

Metropolis Healthcare | BUY

In line 1Q; Growth outlook remains strong

Metropolis delivered a strong performance in 1QFY26, with rev./EBITDA growth of 23%/14% YoY, in-line with estimates. EBITDA Margins at 23.2% (-190bps YoY) beat our est by 88 bps. PAT at Rs 451mn was up 19% YoY and 8%/10% beat on street/JMFe estimates. B2C revenues grew by 16% YoY, with patient volumes +9% YoY and RPP +6% YoY, contributing to 56% rev., while B2B grew by 10% YoY with patient volumes +4% YoY and RPP +6% YoY, with incremental contribution from Core's business. With the hiving off of institutional business and Maharashtra B2C business growing 16% YoY, mngt expects B2C mix to contribute +60% in medium term. Considering that the business has also come out of heavy expansion phase, with plans for next 1-2 years to only grow collection centres via franchise model, and improving growth and contribution of the preventive test portfolio-Truhealth, EBITDA margins could expand by ~250bps over FY25-28. Overall, we expect the company to deliver 16%/20%/34% revenue/EBITDA/PAT CAGR over FY25-28. At 38x PE on FY27 EPS, the stock appears significantly cheaper than Dr. Lal (47x PE on FY27 EPS). Thus, we maintain a BUY rating with a target price (TP) of INR 2,537.

- **Steady state organic business:** MHL's organic business reported robust performance in 1Q with rev. +13.2% YoY (vs 23.2% cosol.), 24.7% margins (vs 23.1% cosol.) and 13% PATM (vs 11.7% cosol). Group level margins were lower due to Core's lower profitability and higher B2B share, which also brought cosol B2C contribution down to 56% (vs 59% standalone). Organically, patient/test volumes grew 7%/8% respectively vs 11%/12% growth on group level.
- **Strengthening inorganic expansion:** Three acquired assets' integration is progressing smoothly and initial synergies seen in lab consolidation, procurement, and cost rationalization. Scientific and DAPIC revenue growth in line with company and slightly better margins, while Core has turned EBITDA positive with low-single-digit margins in 1Q and targeting high-single-digit margins in FY26, mainly through cost synergies and integration clean-up before focusing on revenue growth. Ambika, acquired after 2 year lab-on-lease arrangement, had FY25 revenue of INR80mn, standalone EBITDA of INR18mn (9.4x EV/EBITDA), which reflect INR34mn (5x EV/EBITDA) due to internal synergies; will be merged with Metropolis's Kolhapur lab to create a single strong regional hub. MHL continues to explore both small and large targets aligned with its culture and strategy. Integration of these assets is expected to support margin expansion in the near term and drive revenue acceleration from year two onwards.
- **Expanding offerings:** MHL is expanding its TruHealth portfolio (18% rev. contribution), by integrating blood diagnostics, non-blood vitals and basic radiology. Basic radiology like X-ray, ECG, and sonography rolled out across 240+ locations, with expansion using asset-light model. The company is also piloting digital engagement tools such as personalized health journeys, test suggestions, and real-time tracking through its app to improve B2C stickiness. Growth is driven in Tier 2 and 3 towns through new collection centers and franchisee models. Additionally, Metropolis is building a Center of Excellence in onco diagnostics and focussing on high-end specialty tests (genomics and molecular onco).

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	12,077	13,312	16,399	18,502	20,930
Sales Growth (%)	5.2	10.2	23.2	12.8	13.1
EBITDA	2,826	3,030	3,903	4,579	5,295
EBITDA Margin (%)	23.4	22.8	23.8	24.8	25.3
Adjusted Net Profit	1,278	1,450	2,069	2,689	3,467
Diluted EPS (INR)	25.0	28.3	40.5	52.6	67.8
Diluted EPS Growth (%)	-10.5	13.4	42.7	30.0	28.9
ROIC (%)	14.3	13.5	16.3	21.1	26.0
ROE (%)	12.3	11.9	14.7	17.0	19.4
P/E (x)	79.8	70.4	49.3	37.9	29.4
P/B (x)	9.3	7.7	6.9	6.1	5.4
EV/EBITDA (x)	35.6	33.2	25.3	21.1	17.9
Dividend Yield (%)	0.0	0.3	0.5	0.8	1.0

Source: Company data, JM Financial. Note: Valuations as of 07/Aug/2025



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	2,537
Upside/(Downside)	27.2%
Previous Price Target	2,321
Change	9.3%

Key Data – METROHL IN

Current Market Price	INR1,995
Market cap (bn)	INR103.3/US\$1.2
Free Float	50%
Shares in issue (mn)	50.9
Diluted share (mn)	51.2
3-mon avg daily val (mn)	INR297.7/US\$3.4
52-week range	2,318/1,315
Sensex/Nifty	80,623/24,596
INR/US\$	87.7

Price Performance

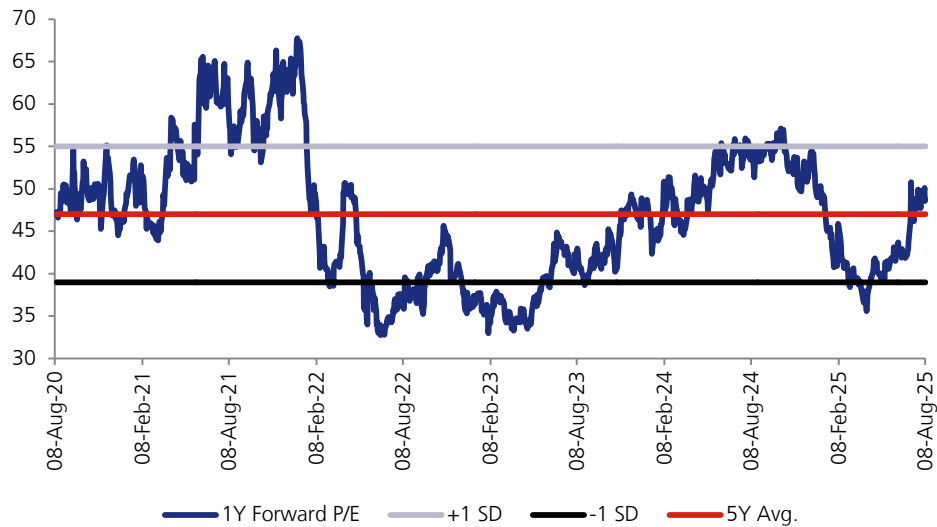
%	1M	6M	12M
Absolute	7.3	8.4	-5.2
Relative*	11.4	4.7	-7.3

* To the BSE Sensex

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Exhibit 1. Trading above LTA P/E



Source: Bloomberg

Exhibit 2. 1QFY26 Review

Metropolis - P&L (INR mn)	1QFY25A	1QFY26A	% YoY	1QFY26E	% Delta vs JMFe	1QFY26E (cons)	% Delta vs cons	4QFY25A	% QoQ
Total Revenue	3,134	3,861	23%	3,800	2%	3,813	1%	3,453	12%
COGS	632	790	25%	730	8%			715	11%
Gross Profit	2,502	3,070	23%	3,070	0%			2,738	12%
Gross Profit margin (%)	79.8%	79.5%	-32 bps	80.8%	-127 bps			79.3%	24 bps
Staff Cost	717	923	29%	870	6%			822	12%
Other expenses	997	1,250	25%	1,350	-7%			1,293	-3%
EBITDA	788	898	14%	850	6%	879	2%	623	44%
EBITDA margin (%)	25.2%	23.2%	-190 bps	22.4%	88 bps	23.0%	21 bps	18.0%	521 bps
Other Income	25	75	206%	55	37%			70	8%
Finance Cost	47	52		47				46	
Depreciation	255	308		305				286	
PBT	511	612	20%	553	11%			360	70%
Exceptional Items	0	0		0				0	
Tax	130	160		141				68	
Tax Rate (%)	25.4%	26.1%		25.5%				18.9%	
Minority Interest	2	2		1				1	
Share of profit for equity accounted investees	0	0		0				0	
PAT (Reported)	379	451	19%	411	10%	417	8%	291	55%
PAT margin (%)	12.1%	11.7%	-43 bps	10.8%	86 bps	10.9%	72 bps	8.4%	323 bps
Metropolis - Cost margins	1QFY25A	1QFY26A	% YoY	1QFY26E	% Delta vs JMFe			4QFY25A	% QoQ
COGS/sales	20.2%	20.5%	32 bps	19.2%	127 bps			20.7%	-24 bps
Staff cost/sales	22.9%	23.9%	103 bps	22.9%	101 bps			23.8%	10 bps
Other expenditure/sales	31.8%	32.4%	55 bps	35.5%	-315 bps			37.4%	-507 bps

Source: JM Financial, Company

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	12,077	13,312	16,399	18,502	20,930
Sales Growth	5.2%	10.2%	23.2%	12.8%	13.1%
Other Operating Income	0	0	0	0	0
Total Revenue	12,077	13,312	16,399	18,502	20,930
Cost of Goods Sold/Op. Exp	2,426	2,687	3,493	3,913	4,437
Personnel Cost	2,758	3,137	3,755	4,181	4,667
Other Expenses	4,068	4,458	5,248	5,828	6,530
EBITDA	2,826	3,030	3,903	4,579	5,295
EBITDA Margin	23.4%	22.8%	23.8%	24.8%	25.3%
EBITDA Growth	-2.0%	7.2%	28.8%	17.3%	15.6%
Depn. & Amort.	945	1,087	1,243	1,257	1,208
EBIT	1,881	1,943	2,660	3,322	4,087
Other Income	91	151	320	500	800
Finance Cost	225	186	195	205	225
PBT before Excep. & Forex	1,747	1,909	2,785	3,617	4,662
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	1,747	1,909	2,785	3,617	4,662
Taxes	462	453	710	922	1,189
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	-6	-5	-5	-5	-5
Reported Net Profit	1,278	1,450	2,069	2,689	3,467
Adjusted Net Profit	1,278	1,450	2,069	2,689	3,467
Net Margin	10.6%	10.9%	12.6%	14.5%	16.6%
Diluted Share Cap. (mn)	51.2	51.2	51.2	51.2	51.2
Diluted EPS (INR)	25.0	28.3	40.5	52.6	67.8
Diluted EPS Growth	-10.5%	13.4%	42.7%	30.0%	28.9%
Total Dividend + Tax	0	290	517	807	1,300
Dividend Per Share (INR)	0.0	5.7	10.1	15.8	20.3

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	1,747	1,909	2,785	3,617	4,662
Depn. & Amort.	945	1,087	1,243	1,257	1,208
Net Interest Exp. / Inc. (-)	193	151	-125	-295	-575
Inc (-) / Dec in WCap.	55	-157	-484	-118	-1,356
Others	76	78	0	0	0
Taxes Paid	-374	-440	-710	-922	-1,189
Operating Cash Flow	2,641	2,627	2,708	3,539	2,750
Capex	-638	-434	-500	-500	-500
Free Cash Flow	2,003	2,193	2,208	3,039	2,250
Inc (-) / Dec in Investments	-278	-1,592	320	500	800
Others	22	16	0	0	0
Investing Cash Flow	-894	-2,011	-180	0	300
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-205	0	-517	-807	-1,040
Inc / Dec (-) in Loans	-791	-8	4	5	5
Others	-813	-849	-195	-205	-225
Financing Cash Flow	-1,809	-857	-708	-1,007	-1,261
Inc / Dec (-) in Cash	-62	-240	1,821	2,532	1,789
Opening Cash Balance	688	626	387	2,207	4,739
Closing Cash Balance	626	387	2,207	4,739	6,529

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	10,962	13,310	14,862	16,744	18,959
Share Capital	102	104	104	104	104
Reserves & Surplus	10,859	13,206	14,758	16,641	18,855
Preference Share Capital	0	0	0	0	0
Minority Interest	31	37	42	48	48
Total Loans	0	142	146	151	156
Def. Tax Liab. / Assets (-)	674	913	913	913	913
Total - Equity & Liab.	11,667	14,401	15,963	17,856	20,075
Net Fixed Assets	9,969	12,767	12,024	11,267	10,559
Gross Fixed Assets	5,978	7,126	7,626	8,126	8,626
Intangible Assets	8,875	11,538	11,538	11,538	11,538
Less: Depn. & Amort.	4,883	5,897	7,140	8,397	9,605
Capital WIP	0	0	0	0	0
Investments	634	796	796	796	796
Current Assets	4,871	5,028	8,463	11,795	15,519
Inventories	387	478	650	733	829
Sundry Debtors	1,263	1,479	2,009	2,267	3,785
Cash & Bank Balances	626	404	2,225	4,757	6,337
Loans & Advances	63	73	90	101	114
Other Current Assets	2,532	2,593	3,490	3,937	4,454
Current Liab. & Prov.	3,807	4,190	5,320	6,002	6,790
Current Liabilities	2,185	2,327	3,026	3,414	3,862
Provisions & Others	1,622	1,863	2,294	2,589	2,928
Net Current Assets	1,063	838	3,143	5,793	8,729
Total - Assets	11,667	14,401	15,963	17,856	20,084

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	10.6%	10.9%	12.6%	14.5%	16.6%
Asset Turnover (x)	0.9	0.9	1.0	1.0	1.0
Leverage Factor (x)	1.2	1.2	1.2	1.2	1.2
RoE	12.3%	11.9%	14.7%	17.0%	19.4%

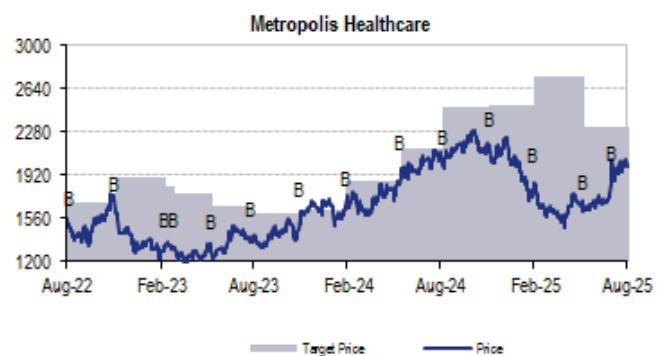
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	214.3	260.2	290.6	327.4	370.7
ROIC	14.3%	13.5%	16.3%	21.1%	26.0%
ROE	12.3%	11.9%	14.7%	17.0%	19.4%
Net Debt/Equity (x)	-0.1	-0.1	-0.2	-0.3	-0.4
P/E (x)	79.8	70.4	49.3	37.9	29.4
P/B (x)	9.3	7.7	6.9	6.1	5.4
EV/EBITDA (x)	35.6	33.2	25.3	21.1	17.9
EV/Sales (x)	8.3	7.6	6.0	5.2	4.5
Debtor days	38	41	45	45	66
Inventory days	12	13	14	14	14
Creditor days	39	45	50	51	51

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
4-Jul-22	Buy	1,760	
11-Aug-22	Buy	1,700	-3.4
9-Nov-22	Buy	1,895	11.5
13-Feb-23	Buy	1,825	-3.7
3-Mar-23	Buy	1,775	-2.7
17-May-23	Buy	1,670	-5.9
3-Aug-23	Buy	1,610	-3.6
6-Nov-23	Buy	1,635	1.6
5-Feb-24	Buy	1,865	14.1
22-May-24	Buy	2,135	14.5
13-Aug-24	Buy	2,490	16.6
11-Nov-24	Buy	2,500	0.4
6-Feb-25	Buy	2,740	9.6
15-May-25	Buy	2,321	-15.3
8-Jul-25	Buy	2,321	0.0

Recommendation History



APPENDIX I

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Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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