

To,  
Head, Listing Compliance Department  
BSE Limited  
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Dalal Street, Mumbai - 400 001.

Head, Listing Compliance Department  
National Stock Exchange of India Limited  
Exchange Plaza, Plot No. C/1. G Block,  
Bandra -Kurla Complex, Bandra (East),  
Mumbai- 400051.

Scrip Code: 542650

Scrip Symbol: METROPOLIS

**Sub: Intimation of Transcript of Earnings Call for Q3/FY 22-23**

**Ref: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir/ Madam,

This is in continuation to our letter bearing Reference No. MHL/Sec&Legal/2022-23/88 dated February 03, 2023. Please find enclosed herewith the transcript of Q3/FY 22-23 Conference Call (i.e. Post Earnings/Quarterly Call), as organized by JM Financial Institutional Securities Limited held on Monday, February 13, 2023 at 09:00 a.m. (IST) wherein the financial results of the Company for the quarter ended December 31, 2022, were discussed.

The same has also been uploaded on the Company's website and can be accessed at

<http://www.metropolisindia.com/>

We request you to kindly take the above information on record.

Thanking you.

Yours faithfully

For **Metropolis Healthcare Limited**

**Rakesh Agarwal**  
Chief Financial Officer

Enclosed: a/a

**BLOOD TESTS • DIAGNOSTICS • WELLNESS**

**METROPOLIS**  
The Pathology Specialist

Metropolis Healthcare Limited  
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“Metropolis Healthcare Limited  
Q3 FY '23 Earnings Conference Call”  
February 13, 2023

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 13th February 2022 will prevail.



**MANAGEMENT:** **MS. AMEERA SHAH – MANAGING DIRECTOR –  
METROPOLIS HEALTHCARE LIMITED**  
**MR. SURENDRAN C – CHIEF EXECUTIVE OFFICER –  
METROPOLIS HEALTHCARE LIMITED**  
**MR. RAKESH AGARWAL – CHIEF FINANCIAL OFFICER  
– METROPOLIS HEALTHCARE LIMITED**  
**MR. SRIRAM IYER – CHIEF REVENUE OFFICER –  
METROPOLIS HEALTHCARE LIMITED**

**MODERATOR:** **MS. CYNDRELLA CARVALHO – JM FINANCIAL.**

**Moderator:** Ladies and gentlemen, good day and welcome to the Q3 FY '23 Earnings Conference Call of Metropolis Healthcare Limited. 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 are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be 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 an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Cyndrella Carvalho from JM Financial. Thank you, and over to you ma'am.

**Cyndrella Carvalho:** Thanks Rutuja. Good morning, everyone. On behalf of JM Financial, I, Cyndrella Carvalho, welcome you all on the Q3 FY '23 earnings concall of Metropolis Healthcare Limited. At the outset, I thank the management for giving us the opportunity to host this call. Today, from the management team we have with us, Ms. Ameera Shah, MD; Mr. Surendran C, CEO; Mr. Rakesh Agarwal, CFO; Mr. Sriram Iyer, CRO.

With this now, I hand over the call to Ameera for the opening remarks.

**Ameera Shah:** Hi, good morning everyone and thank you for joining us for the Q3 FY '23 earnings call. As Cyndrella mentioned, I'm joined by our newly appointed CEO, Mr. Surendran Chemmenkotil; Mr. Rakesh Agarwal, who is our CFO; and Mr. Sriram is the Chief Revenue Officer and SGA, our IR Advisors. We've uploaded our presentation on Q3 and the press release with the stock exchange and the company's site. I hope everyone had a chance to go through the same.

While the diagnostics industry is starting to see normalized growth as we are moving away from the COVID period, due to intense competitive activity, the growth is getting split amongst many players. The large pile of unorganized market continues to lose its market share and increasingly customers are preferring organized players, with accurate results, faster TAT and most importantly outcomes which are accepted by the medical fraternity. It is the trust of doctors and consumers, which is becoming a key factor for selection of labs much more than just the price point, especially when people are unwell.

Convenience, use of technology and brand premium built by the larger credible players over decades are being preferred over standalone labs and trust and medical expertise and large test menu of the credible larger players are winning over healthcare players and aggregators. Metropolis has witnessed consistent low to mid teen growth of non-COVID revenues for the last 4 quarters, not only by continuing to be very respecting by doctors across the country, but also by introducing technology and consumer connect that makes life easier for our consumers.

In Q3, we have reached mid teen growth in our core diagnostics business, excluding Hi-tech and government contracts. We have reached approximately 13% if you look at our core diagnostics business, like I mentioned, excluding Hi-tech and excluding government contracts. Of this growth, 10% comes from a healthy volume growth and 3% comes from an improvement in revenue per patient.

It's working for us as growth of our specialized tests and over the last few quarters, we've started to make inroads in the premium wellness category with wellness plans. TruHealth with revenue contribution from wellness has increased to 13% contribution in Q3 FY '23 compared to 10% in Q3 FY '22. The wellness segment has grown over 30% in this quarter on a Y-o-Y basis. Some of this has happened by introducing our existing customers to a more holistic check-up, which gives them more information about their body and some of it from new customers coming into the Metropolis ecosystem.

Our wellness does not use price as a USP like many players in the industry, but the brand promise of better content that we can use to improve your health, the trust that the results are accurate, and the aim to engage with Metropolis at the click of a button. Our average realization for these premium wellness packages as approximately INR 2,000 plus and these tests are margin accretive wellness packages.

In Metropolis 3.0, we continue to focus on growing our wellness business and our target is to take our contribution from wellness to closer to 20% in the near future. Let me spend some time now on the competitive intensity in the industry. While the barriers to entry are low in our industry and therefore we see many new players entering, the real challenge is the barrier to skew, following good governance and building a profitable, sustainable business.

The competition currently is of two kinds, one is from healthcare players focusing on preventive care as the focus area, to acquire new consumers when they're not sick. The USP here tends to be mostly price, which gives them some momentum over large amounts of cash, but the business itself doesn't always have strong unit economics. And servicing cost is the largest cost in the P&L in a pathology company. It becomes very difficult to become profitable in this business, with high discount and volume growth, as the cost of servicing is only increasing.

Customers who have used health tech players, when they are being pushed to very low-cost wellness package and not always returning to the same health tech platform where they are actually ill, as their doctors are not accepting the reports of these health tech entrants. And the health tech entrants also have a spurt of customers who are buying e-pharmacy, who will also buy e-diagnostics. But currently the cross-sell rate of e-pharmacy to e-diagnostics is less than 5% across the industry.

As funding gets harder for these players, we've seen the growth in monthly active users reduce for most of these players and conversion of e-pharmacy to e-diagnostics is a declining trend. While their growth has been spurred by customers driven more by price for non-critical tests,

the players who are getting more hit are unorganized players, who are seeing a much larger hit than organized larger players.

Even though these firms, the health-tech firms started off with a D2C focus, direct to consumer, since the revenue from D2C digital have not been growing, and they are now not seeing a large opportunity there post-COVID. Majority have changed focus, to now focusing on the semi-specialized B2B business across India, the real brick and mortar franchises, again using price as the key USP.

Since the health tech platforms were focusing originally on D2C and they were focusing really on getting consumers, which were well, but these revenues are not growing and because they are not seeing a large opportunity there. Most of them have now changed their focus to the semi-specialized B2B business across India via brick-and-mortar franchisees using price as the key USP.

This is mostly hitting lab companies who have also built their business on low price for semi specialized tests as their main advantage. The second type of new competition is coming largely from hospitals and pharma companies or pharmacy chains. Here the idea is to build a large cluster of labs and a large number of franchise collection centers, and focus on B2C and B2B business, by getting doctors to recommend patients and business from unorganized labs customers of semi-specialized and specialized test category which is B2B.

Again price is being used as the main USP for doing this business. While the B2C is showing very low traction for these new entrants, therefore all are focusing on B2B. At the current price points being sold at, while many may never make money. In the best case scenario, even with total volume increasing, unit economics may be a challenge over 5, 10-year period for these new entrants. While this competition is putting a lot of pressure on the entire market, we are seeing that while B2B lab customers value price, they also value strong logistics, sales team, technology, quality of reports, connect with doctors and good support and large lab infrastructure from new and old companies.

And this is what is actually making it harder for the new lab companies to scale. What attracted most of these competitors to this market is the attractive financial metrics of low capital and high return, but the way the business is being built by most in an urgency to scale is low capital and low return. While the investor worry is that this big pricing pressure will cause low growth and low revenue growth and margin pressure, and we are seeing B2B businesses facing some pricing pressure and pressure on sales talent. Since Metropolis business is never built on price as the USP, our customer loss is less because of mostly price and is more linked to our execution of services.

With working towards excellence in these services, we are confident that incumbents like Metropolis who have built a moat, using scientific expertise and strong brand connect with B2B and doctors and consumers, will not only be able to withstand the onslaught of competition and the human capital and pricing pressure it brings, but be able to grow the core diagnostics business

well and make good returns. As a part of our Metropolis 3.0 strategy, we have been focusing on the consumer as much as we focus on the doctor engagement.

We have been taking multiple initiatives like health camps in large societies and catchment areas, educating the consumers with health information and tools that can help them make better decisions for themselves and turn to Metropolis for the same, targeting our existing large pool of chronic customers for regular testing, with app-based notification, test comparison and trends and suggestive corrective action is definitely helping. We have been using a lot of digital technology tools to curate the testing requirements based on lifestyle, age, gender, to engage with existing customers to have more repeat testing on a regular basis.

As we have launched phase 2 of our app, we are hopeful to offer better technology-enhanced engagement for existing and new consumers. This has helped us to foray into the premium wellness categories with a more sticky consumer base and as a result, we've been able to increase our wellness proportion from 10% to 13% in Q3 FY '23. We also saw increase in web traffic, app downloads and increased communication with consumers via digital platforms like WhatsApp. While we're seeing a double-digit growth on the B2C front, if we look deeper, growth is better on the brick-and-mortar side and lesser on the lab-at-home services.

While home services have definitely increased during COVID, this has sustained more on the wellness side post-COVID and less on the illness side. This gives us confidence on our strategy of network expansion as a strong pillar growth from Metropolis 3.0. We're not only entering the market in Tier-2 and Tier-3 towns, but we are also going deeper in our existing core markets, to increase market share. In terms of network expansion, we added 12 labs and approximately 400 centers in the 9 months of this year. Of these 12 labs, 5 labs have been added in the North and East region, 4 in the West, 2 in Central India, and 1 lab in the international geographies.

Of the 400 collection centers, 65% have been added in the West region, especially in our focus cities, thus increasing the depth of our penetration in our core geographies. This will help us increase our market share in our core markets. We will stick to our target of adding 90 labs and 1,800 centers by 2025.

Moving on to the Hi-tech acquisition, which has now been a year of Hi-tech part of the Metropolis family. While the acquisition mostly brought what we expected, we did have some bumps along the way, due to unethical behavior by competitors and lack of a proper transition. We, however, stabilized the situation on our own and transitioned the business from being run as an unorganized lab to now a corporate entity with a strong management team, good governance and proper practices.

Hi-tech revenues have grown by approximately 20% for Q3 FY '23. However, it is worth highlighting that the revenues for the last quarter had 22 days less, since the acquisition took place on October 22, 2021. In labs outside Chennai, we have launched Metropolis and Hi-tech labs, both giving us synergies and cost efficiencies in those markets.

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In Chennai, we are continuing with the Hi-tech brand separately from Metropolis which is -- and Hi-tech is more of a value conscious brand and Metropolis is more and more premium and specialized brand, thus avoiding cannibalization of revenues in the Chennai market. Hi-tech continues to have its margin profile at EBITDA levels similar to MHL. We have two updates in our PPP business.

In Delhi, which is a large and growing market for us, we have recently won a PPP contract, thus making deeper inroads in our non-core geographies. We will be partnering with the Delhi government with the Mohalla Clinics in Delhi to deliver good quality test reports to unaffording patients. While we normally don't grow via PPP route, this PPP was based on appropriate quality parameters and we expect it to be margin accretive. We would also like to inform you that one of the PPP contracts, which had a 5-year term is coming to an end in Q4.

The government has in-sourced most of this testing and may outsource only some of the volume in the coming year via the new tender. This will have some impact on our revenues from PPP starting in Q4 this year, and will continue to grow on the core diagnostics business as aggressively as we can to cover up for this. I would now like to introduce Surendran, CEO of Metropolis Healthcare, who has recently joined us from 2nd January, 2023. Surendran is a veteran in the consumer-facing industry. He has over 34 years of experience across sectors and has worked with companies like Xerox and Bharti Airtel.

Immediately before joining MHL, Surendran was the MD and CEO for Airtel Networks Nigeria for a year and half, which is the biggest circle for Airtel in the entire continent. The balance 32 years of experience have been India focused, and he has worked in most markets across the country. Although Surendran is not from a healthcare background, we see this as a positive, as Metropolis is embarking its journey on building its D2C business, so it's very important for the CEO to understand the consumer mindset, strengthen the brand equity and capture the mindshare of consumer. Surendran, not only has been a veteran in consumer businesses, but understands the sales and operating nuances of these businesses well.

We believe his rigorous execution skills, and ability to build strong teams and consumer focus will be critical in building Metropolis 3.0 as a strong and preferred consumer brand. The combination of his skills and my 21 years in diagnostics, will together help us in build a second engine of growth for Metropolis. I now hand over the call to Surendran for some brief comments.

**Surendran C:**

Thank you, Ameera for your kind words and good morning everyone on the call. I'm extremely happy to be associated with Metropolis, a preferred name in the diagnostic industry with high ethical value, capabilities and leadership position across geographies. In my last 40 days, since I've joined, I've seen a company that has strong value system and a good governance and the right ingredients for further success.

I'm hopeful for strengthening of Metropolis brand and increasing rigor of execution, to make Metropolis to growing even faster, while continuing to focus on profitable revenue growth. I would be delighted to interact with all stakeholders in the future. I now hand it over to Sriram,

who is our Chief Revenue Officer to brief you on the updates and developments on the B2C and D2C strategy integrated with technology. Thank you.

**Sriram Iyer:**

Thank you, Surendran, and a very good morning to everyone. This is my first interaction with you and I would like to briefly talk about our B2C, D2C, and the digital strategies as part of our overall Metropolis 3.0 strategy to strengthen our business and brand equity. On the B2C strategy, we have been focusing going deeper into our focus cities, by identifying micro-markets in each focus city, and building depth by adding more collection centers and doing doctor and retail activities. We also found new clusters in our focus cities to go into, which has widened our catchment area under our coverage.

More than 50% of our collection centers this year has been built in our focus cities and this has resulted in more than 15% growth in B2C in quarter 3, and 21% B2C growth in the 9 months YTD this year. On the other hand, we have been targeting key markets in Delhi, Punjab, and West Bengal in our non-core geography to cover the length of the country, to build our brand across the regions where we are challengers, and to keep increasing the market share compared to our core geographies.

As mentioned by Ameera, we have started 12 labs this year, out of which 5 are in North and East, 4 are in West, 2 are in Central India and 1 is in international geographies. On the B2C front, we have been increasing our engagement with the doctors and based on scientific approach to educate them on the new testing capabilities for accurate diagnostics and for better treatment advice. We have also been investing in building and training the team at the back, in terms of phlebotomist, internal doctors and research teams to recommend better tests, especially on the wellness and bundled testing, hence increasing our consumer connect for sticky business.

On the D2C strategy, we have been engaging in micro-catchment areas and have been doing 400 to 500 health camps a month for increased awareness on the health checkup and maintaining a healthy lifestyle. On the digital strategy, we have revamped our website and search pages based on the search engine optimization activities for the top searches for diagnostics testing, and hence this has resulted in a healthy organic traffic on our website, which has increased by 25% for non-COVID compared to 2 quarters earlier. We have also been working on user interface and have optimized the content for better customer understanding and a simplified and seamless booking experience.

We have also integrated personalized tests for every health condition and this has all been done in tandem with a team of doctors, with a scientific approach, thus enabling us to target the right set of patients. The data analytics provided by our digital back-end infrastructure is also utilized for customer segmentation to target the chronic testing patients with appropriate notification at the right time, and providing insight for channelizing our customer campaigns for better footfalls, this has definitely helped us build higher stickiness. Initial results of our data mining tools are encouraging, as our customer convergence and repeat rate has improved in quarter 3 by 16% versus quarter 2 on a contactable base.



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We have also launched WhatsApp bot for all our patients, with easy access to download reports, book tests and find centers. We are receiving a very good response from our bot and our patients are happy to engage on WhatsApp. We are targeting growth and engagement via WhatsApp and improve self service levels, which would over time, reduce customer service costs.

Our app downloads have almost doubled in the last 6 months and so have our monthly active users. All these activities helps us engage digitally to create an additional funnel of B2C and D2C customers as part of the overall Metropolis 3.0 strategy. With existing brand equity and more engagement with doctors and customers over digital forms and with active marketing tools, we are hopeful of increasing our B2C and D2C revenue with a far more sticky consumer base.

We are continuously working on increasing our revenues through digital medium alongside making our backend systems stronger for better processes and controls for future-ready technology. This is all for now. I hand over the call to Rakesh Agarwal, CFO for Metropolis Healthcare for the operational and financial updates.

**Rakesh Agarwal:**

Thank you, Sriram and good morning to everyone. To begin with, let me give you an update on the income tax search, which was conducted in the month of November 2022 at Metropolis. There have been 8 searches done in healthcare in last 9 months, including large hospital chains, well-respected pharma companies and diagnostic firms. In many ways, this was a one-shot audit done on all parts of the business, and we are happy to report that no unaccounted assets were found at any of the Metropolis offices.

We have been a highly compliant company and follow the best practices across the organization as per the applicable law. But as a philosophy, we believe it's important to see any event as a learning situation, and any concerns raised by the department have been addressed by us internally. We have submitted all the necessary documents to the income tax department and no tax demand has come at this time. The tax assessment will be done in next 12 to 18 months' time. We envisage no material outcome on account of this search on the financials of the company.

I will now take you through few key highlights for this quarter and 9 months financial year ending '23. Non-COVID growth for Metropolis which is a core growth for our business excluding the PPP contracts and Hi-tech is 13% for Q3 financial year '23, and 15% for 9 months financial year '23 on a Y-o-Y basis. This is a testimony of the strength of our business and brand build over the years for diagnostic testing.

Of the above growth of 13%, 10% is volume led and 3% is increase in revenue per patient, showing our ability to sustain the prices in the markets we're present. Henceforth I will call out the numbers which includes the Hi-tech for easy understanding. Our B2C business has been growing at 15% for Q3 financial year '23 and 21% for 9 months financial year '23 on YoY basis, indicating our strong doctor and consumer connect across markets. Our B2C business for the focus cities have grown by 16% for Q3 financial year '23 on a YoY basis with Mumbai and Pune showing strong growth.

We have not only seen high growth in our core geographies, but our non-core geographies also has seen a good increase. Our investment in non-core, but very important market in the north & east combined has shown the business growing by 29% for Q3 financial year '23 on a Y-o-Y basis.

Lastly, along with the revenue growth we have seen, been able to maintain our margins, our operating EBITDA for labs started before April 2021, stands at 28.3% for Q3 financial '23 before CSR and ESOP. The difference of 120 basis points in EBITDA before CSR and ESOP is on account of our investment in our new labs and network expansion strategy to fuel the future growth.

This new lab contributed 3% of revenues in Q3 financial year '23, and the share of revenue should increase going forward as the advanced post-maturity stage. Let me talk about the key performance metrics and operational numbers. Revenue share of the B2C business for focus cities stood at 60% in 9 months financial year '23, we stick to our target of 65% contribution from B2C focus markets in the short-term to mid-term. Our B2C revenue for Q3 financial year '23 grew by 15% and for 9 month financial '23 it grew by 21%. Our B2C Revenue in focus cities grew by 16% in Q3 financial '23 and 25% in 9 months financial '23.

Our specialized and premium wellness segment are the fastest growing segment. Revenue contribution for specialized tests, excluding COVID and allied tests stood at 39% for Q3 financial year '23, as compared to 36% in Q3 financial year '22. Contribution of revenue from wellness has increased from 10% in last year '22 Q3, to 13% in Q3 financial year '23 with a growth of 30% on Y-on-Y basis.

Number of tests have increased by 13.5% in Q3 financial year '23 on a YoY basis and number of patients have increased by 15.7%. Our revenue per test and revenue per patient has increased by 5.6% and 3.6% respectively for Q3 financial '23 on a Y-on-Y basis. Our revenue profit amongst focus cities and other cities stood as follows, focus cities contributed 61% of the revenue in quarter 3 financial year '23 excluding COVID PCR and allied, while seeding cities contributed 17% and rest of the other cities contributed 22%.

With respect to geographical distribution, revenue contributed excluding COVID PCR and allied from the West region was 51%, south contributed 30%, North contributed 8%, while the rest was contributed from east and international location. Revenue from North and East grew by 29% for Q3 financial year on Y-on-Y basis.

Now let us come to Q3 and nine month financial year '23 financial highlights. Total revenue for Q3 financial year '23 stood at INR 285.5 crores and for 9 month financial year '23 stood at INR 866 crores. Most importantly revenue excluding COVID PCR and COVID allied for Q3 '23 increased by 20% Y-on-Y to INR 278 crores and revenue for 9 month financial year '23 excluding COVID and allied tests grew by 20% on Y-on-Y basis and stood at INR 827 crores.

Revenue from Hi-tech grew by 20% for Q3 financial year '23 on Y-on-Y basis to INR 20 crores. However, we must note that Hi-tech has been consolidated with effect from 22nd October, 2021. Contribution from COVID and COVID allied tests has come down only 3% of revenue now in Q3 financial year '23, versus 21% of revenue in Q3 financial year last year, EBITDA before CSR and ESOP is at INR 77.2 crores in Q3 financial year '23, as compared to INR 80.5 crores in Q3 financial year '22, which included large COVID revenue.

EBITDA before CSR and ESOP in 9 months financial year '23 stood at INR 231.9 crores. EBITDA margin before CSR and ESOP stood at 27.1% for Q3 financial year '23 and 26.8% for 9 months financial year '23. Profit after tax stood at INR 35.9 crores in Q3 financial year '23. PAT margin have been impacted on account of higher inflation cost on acquisition of Hi-tech Diagnostic and higher depreciation on account of investment done to fuel the future growth engine.

Coming to our working capital ratios, our debtor days stood at 31 days as on December '22 at a similar level as compared to March 22. Overall working capital days stood at 19 days as on December '22 compared to 14 days as on March '22 due to paying creditors faster. OFC to EBITDA percentage is stronger at 99% for 9 months financial year '23.

Cash and cash equivalents stood at INR 131 crores as on December '22, gross borrowing stood at INR 111 crores as on December '22, we plan to repay the external debt by financial year '24. Company has also declared interim dividend of INR 8 per share for financial year '23. This is all from our side. We now leave the floor open for Q&A. Thank you.

**Moderator:** The first question is from the line of Rahul Agarwal from InCred Capital.

**Rahul Agarwal:** Two questions on the results and 1 for the new CEO. Firstly on B2C in focus cities, it looks like the growth has been highest there versus if we compare it in other pockets versus B2B or seeding cities. I just wanted to know your thoughts, Ameera, on this as in what does it really signify because as per me, my understanding is the competition is actually higher there and over there the growth in third quarter has been pretty robust for Metropolis. And even when we compare it to peers, it's better. So any thoughts there? That's the first question.

**Ameera Shah:** Absolutely and you brought up a very valid question. I think most people believe that when the competition is harder, growth will be tougher. Actually what we have seen in health care is brand premium holds a real big value and we've always maintained that in our focus cities, we only have between 10% to 15% of market share and we believe we have an opportunity to grow this much more. And that opportunity continues to remain for Metropolis despite any competition coming in.

And I think the results very clearly show that if we execute our distribution, our retail activities, our consumer-facing activities getting the growth that we want and increasing our market share is very doable despite any competition that comes in because they don't have the brand connect

and the brand premium in these markets that we enjoy and we have to leverage that to the maximum.

**Rahul Agarwal:** So this is like a sustainable trend you see as in there is no base effect here, right? It's more about sustaining this quarter-on-quarter and that's how you -- that's what you experienced during the past 3 to 6 months?

**Ameera Shah:** That's right. There is no base effect here. This is just about execution and it is a reflection of the kind of distribution and depth in marketing that we do and obviously supported all by strong execution and the right stickiness of business. In our industry a lot of it is about the kind of business you go after. Business is there everywhere. But if you go after poor quality, high discounting business, you may get a quick scaling up of non-profitable businesses. But what we've always done is to go after the good quality businesses doing it slowly and gradually that gives us high ROCE and sustainability and we are continuing to do that.

**Rahul Agarwal:** Get it. And second was on Hi-tech. So essentially I think last fourth quarter's revenue has largely been flat, I'm referring to non-COVID business. Could you provide any update as in how the progress on regional expansion? What are you seeing in terms of customer behavior? And when do we see higher revenue growth there?

**Ameera Shah:** See, Hi-tech has been, as I mentioned in my speech, it took us the first year to actually put some basics in place because often when we do these acquisitions, these labs have been run in the unorganized sector where when we bring them into the Metropolis ecosystem, we actually have to first do the integration not only in technology, but practically and really change the practices that allow us to feel comfortable with the kind of governance and the vastness that we see in Metropolis.

So we went through that for the first year and really now it's going to be focusing on how do we get revenue growth going forward. So hopefully that will be the story for this next year. And the good news, like I said, is that we are clear on our strategy. We already have a team in place and our margin profile is similar to Metropolis so it is not diluting us in any way. And with the actions that we are taking, we hope that the revenue growth will move here on a positive track.

**Rahul Agarwal:** So in terms of daily routine working, the old promoters are involved right now? I mean how is that working?

**Ameera Shah:** The new management team is running the show day to day and the old management team continues to -- we take guidance if needed. But the new management team is the one in running the operations.

**Rahul Agarwal:** Right. And lastly, just quickly with Mr. Surendran. Best wishes for the new role, sir. Being about a month you've joined, I know it's pretty early days, but any parallels would you draw from diagnostics and telecom because telecom has seen enough price wars in India. Any thoughts from a 5-year perspective what do you think and how would you go about it?

**Surendran C:** I think the parallels that I could draw are basically 2 or 3 things. One is the competitive intensity is not any different, right? I mean so I think I find it very similar to that of telecom at some point of time. And I think the distribution network expansion is going to be the common thing that I see in both the places. How far you can reach is going to be one of the important priorities. And also I believe that consumer experience is key in both the businesses.

So that's where I see I can draw some parallels if you ask me. On your question of what's going to be the longer-term plans. See, from a medium to long-term basis if you ask me, building Metropolis as a strong consumer brand is going to be my focus. Perhaps by further strengthening on the digital assets and the digital agenda and simplifying the IT platforms and improving the consumer experience and also working on improving on the Doctor Connect as my colleagues have mentioned earlier.

And from a short-term to mid-term perspective, scaling up on our execution skills and accelerating speed to market is going to be my focus area. What I mean by that is network expansion, go deeper in our core markets and also go broader in rest of the markets. I also believe that there's an opportunity to improve on the productivity of existing assets and labs, collection centers, etcetera. So that's going to be my focus area. So this is how I put it across from a long term to midterm and a mid-term to long-term perspective.

**Rahul Agarwal:** Thank you so much for answering my questions. Best wishes for your new role, sir.

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

**Shyam Srinivasan:** Just the first one on Slide 13, just trying to understand. I think Ameera, you have mentioned about competition in semi-specialized in the past. Just want to understand what's the update. So when I look at routine, semi-specialized, specialized and wellness I think you touched in your opening remarks, but if you could help us look at the different cohorts of what's happening there?

**Ameera Shah:** See, I think what happens is in the semi-specialized, which is the part which is more automated and requires less expertise and that's also the part where TAT required on -- turnaround time is required quickly, but it's not within 2, 3, 4 hours is where we are finding a lot of the new competitors focusing their energy. This is the business actually that Thyrocare originally built based on a low-price platform and this is the business that actually most of these new competitors are going after.

Now again each of them have got different level of infrastructure to support it. Some people who have got labs in multiple cases will be able to give a faster turnaround and those who are trying to centralize their strength will obviously not be able to compete on turnaround time, which is inversely linked to price. So what we are also seeing, if you remember in the last 3 years, we've always been saying that our strategy is to focus on 2. One is B2C, which will help us improve tests from all categories, but it will give a disproportionate improvement in routine.

And the second is specialized testing because that requires expertise, which is because the doctors are making such critical decisions, they are in no mood to take any risks when they're outsourcing specialized tests to a lab. And that has been therefore our strategy and we always expected that the semi-specialized will come down as a segment as we continue to build routine and specialized. There is pricing pressure on about 20, 30 tests in the semi-specialized segment and what we are seeing is that there are some customers who are leaving for price.

Often they don't get the support, the logistics, the technology, all the other things they need for price to work. Some of them come back to the organized sector and some of them obviously only value price and therefore they continue with new lab entrants but we are seeing overall that while this area is not growing, we are able to balance it out by growing the routine and the specialized part.

**Shyam Srinivasan:** Helpful. My second question is on RPP, it has grown 3% when I look at non-COVID, non-PPP contracts, right? So is it something that -- are you now able to take price increases or is it largely mix change where we are doing more of the work that's leading to RPP increasing and what's the outlook on this one?

**Ameera Shah:** If we look at the past many years actually, every couple of years we've done a price increase, which is maybe 2%, 3%, 4% impact in the organization. So unfortunately, we've not been in a situation as an industry to take sort of 10% price increases every year. But Metropolis has the brand strength every couple of years to increase prices at 3%, 4%. And that's something that we will continue doing, but obviously majority of this RPP improvement has come through product mix and some of which through pricing increase.

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

**Prakash Agarwal:** Question is your focus markets you grew 20% and core Metropolis 13%. So most of the other growth is coming from PPP and Hi-tech or how should we think about that?

**Ameera Shah:** So I think if I'm not mistaken, the 21% number was including Hi-tech. If we remove that 21% number and we only look at for the focus cities without Hi-tech, I think the number was closer to 15%, 16% on B2C. If I'm not mistaken. Rakesh may correct me if I'm wrong. And the 13% number that you mentioned for core business of Metropolis is also without Hi-tech. So the right we would say the spread between the 2 is closer to 2% to 3%. So what is happening in our business is B2C is growing faster, I'm talking about everything now excluding PPP and excluding Hi-tech. The growth in B2C is higher at 15%, 16%. The growth in B2B is lower and obviously therefore the average is coming out to be closer to 13%.

**Prakash Agarwal:** Okay. And this is after stripping the PPP.

**Ameera Shah:** That's right.

**Prakash Agarwal:** Okay. And I see that you have 1 more quarter lump of COVID and allied, which is about INR 50-odd crores so post that, it is sub-INR 10 crore or something. So post the Q4, you should be

confident of a mid-teen kind of growth given the setup of the brand and the geographical expansion and the Hi-tech integration. Would that be fair?

**Ameera Shah:** Currently if you see 9 months, our growth rate is 15% excluding public private partnership as well as COVID as well as Hi-tech. So I think looking at that history, I think if we take out COVID, PPP and Hi-tech, I think that's the aim for the organization.

**Prakash Agarwal:** Yes. Why I asked this is because obviously last year was a low base so to say for the non-COVID and then everything has come to normalcy. And on this base with the current setup, would it be fair to look at double-digit mid-teen kind of growth?

**Ameera Shah:** That's right. That's exactly the aim. See, COVID obviously is the base effect, we can't do anything, Hi-tech will obviously have its own journey and PPPs are lumpy and out of anybody's control, right? So I think if we look at the core business, I think mid-teen has been currently for 9 months. So that's the direction we're aiming.

**Prakash Agarwal:** Okay. And any thoughts on looking at some acquisitions since the valuations have corrected and you are strong in now south also? So is there a plan to look at anything in middle of Central India or East India or maybe not?

**Ameera Shah:** So while these valuations have corrected in the public market, they've not corrected in the private market yet and private market players are still sort of very hopeful or very high valuation. So I think large acquisitions unless they are reasonable, obviously don't make sense for us. So we obviously continue to have a lookout and if we are able to find acquisitions that are fairly priced as well as of good quality most important.

I mean even today there are some 20 deals on the table, lots of diagnostic firms who want to sell their businesses, but the average asset quality is not high. And therefore, we don't want to go into a place where we'll wind up paying a high value and then we're spending so much time in cleaning up the core practices of the past that actually you lose revenue while doing so. So I think we would like to continue to be careful, but we obviously continue to be open to the right kind of acquisition.

**Operator** The next question is from the line of Prakash Kapadia from Anived Portfolio Managers.

**Prakash Kapadia:** A couple of questions from my end. If I look at the premium wellness, it's 13% of quarterly revenues. So how different is it from competitor offerings? Is the focus here on corporate wellness or is it bundling of x-rays and heart and certain high-end things which makes it different? And what percentage would be Mumbai of premium wellness market?

**Ameera Shah:** So the reason ours is a premium wellness and what's happened is basically in the preventive care space and in the wellness space with all the new entrants that have come in, so you're basically seeing a focus on price as the driver to actually expand the wellness market. And it's the push marketing and the amount of money they spend that makes people sort of say oh it's so cheap and I can do it with a click of a button, let me do it. So that is actually drying up because that

high that happened during COVID and after COVID of everybody wanting to do a checkup is obviously not sustaining.

The way that we are positioning is really about the strength of the Metropolis brand because these are not commoditized products, right? I mean a health checkup that you get from a player where quality is not the focus, the results you get may not be accurate versus the results you get from Metropolis and that you can achieve something with.

We've seen many cases of people doing a health checkup, everything is fine. Next day somebody having -- in the industry and next day somebody having a heart attack, right, because in that lab test, something was missed out because quality was not the main focus. So I think really our premium wellness comes from our brand and the top focus cities are actually the biggest contributors to the premium wellness business including function.

**Prakash Kapadia:**

Okay. And we've added almost 150 service centers in Mumbai this year. Could you talk about that a bit? So is this collection points? Is it patient walk-in centers? Are they set up where footfalls in terms of B2B is also being targeted? What are the costs we've spent on this expansion?

**Ameera Shah:**

So I mean we talked about adding 150 in the whole year and these are patient service centers, which are mostly franchised and some are run by and operated on our own. So it's a combination of patient service centre, which is PSC run and operated by Metropolis and APSC, which is run and operated by the franchisee. We look the same for the consumer and therefore the consumer doesn't know distinction. The practices are the same in the centers. The experience is the same.

And the idea is for us to franchise it is to keep it asset light and that we're not carrying all of that fixed cost. But we have the same quality assurance and training program extended to our PSCs as well as our APSCs to ensure a standardization of execution for the customer. The reason we have done this in Bombay is because we believe in the brand strength here. There are many pockets in micro markets of the city that we did not have a strong collection centre network where patients could walk in and that's what we're actually trying to build.

And we are really going into Bombay, going into every micro market, establishing our market share in that market, evaluating it and then if we feel we don't have enough of a presence, expanding that distribution in that particular micro market. And that's how we are building Bombay larger right now. It obviously has to be supported by the right sales, marketing and operations otherwise just building distribution doesn't give you patients.

**Prakash Kapadia:**

Right. And in reference to the previous question, what percentage would be Mumbai of the premium wellness market. Is it fair to say it will be one of the largest market in India? And is the focus on corporate wellness tie-ups for us also or that segment we are not looking at to scale the business?



**Ameera Shah:** No. At this point the focus, the generation of revenue has come more from individual wellness and less from corporate wellness. We are doing corporate wellness. But what we find in corporate wellness is the focus is more on low price, high volume. And in individual wellness because of brand strength, we are able to focus also on a good pricing and a feeling about the brand. So therefore, individual is driving it. I don't have at the top of my head what does Bombay signify as a percentage, but it would be a fair number as a contribution.

**Prakash Kapadia:** And lastly, post COVID one would have guessed the awareness for health would have increased so diagnostic as an industry should have done better. But if I look at 3-year CAGR for most of the players, it's low single digits. So what is happening in terms of consumer mind? Is it fatigue which has come post COVID in terms of constant testing of COVID and COVID allied test? What will change this and when do we see growth coming back?

**Ameera Shah:** Thank you for asking this question. But I think the issue is not on the consumer side. I think the issue is on the expectation side. And I think the assumption that we keep aside COVID and post COVID suddenly health would drive. When you're working in illness, illness is not voluntary. So when people fall sick, they go to their doctor and then they come for testing. It depends on what illness they have at that time. Now COVID was the illness that all of us suffered from for 2 years.

So if we keep aside the main illness and when we look at 3-year CAGR, it will be looking for a diamond in a kind of a sandpit. It's very difficult to find. So I think the expectation -- the right way in my mind to look at this business is to look at all the infections and diseases that happened in that period because in the next 3 years, there will be other infections and diseases and we will not be able to separate them out. That's one thing. The second thing is there was often a cause of pent-up demand. Like people said oh when COVID gets over, will there be a pent-up demand. And our industry doesn't work on pent-up demand because you get diagnostics when you're sick, but 6 months later you may not need those tests.

And therefore, if a month has gone, a year has gone where that testing doesn't happen, that is an opportunity gone and not going to come back sort of in the future. The only part of health care which is dependent on a want and not a need is preventive health care, which is still as an industry only 5% of the whole industry. 95% of the industry is based on illness, which is not in the control of anybody and just happens to people when it happens. So there is therefore a seasonality factor that comes in with health care quarter-to-quarter and depending on which location and geography what illness has happened.

So I think without looking at the past, if you look at the future as asked by one of the other people on the call, I think we focus on our core diagnostics business, I think we are fairly certain that with the actions we are taking, we should be able to generate a good growth even keeping aside the PPPs and Hi-tech and all of that and just focusing on the core.

**Prakash Kapadia:** So what essentially you are saying is that wellness pie, which is 5% need not grow, the growth will be dependent for the industry and us in terms of more for illness and new kind of infections

or diseases which would come in from time to time rather than the wellness, which could become very big. Is that?

**Ameera Shah:** That's right because wellness was more of an outcome of COVID and while the wellness category has got developed during COVID and not that it will not grow in the future, it will. But the real profit and the real growth continues to be in the illness segment. And even in the wellness segment unless you know how to sell plans, which are unit economic viable, you're not going to get profitable growth.

And most of the players who have entered the industry and are focusing on wellness as a core are actually making severe losses and the revenue growth is actually not so high. I mentioned the monthly active users are falling. So this concept of wellness growing on its own at 20%, 25% a year is not actually what we are seeing happening on the ground.

**Moderator:** The next question is from the line of Monish Shah from Antique Stock Broking.

**Monish Shah:** Just a quick question on the pricing strategy. On our website we are seeing that 2 health packages are discounted heavily at 40% to 60%. I think for routine and wellness, what kind of footfall increase are you seeing on the basis of these discounts and what kind of impact it would have on our realization per patient going forward?

**Ameera Shah:** So I think first thing is health care still has not moved online in a significant way for client acquisition. So for example even when you hear hospital chains talking about digital revenues, etcetera, those are people who are anyway going to come to a hospital and now they just found it easy to book an appointment online. It's not that it was a new customer that they have acquired digitally, right? So health care still while there has been an introduction to digital health in the last 2, 3 years that is still not the core of how customer acquisition is done in the health care industry.

So while we may have attractive packages online, we are not actually seeing conversions happening online, see that significant contribution to our business. The majority of it happens in the brick-and-mortar space. And even when clients get attracted in some cases by value packages, it all depends on when they actually come into your store or when they come into our call centre, how you're able to work with that customer to actually move them to a package that is accretive and beneficial for both parties.

And that's where the training, the skill set, trying to get expertise from our side comes in to be able to veer them towards a package that is actually helpful for them in their own health as well as something that is profitable for them.

**Monish Shah:** Okay. And just 1 more question on the pricing. What could be the pricing differential for most of our key tests in a metro and a non-metro market if you can highlight?

**Ameera Shah:** So if you actually look at it if you compare a metro and a non-metro, the difference in pricing is only on the routine test. So for example if I take the top 200, 300 tests, that's where the pricing

difference is there. I think the average would be maybe 20%, 25%. But for all the other tests, many of the price is actually the same.

**Moderator:** The next question is from the line of Sayantan Maji from Credit Suisse.

**Sayantan Maji:** So we have done well to scale up wellness package contribution to the overall revenue from 10% to 13%. So there are 2 trends which are happening. One, you talked about an industry level trend where patients are opting for wellness packages. Second is companies also promoting it through designing more packages. So what factor would you attribute it more towards? So in overall industry, are we increasing our share in the wellness packages and how do you see our path to 20% that you had mentioned in your opening remarks?

**Ameera Shah:** So as I mentioned in the opening remarks, the current wellness contribution is coming from 2 types. One is coming from actually existing patients who are walking in for normal illness and are being offered larger packaging or other offers, which gives them more insight and since you're anyway giving blood, would you like to do a larger package that could be scientifically helpful for you. So that's one strategy. The second strategy is to go to a customer who actually has no problem at all and you're acquiring that new customer to come onboard and say I want to do a checkup just to find out what's happening in my body.

So on the first one, I think we have been quite successful in execution and that's something we will continue to drive this momentum. On the second one, I would say it's still early days for us. Where we are doing a lot of retail activity is to go to customers to bring them in as a first-time user into Metropolis to experiment and to try. And that's where we are using different kinds of packages, different kinds of pricing and different kinds of services and content to attract that customer base.

A lot of piloting, lot of work going on that side. But at the same time the market like I said for wellness not growing at the same aggressive pace that it was growing before. The unit economics of that budget wellness are not very positive. So we are trying to position ourselves in such a way that we are still able to attract new consumers but do it in a sustainable profitability. So I think we've seen some early successes, but this is an area that we are hoping that we can actually expand even more in the time to come.

**Sayantan Maji:** So that differential 7% from 30% to 20%, you expect a large part of it to come from patients who are otherwise well, but they are subscribing to the wellness packages?

**Ameera Shah:** That's right. And also an improvement in our execution of upselling existing patients.

**Sayantan Maji:** And do you expect this trend to improve the test per patient? So that test per patient metrics has been more or less at 2% to 2.1%. So do you expect this to improve for the industry going ahead where a patient in a given year is subscribing for more tests?

**Ameera Shah:** It all depends on the strategy again. I mean if the focus is clearly wellness and wellness has multiple tests per sample, then that number will go up. But at the same time we are also building

our specialized category where actually labs, the doctors only outsource one test to you. So that will bring that average is down. So overall, I don't expect to see any drastic change on that number because we are building a balanced portfolio between all different categories.

**Sayantana Maji:** Sure. And my second question is on the network expansion as well as expanding network into, say, some of the smaller towns as well. So while initially dilution to EBITDA margin is understandable as these ramp up. But once they ramp up, do you think that these will be dilutive to EBITDA margin given that our realizations are 25% lower or do you expect it to be at a similar EBITDA margin because the cost of operations is also lower in these smaller towns?

**Ameera Shah:** I don't expect the EBITDA margin to be any very different in Tier 2, Tier 3 towns and the reason for that is again it depends on the product mix. So often in these markets while we are offering routine tests, which are 20% lower, but the product mix that we actually get is more tilted on the specialized and the semi-specialized side where the realizations are no different than metro cities. So again it depends on your product mix and your execution in those markets and like you rightly said that you also get operating leverage with volumes. So as these mature and their volumes grow, I don't expect the EBITDAs to be very different.

**Sayantana Maji:** Sure. That's helpful. And just a couple of clarifications. So would you have a number of, say, B2C revenue growth in focus cities on a 3-year CAGR basis?

**Ameera Shah:** Rakesh?

**Rakesh Agarwal:** Yes. So we internally look at it, but that's not the numbers which we are really giving out to the market. But obviously we can look at it and see how can we publish that number as well.

**Sayantana Maji:** Sure. And my second clarification is on this interest cost in the presentation, it's a bit higher than what you reported in the P&L. So where is the difference coming from?

**Rakesh Agarwal:** So there is some bit of Ind AS impact also comes in so this combination of both of it. So there is a bit of -- because we keep on taking a lot of rental machines and we keep on adding a lot of franchisee centers, that also has a bit of an impact on the Ind AS accounting. So that also has a bit of impact on the interest cost.

**Sayantana Maji:** Got it. So basically the one that is mentioned in the presentation is post Ind As and in the P&L -- in the results that you gave, it is on a pre-Ind AS basis. Is that right?

**Rakesh Agarwal:** Yes, yes. Absolutely.

**Sayantana Maji:** Okay. And also do you give the B2C, B2B mix for the company as a whole?

**Rakesh Agarwal:** As a whole, we have not published, but yes, we can tell you that the total mix is 50% is B2C, 35% comes from B2B and the rest 15% is basically the institutional, corporate, PPP, all this comes into that. So that is how the market is bifurcated.

- Sayantana Maji:** So B2C is 50% of total now?
- Rakesh Agarwal:** Yes.
- Moderator:** The next question is from the line of Mehul Sheth from Axis Capital.
- Mehul Sheth:** Same on patient kind of a volume, which is more like has marginally come down. But is this despite that there is an increase in the revenue share? So is there any disconnect or anything else like your wellness is now contributing around 13% against 10%, but your test per patient is like somewhere in range of 2.14% versus 2.16%. So is there any kind of -- can you explain something on this?
- Ameera Shah:** There's really no connection between that. Wellness, like we said, offers many more tests in the patient thing so actually that should increase the number of tests per patient per sample. And overall like we said, wellness is accretive to us at an EBITDA level as well as at a revenue per patient level so no negative consequence of that that we are seeing or any of these KPI metrics.
- Mehul Sheth:** One more on your like gross margin has come down to 77% against 77.8%. So is there any like impact because of price or it is largely because of business mix or test mix?
- Ameera Shah:** There is some impact because of dollar. So as the dollar is appreciating against the rupee, obviously most of our reagents are imported, almost 70%, 80% of them comes from international locations. And therefore, the dollar appreciation does have some impact on pricing charged by vendors to lab companies in the industry. So as those increase in prices come in, we try to balance it with operational efficiency on the back end and cut down the impact on the P&L.
- Mehul Sheth:** And lastly, on this cost part like staff cost is at 3%, but on other expenses side it's down 6%. And what could be the reason for that now? Why the other expenses are coming down despite your expansion?
- Ameera Shah:** Rakesh, do you want to take that?
- Rakesh Agarwal:** Yes. So basically, other expenses has an element of one is provision for doubtful debt. So as we have improved upon a lot in last 2, 3 years, we have seen a bit of control over the debtor so that was 0.5% of the total cost coming in that. So we have seen this year actually there is a bit of a reversal in that cost because we have recovered some old debts and we are not required to create a lot of provision this year. So 0.6%, 0.7% of the total revenue benefit has come in that.
- So I think INR 2 crores, INR 3 crores has been the impact for that. And obviously there are other expenses like there are a lot of financial expenses which happened last year because of the Hi-tech acquisition and etcetera. So that cost is again not part of these other expenses. So overall, the other expense is basically coming down mainly because of these 2 reasons.
- Mehul Sheth:** And like this number to continue for the next few quarters, this is a base we can take for this?

**Rakesh Agarwal:** I don't think that we will be able to. There will be much changes. But obviously as I said that there is onetime some benefit coming in the PTD because of the recovery of old debt. So maybe that may not continue. So there may be a bit of 2.3% here and there, but not much.

**Mehul Sheth:** And lastly, just on your margin of 24.7%. So can you break it between your Metropolis business and the Hi-tech business, what could be the EBITDA margin?

**Rakesh Agarwal:** Yes. So one clarification is 24.7% basically coming because in other expenses there is an INR 2 crore of forex unrealized loss, which has been taken because the Ghana currency has depreciated a lot in last quarter. So we basically from a management reporting point of view, we don't take the forex gain and loss in the EBITDA piece. So therefore, there is a bit of a gap between what we have reported of 25.5% versus 24.7% which you are looking at from the financials. Just a clarification.

Second, from a Hi-tech end financial point of view, already Ameera mentioned that the Hi-tech is operating at the similar level of margin what Metropolis doing, in fact a bit higher -- maybe 100 basis points higher than what Metropolis is doing. So that is how the margins are bifurcated.

**Moderator:** Ladies and gentlemen, due to time constraints, that was the last question for today. I would now like to hand the conference over to Ms. Ameera Shah for closing comments.

**Ameera Shah:** Thank you and thank you to all of you for logging in and hearing us this morning. This past year has been quite a tumultuous year for all of us and I'm very happy and proud that while there has been a lot of external threats for Metropolis, we have not only survived through this period but we have thrived. And with the team that we have in place, with the rigor of execution, the processes and systems, we generally believe that we are sitting at the right fork to continue to grow well in this industry and to continue to grow in a right profitable high ROCE way.

And that will be our focus as we go into this next year as well. Obviously at the end of this fourth quarter, we will come back with some more detailing on how we're moving forward with our strategy, our key pillars and we'll be happy to share with investors. And I think just focusing on our core revenue growth, which is B2C and B2B, and really how we can continue to expand that and grow at a fair level and generate good EBITDA will be the focus for us going forward. Thank you to all of you for your support and we look forward to chatting with all of you.

**Moderator:** Thank you. On behalf of JM Financial, that concludes this conference. Thank you for joining us and you may now disconnect your lines.