from the ground up, enabling digital channels to grow from 0% to 25% of revenue, while making the organization significantly more automated. We also strengthened our scientific capabilities and enhanced our reputation amongst doctors and hospitals, and added the entire genomics segment.

This will lead to better price elasticity and the highest specialty mix in the industry. We also expanded our North India business, increasing the contribution from mid-single-digit contribution to revenue to 17% of revenues. And we added, enhanced, and rebuilt a stable and better-quality management team that can take the business forward.

Over the next 3 years, the vision is to grow at a CAGR of 14% to 15% in revenue. Organic revenues would come primarily via patient volumes, RPP growth, and price increases. And, an additional part of it would also come by adding strategic and value-additive acquisitions. Even though we are building a target for acquisitions, these would only happen if it's at the right deal at the right price and not just to add growth.

We are going to reimagine our processes through automation and technology enablement to drive center productivity and margin expansion with the goal of achieving a sustainable group EBITDA margin of 27% to 28% over the next 3 years, supported by profitability across every regional market and bringing core to a 20% plus margin profile.

We would like to continue to be the most respected scientific brand, not just in the West and South, but also in the North and East of India, by building relationships and trust amongst doctors. We're also building a network of 100 mini hubs over the next 3 years, which will encompass pathology and basic radiology to service retail and corporate clientele. 50 mini hubs would be the existing collection center locations upgraded to mini hubs, and 50 would be new centers to be set up.

We expect these centers to allow us to provide more services to our existing B2C customers, as well as corporate clients and insurance. We would expand our asset-light collection center network by adding 1,500 more centers, taking the lab-to-center ratio to 1: 35 from the current 1:24, and enhancing center productivity of existing centers by 20% over 3 years.

We would also like to build capability in Metropolis to build a tech-enabled D2C vertical, focusing on enhanced chronic business, acquired and serviced via digital and physical channels. Digital revenue in Metropolis has a higher customer lifetime value than brick-and-mortar businesses, and this, while enhancing the digital contribution, would enhance the RPP growth. Overall, the direction of the business continues to strengthen with stronger foundations, sharper execution, and better visibility ahead.

With that, I'll now ask Suren to take you through the operational performance and key business drivers for the quarter and the full year.

Surendran Chemmenkotil: Thank you, Ameera, and good morning, everyone. Let me take you through our performance for the quarter and the full year, and then spend some time on the key business drivers across channels, network productivity, margins, and operating outlook. For quarter 4 '26, MHL Group revenue stood at INR 425 crores, reflecting a year-on-year growth of 23% with EBITDA margin of 25.4% . For the full year, revenue stood at INR 1,646 crores, growing 23.6% year-on-year with an EBITDA margin of 24.4% .

Just as importantly, the underlying quality of growth remains strong, supported by patient growth, realization improvement, better mix and productivity gains. On an organic basis, revenue grew by 14.7% in quarter 4, driven largely by patient volume growth of 9.3% and realization improvement of around 5%

For the full year, organic revenue growth stood at 13.7% , as Ameera mentioned. It is also important to note that unlike last year, we did not take a price increase in quarter 4 due to GST reasons. This indicates that the quarterly performance was driven by healthy underlying demand, mix improvement, and better execution, leaving the price lever as an opportunity for growth later in the year.

Full year '26 was not just important for the performance we delivered, but also for the progress we made on several structural changes initiated last year. This includes strengthening the network through lab consolidation and a sharper center-to-lab ratio, driving productivity and margin improvement initiatives across the lab platform changes, building stronger and better quality B2B business, progressing our M&A integration playbook, and advancing our digital agenda. Importantly, these are not one-time actions. They are structural changes intended to improve the quality and sustainability of growth in revenue and profitability over time.

Let me first talk about the channels. In B2C organic revenue, we continue to see strong traction with revenue growth of 14.7% in the quarter and 14% for the full year. This was supported by the healthy demand across wellness, specialty, and routine testing, along with better customer engagement through both physical and digital channels.

In B2B organic, revenue grew by 14.7% in quarter 4 and 13.3% for the year. We have been working on improving ease of doing business, enhancing service consistency, deepening institutional and corporate relationships, and building a more sustainable portfolio with better unit economics.

From a segment standpoint, for the organic revenue, TruHealth and Specialty continue to perform very strongly. TruHealth and Specialty grew by 20% and 17%, respectively, in the quarter and by 21% and 16%, respectively, for the full year. These categories continue to improve both customer engagement and the overall mix quality of the business.

Let me now come to network and productivity because this is becoming an increasingly important part of our journey. Over the last 2 years, we have invested significantly in expanding and strengthening our lab and service center backbone. That heavy build-out phase is now largely behind us, and the focus has clearly shifted from expanded capex to throughput-led productivity.

In other words, the priority today is not just to add more infrastructure, but to get more output, better efficiency, and stronger leverage from the infrastructure we have already created. This is a key shift in our operating model and one of the important drivers of margin improvement going forward.

During the year, we added 490 centers, taking our total network to over 5,000 collection centers across more than 750 towns and 212 labs. At the same time, the productivity of the existing network improved with the same lab growth at about 14%.

And the center-to-lab ratio, which strengthened from 20:1 to 24:1, is a clear testament to the focused execution over the last year to improve network density and drive higher throughput from the infrastructure we have already built. Over the next 18 months, we expect to strengthen the feeder center network further and move this ratio closer to 30:1 in many markets, depending on cluster maturity, and over a 3-year horizon, we want to take this to 35:1 lab-to-center ratio.

Another important driver of improvement this year has been our productivity and margin agenda. During the year, we continued to work on the lab testing platform upgradation and standardization, equipment vendor consolidation, better inventory discipline through barcoding, and more optimal use of technology in labs across the country.

These interventions are improving turnaround time, material productivity, and throughput across the network, and the benefits started coming in in quarter 4. We expect them to strengthen further over the next 2 quarters as implementation progresses across the network.

Organic EBITDA margin for the quarter stood at 27.2% compared to 18.5% in the same period last year, while the full year EBITDA margin came in at 25.9%. Although the prior-year margin was partly impacted by onetime acquisition-related cost then, EBITDA margin expanded by 140 basis points even after adjusting for these costs.

This improvement was driven by a combination of better operating leverage, stronger specialty and wellness mix, productivity gains, integration synergies from acquisitions, and ongoing efficiency initiatives across the network.

On acquisitions, the portfolio continued to progress well. Core Diagnostics improved to a high-single-digit margin in quarter 4 '26, while Dehradun, Agra, and Kolhapur acquisitions continue to operate at margins above the company average. Over the past few calls, we have been clear that this year one is about integration, cleanup, and efficiency, followed by revenue acceleration on a stronger platform.

We believe we are now building a repeatable playbook for M&A integration across processes, people, systems, quality standards, and commercial synergies. And that will remain an important capability for us going forward.

To summarize, financial year '26 was a year in which both our business fundamentals and our operating model became meaningfully stronger. As we exit the year, we are seeing strong momentum across multiple areas of the business. Patient volume growth remained healthy in the 7% to 8 % range, supported by the lab additions made over the last few years, continuous center

expansion quarter after quarter, and the acceleration of our digital agenda. We are optimistic of sustaining the same going forward.

At the same time, RPP growth is being driven by an improving mix, led by enhanced TruHealth offerings, a higher specialty mix, and increasing contribution from genomics. Together, these drivers are helping us deliver consistent and broad-based revenue growth. Importantly, this growth is being complemented by a sustainable margin improvement. Our lab platform upgrades, vendor consolidation initiatives, and multiple productivity improvement programs are now translated into stronger operating leverage across the network.

We are also seeing encouraging progress in improving network productivity, strengthening the quality of B2B business, and successfully integrating acquisitions through a more structured and scalable playbook. What is particularly encouraging is that these gains are not driven by one-off factors, but by structural changes we have been implementing across the business over the last year. This gives us the confidence that the business is not only growing, but growing in a more sustainable, efficient, and high-quality manner. With this, I hand over the call to Sameer, who will take us through the details of the financial highlights. Thank you, and over to you, Sameer.

Sameer Patel: Thank you, Suren, and good morning, everyone. Let me briefly walk you through the key financial highlights for quarter 4 and full year FY26 for both the organic business and MHL Group. Let's start with an organic business. Organic business has delivered strong, consistent performance during the quarter and the year, driven by healthy growth across both B2B and B2C segments.

Quarter 4 FY26 revenue stood at INR 392 crores, growing 14.7% year-on-year, supported by 9% growth in both patient and test volume. Full year FY26 revenue stood at INR 1,510 crores, reflecting 13.7% year-on-year growth with patient volume growth at 7.5% and test volume growth at 8%.

B2C and B2B revenue for the quarter grew at 15% year-on-year, while full-year FY26 B2C and B2B revenue grew by 14% and 13.3%, respectively. Our focus segments continued to perform well. The TruHealth segment contributed 19% of FY26 revenue, grew by 21% year-on-year. And Specialty segment contributed 37% of revenue with 16% year-on-year growth.

With respect to margins, quarter 4 EBITDA stood at INR 107 crores with a margin of 27.2%, grew 69% year-on-year. Full-year FY26 EBITDA stood at INR 392 crores with a margin of 25.9%, reflecting 29% year-on-year growth. Quarter 4 PAT stood at INR 55 crores with a margin of 14.1%, grew 89% year-year. Full-year FY26 PAT stood at INR 194 crores, with a margin of 12.8% and 33% year-on-year growth.

Now, talking about MHL Group performance. At the MHL Group level, performance remained robust across revenue, volume, and profitability. Q4FY26 revenue stood at INR 425 crores, 23% year-on-year, with a patient volume growth of 11% and test volume growth of 14%. Full-year FY26 revenue stood at INR 1,646 crores, reflecting 23.6% year-on-year growth with the patient and the test volume growth of 12% and 13%, respectively.

Across channels, quarter 4 B2C and B2B revenue grew by 20% and 28% year-on-year, respectively. Full year FY26 B2C and B2B revenue grew by 19% and 31% year-on-year, respectively. Segment performance continued to strengthen. The TruHealth segment contributed 18% for FY26 revenue, grew by 27% year-on-year. The Specialty segment contributed 39% of revenue with a strong 32% year-on-year growth.

Profitability remained strong. Quarter four EBITDA stood at INR 108 crores with a margin of 25.4%, grew 71% year-on-year. Full year FY26 EBITDA stood at INR 401 crores with a margin of 24.4%, reflecting 32% growth year-on-year. Quarter 4 PAT stood at INR 51 crores with a margin of 12% and grew by 75% year-on-year. Full-year FY26 PAT stood at INR 191 crores with a margin of 11.6%, grew by 31% year-on-year.

Now, talking about the capex for the year. We have incurred a capex the capex stood at INR 65 crores. As highlighted earlier, our capital allocation strategy will become increasingly selective and productivity-driven. Investments are now focused on targeted network addition, specialty test expansion, technology upgrades, and digital capabilities. With most of the lab network already in place, future growth is expected to benefit from improved operating leverage and enhanced productivity as volume continues to scale.

With this, I open the floor for Q&A. Thank you.

Moderator: The first question is from the line of Tausif from BNP.

Tausif: We have talked about our revenue growth guidance of mid-teens for the next 2 to 3 years. Can you give some more colour on this? Can you tell us, in the last 2 quarters, have you seen some structural shift from unorganized player to organized player, and any competition from online players?

Ameera Shah: See, there's no third-party data available that tells you the move from unorganized to organized. But we having feet on the ground, the sense, like I mentioned in the speech, is that there is a movement happening, where consumers and doctors are finding more comfort in bigger brands, which have more predictability, and also the specialty market is increasing. We have to remember that oncology and neurology are the 2 fastest-growing therapeutic segments globally over the next 10 years.

And as more of these issues come into India as well, it means more specialty tests will happen rather than just routine, which naturally will happen with the more organized players and less with the unorganized players. So this mid-teens growth, 14% to 15% that we've guided for the next 3 years, is obviously a combination of volume, RPP increase, as well as some price increase, and that's the breakup of it.

Tausif: And ma'am, do you plan to take a price hike in this fiscal?

Surendran Chemmenkotil: Well, at this point of time, we are not looking at a price increase. But as the year progresses, if there is a need for us to do it, we would not hesitate to do so.

Tausif: Okay. And just a follow-up question on your guidance. We have guided the EBITDA margin of 27% to 28% next 3 years, but how should one see the next fiscal? Will be the range of 26%, that's quite achievable?

Surendran Chemmenkotil: So we'll definitely be looking at about 125 to 150 bps improvement in the coming year.

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

Raman KV: Just a follow-up on the guidance part. You mentioned that you will be growing at 14% to 15% CAGR over the next 3 years. How much will this be from the volume growth in terms of patient volume growth, and how much will be in terms of better price realization coming from Specialty and Core Diagnostics?

Surendran Chemmenkotil: So, about 8% to 9% of patient volume growth is what we are estimating for the coming fiscal for sure, right? And the remaining 5% will be coming from the realization.

Raman KV: Understood, sir. And sir, my next question is with respect to the Specialty division. For the past 2 years, the contribution the revenue mix from Specialty division has been around -- hovering around 35% to 37%. So are you planning to increase your wallet share in the Specialty division -- like contribution from your Specialty division going forward? Or do you think this is healthy

Surendran Chemmenkotil: Yes. Definitely, I think there are 2 big levers we have beyond the existing specialty testing capabilities. One, of course, we talked about the genomics journey that we have already started and are accelerating. And the second one is the Core Diagnostics' product capability that we have, which we'll use across our network. I mean, these two things added to our otherwise the Specialty portfolio that we have to be able to take the Specialty contribution further higher.

Raman KV: So, are you expecting that this year, it will be around 40%?

Surendran Chemmenkotil: I think so.

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

Sudarshan Agarwal: In the initial comments, you said you are adding some 100 mini hubs. Can you tell me the nature this is how this is different versus your collection centers? And how many do you have in your existing network? And what is the differentiation in terms of capex requirement for, let's say, mini hub versus your normal collection centers?

Ameera Shah: So normal collection center just obviously we collect blood samples there and then transport it to lab for testing. One of the things that we have done over the past 2 years is, we have added some ECG, x-ray, and in some limited locations, sonography as well to sort of see whether we are able to increase the RPP per patient by doing that. And we have found that, that has helped us. And therefore, we wanted to go out and do this in a bigger way.

Now, it will not be about just adding X-ray, ECG, but maybe some more basic radiology modalities, not like a CT MRI, but more basic modalities that could include, in some cases, the bone density machine, in some cases, a mammogram -- mammography machine, or in some cases, a bigger X-ray machine.

And the idea is basically that you're creating enough services at the local level. It is not just blood, but blood plus radiology, plus, in some cases, it requires a consultation possibility, and making these into slightly bigger, more service infrastructure centers, which can be then utilized not only for retail customers, but for corporate customers as well.

Sudarshan Agarwal: Okay. And the capex would be higher for these centers?

Ameera Shah: Of course.

Sudarshan Agarwal: By how much?

Ameera Shah: It will be higher than a collection center, but it will probably be similar to sort of a satellite lab. About INR 30 lakh, INR 40 lakh is approximately what we are estimating at this point in time.

Sudarshan Agarwal: Yes. Got it. And last one more on the bookkeeping side. So I was looking at your bridge through organic to growth. So when you mentioned that Core Diagnostics is at high-single digit, but if I subtract your MHL Group revenues and EBITDA from your MHL organic numbers, the M&A portion margin comes to around 4% to 5%. So is there some intersegment elimination that is happening? Because I cannot reconcile the numbers to high single digits otherwise?

Sameer Patel: Certainly. So, what happens when the business is generated from MHL and the processing happens on the Specialty and the Core, at the consolidation level, there is an elimination of revenue and the margin that will be there. And therefore, you will see that.

Sudarshan Agarwal: Okay. That benefit may be sitting on the organic margin that you have?

Sameer Patel: Yes.

Sudarshan Agarwal: Got it. And one last bookkeeping. Your depreciation increased quite sharply on a Q-on-Q basis. I assume this is due to the genomic machinery that was expected. Or was there some one-off or impairment that happened during this quarter?

Sameer Patel: It's a mix of a few things. Certainly, genomic machine has come. Also the capex investment in the later part of the year, and hence, Q4 sees the full depreciation impact. Also, the network expansion was more aggressive in the second half. So that's where those elements are reflected in depreciation.

Moderator: The next question is from the line of Surya Patra from PhillipCapital.

Surya Patra: My first question is on the growth side. What I'm seeing that, okay, the Tier 1, Tier 2, Tier 3, in all the regions, the growth looks similar because the revenue mix is also similar on a Y-o-Y basis. So the general understanding is that Tier 2 and Tier 3 should be growing faster than the cities because cities would have all possible forms of competition. So, question is that, okay, so are we not anticipating better growth or faster growth in the beyond Tier 1 market, and hence, progressively better growth with the mix improving towards that side?

Surendran Chemmenkotil: Let me help you to decode the tier-wise growth, Tier 1, Tier 2 growth. Tier 1, we have added Core Diagnostics is coming on largely on the Tier 1 setup, and you see a much higher growth in

Tier 1 for the last year. Similarly, on Tier 2, you have cities like Dehradun, Agra, et cetera, that have been added, and you will find a higher growth in Tier 2.

And Tier 3, we are growing at about 26% to 30% in the last few quarters. So definitely, the Tier 3 and above is showing a much higher growth than the Tier 1, Tier 2 on a like-to-like basis, and it will continue to be so.

Surya Patra: Okay. And these digital initiatives that we are talking about, should we consider them as a kind of lever for margin expansion? Or it drives even volume?

Surendran Chemmenkotil: Yes. It drives volume first. And of course, the cost of servicing is relatively lesser than that of non-inorganic channel. So, definitely, the margins get better as our digital revenue scales up.

Ameera Shah: Just to add, it depends on the way you acquire a customer, right? I mean, look, there are many health tech companies that are looking at deep discounting to acquire customers, which is not the Metropolis way. So if you do deep discounting to acquire, then obviously, that business may not have strong unit economics and may not be positive profitably.

But the kind of business that Metropolis is acquiring digitally is more on the back of already a strong brand that we have in physical channels on the ground, which allows us to, therefore, have a lower cost of acquisition, a lower cost of servicing, and a higher customer lifetime value, which could therefore result in a better margin for Metropolis. It doesn't mean it's the standard for the whole industry.

Surya Patra: Another point was about the inorganic growth. Is there any scope for that? Because it looks like that, okay, having done the Core Diagnostics now, we are focusing more on the organic part. And we also do understand that the targets in the diagnostic space within India, if you see, are more or less singular labs largely. Hence, the M&A possibility looks limited or less. So what is your view on that, on the scope of the inorganic growth?

Ameera Shah: See, actually, there are -- like you said rightly, there are some 3 lakh labs in India, and 90-odd-percent of them are single labs. There are some chain labs, which have been created regionally, and there are many, many assets available for acquisition. But we generally find that the quality of many of the assets available for acquisition may not meet our standards for what we would like to buy.

So, we will remain selective, but we continue to see opportunities at play. We continue to explore them. And obviously, when something looks like the right candidate, which is adding something strategic to us at the right price, then obviously, that's when we go ahead to try to close the deal. But broadly, I think we can continue to see inorganic action for the next few years.

Surya Patra: Okay. Just one clarification from my side. What portion of our, let's say, test volume would be led by insurance companies?

Surendran Chemmenkotil: That's very insignificant at this point in time. We don't have high volumes from the insurance segment as of now. We are just building our portfolio at this point in time.

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

Shyam Srinivasan: Just one on the opening remarks of trying to increase our branch productivity our network productivity by 20% for mature stores. Can you just double-click on that, please?

Surendran Chemmenkotil: So we have set up all these, let's say, last year, 500 centers, and the year before that, 500 centers. In the initial days, once the centers are set up, we just drive to improve the walk-ins into these centers by engaging with the doctors nearby, and we're also engaging with the hospitals, clinics, et cetera, nearby, and also doing many other activities to engage with the customers in the neighborhood.

So, that helps us to improve the productivity of each of the centers that we have set up. So I mean, on a year-on-year basis, about 8% to 10% improvement on the productivity of the same center, over a 3-year period, we are definitely able to get a 20% improvement from the same centers that we have set up in the last maybe a couple of years.

Shyam Srinivasan: And is there any absolute number that we are starting with, like this is the right numbers per center, if there is any metric like that?

Surendran Chemmenkotil: So for us, in our own centers, for example, the average productivity is around INR 3.5 lakhs to INR 4 lakhs per center. When we set up in year 1, this comes to around by the end of year 1, we do about INR 1 lakh, INR1.5 lakhs, and we bring this into above INR 3 lakhs at the end of the third year. So that's the number for our own centers, and this number is different -- differ for the franchise centers and the rural centers.

Shyam Srinivasan: Got it. Very helpful. My second question on the other comment on digital channels, right, that they now contribute -- did I get it right when you said it's contributing 25% of revenue? If you could explain that, please? And what are some of the measures? I know we've been investing in technology. But just want to understand the nature of this channel? Is it like D2C? Or am I missing something?

Surendran Chemmenkotil: So these are largely D2C. Let me talk about 3 distinct channels here. One, of course, our Metropolis app, we drive customers through the Metropolis app and engage with them. And secondly, I mean, we acquire customers through our website, where we will encourage the customer to come and place his request for a test.

And the third one is our customer data platform, which is a CLM engine that we talk about, our existing customer. We reach out to them through digital modes and give them what the next best action is, or, on the basis of their past testing trends, what's the right thing for them to do in the coming days. And these are 3 big initiatives that we do to drive the digital customer acquisition.

Moderator: The next question is from the line of Alankar Garude from Kotak Institutional Equities.

Alankar Garude: Sameer, can you elaborate further on the intersegment eliminations? And how long will these eliminations continue?

Sameer Patel: It will be there always because when the core business is going to process genomics business and oncology business, and the revenue is generated across the network. That is the synergy benefit that we are expanding the test menu across the country to all our clients and clinicians. That is where the revenue is generated, and then the processing will happen. So that's why the intercompany transfer will happen, and the elimination will be there.

Surendran Chemmenkotil: If I can just add to what Sameer said, one of our objectives is to drive high-end oncology revenue of the core products through the MHL distribution network. So we will keep on stepping up this particular engine and start selling more and more core products through the MHL distribution engine. So you will -- as the revenue grows, and of course, there will be more and more intercompany adjustments. But when you look at the group level, this anyway gets utilized, and we'll report the net number at the group level, as you know.

Alankar Garude: Got it, sir. Just thinking whether, ideally, we should split the intersegment eliminations between the organic and the inorganic EBITDA when you report it in your presentation. Would that be a better approach? Or do you think organic EBITDA is what the true EBITDA is as we report in the presentation?

Ameera Shah: Honestly, we can go and split the heads, but the reality is now the acquisition is a year old. So everything is going to be organic anyway from April 1. So it really doesn't matter. It will all get consolidated into the group anyway.

Surendran Chemmenkotil: Quarter 1 onwards, you will be seeing only one number in our presentation, which is the organic or a company-level number. Last year, we provided this because acquisitions and integrations were just happening.

Alankar Garude: Fair enough. The second question is, you have been seeing a pretty good increase in revenue per patient, as well as revenue per test, despite not taking any price hikes over the last few quarters. Now, premiumization and TruHealth have been important drivers. Specifically, on TruHealth, based on the visibility you have today, from 19% currently, to what level can the mix increase over the longer term?

Surendran Chemmenkotil: Well, I mean, this can definitely go beyond 25% as well, I mean, in the next 2 to 3 years period. And I mean, every year, I think we are moving this up by a couple of percentage. Maybe in the coming year, we will further step up our efforts to make it faster because we are now, in the TruHealth packages, we are including vital checkups, consults, basic radiology, and also going forward, maybe some of the other adjacent services we'll keep adding. So the overall RPP will keep getting better on the TruHealth packages. So we would like to see this moving faster the contribution of TruHealth moving faster in the coming years.

Moderator: The next question is from the line of Kunal Thanvi from Banyan Tree Advisors.

Kunal Thanvi: I had two questions. One was on the gross margin expansion that we have seen for Metropolis and for other players as well. So, can you double-click on this and explain what is driving the gross margin improvement? Is it the scale advantage that we're seeing from our suppliers? Or does it also have to do with the on-ground competitive intensity kind of softening in the last 1

year? Because the trend has been true for almost all the diagnostic players. That was the first question.

The second question is on our core markets, something like Mumbai. What kind of volume growth are we witnessing there? Because in a few con calls, you said that you've been gaining market share in the core markets like Mumbai as well. Is the trend still continuing?

And the last one was, you talked about the brand expansion is largely behind us, and from here on, we will see operative leverage. If you can, again, double-click on the current utilization level on a consol. basis and how that is expected to move around in FY27 and then in '28? These are the three questions.

Surendran Chemmenkotil: Okay. Let me address the first question, which is the gross margin improvement. There are two things that are really helping us to improve the gross margin. One is, like we mentioned in our speech, we have undertaken a lab platform consolidation and upgrades. We are just consolidating some of the vendors and moving into better, higher-efficiency, more productive, technology-enabled, and scalable platforms. In this process, we will get a scale advantage.

In this case, we'll get some advantages coming out of the technology, and overall, our material consumption hence improves. And also during this year, we have introduced barcoding in all our 220 labs, which has also further helped us improve our material consumption percentages.

And the second thing that we mentioned, last year, we did not significantly add any new labs. Our lab addition phase is over, I mean, a year back. In the coming year also, we are not planning to add a high number of labs in the network. So these 2 things will definitely helping us to improve the gross margins.

And the second question was about -- what you said? The Mumbai City volume side. I think it's largely in line with the overall volume growth of the company. I mean, give or take 1% here and there, that's the number that we see across the geographies. But of course, we see a much higher patient volume growth on the northern part of the market for us, I mean, for this year, because of the new acquisitions that we have done on that side. But otherwise, largely across the country, we are getting stable and good patient volume growth across.

Kunal Thanvi: Sure. And on the utilization of the lab's overall capacity?

Surendran Chemmenkotil: See, we talked the lab, what you call, productivity has gone up by 14% during this year, right, because that's why we'll not add any more labs, and add more centers to feed them, the lab utilization goes up. See, all these labs are of different category. Some of them are big regional reference labs.

Some of them are global labs. Some of them are satellite labs, and some of them are greenfield labs. It's very difficult for us to give one unit as lab utilization per se in this business. So, I mean, we can talk more about when we set up a lab, we are just starting fresh. And then, every year, if the growth goes up by 14%, 15%, that's utilization growth that you can relate to.

Kunal Thanvi: Got it. If I can squeeze 1 more question, that has to do with -- when we're talking about this productivity improvement, the efficiency improvement, the use of technology, et cetera, et cetera, from a longer-term perspective, meaning like 5 years, 10 years out, what kind of steady-state margins this business should have?

Because the kind of gross margin expansion that we have seen, what is -- at some stage, when the expansion -- when most of the labs that we're adding today will get kind of utilized to an optimal level, like this 27%, 28% EBITDA margin is the -- aspire to make -- or over a longer period, margins can even move further if we don't chose to invest aggressively in the way we've done in last few years?

Ameera Shah: See, margins can keep expanding till the time you have operating leverage, right? I mean, as long as you're able to keep growing the business and your cost growth is lower, you can keep having operating leverage. But finally, I think when we are building a business, you look at it not only from a short-term basis but also from a medium- and long-term basis, and keep reinventing yourself and investing in strategic initiatives that allow you to build second and third growth engines for the future.

So, maximizing the EBITDA may not, in our mind, be a smarter strategy. We believe a sustainable EBITDA of 27% to 28% over the next 3 years makes sense for us. And if we are able to generate more operating leverage, we would like to invest it back in the business, either in terms of adding services or building the brand further, or building further distribution. That's the direction we would like to go.

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

Kaustav Bubna: Previously, you mentioned that your growth in Tier 1 areas is less than in single digits. So, I wanted to understand really because -- let's take Mumbai, for example, right? So, in Mumbai, even a Tier 1 city, is broken down into different areas where consumption patterns would be different because of the type of people with different income levels staying in those areas.

So, if you take Bombay, for example, right, and you say what would your expected growth rate be in a place like Mumbai? And if you had to actually break that down between the areas of Mumbai, like North, South, East and more Eastern area like the Kalyan side, etcetera, what would you say Metropolis', how you call it, presence is in these areas? And how would the growth rate differ in these different areas of Mumbai?

Surendran Chemmenkotil: See, Mumbai is our biggest market, as you know. We have about 500 service centers across Mumbai, not only in the metropolitan area, but also spread into -- across even the outskirts of Mumbai. So, we are present in whichever -- whether it's Kalyan or Borivali, or I mean, Virar, Vasai, I mean, all areas we are spread across, and we keep increasing the network footprint in this area. So, this is a continuous process. And in Mumbai also, we are growing at 13%, 14% kind of revenue growth on a year-on-year basis.

It will be difficult for me to share further micro market segmentation of Mumbai and tell you how much is the Kalyan growth, how much is the Thane growth. That will be very difficult for

me to share with you. But at an overall level, most parts of the Mumbai are growing at 13%, 14% kind of growth.

Ameera Shah: And just to clarify, I think the Tier 1 growth is not single digit, but it's closer to 11%.

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

Ameera Shah: Thank you to all for joining us today for the Q4 and the FY26 earnings call. We appreciate all the engagement and all the questions. We've had quite a tremendous year, not only a year with a strong organic growth, but a year of fundamental building, which has also helped us expand our margins quite significantly, and also a year where we did four acquisitions and have not only absorbed them but seamlessly integrated them into the business, realizing obviously a very fast growth rate of about 23.6% for the whole year.

We are very, very excited and positive about the next 3 years, and we believe that via three or four channels, or via three or four sort of pillars we will continue to build the business very strongly. We are doubling down on technology. We are doubling down on building engagement with our consumers and building the brand through experience, and doubling down on science and really building the scientific foundation even stronger.

Obviously, all of this is going to be enabled by the right people, the right talent, and finally to result in a commercially and a stronger business and a bigger business in the next few years to come.

So, we continue to remain excited, and we look forward to meeting all of you soon. And we are looking forward to actually planning a sort of day in our lab sometime in June or July. We'll come back to a lot of you, where we would be very happy to host you, show you around, and engage you even more deeply. Thank you so much.

Moderator: Thank you very much. On behalf of Ambit Capital, that concludes this conference call. Thank you all for joining us, and you may now disconnect your lines. Thank you.