

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs1984	102.8	Accumulate	Rs2400	21%

*as on 06th Feb, 2026

About the Company:

Metropolis Healthcare Ltd (MHL) is one of the leading and renowned diagnostics companies in India, and operates in 750+ towns across India; with strongholds in metros and growing reach across Tier 2 and Tier 3 cities. The company offers a broad range of approximately 4,100+ tests and profile which includes advanced tests indicated for the diagnosis of cancer, neurological disorders, infectious diseases, and an array of genetic abnormalities. MHL conducts its operations through laboratory and service network. The laboratory network consists of 210 clinical labs and 4500+ service networks. Ms. Ameera Shah is the Promoter and Executive Chairperson of the company.

Results: Quick Glance:

- The net sales for the quarter reported a growth of 25.8% to Rs4,059mn as compared to Rs3,228mn in Q3FY25
- The Ebitda margins for the quarter under review stood at 23.4% as compared to 22.3% in Q3FY25
- The company reported profit of Rs421mn as compared to Rs315mn in the same quarter last year
- The EPS for the quarter stood at Rs7.99 as compared to Rs6.12 in the corresponding period of last year
- For 9MFY26, the revenues came in at Rs12,212mn as compared to Rs9,859mn; growth of 23.9% while the PAT stood at Rs1,402mn as against Rs1,163mn. The EPS came in at Rs26.85 as against Rs22.60 in 9MFY25
- The Board has approved and recommended a bonus issue in the ratio of 3:1

Conference Call Highlights:

- The diagnostic industry is witnessing stable demand which is attributed to speciality testing and preventive healthcare as compared to routine tests. With regard to global uncertainties (especially tariffs), the healthcare and diagnostic industry being largely domestic in nature has a neutral effect of these challenges and MHL too doesn't foresee any impact of the same
- **B2C business: organic** revenues in Q3FY26 came in at Rs2,230mn; growth of ~15% on a y-o-y basis. The patient volume and RPP grew by ~7% and ~8% respectively led by increased contribution from TruHealth and Speciality segments. The overall revenue contribution from B2C (organic) came in at ~60.1% in Q3FY26. B2C TruHealth revenue grew at ~21% (on a y-o-y basis for the quarter under review) while B2C speciality grew by ~17% on a y-o-y basis in Q3FY26. The contribution from B2C at MHL group level stood at ~57.1%. The group level B2C reported revenues of Rs2,320mn in Q3FY26; growth of ~19% on a y-o-y basis
- **B2B business: organic** revenues in Q3FY26 grew by ~15% on a y-o-y basis at Rs1,480mn. The patient volume and RPP growth came in at ~11% & ~4% respectively; the overall revenue contribution from B2B (organic) stood at ~39.9% in Q3FY26. The growth was aided by specialty and corporate client additions, digital partner integration, query resolution platforms, enhanced service levels enabling client stickiness and thus increasing the wallet share. B2B speciality tests grew by ~16% on a y-o-y basis for the quarter under reference. B2B TruHealth (with focus on wellness approach) grew by ~50% for the quarter. The group level B2B reported revenues of Rs1,740mn in Q3FY26; growth of ~35%; with a contribution of ~42.9%
- The organic segmental contribution for the quarter under reference stood as Routine: 16%, Semi-special: 27%, Specialty: 38% and TruHealth: 19%
- MHL's revenue share in Tier 1 stood at ~68%, Tier 2: ~7% and Tier 3: ~24%. The revenue growth in these cities in respective order came in at ~29%, ~16% and ~16%. In terms of regional revenue contribution for Q3FY26; the same stood as: West at 51%, South at 28%, North at 17% and East at 4%. The **Northern** region is experiencing a faster growth given the acquisitions made in the recent past
- The organic revenues from **TruHealth** packages stood at Rs690mn in Q3FY26; growth of ~25% on a y-o-y basis; the contribution stands at ~18.6% for the quarter as against 17% in Q3FY25. Radiology-integrated wellness offerings (USG, x-ray) were up 2.0x on a y-o-y basis led by growing consumer demand. The digital channels are scaling rapidly, contributing an increasing share of TruHealth sales. The premium TruHealth portfolio witnessed an increase of ~200bps when compared on a q-o-q basis while the rural TruHealth offerings witnessed a growth of ~3x on a y-o-y basis which was attributed to new chronic screening packages. For **basic radiology** testings, which are related to x-ray, ECG and ultrasound, the same has been already deployed across its centres and is expected to witness a further scale up going forward. As far as the high-end radiology services are concerned (such as MRI), the Management is evaluating and exploring on options whether the same can be implemented

Conference Call Highlights (contd.):

- **Speciality revenue:** the organic revenues came in at Rs1390mn; growth of ~16% in on a y-o-y basis in Q3FY26; the revenue contribution stood at ~37.5%. Recently in Jan'26, the company has launched **centre of genomics** where MHL will deploy Illumina's NovaSeq X Series to strengthen genomic research and broaden access to advanced insights. The Next-Generation Sequencing (NGS) portfolio is witnessing a good double-digit growth on a y-o-y basis which is assisted by rapid clinician adoption and platform scaling. The AI-driven allergy CRD reported a growth of ~80% on a y-o-y basis
- **Lab additions:** The lab network stood at 219 in 9MFY26 (the company added 94 labs from FY21-9MFY26, added 2 labs in Q3FY26 and closed 4 labs for consolidation; the Management anticipates atleast 2-3 more lab integration/closure in the upcoming quarters). The company has increased its coverage presence from 300 towns in FY23 to ~750 till date. ~112 centres were added in Q3FY26. As of 9MFY26, the service network stood at 4862 (bifurcated as rural: 964, franchise: 3261 and owned: 637)
- **Core Diagnostics:** the Management's anticipation was for a higher single digit Ebitda margins in Q3FY26 as compared to Q2FY26; but on account of delay in machine arrival towards the launch of the genomics centre (launched in Jan'26); the testing was outsourced which led to lower gross margins (though not a significant drop) and invariably the Ebitda margins. The tests are now done in-house w.e.f. Jan'26. The Management expects the gross margins to pick-up pace in Q4FY26 and the Ebitda margins for Core are anticipated to be high single digits in FY26E
- The Ebitda margins for DAPIC-Dehradun and Scientific Pathology, Agra continue to exceed the company's (group) average margin levels
- In Q3FY26, the Board approved to execute the business transfer agreement for sale and transfer of External Quality Assessment Services Business (EQAS division) to Metropolis Quality Solutions Pvt. Ltd (WoS of MHL) as a going concern through a slump sale for a consideration of upto Rs12.5mn subject to any closing adjustments, to be discharged by MQSPL either in cash and/or through the issuance of its equity shares. The transaction is anticipated to be completed within 6 months from the date of signing the BTA
- The company is considered the 1st in the Indian diagnostic industry to receive a **patent** by the GOI for Patent Clinician Decision Support System (CDSS) TB Metrobot; this will enable the company to engage more with prescribing doctors
- In terms of GST related transitions, the reagents which are a part of consumables are at 5% alone while some have moved towards 12% with no significant benefit that has been reported. The fluctuation in the rupee/dollar doesn't impact the reagent sourcing on a larger scale for the company as the reagent vendors are largely from the EU and Japan and very less exposure from the US markets. As a policy every year in Jan the company undertakes a **price revision** but the Management has delayed the same for now
- The capex for 9MFY26 came in at Rs400mn at the group level while for FY26E the Management intends to incur atleast Rs550-600mn. The cash as on 9MFY26 stood at Rs1,270mn

Financials:

Performance (Q3FY26)									
Q3FY26 Result (Rs mn)	Dec-25	Dec-24	y-o-y	Sept-25	q-o-q	9MFY26	9MFY25	y-o-y	FY26E
Total Revenue	4059	3228	25.8%	4292	(5.4%)	12212	9859	23.9%	15529
EBITDA	948	720	31.7%	1082	(12.4%)	2928	2407	21.7%	3607
Other Income	90	26	-	9	-	174	81	-	210
Interest	57	45	26.4%	57	0.9%	166	140	18.8%	217
Depreciation	319	277	15.1%	324	(1.6%)	951	801	18.8%	1236
Exceptional Items	91	0	-	0	-	91	0	-	91
Tax	151	109	38.8%	181	(16.9%)	492	385	27.7%	612
Net Profit	421	315	33.7%	529	(20.4%)	1402	1163	20.6%	1661

Outlook and Recommendations:

The decent performance for the quarter under review is well reflected across all the operational metrics with 14% and 13% growth on a y-o-y basis at the MHL group level for the patient and test volumes respectively whereas on the organic side the patient and test volumes reported a growth of 9% and 8% respectively. The organic revenue growth came in at 15% on a y-o-y basis which reflects the continuing growth momentum for the company. As far as the group level performance is concerned; the revenues grew by 25% on a y-o-y basis for Q3FY26. Despite the softer industry sentiments pertaining to festive holidays coupled with reduced footfall, MHL's performance remained resilient across all parameters and business segments for both the quarter as well as 9MFY26. This continued growth trajectory is attributed to steady demand trend, deeper market penetration across tier-2 and tier-3 markets and favourable mix shift towards complex and specialised testing. B2C and B2B organic sales have registered a growth of 15% each on a y-o-y basis. Contribution from the B2C segment now stands at ~60% of the overall organic sales in Q3FY26 while at the MHL group level the contribution came in at ~57.1%. Within the B2C segment, TruHealth and specialty testing grew by 21% and 17% respectively and this was assisted by patient volumes and RPP that grew by 7% and 8% on account of scientific led upselling. B2B contribution stood at ~39.9% at the organic level for the quarter while at group level the contribution stood at 42.9%. The specialty and TruHealth grew by ~16% and ~50% respectively under the B2B business. A volume growth of 11% and an RPP growth of 4% coupled with corporate client additions; were factors that contributed to the surge that was reported for TruHealth packages under the B2B segment. The integration of MHL with Core Diagnostics continue to offer cross selling opportunities for super-specialty tests across the MHL network that would enable the group to accelerate revenues and volume growth. Although the Ebitda margins for Core Diagnostics were not as per the internal expectations set by the Management; delays in machine procurement postponed the launch of center of genomics to Jan'26 which led to lower gross margins (though not a significant drop) as the tests were outsourced. However, testings are now conducted in-house w.e.f. Jan'26 and the Management expects the gross margins to scale up in Q4FY26 whereas the Ebitda margins for Core are anticipated to be at high single digits in FY26E. Post the launch of the center of genomics, Management expects faster growth in therapeutic areas of oncology and urology at the industry level over the next 10 years. The Management expects to enhance its customer network in the existing towns in order to generate higher volumes and revenues from tier-3 cities. As on date revenue contribution from North India stands at ~17% while tier-3 cities grew by 16% thereby contributing ~24% to the overall sales. With regard to GLP-1, the company continues to track developments on the same and anticipates repeat and regular diagnostic testing to take place once the drug is fully matured in the markets. The repeat tests related to obesity and weight related management are also expected to gain traction.

On the financial front, organic Ebitda margins stood at 25% while the group level margins came in at 23.4%. The group level margins were slightly lower due to lower contribution from Core margins. In terms of profitability, the same grew by ~33.7% at the group level on a y-o-y basis; adjusting for one-time impact of labour code amounting to Rs91mn for the quarter, the PAT grew by ~62.6%. The Management expects to further witness an impact of ~Rs50-60mn on account of labour code related changes. The company's efforts towards automation and digitisation initiatives are progressing at a gradual pace. From a long-term perspective, scaling of the inorganic businesses, focus on the organic growth, enhancing the B2C contribution and working on automation tools are some of the factors to vouch for. MHL continues to be cash-rich and maintains a debt-free status. We continue to maintain an accumulate on the stock for a target of Rs2400.

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