Indian Diagnostics

Plenty of steam still left

Healthcare | Sector Report | June 16, 2025

Valuation

Cos.	Mcap (USD bn)	Rating	CMP	TP
DLPL	2.87	**ADD**	2,953	3,260
MetroHL	1.02	**BUY**	1,700	2,000

Source: Axis Capital

We take a deeper look at the Indian diagnostics industry, given the current geopolitical uncertainties and earnings moderation seen post Q4 in pharma plus potential margin disappointments and rich valuations for hospitals. Key observations: (1) visible shift from standalone labs to regional/national chains; with expansion on the cards, this trend should accelerate; (2) wellness/package testing continue to evolve, driven by science-based campaigns; (3) online players' pricing discipline first seen in mid-CY23 and limited success of hospital-based chains provide comfort on realizations; and (4) strong return ratios (20+% RoCE) and OCF-to-EBITDA conversion of 80%+ continues. We maintain BUY on MetroHL (TP revised to Rs 2,000) and ADD on DLPL (TP stays at Rs 3,260).

Industry trends – key observations

- Perceptible shift to large-format chains: Large-format chains' share increased from ~15% over FY15-20 to 22% as of FY24 (Ex. 9, standalone at 39% vs 47%), driven by industry consolidation and the need for home collection and online reports during Covid, with regional/multi-region chains seeing mid-high teens CAGR over FY20-24.
- Wellness testing, which formed ~8% of the industry in FY18, saw a 12% CAGR to an 11% share in FY24 and will likely reach ~15% by FY28E, growing at mid- to high-teens, which is reiterated by the 20-25% FY18-25 CAGR seen by traditional players (Ex. 11).
- With competition from online players like 1mg/Netmeds gradually subsiding, entry of pharma (Lupin, Torrent, Medplus) and hospitals (Apollo, Max, Medanta) remains a key monitorable. Their profitability is still below mid-teens (Ex. 41), and given they are not significantly undercutting prices (Ex. 25, 27), we see little threat of another price war but expect some volume moderation as they expand on the back of strong cashflows.
- Hinterland regions are becoming a focus area for expansion – historically, organized players have focused more on urban areas, as 70% of the population (rural) represent ~24% of the market (Ex. 14). But this is expected to change, foreseen with the following comments: Dr Lal – 'Tier-2/3+ towns will be a larger demand driver ahead;' and Metropolis – '51 of the 85 labs added in the past four years were in Tier-2/3 cities.'

Apr'25 price check: Pricing discipline prevails

- Traditional players like MetroHL and Agilus, which refrained from price hikes in our Nov'24 check, have now selectively hiked prices (DLPL remains an exception and Metropolis also cut prices by 3-10% in Delhi, Ahmedabad, and Hyderabad).
- Prices were hiked also by Apollo (15-25%), 1mg (0-15%), and Netmeds (0-5%).
- Pharmeasy cut prices by 2% across cities, while Healthians, which had hiked prices by mid- to high-teens in Nov'24, has partly reversed it with 12% cuts across cities.
- Max Labs's pricing in Delhi is similar to Dr Lal's, while in Mumbai it is at a 12% discount vs Metropolis, and same for Lupin is at a 21% discount.
- Package tests: Netmeds, Pharmeasy, and DLPL maintained status quo; Metropolis hiked by 6-9%, 1mg hiked by double-digits; Agilus maintained prices but increased the number of parameters; while Healthians cut prices by 15-20%.

Strong growth prospects and return profile drive industry premium

The Indian diagnostic industry's revenue/EBITDA CAGRs are expected to accelerate to mid-teens over FY25-28E from low-teens over FY19-25 (Ex. 56) on volume-driven growth, stable pricing dynamics, continued traction in wellness/package testing, expansion into Tier-2-4 cities, and M&A. Currently, the industry trades at an FY27E EV/E of 22x (Ex. 58), with an FY25 RoCE of 23%, which is at a 10% premium to domestic pharma with comparable EBITDA growth and RoCE profile on better industry growth trends. However, diagnostics trades at a 16% discount to Indian hospitals, given a 21% EBITDA CAGR for hospitals, even as the RoCE profile is better vs 19% for hospitals.

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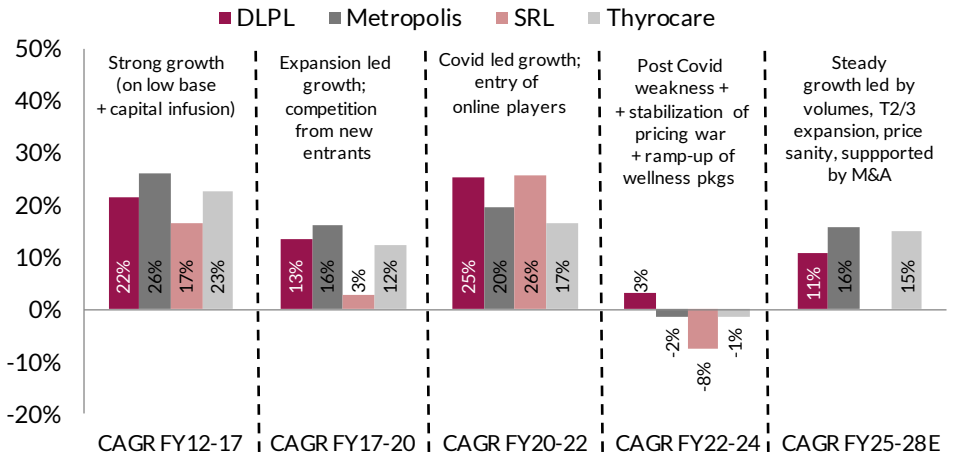
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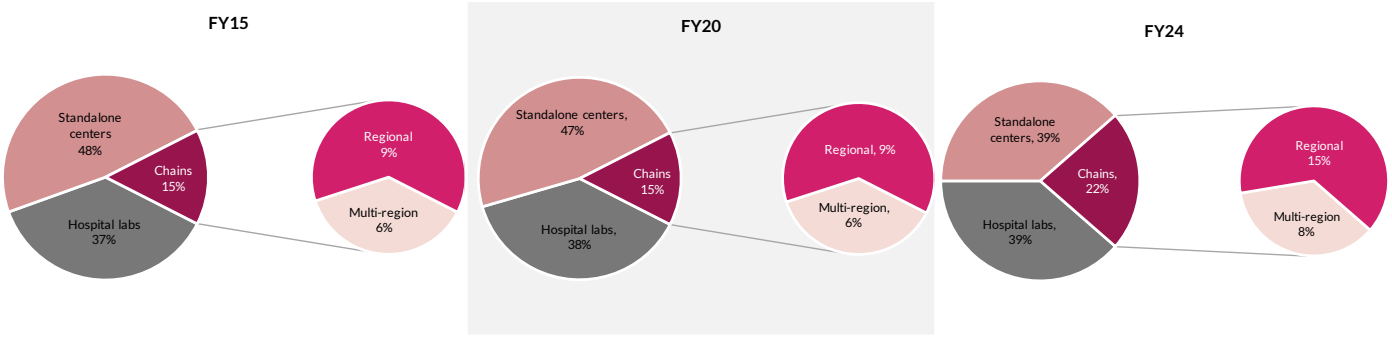
Story in charts

Exhibit 1: Phase-wise growth in the Indian diagnostics industry



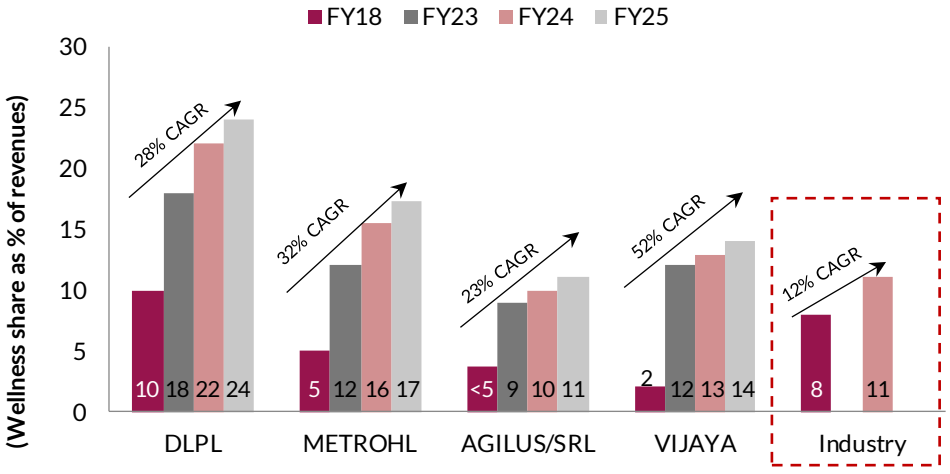
Source: Companies, Bloomberg, Axis Capital; Note: (1) Metropolis FY24 sales adjusted for ~Rs 180 mn one-off sales, (2) Thyrocare FY25-28 estimates based on Bloomberg data

Exhibit 2: Diagnostics market remained largely unorganized till FY20, but chain players started gaining market share post Covid



Source: Company Prospectuses, Axis Capital

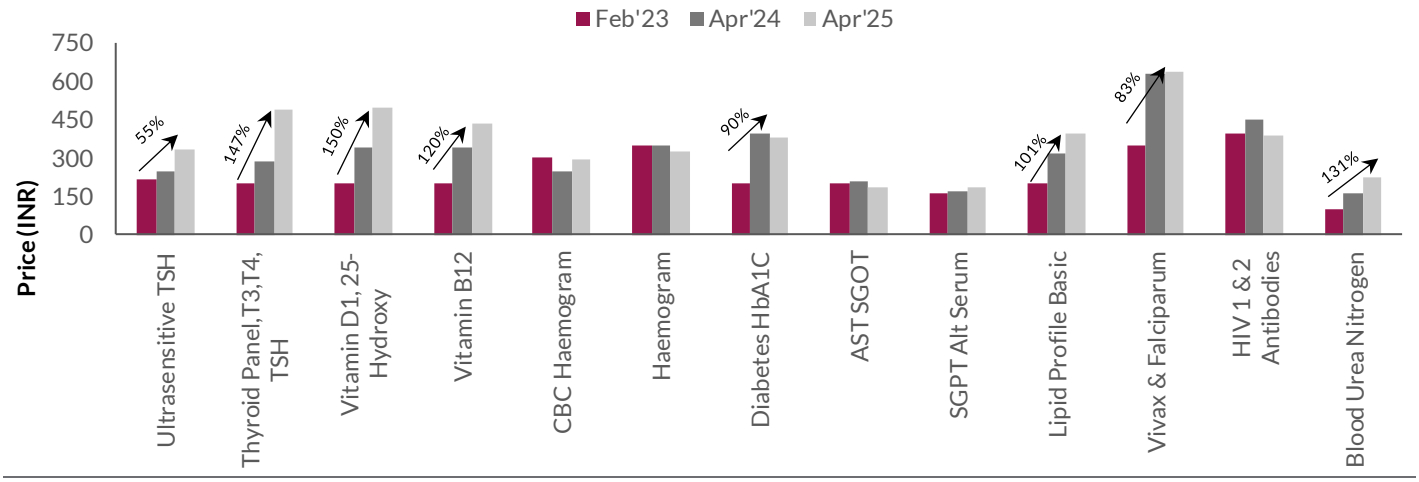
Exhibit 3: Increasing share of wellness/package testing business



Source: Companies, Company Prospectuses, Axis Capital

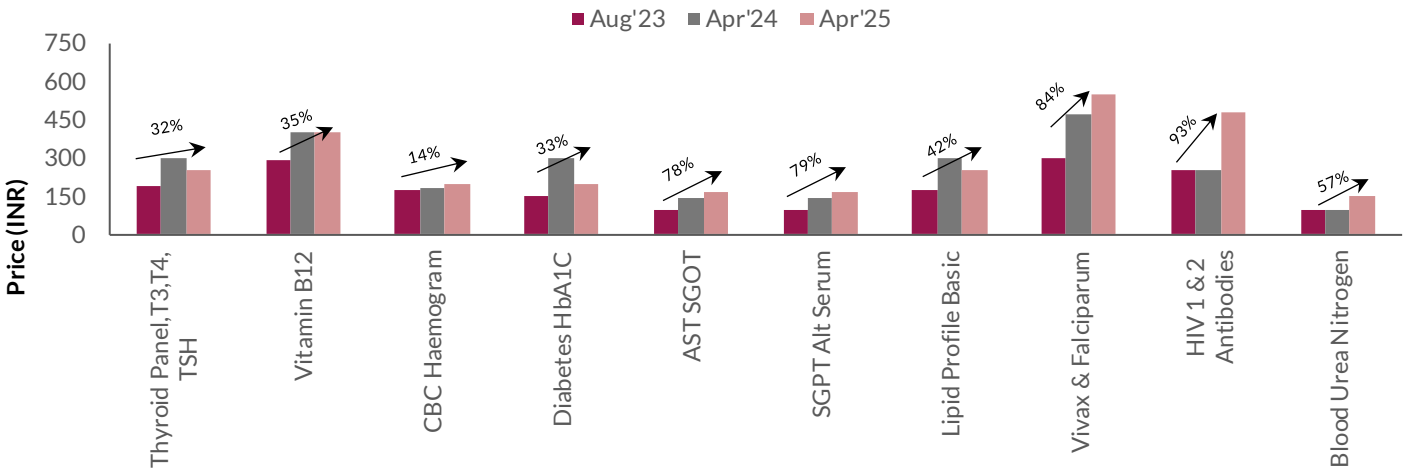
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Exhibit 4: Tata 1mg (Mumbai) has taken multiple price hikes across multiple tests over the past 2 years



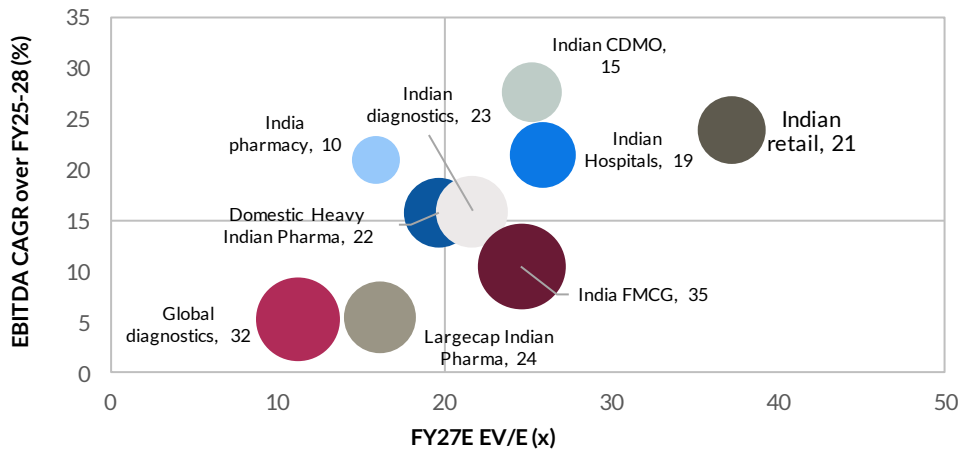
Source: Company, Axis Capital

Exhibit 5: Netmeds (Mumbai) has also similarly taken multiple price hikes across high volume tests over the past one and a half years



Source: Company, Axis Capital

Exhibit 6: Relative EV-based valuation, EBITDA growth forecast, RoCE of related industries

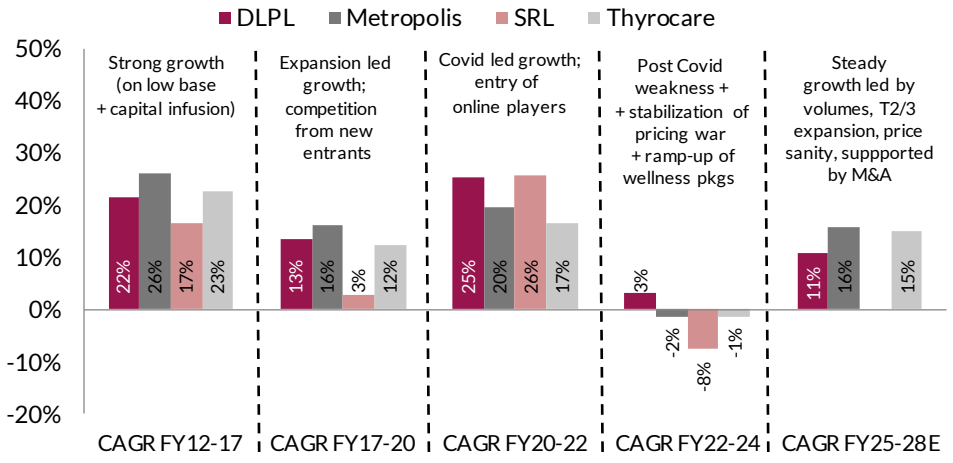


Source: Company, Bloomberg, Axis Capital; Note: X axis represents the sector EV/E on FY27 basis, Y axis represents the EBITDA CAGR over FY25-28E and the size of the bubble chart represents the RoCE of FY25 for the industry.

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Growth phases of the Indian diagnostics industry

Exhibit 7: Phase-wise growth in the Indian diagnostics industry



Source: Companies, Bloomberg, Axis Capital; Note: (1) Metropolis FY24 sales adjusted for ~Rs 180 mn one-off sales, (2) Thyrocare FY25-28 estimates based on Bloomberg data

Key growth phases of diagnostics in India: Entering Phase 5

1. **Phase 1 – FY12-17: High growth.** This phase was led by increasing demand and scale-up from a low base. The Indian diagnostics industry saw a 14% CAGR during this period, as the industry saw capital infusion into several regional chains, driving growth for the next phase. Over FY12-17, national/regional players saw initial signs of pickup of market share from standalone labs as network/labs expanded.
2. **Phase 2 – FY17-20: Deeper, wider penetration**. Growth was led by deeper penetration in existing markets and expansion into newer geographies. Organized new-age regional players (like Neuberg and Redcliffe) along with online aggregators such as mFine and MediBuddy entered the market, which expanded the patient pool and supported the base industry growth of ~13% during this period. Increased geographical penetration and improving access and awareness continued during this period.
3. **Phase 3 – FY20-22: Covid fillip.** The pandemic impact during Q4FY20-Q1FY21 (due to lockdown) was followed by the strong opportunity from Covid (RT-PCR) and allied testing (D-dimer, IL-6 etc.).
   - This phase saw major structural changes like consumer awareness on health (demand for wellness packages), accessibility (online/home collection), and focus on quality (accuracy, consumer service experience, and better TAT).
   - Structural changes coupled with attractive financial dynamics in the diagnostics industry triggered a rise in conventional and innovative competition, including the online aggregator model (collection of samples only), e-diagnostics (e-pharmacy players diversified into diagnostics), large pharma/non-pharma corporates like Lupin, Reliance, and Torrent, as well as hospital players like Max and Aster.
4. **Phase 4 – FY22-24: Post-Covid weakness + M&A**. After three exciting phases in the past decade, we saw the impact of Covid-driven growth in Phase 3 normalize over FY22-24, driving muted to declining growth across players.
   - The phase also saw relatively large M&A deals going through, such as the Metropolis-Hi-tech deal in Oct'21, the Dr Lal-Suburban deal in Nov'21, the Vijaya-PH acquisition in Dec'23, and the Pharmeasy-Thyrocare in Jun'21.
   - On non-Covid sales, the FY22-24 CAGR for Metropolis/DLPL were in low- to mid-teens, driven by the acquisitions and in high-single to low-double-digit organic growth.

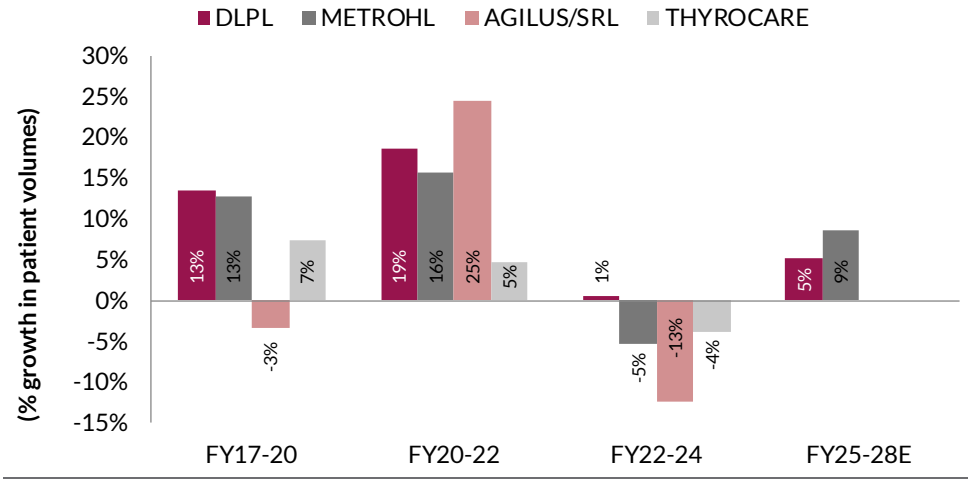
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- The structural changes brought about by Covid, such as increased consumer awareness, home collection, and wellness packages, continued to gain traction during the period.

5. **Phase 5 – FY24/25-28E: Normalization + stable growth phase:** Going ahead, with the Covid-led volatile phase now in the rearview, we expect a low-teen growth for the sector and our coverage stocks, driven by steady volume growth, expansion of geographical reach, and a stable pricing environment, with upside from M&A deals.
   - Strengthening of brand equity and technology: Keen focus on quality of services, better consumer experience, accuracy of test outcomes, and lower TAT.
   - Wellness/package testing: Strong traction in this sub-segment by traditional players is attracting online players/aggregators which are tweaking their packages to attract customers.
   - We highlight that Metropolis's CAGR over FY25-28E will be propelled by the recent acquisitions of Core diagnostics, Dr. Ahuja, and Scientific Pathology, in addition to base business/organic growth assumptions of ~12%.

Dr Lal has consistently delivered volume-driven growth, while Metropolis has seen both volume- and price-driven growth.

Exhibit 8: Patient volume trends to improve with Covid led volatility in the rearview



Source: Company, Axis Capital

The chart above depicts the volume growth (patient terms) during Phases 2-5 of the respective companies (comprehensive Phase 1 data unavailable, as some companies were listed later on).

- Comparing Exhibits 7 and 8 establishes that Dr Lal has been a volume-led player over the past seven to eight years (barring the Covid period) and the trend is expected to continue.
- Metropolis, in the past, saw a part of its value growth driven by price hikes and better realizations (~300 bps), and this should be the case going ahead as well. We highlight that the higher patient growth at Metropolis over FY25-28E is expected to be driven not only by the erstwhile lab/network expansion but also by the recent M&As.
- Apart from the Covid period, Agilus has been an underperformer vs peers like DLPL, MetroHL, and Thyrocare in terms of revenue and patient growth.

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Key trends in diagnostics industry

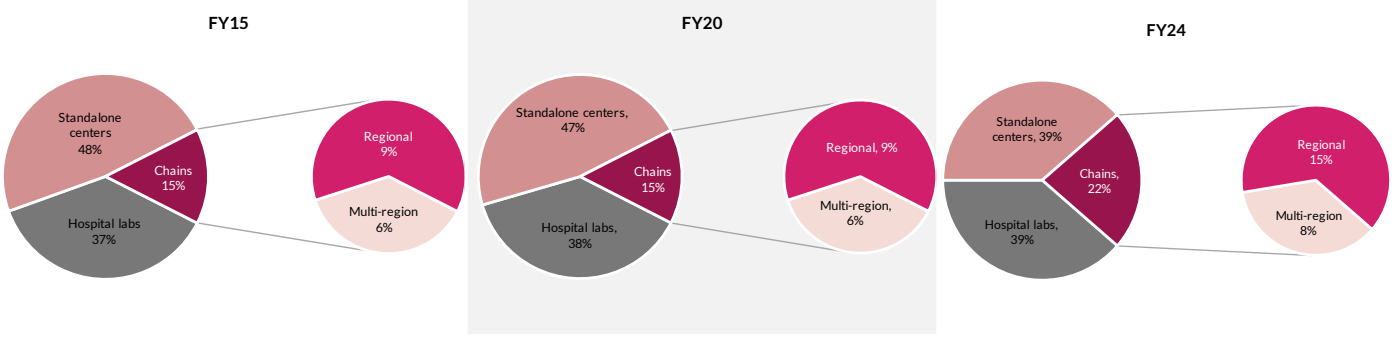
Perceptible shift from standalone labs to large-format chains

The Indian diagnostics industry has seen a shift from standalone centers to diagnostics chains due to the chains' higher quality of service and the unavailability of complex tests at standalone centers. The acquisition of standalone players by regional/national chains has also supported the shrinking of standalone labs' share in the market. Furthermore, the ability of chains to provide home collection services and online report access during lockdowns made them more accessible and convenient for patients, which led to a significant increase in their market share.

Over FY15-20, the share-mix across different types of diagnostics providers remained largely steady, with standalone players accounting for 47-48% of the market. However, as showcased in Ex 9, over FY20-24, the market share of standalone labs saw a significant drop from 47% to 39% as Covid accelerated the demand for quality and reliable diagnostics testing. This share was largely taken up by regional/multi-regional chains whose share increased from 15% in FY20 to 22% in FY24.

Breaking it up further, regional chains saw a higher increase in share from 9% to 15% over FY20-24, while national or multi-region chains' share increased from ~6% to 8% in FY24.

Exhibit 9: Diagnostics market remained largely unorganized till FY20, but chain players started gaining market share post Covid



Source: Company Prospectuses, Axis Capital

Based on back-of-the-envelope calculations using the above-mentioned industry break-up – while all types of diagnostic centres (standalone, hospital-based, regional, and multi-regional) saw a 12-13% CAGR over FY15-20, standalone centers saw only a 1% CAGR over FY20-24, hospital-based at 7%, while regional/multi-regional lab chains grew 19/17%.

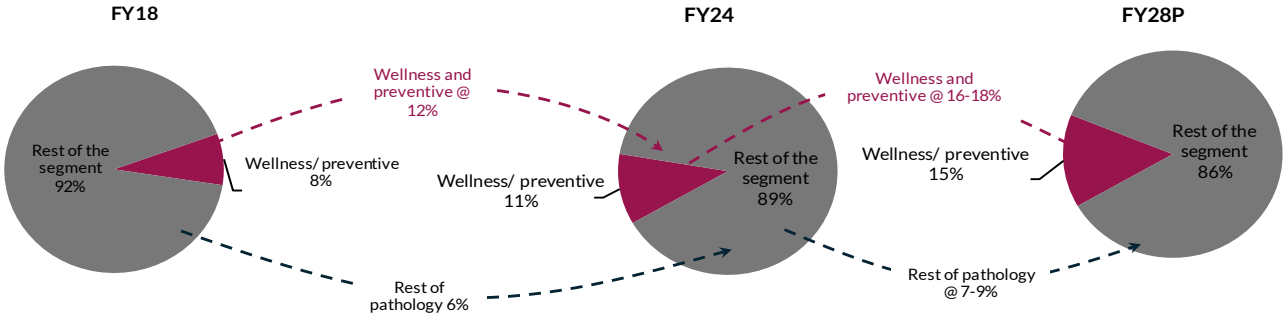
Wellness/package testing trends suggest increasing adoption

There has been a significant growth in the demand for preventive health check-ups in India in recent years and the Covid pandemic has resulted in increased awareness of self-testing, particularly in relation to preventive and wellness services.

Medium-sized to large diagnostic chains and hospital-based diagnostic centres are increasingly packaging and marketing their test menus in the form of preventive and wellness packages. These health check-up packages help identify pre-existing diseases, or the likely risk from a particular disease before the actual symptom appears, helping individuals take corrective action before chronic conditions take hold.

The overall market for wellness and preventive diagnostics – grew from 8% of the total diagnostic market in FY18 to ~11% as of FY24 at a 12% CAGR– is expected to see a healthy CAGR of 16-18% over FY24-28E and reach ~15% by FY28E, led by rising disposable incomes, increasing urbanization, and awareness about prevention and wellness following Covid, etc.

Exhibit 10: Share of market for preventive and wellness segment in Indian diagnostics market

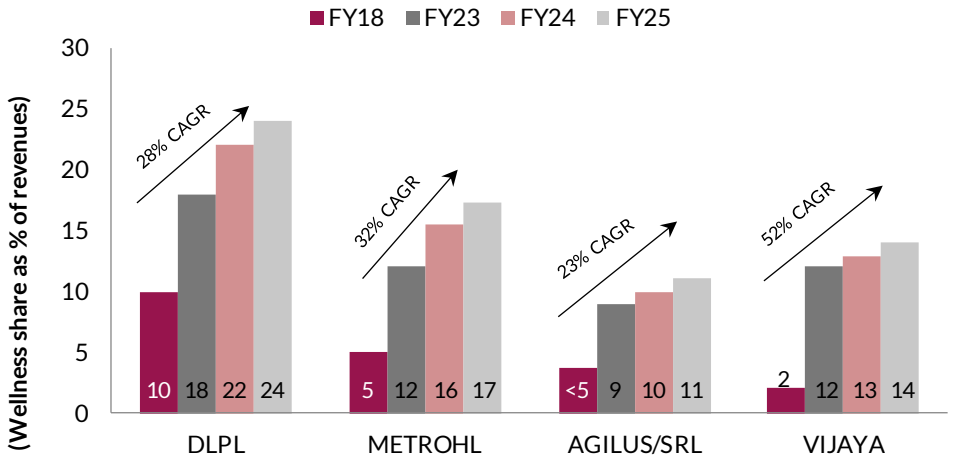


Source: Suraksha Prospectus, Axis Capital

Dr Lal, which has one of the highest shares of packages (Swasthfit) revenue (24% of FY25 sales), sees the segment having the potential to contribute 30%+ to its topline over the next three to four years. This suggests that the aforementioned mid-teens-level growth in the wellness segment is likely to be sustained over the next few years, especially as the companies ramp up these packages in Tier2/3 towns.

Over FY18-25, we have seen 20%+ sales CAGR in wellness package-based testing, with double-digit contribution to sales-mix of most listed diagnostics chains.

Exhibit 11: Increasing share of wellness/package-based testing business



Source: Companies, Axis Capital

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Competition from online players subsides, hospital/pharma new worry?

Over the past five to seven years, the diagnostics market in India has expanded, led by the entry of new-age players, aggregators, online players, pharma companies, and increase in hospital-based labs, and supported by Covid-driven awareness and increased testing.

Price pressure from online entrants recedes: The entry of online and regional players such as Healthians (2015), Tata 1 mg (2015), MFine (2017), Neuberg (2017), Redcliffe (2018), Pharmeasy (2022 for lab tests), and Netmeds (aggregator) had in recent years led to increased price-based competition. We have seen the same tapering from mid-2023 onwards, with price hikes by high-discount players like Tata 1 mg and Netmeds to reduce cash burn.

Exhibit 12: Key players in Indian diagnostics industry: B&M players still large

Pure diagnostic	Sales FY25 (Rs bn)	Online players	Sales FY24 (Rs bn)	Hospital Labs	Sales FY24/25 (Rs bn)	Other corporates	Sales FY24/FY25 (Rs bn)	Regional/PE backed	Sales FY23/4 (Rs bn)
DLPL (1949)	25	Tata 1 mg (2015)^	2	Apollo Diagnostic (2015)	5	PathKind (2016)	2.3	Neuberg (2017)	8
Agilus (SRL) (1995)	14	Healthians (2015)	3	Aster Labs (2020)	1	MedPus (2018)	1.1	Redcliffe (2018)	3
Metropolis (1981)	13	Practo (2008)	n.a.	Max Labs (2020)	2	Lupin (2022)	1.0	Orange Health (2020)	0.5
Thyrocare (1996)	7	MediBuddy (2013)	n.a.	Medanta* (2023)	0.11	Torrent Pharma (2022)	0.01	Atulaya (2008)	0.7
Vijaya (1981)	7	mFIne (2017)	0.32			Adani (planned)	n.a.	Medall (1994)	1.5
Krsnaa (2011)	7	Pharmeasy (2015/22)	7					Aarthi scans (2000)	2.6
Suraksha (1992)	3								
Total	**75**	**Total**	**12**	**Total**	**8**	**Total**	**4**	**Total**	**16**

Source: Companies, MCA, Axis Capital; Note: Atulaya/Medall - FY23 sales, *Medanta assumes 50% of GHL Pharma & Diagnostic Private Limited sales; mFine sales represent the sales of Lifewell Diagnostics as per FY24 MCA filing; ^Tata 1 mg depicts gross receipts at Lab; Pharmeasy began operations in 2015 but lab tests were offered from 2022.

Corporates/Pharma getting interested in the space: More recently, however, other healthcare/pharma players like Lupin (2022), Medplus (2022 for diagnostics), Torrent (2022), and PathKind (Mankind promoters, 2016) have set up a separate subsidiary/vertical to enter the diagnostics market in India, given the low capex requirements and strong margin profile. Some commentaries from the above-mentioned players:

- Medplus currently offers diagnostics services in Chennai and Hyderabad and plans to further expand to other regions once it reaches a specified traction within the current markets.
- Lupin: Having started during Covid, as of FY25, it saw 44% YoY growth in diagnostics sales to Rs 1 bn, with presence across India, barring North India. The company expects to achieve EBITDA breakeven by FY27E.

Hospitals see labs as natural extension: With even pharma players finding the industry attractive, hospital-based players such as Apollo, Medanta, and Max also see the growth potential in the diagnostics space – not only from an in-hospital lab point of view but external labs as well.

- Apollo expects improved profitability and scale-up of its diagnostics business (2.2k network) to support margin expansion in its AHLL vertical.
- Medanta had 11 labs and 225+ collection centers as of FY25.
- Max Labs offered 2,500+ tests across 1,100+ collection centers and pick-points as of FY24.

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Our view: As diagnostics is a less capital-intensive sector, adjacent healthcare players like pharma and hospitals can easily enter this space leveraging their existing brand equity and balance sheet strength. However, key monitorable remains their volume ramp-up and subsequent profitability. Some details on the performance of these players include:

- Apollo generates Rs 5 bn in sales from its diagnostics vertical through 100+ labs and 2,100+ centers, while its profitability remains well below that of the traditional players at 10-11%.
- Lupin started the vertical in FY22 and has ramped up sales to Rs 1 bn with 44 labs and 1,100+ centers, but it remains significantly loss-making at the EBITDA level.
- Max, with ~50 labs, clocking ~Rs 1.75 bn in revenue is slightly better off and registered ~14% margins in FY25.

While we expect no pricing pressure or margin impact on industry incumbents due to these pharma/hospital players in the near term, they could drive marginal volume pressure in select regions where these players have strong brand equity and are focusing their efforts (Max – Delhi, Lupin – Mumbai).

Hinterlands now a key focus area for expansion

The Indian diagnostics market is highly underpenetrated in the rural space, apparent from the fact that the rural population, at ~70% of the total population, represented only 24% of the overall diagnostics market as of FY24.

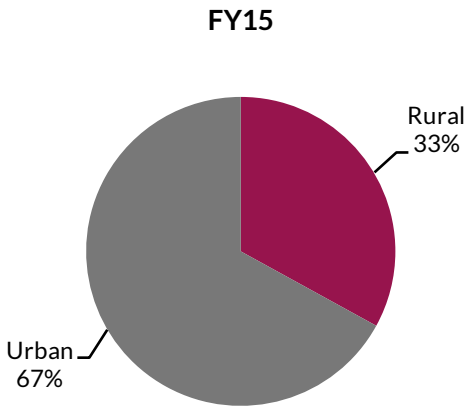
Organized diagnostics chains in India are currently present predominantly in urban areas (metro, Tier1/2 cities). Whereas rural centres are largely primary-healthcare centres, government dispensaries, and private dispensaries with small facilities that do only basic tests. Ticket sizes in non-urban areas are also usually smaller than in urban centres (Exhibit 15). Hence, the penetration of organized diagnostics chains in rural areas (Tier-3/4 towns) and deeper in urban areas will be critical for the growth of the diagnostics market going ahead.

In terms of network around two-thirds of India's pathology network is present in the Tier-1/2 cities (as per industry sources) and the rest are in Tier-3/rural areas. This suggests a huge gap in terms of demand vs supply in Tier-2 and beyond regions.

In recent years, diagnostics chains have started to expand into Tier-2/3+ geographies, where they have limited presence via the inorganic route or via asset-light infrastructure set-ups (franchise/B2B models). Decentralization and partnerships with small to medium-sized hospitals are propelling the growth of chain lab centers in Tier-2/3+ cities. As Tier-2/3 cities see an increased interest from established players, struggling standalone centers in these regions become prime opportunities for acquisition.

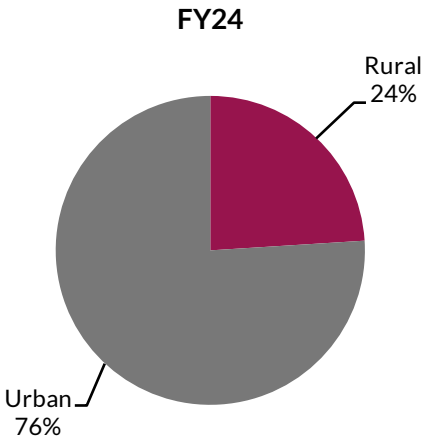
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Exhibit 13: Urban diagnostics formed 2/3rd of market in FY15…



Source: Suraksha Diagnostic Prospectus, Axis Capital

Exhibit 14: …vs 3/4th of the market currently



Source: Suraksha Diagnostic Prospectus, Axis Capital

Commentaries on Tier-2 and beyond expansion from notable chains

- Dr Lal has been highlighting its efforts to develop presence in Tier-3/4 cities, which it expects to be one of the key drivers for growth in the Indian diagnostic industry going ahead, especially in the North India and East India for quite some time. The company has delivered mid-teen growth in Tier-3 cities in FY25.
- Metropolis: Of the 85 labs that the company has added over FY21-25, 51 are in Tier-2/3 cities. Tier-3 cities saw high-teen revenue growth in FY25.
- Vijaya has been adding capacity over the past two to three years in Tier-2 locations.

Exhibit 15: Rural prices generally 20-30% lower than urban

Avg. price of diagnostic test (Rs)	Hospitalization case	Non-hospitalization case
Rural	1889	65
Urban	2441	92
Rural vs Urban	**-23%**	**-29%**

Source: Suraksha Diagnostic Prospectus, Axis Capital

Exhibit 16: Discounts in Tier-2/3 for radiology lower

	Pathology	Radiology
Tier 1	100 (base)	713
Tier 2/3	78	693
T2/3 vs T1	**-22%**	**-3%**

Source: Suraksha Diagnostic Prospectus, Axis Capital

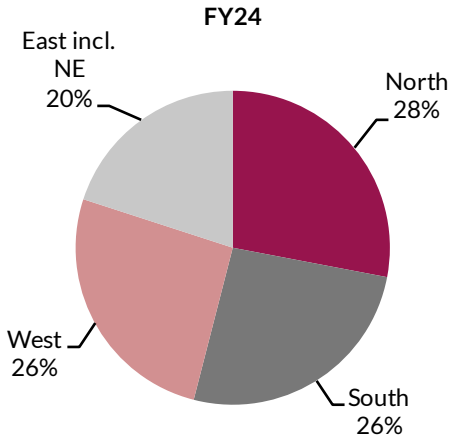
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Underpenetrated regions to gradually start catching up

The Indian diagnostics market had a notable regional-split as of FY24, with North India leading at 28-30%, followed by South India at 25-27% and West India at 25-27%. East India, including the Northeast region, lags with 20-21% share.

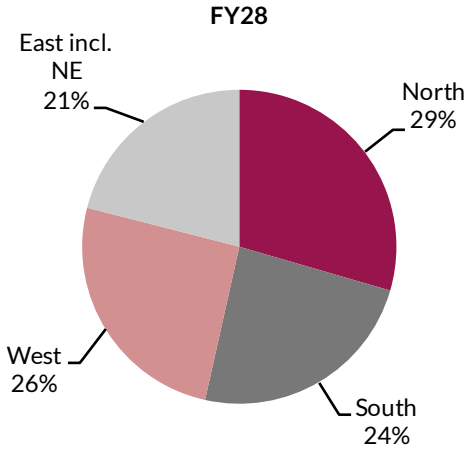
Basis the expansion activities planned by major players in the diagnostics and hospital segments and factoring in the disease burden in various states in India, it is estimated that the North region will gain an additional small share by FY28E compared to FY24. Meanwhile, East India, including the Northeast region, is currently underserved, given it has some key cities like Bhubaneswar, Ranchi, Agartala, Patna, Shillong, and Guwahati. The region is expected to see 10.5-12.5% CAGR, which is more than the overall industry growth rate of 10-12%, over FY24-28E. In FY28E, the share East India, including the Northeast region, in the diagnostics industry is estimated to increase to 21-22% from the current 20-21%.

Exhibit 17: Region-wise-split in FY24



Source: Suraksha Diagnostic Prospectus, Axis Capital

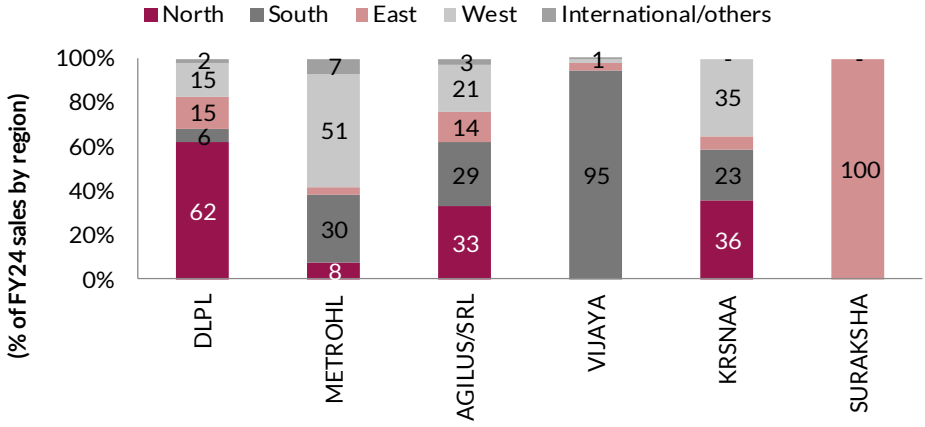
Exhibit 18: Region-wise-split in FY24



Source: Suraksha Diagnostic Prospectus, Axis Capital

Barring Agilus and the B2G player Krsnaa, most diagnostics chains have region-specific strengths, i.e. markets where they have stronghold, such as North India for Dr Lal, Southwest India for Metropolis, South (Andhra Pradesh-Telangana) for Vijaya, and East India for Suraksha.

Exhibit 19: Region-wise-mix as of FY24

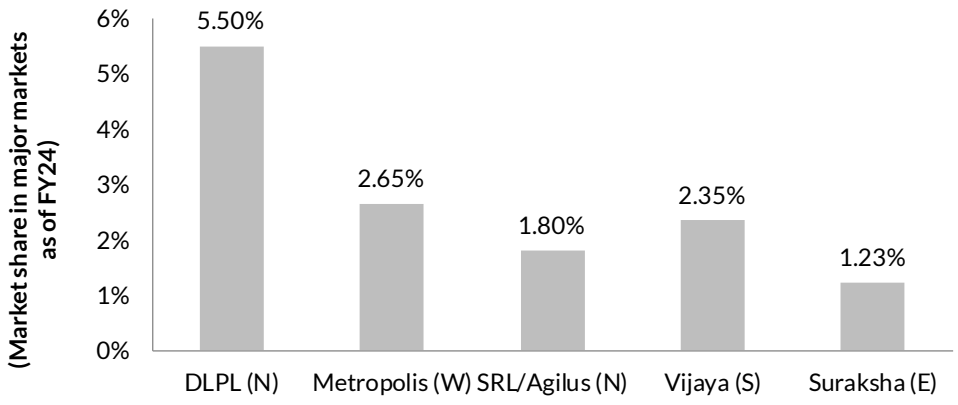


Source: Suraksha Prospectus, Company, Axis Capital

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Dr Lal commands one of the highest market shares in its core geography of North India, at ~5.5%, vs other chain-based players which are lower than ~2.7% in their respective core geographies.

Exhibit 20: Market share of diagnostics players by region – North, South, East, West



Source: Suraksha Prospectus, Axis Capital

Given its concentric circle strategy, with a legacy of 75+ years, DLPL has captured one of the highest shares in its core market of Delhi-NCR, which should be 20%+ and ~5.5% in the North India. While this suggests lower room for growth in its core region – the company has been able to deliver double-digit growth in Delhi NCR in FY25, which should continue going ahead albeit at a lower rate driven by continued ramp-up in wellness/packages share, while increasing penetration in surrounding Tier-3/4 towns.

Metropolis's market share in West India, which contributes 50% of its sales, is ~2.7%, much lower than that of Dr Lal's share in North India. This suggests room for expansion, further reiterated by B2C growth of 19% in Maharashtra in FY25. Moreover, the company plans to expand deeper in and around Mumbai by setting up a collection center every 2-2.5 km in the peripheries of Mumbai/MMR regions.

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Pricing dynamics in the Indian diagnostics industry

Apr'25 pricing check: Incumbents go for price hike

Our channel checks to evaluate the current price and discounting for diagnostics and pharmacies indicate an overall stable pricing environment: (1) traditional players like MetroHL and Agilus have hiked prices while DLPL has kept prices steady; (2) new players Tata 1mg and Apollo 24x7 have raised prices on standalone tests (~0-25% across cities – Exhibit 21); (3) Netmeds instituted prices hikes of 1-5% across major cities; (4) Pharmeasy cut prices by 2% across cities, while Healthians, which had hiked prices by mid- to high-teens in Nov'24, has partly reversed it with 12% cuts across cities; (5) test package prices either remained steady or saw hikes, as with MetroHL and Tata 1mg; and (6) pharmacy discounts were similar except for minor changes in the discount rates and minimum order values, e.g. the highest discount offered by Tata 1mg now stands at 15% vs 17% in our Nov'24 check.

More of the same is not bad news!

Following our notes in Nov'24 (Stability continues) and Apr'24 (Sanity continues to prevail), we observe that pricing discipline, which was first seen in mid-CY23, prevails. Traditional players like MetroHL and Agilus, which refrained from any price hike, as per our last Nov'24 check, have now resorted to price hikes across regions (DLPL was an exception over the past two years). DLPL and Metropolis have posted 11-12% YoY growth, indicating continued volume growth (especially for DLPL), supported by price hikes (2% called out by Metropolis in Q3FY25), in line with their guidance.

Some new trends emerging – online players catching up with hikes?

- In the overall pricing trend, 1mg, Netmeds, and Apollo 24/7 increased prices of standalone tests by 5-40%, which is quite consistent, as online players have started to focus more on profitability.
- Apart from steady DLPL pricing in standalone tests, we have observed a couple of notable points:
  - First, Metropolis has increased its prices in core markets, but in regions where it hopes to increase its market share, it has reduced prices by 5-10% (Delhi, Hyderabad, Ahmedabad).
  - Second, on the packages side, online players like Tata 1mg and Netmeds, as per our previous check, had selectively cut prices in packages in Nov'24. But now Tata 1mg has hiked prices by 10-20% and Netmeds kept it steady.
    - Healthians, in contrast, continued to cut prices in double-digits in select packages. MetroHL hiked prices by 7-9% in test packages (Exhibit 31), largely to protect its margins, in our view (as 'Core' margins are currently below the company average).
    - Also, while Agilus has not hiked prices for packages, it has increased test count across multiple packages.
- Online players earlier followed a common strategy in terms of pricing, but the current trends indicate divergent views in terms of pricing strategy. On the one hand, Tata 1mg has hiked prices for both standalone tests and packages, while Healthians has reduced prices for tests as well as packages. Other new players have followed a mixed approach.
- We expect wellness/packages to continue to dominate DLPL/MetroHL's performance. DLPL, as per its last Q4 update, reported a 17% YoY growth in Swasthfit (contribution rose from low-teens in FY19 to 24% in FY25). MetroHL too has expanded its contribution of wellness/packages from 6% to 17% over FY19-25. Both companies have stated their intention to increase it further.

Discounts on e-pharmacy channels show marginal reduction

Compared to Nov'24, the discount offerings across pharmacies remain steady with minor tweaks in rates and discount amounts. Medplus continues to offer the highest discount, at 20% (above Rs 1,000 order value). Another observation is that while discount rates are similar, the average order value needed to avail the discount has increased – Tata 1mg earlier used to offer a 5% discount on AOVs of Rs 400-700 but now offers no discount on AOVs below Rs 700. Now Tata 1mgs' highest discount is 15% (vs 17%, as per our previous check), but the maximum discount amount has risen 1.3x from Rs 380 to Rs 500. Pharmaeasy has introduced a new discount rate of 8% for AOVs more than Rs 700 and less than Rs 1,100.

Apr'25 vs Nov'24 pricing checks

Our channel checks comparing Apr'25 test prices (select pack) vs those in Nov'24 suggest a mixed bag, where players like Tata 1mg and Netmeds have hiked prices by ~1-50% (varying as per region) on standalone tests, while players like Healthians and Pharmaeasy have reduced their prices (2-12%). On the contrary, we have seen traditional players such as Metropolis and Agilus, which, as per our Nov'24 note, had earlier kept prices steady, have hiked prices (in select geographies). DLPL did not hike prices.

Exhibit 21: Average pricing trends since Nov'24 for major diagnostics players across cities

(% price change vs Nov'24)	Dr Lal Pathlabs	Metropolis	Pharmeasy	Agilus	Apollo 24/7	Tata 1mg	Healthians	Netmeds
Average price hike/decline for Mumbai	0%	4%	-2%	2%	23%	8%	-12%	0%
Average price hike/decline for Delhi	0%	-10%	-2%	0%	68%	5%	-12%	1%
Average price hike/decline for Bangalore	0%	2%	-2%	0%	23%	15%	-12%	2%
Average price hike/decline for Chennai	0%	4%	-2%	6%	23%	-1%	-12%	3%
Average price hike/decline for Hyderabad	0%	-3%	-2%	0%	23%	-1%	-12%	2%
Average price hike/decline for Ahmedabad	0%	-8%	-2%	3%	17%	46%	-12%	4%

Source: Company, Axis Capital

Observations across standalone test pricing for players across geographies

- Metropolis hiked prices for most of its standalone tests in its core regions like Mumbai, Bengaluru, and Chennai (2-4%), but for regions where it aims to deepen penetration (Hyderabad, Ahmedabad, and Delhi), it has cut prices by 3-10%.
- DLPL has not hiked prices since Aug'23.
- As per our checks, with a likely focus on reducing 24x7 loss while increasing Healthco margins, Apollo 24/7 seems to have hiked prices by double-digits across every region, led by Delhi at 60+% (led by some tests for thyroid, B12, LFT, lipid profile), followed by 23% hikes in cities like Mumbai, Bengaluru, Hyderabad, and Chennai.
- Netmeds hiked prices by low-single-digits across major metros and Tier-1 cities (barring Mumbai).
- Amongst the set, price decline for Healthians and Pharmeasy remained uniform across regions, at 12% and 2%, respectively.
- Tata 1mg hiked prices by 5-15% in Mumbai, Delhi, and Bengaluru, highlighting its efforts to improve operational profitability.
  - While for Chennai and Hyderabad, it marginally cut prices by 1%.
  - 1 mg also made significant price hikes of 40%+ in the Ahmedabad region, a shift away from its strategy of gaining market share in the city via heavy discounting vs peers.

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Exhibit 22: Except for MetroHL, prices remain unchanged for most offline players in their core regions

(Rs)	Metropolis (Mumbai)		Dr Lal (Delhi)		Agilus (Delhi)		Vijaya (Hyderabad)	
	Apr'25 Price	% increase since Nov'24	Apr'25 Price	% increase since Nov'24	Apr'25 Price	% increase since Nov'24	Apr'25 Price	% increase since Nov'24
Ultrasensitive TSH	400	0%	380	0%	380	0%	320	0%
Thyroid Panel,T3,T4, TSH	600	0%	550	0%	550	0%	650	0%
D, 25- Hydroxy	1,800	6%	1,550	0%	1,600	0%	1,900	0%
B12 (Cyanocobalamin)	1,250	4%	1,200	0%	1,200	0%		
B12 (Cyanocobalamin,Methylcobalmin)						0%	1,350	0%
Vitamin A	4,665	0%	4,300	0%	4,600	0%		
Vitamin C	4,025	7%			3,300	0%		
CBC Haemogram	340	3%	350	0%	375	0%	380	0%
Haemogram			420	0%	420	0%	500	0%
Diabetes HbA1C	640	3%	440	0%	475	0%	580	0%
Liver Function test (LFT)	650	7%	800	0%	825	0%	680	0%
AST SGOT	270	8%	190	0%			220	0%
SGPT Alt Serum	270	8%	190	0%	230	0%	220	0%
Kideny Function Test (KFT)	1,250	6%	850	0%	875	0%	990	0%
Lipid Profile Basic	800	0%	1,000	0%	1,000	0%	680	0%
Vivax & Falciparum	780	4%	700	0%	700	0%	660	
HIV 1 & 2 Antibodies	720	3%	530	0%	730	0%	620	0%
HIV 1 - Viral Load	5,900	2%	5,400	0%	5,700	0%	5,200	0%
Blood Urea Nitrogen Test (Function Test)	260	8%	140	0%	230	0%	220	0%

Source: Company, Axis Capital

Observations for traditional players' standalone test pricing in their core regions

- Metropolis, to negate margin dilution on account of its recently concluded acquisitions, (core diagnostics and other standalone path labs), has hiked prices (3-8%) in the Mumbai region.
- Other players like Agilus, DLPL, and Vijaya did not take any price hikes in their core regions.

Exhibit 23: Unlike Healthians, other new-age players like Tata 1mg/Netmeds have hiked prices

(Rs)	Tata 1mg (Delhi)		Netmeds (Chennai)		Healthians (Delhi)	
	Apr'25 Price	% increase since Nov'24	Apr'25 Price	% increase since Nov'24	Apr'25 Price	% increase since Nov'24
Ultrasensitive TSH	339	11%	NA		306	0%
Thyroid Panel,T3,T4, TSH	490	64%	249	0%	273	0%
D, 25- Hydroxy	499	14%	NA	-17%	349	-17%
B12 (Cyanocobalamin)			399	0%	349	-49%
B12 (Cyanocobalamin,Methylcobalmin)	439	0%				
Vitamin A			2,000	0%	2,700	0
Vitamin C				0%		
CBC Haemogram	319	7%	199	-20%	252	
Haemogram	419	5%	0	0%	273	0%
Diabetes HbA1C	399	-17%	199	-33%	273	0%
Liver Function test (LFT)	399	0%	299	0%	273	0%
AST SGOT	179	-15%	169	0%	149	-17%
SGPT Alt Serum	179	0%	170	0%	149	-17%
Kideny Function Test (KFT)	399	0%	299	0%	378	0%
Lipid Profile Basic	399	0%	249	-17%	273	-1%
Vivax & Falciparum	629	5%	550	18%	249	-62%
HIV 1 & 2 Antibodies	259	0%	480	93%	299	-25%
HIV 1 - Viral Load	5,399	13%	4,512	18%	5,220	-25%
Blood Urea Nitrogen Test (Function Test)	129	-1%	149	0%	130	0%

Source: Company, Axis Capital

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Observations on standalone tests across online players in their core regions

- **Tata 1mg – continued to hike prices in Apr'25 as in Nov'24:** The highest price hike in thyroid tests was 64% in Apr'25 vs Nov'24, followed by low- to mid-teen hikes in TSH and vitamin D tests, and price cuts of 10-15% in HbA1C and serum tests.
- **Netmeds – also continues to increase prices:** Amongst the online players, Netmeds (in the Chennai region) hiked prices for anti-malarial (vivax) and HIV screening, with double-digit decline in Vitamin D, lipid profile, CBC, and HbA1C tests.
- **Healthians – increased prices in Nov'24 and has now cut prices:** Healthians cut prices for most of the tests, including HIV-1 screening and qualitative test, SGPT/SGOT, and vitamin D tests.

Exhibit 24: Mumbai pricing: Metropolis prices are 2x the prices of Netmeds and 1.7x that of Pharmeasy/1mg

(Rs)	Prices for Apr'25 (Metropolis Mumbai)	Prices for Apr'25 (Dr Lal)	Metropolis vs Dr Lal	Prices for Apr'25 (Pharmeasy)	Metropolis vs Pharmeasy	Prices for Apr'25 (Tata 1mg)	Metropolis vs Tata 1mg	Prices for Apr'25 (Netmeds)	Metropolis vs Netmeds
Ultrasensitive TSH	400	380	5%	299	34%	339	18%	NA	NA
Thyroid Panel,T3,T4, TSH	600	550	9%	399	50%	490	22%	249	141%
D, 25- Hydroxy	1800	1500	20%	2199	-18%	499	261%	649	177%
Vitamin A	4665	4300	8%	1949	139%	NA	NA	2000	133%
CBC Haemogram	340	250	36%	349	-3%	299	14%	199	71%
Diabetes HbA1C	640	550	16%	449	43%	379	69%	199	222%
LFT	650	800	-19%	499	30%	399	63%	299	117%
AST SGOT	270	220	23%	175	54%	189	43%	162	67%
SGPT Alt Serum	270	220	23%	175	55%	189	43%	162	67%
KFT	1250	910	37%	449	178%	399	213%	299	318%
Lipid Profile Basic	800	840	-5%	399	101%	399	101%	249	221%
Vivax & Falciparum	780	700	11%	349	123%	639	22%	468	67%
HIV 1 & 2 Antibodies	720	530	36%	419	72%	389	85%	550	31%
HIV 1 - Viral Load	5900	5400	9%	4349	36%	4859	21%	4512	31%
Blood Urea Nitrogen Test (Function Test)	260	250	4%	125	109%	229	14%	149	74%
Pricing premium for Metropolis vs peers			**13%**		**67%**		**71%**		**111%**

Source: Company, Axis Capital; Pricing premium calculated as average premium of listed tests.

Observations for price trends in the Mumbai region:

- **Metropolis tests prices are now 13% higher than DLPL** test prices in Mumbai vs 8-9% (in Nov'24 check).
- **Metropolis tests prices are ~ 2.1x Netmeds test prices** (~1.9x in Nov'24 check and 2.5x as of Apr'24 report), followed by Metropolis' premium to Tata 1mg at 71% and Pharmeasy at 67%.
- Despite MetroHL's price hikes, the gap between Tata 1mg and MetroHL has reduced by 500 bps from 76% in the Nov'24 check to 71% in Apr'25.
- **Despite Netmeds continuing to hike prices over the past one year, it is still priced substantially lower than even other online players like 1 mg.**

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Exhibit 25: Mumbai pricing: Metropolis vs Max Labs suggest similar double-digit premium as seen for Dr Lal, but higher for Lupin

Tests	Prices for Apr'25 (Max labs)	Metropolis vs Max labs	Prices for Apr'25 (Lupin labs)	Metropolis vs Lupin labs
Ultrasensitive TSH	350	14%	350	14%
Thyroid Panel,T3,T4, TSH	500	20%	550	9%
D, 25- Hydroxy	1500	20%	1500	20%
Vitamin A	4200	11%	2200	112%
CBC Haemogram	300	13%	280	21%
Diabetes HbA1C	500	28%	500	28%
LFT	900	-28%	400	63%
AST SGOT	200	35%	220	23%
SGPT Alt Serum	200	35%	220	23%
KFT	-	0%	900	39%
Lipid Profile Basic	800	0%	750	7%
Vivax & Falciparum	650	20%	650	20%
HIV 1 & 2 Antibodies	520	38%	400	80%
HIV 1 - Viral Load	6000	-2%	5200	13%
Blood Urea Nitrogen Test (Function Test)	200	30%	240	8%
Pricing premium for Metropolis vs peers		**16%**		**32%**

Source: Company, Axis Capital

Observations:

- The pricing of hospital-based lab from Max in Mumbai is not significantly lower or higher than that of the largest diagnostics player in the market, Metropolis, with Metropolis's premium at ~16% on average to Max.
- However, Lupin's pricing is lower than that of Max. Hence, Metropolis's premium over that of Lupin prices are at an average of 30%+. We also note that Lupin's test prices in Mumbai are marginally lower than in other metro cities like Bangalore and Chennai.

Exhibit 26: Delhi pricing: Netmeds's pricing is nearly 1/3rd that of Dr Lal (the largest player) in the region

(Rs)	Price for Apr'25 (Dr Lal)	Price for Apr'25 (Agilus)	Dr Lal vs Agilus	Price for Apr'25 (Metropolis)	Dr Lal vs Metropolis	Price for Apr'25 (Tata 1mg)	Dr Lal vs Tata 1mg	Price for Apr'25 (Netmeds)	Dr Lal vs Netmeds
Ultrasensitive TSH	380	380	0%	150	153%	339	12%	NA	NA
Thyroid Panel,T3,T4, TSH	550	550	0%	450	22%	490	12%	195	182%
D, 25- Hydroxy	1550	1600	-3%	900	72%	499	211%	649	139%
B12 (Cyanocobalamin)	1200	1200	0%	1000	20%	NA		295	307%
Vitamin A	4300	4600	-7%	4580	-6%	NA		1695	154%
CBC Haemogram	350	375	-7%	300	17%	319	10%	175	100%
Haemogram	420	420	0%	0	NA	419	0%	0	
Diabetes HbA1C	440	475	-7%	400	10%	399	10%	199	121%
LFT	800	825	-3%	500	60%	399	101%	195	310%
AST SGOT	190	0	NA	140	36%	179	6%	95	100%
SGPT Alt Serum	190	230	-17%	160	19%	179	6%	95	100%
KFT	850	875	-3%	750	13%	399	113%	125	580%
Lipid Profile Basic	1000	1000	0%	400	150%	399	151%	175	471%
Vivax & Falciparum	700	700	0%	650	8%	629	11%	270	159%
HIV 1 & 2 Antibodies	530	730	-27%	500	6%	259	105%	360	47%
HIV 1 - Viral Load	5400	5700	-5%	5400	0%	5399	0%	4160	30%
Blood Urea Nitrogen Test (Function Test)	140	230	-39%	160	-13%	129	9%	115	22%
Pricing prem for Dr Lal vs peers			**-7%**		**35%**		**50%**		**188%**

Source: Company, Axis Capital

Observations for price trends in the Delhi region:

- In the Delhi region, Dr Lal's test pricing is 7% lower than Agilus's (unchanged vs our previous checks in Apr/Nov).
- Dr Lal's test prices premium has risen to 35% from 13% in Nov'24, as MetroHL has cut prices by ~10% in Delhi (Exhibit 26)
- As with Metropolis in Mumbai, Dr Lal's test prices are nearly 2.9x of Netmeds's, followed by premium to Tata 1mg prices at 50%.

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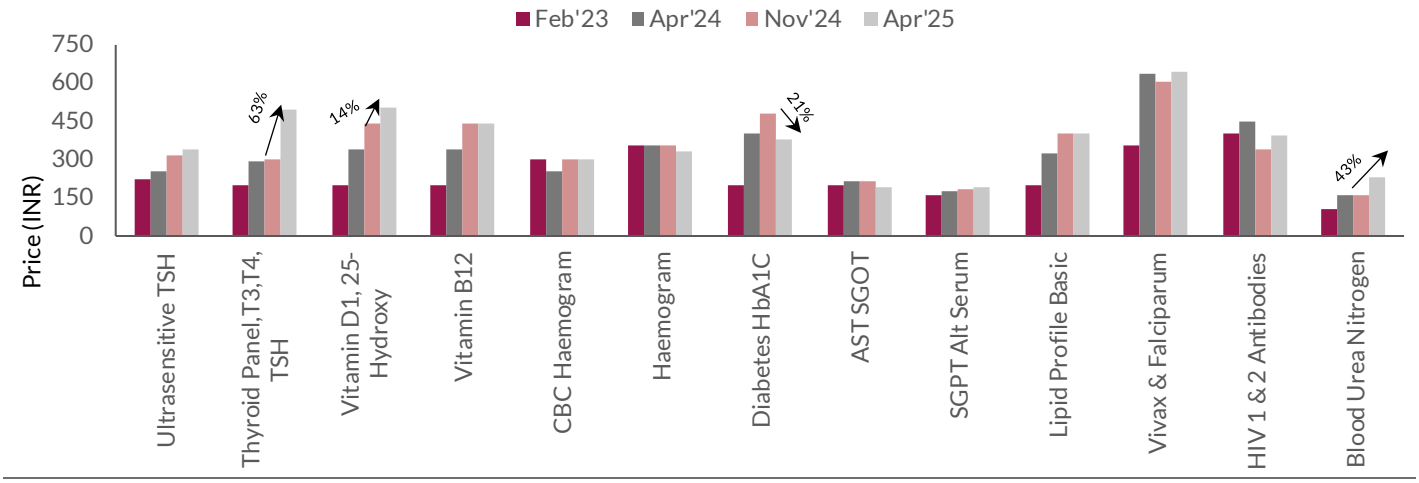
Exhibit 27: Max's test prices in Delhi are similar to Dr Lal's

(Rs)	Price for Apr'25 (Max Labs)	Dr Lal vs Max Labs
Ultrasensitive TSH	370	3%
Thyroid Panel,T3,T4, TSH	550	0%
D, 25- Hydroxy	1600	-3%
B12 (Cyanocobalamin)	1200	0%
Vitamin A	4200	2%
CBC Haemogram	350	0%
Haemogram	0	
Diabetes HbA1C	500	-12%
LFT	800	0%
AST SGOT	180	6%
SGPT Alt Serum	180	6%
KFT	850	0%
Lipid Profile Basic	950	5%
Vivax & Falciparum	700	0%
HIV 1 & 2 Antibodies	520	2%
HIV 1 - Viral Load	6000	-10%
Blood Urea Nitrogen Test (Function Test)	140	0%
Pricing prem for Dr Lal vs Max in Delhi		**0%**

Source: Company, Axis Capital

Tracking price hikes in Mumbai across 1 mg and Metropolis over the last couple of years

Exhibit 28: Tata 1mg (Mumbai) has either seen price hike/status quo for multiple tests

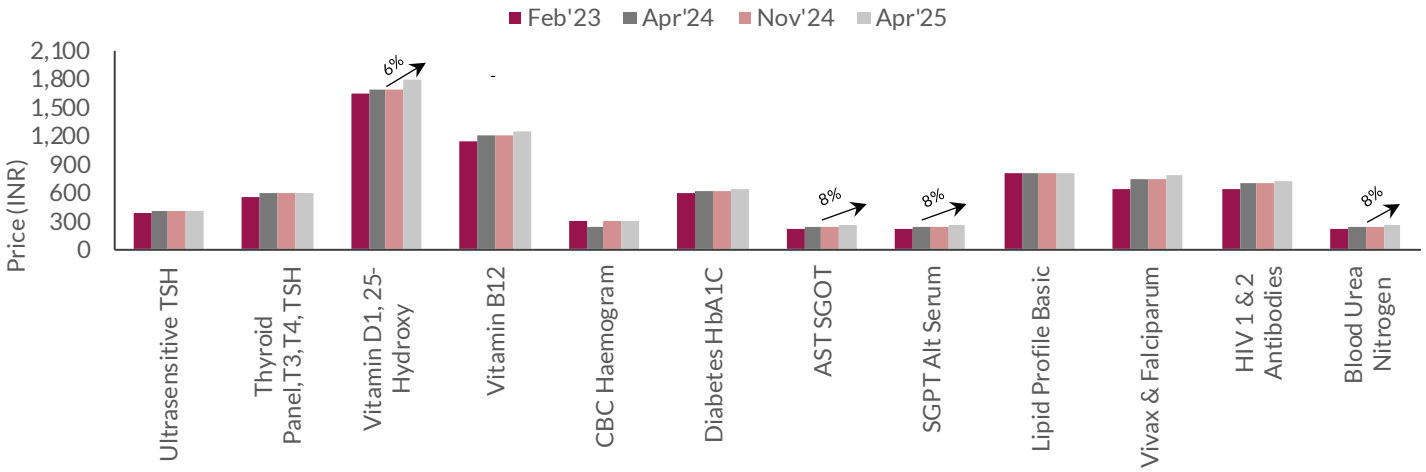


Source: Company, Axis Capital

As highlighted in Exhibits 28 & 29, traditional players like Metropolis hiked prices by 5-8% for most of the tests, and online players saw a similar trend, like Tata 1mg, but the quantum of hike is higher than MetroHL's, largely due to a lower base. Price hikes across regions by major online plyers for most of the tests indicates easing competitive intensity benefiting traditional players.

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Exhibit 29: Some price hikes in select tests for Metropolis (except for some tests) since Apr'24/Nov'24

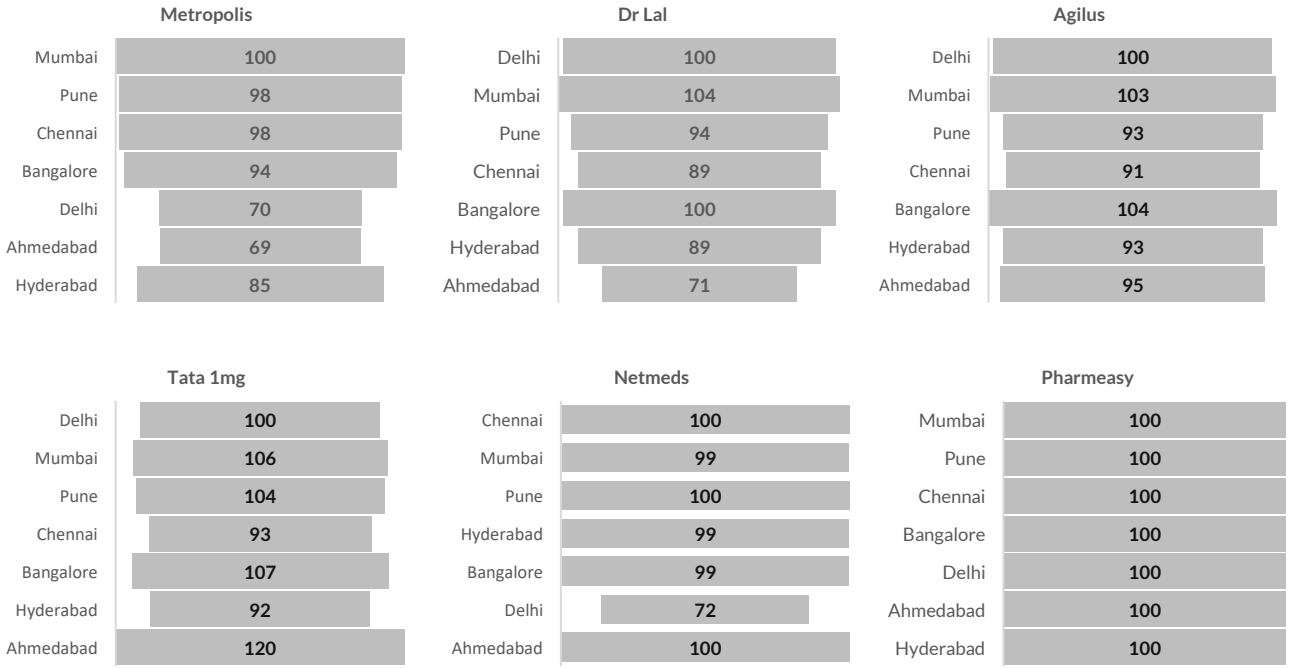


Source: Company, Axis Capital

City-wise test pricing strategy

We have also looked at the pricing differential for diagnostic companies in their core cities (or the city where they are headquartered) vs other select cities. We see that traditional players have lower pricing in Tier-1 cities like Hyderabad and Ahmedabad. Among online players pharmeasy follows uniform pricing across cities, Netmeds also follows a similar strategy across cities (barring an average 28% discount in Delhi). Tata 1 mg has a higher discount rate at Chennai and Hyderabad, while it charges an average 20% premium in Ahmedabad vs its pricing in Delhi.

Exhibit 30: City-wise test prices comparison for traditional and online players



Source: Company, Axis Capital; Note: 100 as a base taken for test price

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Observations:

- Traditional players like Metropolis, Dr Lal, and Agilus have lower prices for the Ahmedabad region compared to online players.
- For Metropolis, there is a double-digit price difference in Delhi, **indicating its strong push for penetration into non-core markets (the price difference vs Mumbai has further increased to 30% vs 14% for Delhi since Nov'24).**
- On average, prices for Ahmedabad and the core region stood at ~29% for Dr Lal (Delhi), 31% for Metropolis (Mumbai), and Agilus (Delhi) at ~5%.
- As per our checks, for Tata 1mg, the pricing difference between other cities and Delhi (core) is in single-digits, with Ahmadabad being an exception, where its prices are 20% higher than those in Delhi.
- Netmeds's test prices for Delhi are ~28% lower than for other cities.
- Pharmeasy seems to continue to follow a uniform pricing strategy across cities.

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Bundled testing

Exhibit 31: Metropolis and Tata 1 mg hikes bundled pricing

(Rs)	Apr'24		Nov'24		Apr'25		Test price change		Per test price change	
Metropolis (Mumbai)	**tests (#)**	**(Rs)**	**tests (#)**	**(Rs)**	**tests (#)**	**(Rs)**	**Apr25/Apr24**	**Apr25/Nov24**	**Arp25/Apr24**	**Apr25/Nov24**
Truhealth Vital	77	3,000	72	3,000	74	3,200	7%	7%	11%	4%
Health checkup - vital plus	80	4,500	77	4,500	77	4,750	6%	6%	10%	6%
Master Health checkup	94	5,500	92	5,500	92	6,000	9%	9%	11%	9%
Women's Health checkup package	95	5,500	93	5,500	93	6,000	9%	9%	11%	9%
Truhealth Pro-Activ male	100	6,500	98	6,500	98	7,000	8%	8%	10%	8%
Women- Truhealth Pro activ female	100	6,500	98	6,500	98	7,000	8%	8%	10%	8%
Senior citizen Healthcheckup	106	7,500	104	7,500	104	8,000	7%	7%	9%	7%
Senior Women Health checkup package	107	7,500	105	7,500	105	8,000	7%	7%	9%	7%
Dr lal (Delhi)										
Swasthfit Super 1	31	1,850	33	1,850	33	1,850	0%	0%	-6%	0%
Swasthfit Super 2	55	2,350	55	2,350	55	2,350	0%	0%	0%	0%
Swasthfit super 3	33	3,350	35	3,350	35	3,350	0%	0%	-6%	0%
Swasthfit super 4	58	4,050	57	4,050	57	4,050	0%	0%	2%	0%
Swasthfit Diabetes check extended	58	2,000	48	2,000	48	2,000	0%	0%	21%	0%
Swasthfit diabetes check complete	64	3,000	64	3,000	64	3,000	0%	0%	0%	0%
Swasthfit diabetes & Heart check extended	49	2,500	49	2,500	49	2,500	0%	0%	0%	0%
Swasthfit diabetes & heart check complete	86	3,500	86	3,500	86	3,500	0%	0%	0%	0%
Swasthfit active man	55	2,500	55	2,500	55	2,500	0%	0%	0%	0%
Swasthfit active woman	60	3,500	60	3,500	60	3,500	0%	0%	0%	0%
Swasthfit senior man	56	3,500	56	3,500	56	3,500	0%	0%	0%	0%
Swasthfit senior woman	60	3,500	60	3,500	60	3,500	0%	0%	0%	0%
Tata 1mg (Mumbai)										
Comprehensive gold	79	2,299	88	2,249	86	2,499	9%	11%	0%	14%
Comprehensive silver	71	1,899	80	1,899	80	1,999	5%	5%	-7%	5%
Comprehensive platinum	92	3,699	101	3,599	100	3,999	8%	11%	-1%	12%
Good health silver	57	699	65	699	65	799	14%	14%	0%	14%
Good Health Gold	63	999	72	999	72	1,199	20%	20%	5%	20%
Good Health Platinum	65	1,499	74	1,499	74	1,649	10%	10%	-3%	10%
Women Wellness Advanced	44	1,549	91	2,569	67	2,569	66%	0%	9%	36%
Women Wellness Premium	46	1,899	104	3,629	81	3,629	91%	0%	9%	28%
Netmeds										
Netmeds Swasthya	64	1,100	64	1,100	64	1,100	0%	0%	0%	0%
Netmeds Diabetic checkup	49	899	49	629	49	629	-30%	0%	-30%	0%
Aarogyam B	61	1,050	67	1,050	67	1,050	0%	0%	-9%	0%
Netmeds Healthy	76	999	76	849	76	849	-15%	0%	-15%	0%
Netmeds Immunity care	60	1,099	60	1,274	60	1,274	16%	0%	16%	0%
Pharmeasy										
Healthy 2025 Full body check up	87	1,349	90	1,449	90	1,449	7%	0%	4%	0%
Comprehensive Full body checkup	90	1,899	92	2,199	92	2,199	16%	0%	13%	0%
Wellness 360 full body checkup	97	2,299	97	1,749	93	1,749	-24%	0%	-21%	4%
Wellness 360 full body checkup with VMN	102	4,599	102	4,599	102	4,599	0%	0%	0%	0%
Wellness 360 full body checkup + VMN, Immunity	113	5,499	113	5,499	113	5,499	0%	0%	0%	0%
Senior citizen Health checkup	102	4,599	102	4,599	102	4,599	0%	0%	0%	0%
Aarogyam full body checkup	97	2,449	93	1,798	93	1,798	-27%	0%	-23%	0%
Diabetes care	40	749	40	799	40	799	7%	0%	7%	0%
Cancer screening female	26	799	26	799	26	799	0%	0%	0%	0%
Healthians										
Comprehensive Male checkup package	110	5,040	102	3,599	99	2,999	-40%	-17%	-34%	-14%
Comprehensive Female checkup package	111	5,040	103	3,599	102	2,999	-40%	-17%	-35%	-16%
Healthy India 2024 Full body check up	83	1,554	85	1,604	80	1,200	-23%	-25%	-20%	-21%
Healthy India 2024 Full body checkup prime	92	1,974	90	1,999	92	1,974	0%	-1%	0%	-3%
Agilus (Mumbai)										
Complete care Total	81	4,499	81	4,499	99	4,499	0%	0%	-18%	-18%
Complete care essential	49	1,699	49	1,699	75	1,699	0%	0%	-35%	-35%
Immune check with spike	63	4,199	63	4,199	64	4,199	0%	0%	-2%	-2%
Complete care premium	89	6,999	89	6,999	89	6,999	0%	0%	0%	0%
Complete care basic	28	1,099	28	1,099	31	1,099	0%	0%	-10%	-10%
Complete care advance	65	2,699	65	2,699	85	2,699	0%	0%	-24%	-24%

Source: Company, Axis Capital

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Observations on bundled packages:

- Amongst the traditional players, (1) MetroHL hiked prices for multiple packages in the range of 6-9% vs Apr'24 or Nov'24; (2) but DLPL's prices remain largely unchanged; and (c) Agilus, while keeping overall test prices constant, has increased the number of tests and parameters measured across multiple packages, thereby effectively making 10-20% cuts in per-test pricing.
- Tata 1mg has recalibrated its packages where it has marginally reduced the number of parameters tested in some packages while simultaneously increasing package prices in the range of 10-20%.
- Netmeds/Pharmeasy have kept their prices unchanged vs Nov'24.
- Healthians remains the sole player which made an overall price cut for its packages (15-20%) while restructuring the number of parameters measured marginally.

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Pharmacy – discount rollback continues selectively

Pharmacy discounts remained steady for players like Medplus, Netmeds, and Pharmeasy over Apr'25 vs Nov'24.

- Medplus continues to offer the highest discounts (10-20%) across all cart sizes, with no capping on discount.
- Apollo 24/7 has tweaked its discount cap. Discounts for AOVs of above ~Rs 3k have now been increased to 18% from 10%, but the max discount allowed for orders with AOV of above Rs 5.5k has been reduced to Rs 1,500 vs Rs 2,000 in our Nov'24 check.
  - Tata 1mg has also recalibrated its discount structure, with the maximum discount allowed at 15% (at AOVs of above Rs 2,100 vs 18% on AOVs of above Rs 3k).
  - It has increased the minimum order value to Rs 700 vs Rs 400 earlier, at which the base 5% discount is applicable.
  - The slab with 8% discount now starts at Rs 1.3k AOV vs Rs 1.1k AOV earlier.
  - The 12% discount that was earlier applicable for the Rs 1.6k slab has been done away with. Now only three slabs remain – 5%, 8%, and 15%.
  - 1mg has increased the maximum discount amount to Rs 500 from Rs 380.
- Pharmeasy has introduced an 8% discount for orders above Rs 700 and below Rs 1,100, with no change in the overall structure.

Exhibit 32: Discount structure remains steady, with minor cuts in Tata 1mg

Total order value (Rs)	Medplus	Apollo 24/7*	Tata 1mg^	Netmeds #	Pharmeasy
400	10%	Nil	Nil	0%	0%
700	10%	5%	Nil	10%	4%
>700<1100			5%		8%
1,100	20%	10%	5%	15%	12%
1,300	20%	10%	8%	15%	12%
1,600	20%	10%	8%	18%	12%
2,100	20%	10%	15%	18%	12%
2,999	20%	18%	15%	18%	12%
3,500	20%	18%	15%	18%	12%
>5500	20%	20%	15%	18%	12%
Comments	**No discount caping**	**for >5499 upto 1500 discount, for Orders > 2999 upto Rs 800 , for > 499 -5%**	**Discount capped at Rs 500**	**10% - Max discount 2000 15% - Max discount 2000 18% - Max discount 700**	**No discount caping**

Source: Company, Axis Capital, *excl. welcome coupons but including PHARMA coupons, ^ex-first medicine order discounts, # doesn't include supercash cashback

Membership plans

Observations:

- Most online players have kept membership plans unchanged. However, Pharmeasy has reintroduced its special package price of Rs 99 for three months vs Rs 99/month earlier.
- Pharmeasy now offers free delivery only for AOVs of above Rs 999 vs above Rs 499 earlier.
- Tata 1mg has increased its minimum order value from Rs 149 to Rs 299 for free shipping charges for the first 20 orders.
- Tata 1mg has also removed one free lab test as a benefit for its care plan.

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Exhibit 33: No major changes in membership plans for online plans

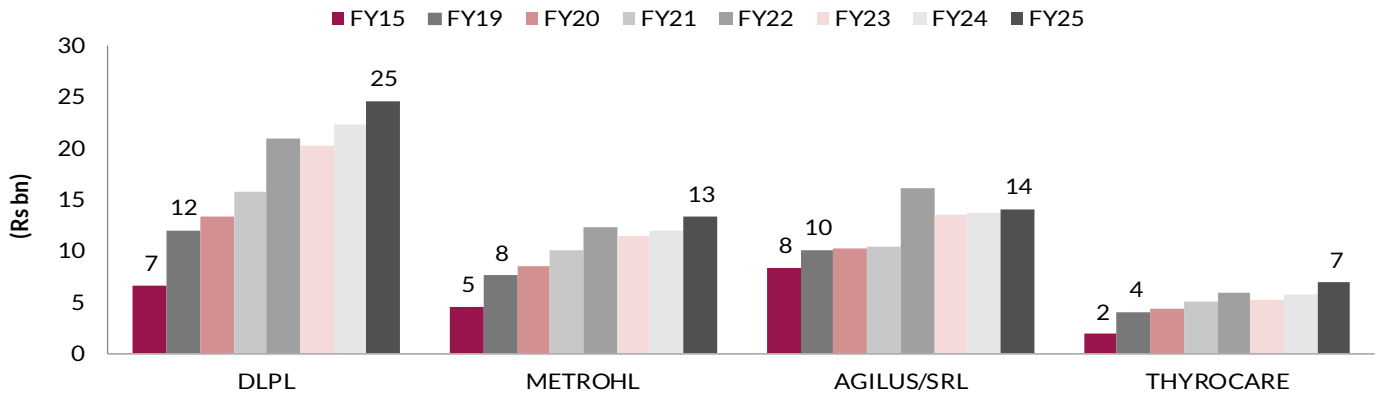
		Tata 1mg Care plan	Pharmeasy Plus	Netmeds First	Apollo 24/7 Circle	Medplus Advantage
Pricing	Nov'24	INR 165 for 3 months	INR 99/month	INR 499 for 12 months	INR 149 for 6 months	-
					INR 199 for 12 months	
		INR 275 for 6 months				
	Apr'25	INR 165 for 3 months	INR 99 for 3 months	INR 499 for 12 months	INR 149 for 6 months	Pharmacy plan: INR 99 for 12 months
					INR 199 for 12 months	Health care services plan (Hyd, Chennai): INR 1149 for 1 year and INR 3399 for 3 years
		INR 275 for 6 months				HC plan - can add 3 children for INR 150 each and 3 adults at INR 500 each
Shipping charges	Nov'24	No shipping charges for orders above INR149 for 20 orders. Unlimited free shipping on orders above INR800. Free shipping on 20 orders below INR800.	Free delivery on orders above INR 499	Unlimited free delivery on orders above INR 99.	-	
	Apr'25	No shipping charges for orders above INR249. Unlimited free shipping on orders above INR800. Free shipping on 20 orders below INR800.	Free delivery on orders above INR 999	Unlimited free delivery on orders above INR 99.	Free delivery for orders above INR 199	INR 20 Rs for orders above 300
Doctor e-consultation	Nov'24	1 free e-consultation		6 free online doctor consultations	Upto INR150 discount for doctor consultations& Access to emergency doctor on call (24/7)	
	Apr'25	1 free e-consultation		6 free online doctor consultations	Doctor consultation at zero cost	
						50% off on consultations in HC plan
Lab test	Nov'24	1 free lab test	50% PharmEasy Credits on 1st lab test and an additional 20% PharmEasy Credits on subsequent lab tests (upto Rs 200).	Additional 10% off on all pathology lab tests, profiles, packages	1 free health test + 20% cash back on diagnostic	
	Apr'25		50% PharmEasy Credits on 1st lab test and an additional 20% PharmEasy Credits on subsequent lab tests (upto Rs 200).	Additional 10% + max Rs 100 off on all pathology lab tests, profiles, packages	1 free health test + 20% cash back on diagnostic	-Free test worth subscription -upto 75% off on all tests, pkgs
Extra discount/cashback	Nov'24	4% extra discount on all prescription medicines Extra 1% NEUcoins on all orders	5% extra cashback on medicines (upto Rs 200) & healthcare products	Extra 2% cashback (in NMS cash) (max INR 100/order) on medicine order of any value	15% cashback on Pharmacy + free delivery	
		Early access on sale days				
	Apr'25	4% extra discount on all prescription medicines	5% extra cashback on medicines (upto Rs 200) & healthcare products	Extra 2% cashback (in NMS cash) (max INR 100/order) on medicine order of any value	15% cashback on Pharmacy + free delivery	-2% extra discount on meds (AOV > 1000 @ 20% for Rx; 18% for insulins; and 5% on nonpharma -50-80% on Medplus Brand meds
		Early access on sale days				
Cancellation	Nov'24	Can be cancelled till the time no plan benefits have been availed	Can be cancelled and the refund amount will be calculated and processed, basis the day of purchase	Cannot be cancelled once enrolled	Cannot be cancelled once enrolled	
	Apr'25	Can be cancelled till the time no plan benefits have been availed	Can be cancelled and the refund amount will be calculated and processed, basis the day of purchase	Cannot be cancelled once enrolled	Cannot be cancelled once enrolled	Can be cancelled within 7 days unless benefits availed

Source: Company, Axis Capital

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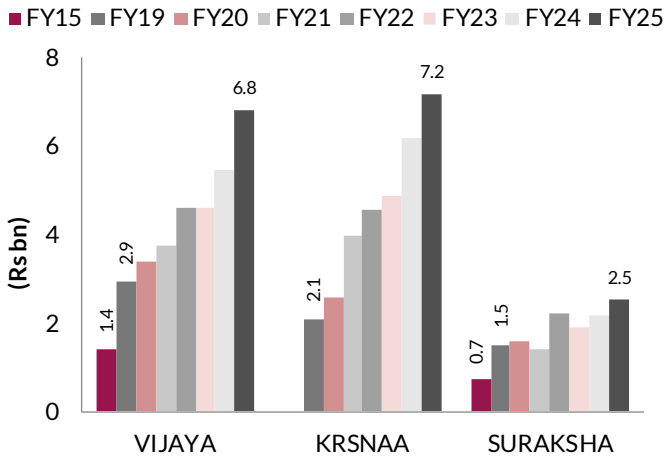
India diagnostics – peer comparison

Exhibit 34: Sales trend across key traditional players (in Rs bn)



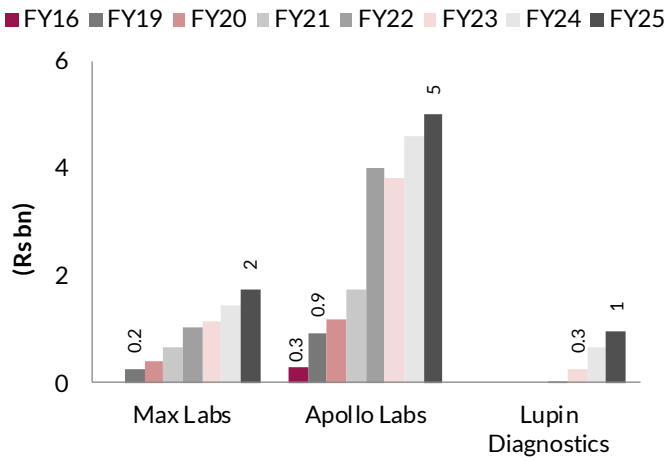
Source: Company, Axis Capital

Exhibit 35: And of other notable diagnostics players…



Source: Company, Axis Capital

Exhibit 36: …and hospital/pharma chains



Source: Company, Axis Capital

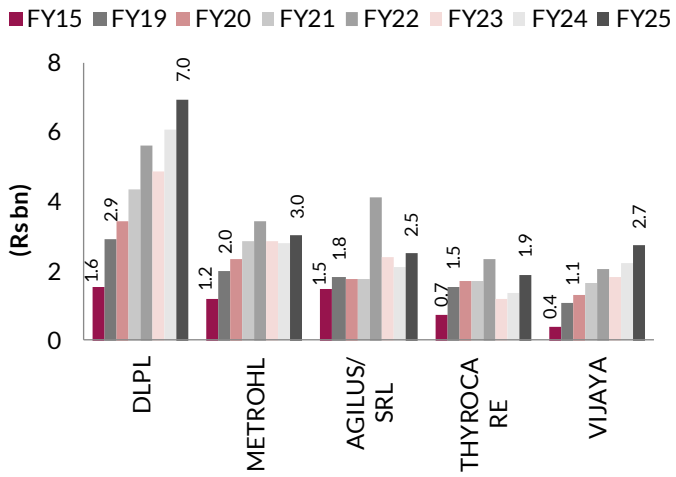
Exhibit 37: Table depicting sales CAGR across diagnostics players

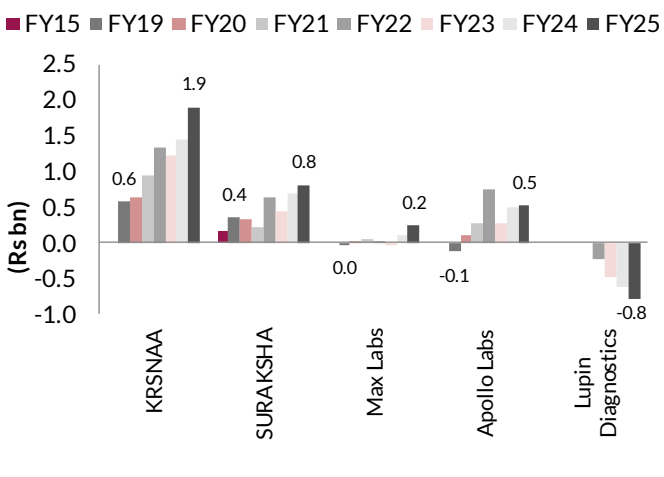
Sales (Rs mn)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY15-20	FY20-25	FY15-25	FY25 YoY
DLPL	6,596	7,913	9,124	10,569	12,034	13,304	15,813	20,874	20,169	22,266	24,614	15%	13%	14%	11%
METROHL	4,547	4,755	5,447	6,472	7,612	8,564	9,980	12,283	11,482	11,897	13,312	13%	9%	11%	12%
AGILUS/SRL	8,349	8,787	9,368	9,873	10,102	10,163	10,351	16,049	13,475	13,720	14,070	4%	7%	5%	3%
THYROCARE	1,830	2,410	3,044	3,563	4,029	4,332	4,946	5,889	5,267	5,719	6,874	19%	10%	14%	20%
VIJAYA	1,394	1,707	2,200	2,505	2,926	3,388	3,767	4,624	4,592	5,478	6,814	19%	15%	17%	24%
KRSNAA				1,076	2,092	2,584	3,965	4,555	4,871	6,196	7,172		23%		16%
SURAKSHA	702	991	1,235	1,320	1,510	1,575	1,400	2,232	1,901	2,187	2,521	18%	10%	14%	15%
Max Labs				131	243	409	659	1,030	1,120	1,440	1,750		34%		22%
Apollo Labs		275	539	660	923	1,185	1,749	3,987	3,827	4,605	5,000	44%	33%		9%
Lupin Diagnostics								35	255	667	960		201%		44%

Source: Company, Axis Capital

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Exhibit 38: EBITDA trend across diagnostics players





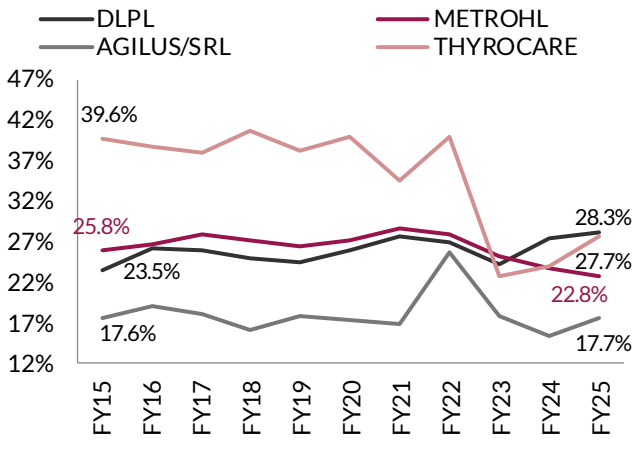
Source: Company, Axis Capital

Exhibit 39: Table depicting EBITDA CAGR across diagnostics players (in Rs mn)

EBITDA	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY15-20	FY20-25	FY15-25	FY25 YoY
DLPL	1,552	2,077	2,375	2,640	2,937	3,436	4,363	5,607	4,899	6,093	6,955	17%	15%	16%	14%
METROHL	1,175	1,265	1,519	1,761	2,004	2,328	2,860	3,428	2,883	2,826	3,030	15%	5%	10%	7%
AGILUS/SRL	1,471	1,668	1,702	1,588	1,799	1,770	1,750	4,119	2,390	2,099	2,490	4%	7%	5%	19%
THYROCARE	724	935	1,152	1,447	1,542	1,725	1,713	2,349	1,201	1,374	1,904	19%	2%	10%	39%
VIJAYA	383	536	810	795	1,081	1,326	1,660	2,037	1,820	2,209	2,732	28%	16%	22%	24%
KRSNAA				292	579	628	953	1,333	1,240	1,442	1,901		25%		32%
SURAKSHA	173	219	223	267	363	336	223	627	439	701	812	14%	19%	17%	16%
Max Labs				1	-18	15	67	12	-33	109	246		75%		126%
Apollo Labs			-41	-118	-123	103	281	753	287	504	523		38%		4%
Lupin Diagnostics								-231	-487	-610	-782				

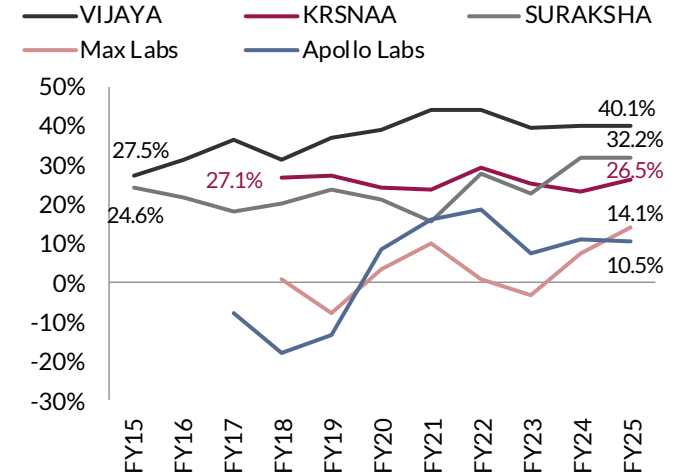
Source: Company, Axis Capital; Note: Lupin FY25 EBITDA based on certain assumptions

Exhibit 40: EBITDA margin trends of traditional...



Source: Company, Axis Capital; Note: Metropolis EBITDA margin represents reported EBITDA, adjusted for one-offs FY25 margins were at 24.4%.

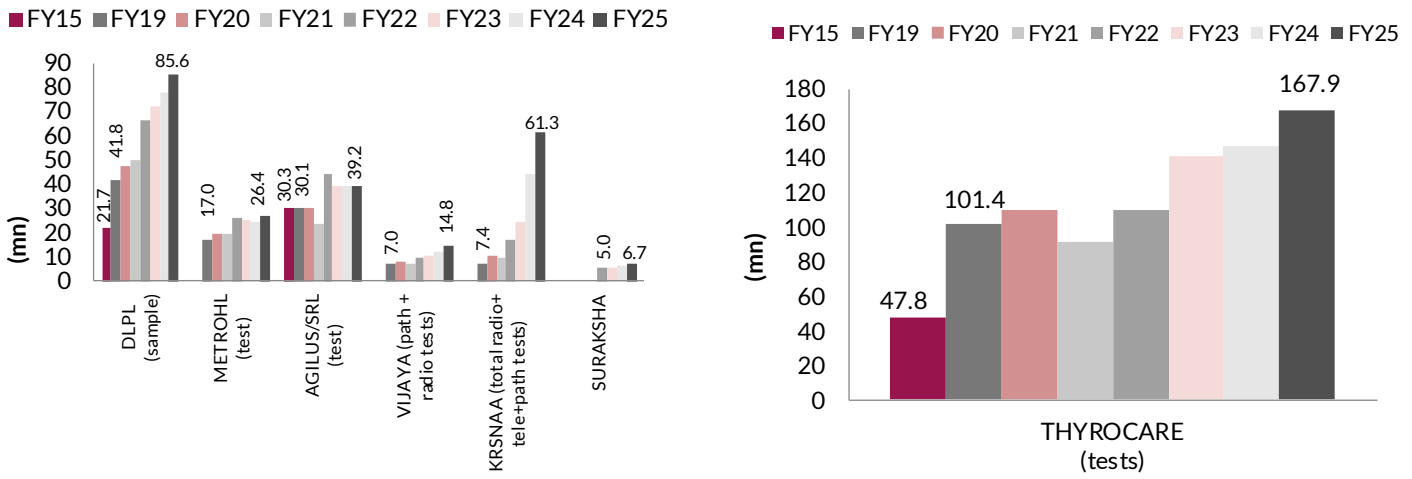
Exhibit 41: ...and other diagnostics players



Source: Company, Axis Capital

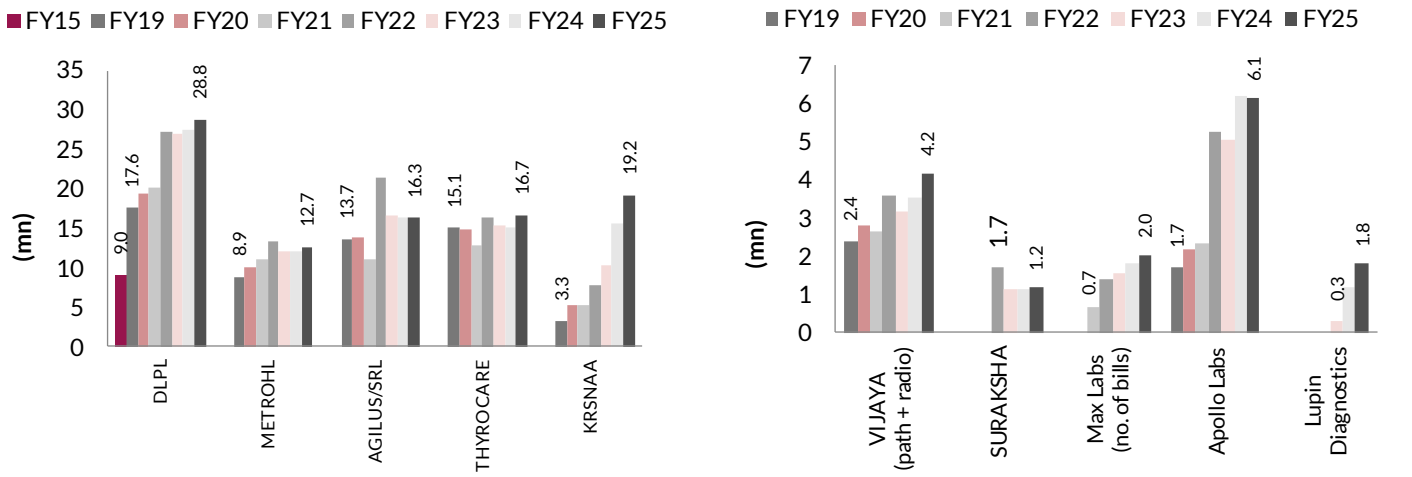
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Exhibit 42: Test volume trends across diagnostics players



Source: Company, Axis Capital

Exhibit 43: Patient volume trends



Source: Company, Axis Capital

Exhibit 44: Patient volume CAGR growth trends

Patient volumes	FY15-20	FY20-25	FY15-25	FY25 YoY
DLPL	17%	8%	12%	4%
METROHL	10%	5%	7%	6%
AGILUS/SRL	-1%	3%	1%	0%
THYROCARE	7%	2%	4%	11%
VIJAYA (path + radio)		8%		18%
KRSNAA		30%		23%
SURAKSHA				4%
Max Labs (no. of bills)				12%
Apollo Labs	29%	23%	26%	-1%
Lupin Diagnostics				50%

Source: Company, Axis Capital

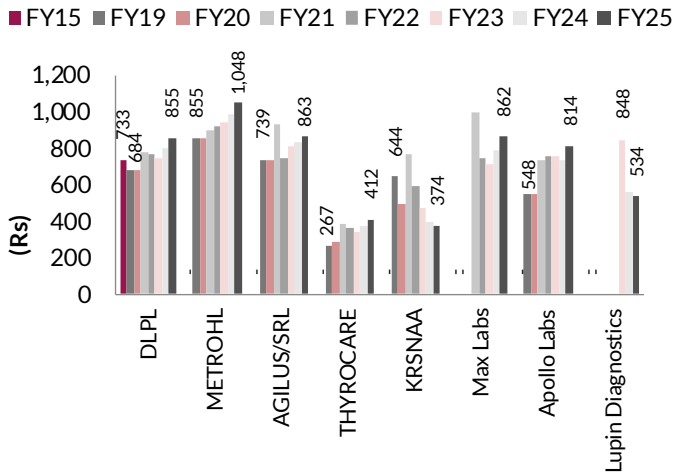
Exhibit 45: Test volume CAGR growth trends

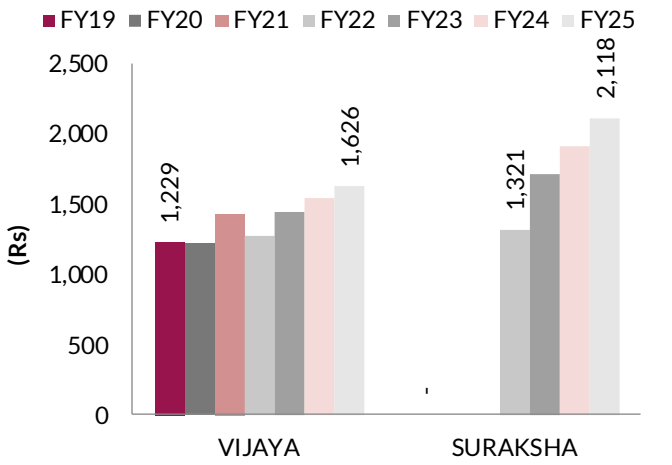
Test or Sample vol's	FY15-20	FY20-25	FY15-25	FY25 YoY
DLPL(sample)	17%	12%	15%	9%
METROHL (test)	10%	6%	8%	7%
AGILUS/SRL (test)	0%	5%	3%	1%
THYROCARE (tests)	18%	9%	13%	14%
VIJAYA (path + radio tests)		13%		24%
KRSNAA (total radio + tele+path tests)		42%		38%
SURAKSHA				12%

Source: Company, Axis Capital

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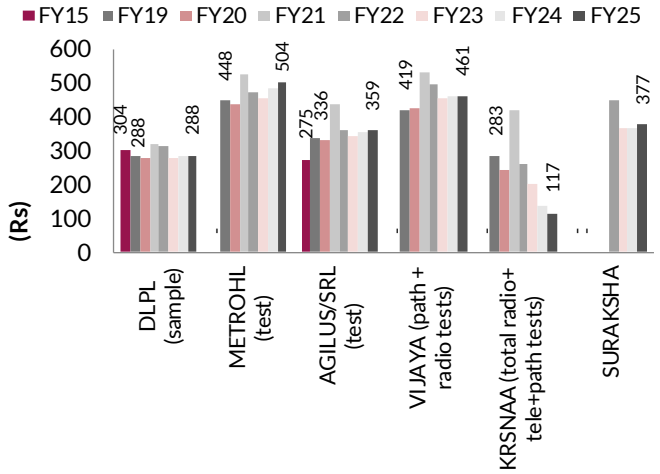
Exhibit 46: Revenue per patient

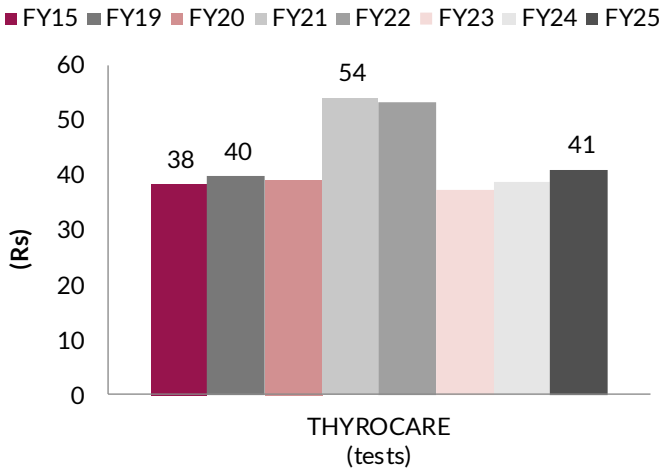




Source: Company, Axis Capital

Exhibit 47: Revenue per test or sample





Source: Company, Axis Capital

Exhibit 48: RPP CAGR growth trends

RPP	FY15-20	FY20-25	FY15-25	FY25 YoY
DLPL	-1%	5%	2%	6%
METROHL	6%	4%	5%	6%
AGILUS/SRL	5%	3%	4%	3%
THYROCARE		7%		9%
VIJAYA		6%		5%
KRSNAA		-5%		-6%
SURAKSHA				10%
Max Labs				9%
Apollo Labs	12%	8%	10%	10%
Lupin Diagnostics				-4%

Source: Company, Axis Capital

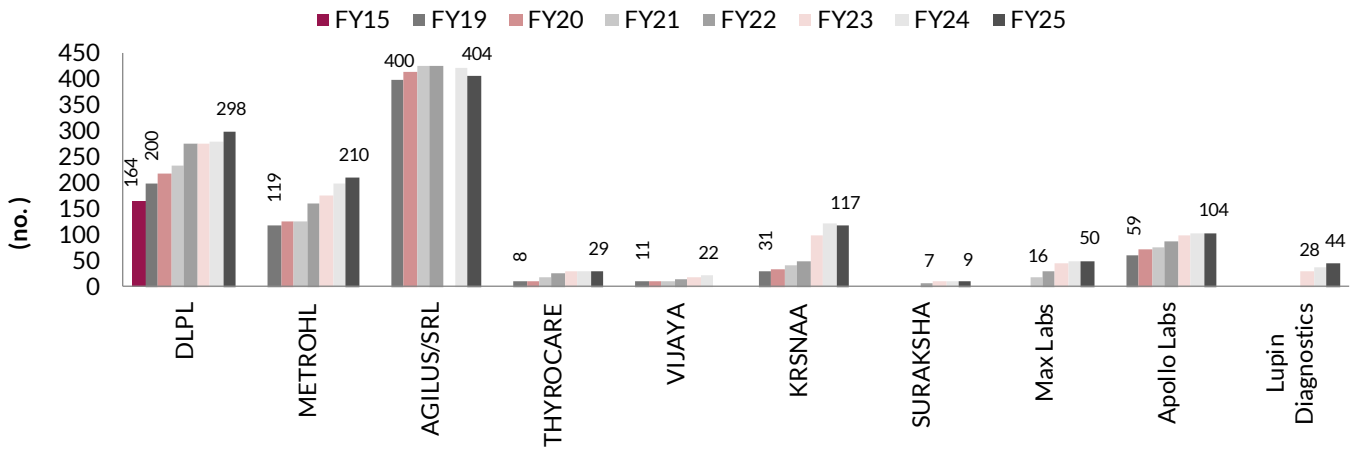
Exhibit 49: RPT or RPS CAGR growth trends

RPT or RPS	FY15-20	FY20-25	FY15-25	FY25 YoY
DLPL (sample)	-2%	1%	-1%	1%
METROHL (test)	5%	3%	4%	4%
AGILUS/SRL (test)	6%	1%	3%	2%
THYROCARE (tests)		1%		5%
VIJAYA (path + radio tests)		2%		0%
KRSNAA (total radio+ tele+path tests)		-14%		-16%
SURAKSHA				3%

Source: Company, Axis Capital

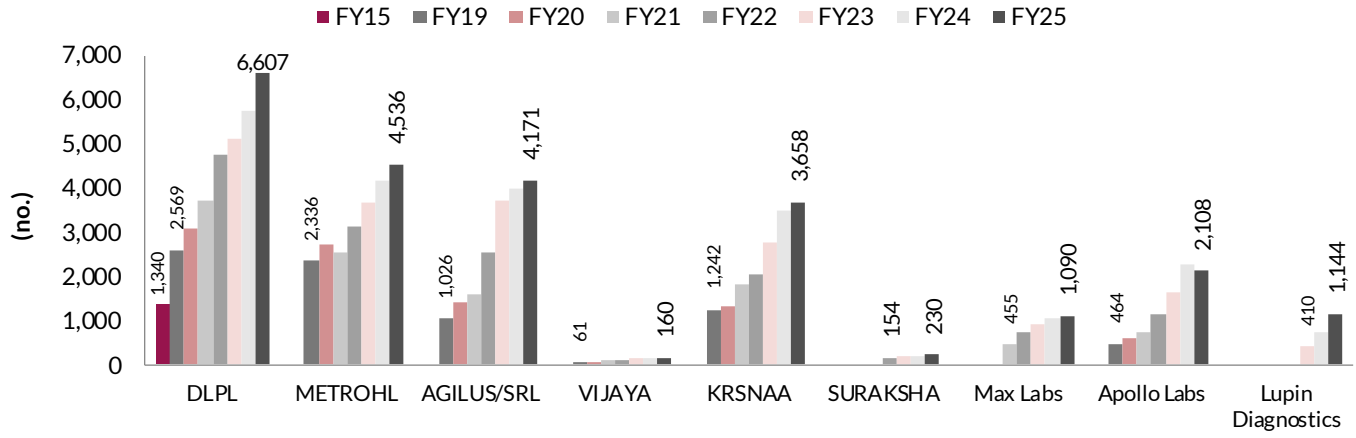
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Exhibit 50: Lab count across players



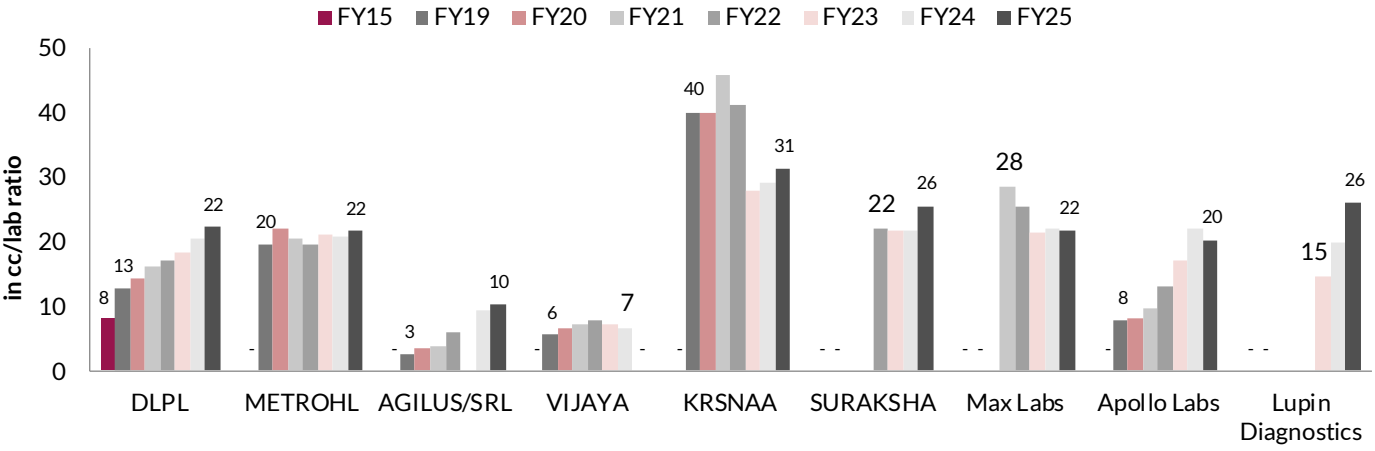
Source: Company, Axis Capital

Exhibit 51: Collection center/customer touch-point count across players



Source: Company, Axis Capital

Exhibit 52: Collection center/lab trends

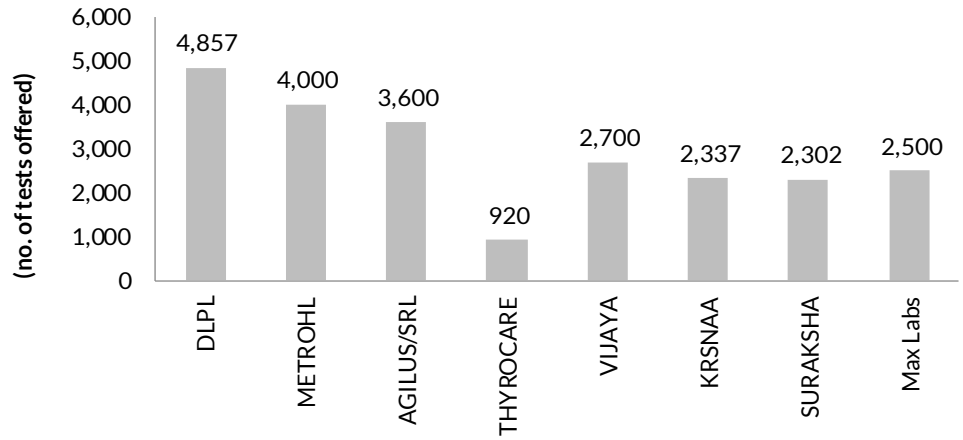


Source: Company, Axis Capital

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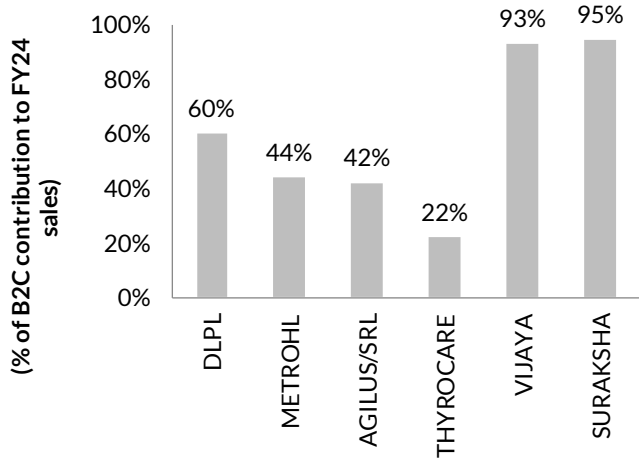
Chain-based diagnostics players generally offer anywhere between 2k and 5k tests, while standalone players are unable to offer such a wide range of tests given their limited scale.

Exhibit 53: Test profile menu – Dr Lal and Metropolis offer the widest range of tests



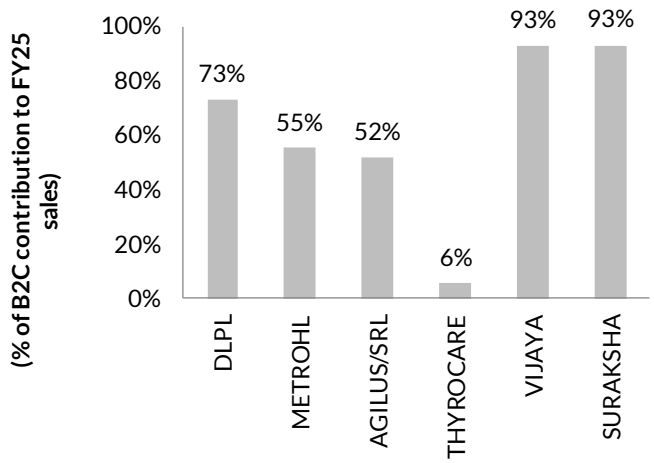
Source: Company, Axis Capital

Exhibit 54: Peer – business-mix FY20



Source: Companies, Axis Capital; Note: Suraksha' B2C share for FY22 used above

Exhibit 55: Peer – business-mix in FY25



Source: Companies, Axis Capital; Note: DLPL' B2C share for FY24 used above

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Regulatory framework

Below are some of GoI's initiatives to promote healthcare access in India:

The National Health Mission allows for setting up of PHCs that provide diagnostics services, thereby increasing diagnostics penetration among the rural and urban poor in India.

National Health Mission (NHM): A flagship programme of the government, which provides accessible, affordable, and quality healthcare to all sections of the society. It takes a comprehensive approach to address the country's healthcare needs. NHM has two sub-missions — National Rural Health Mission (NRHM) and the National Urban Health Mission (NUHM) — which target rural and urban populations, respectively. Note: Both sub-missions allow for setting up of primary health care centers that provide diagnostics and other services on standalone or partnership basis, thus increasing the penetration of diagnostics testing among the rural and urban poor population in India.

- **Free diagnostics service initiative:** Launched under the NHM to provide better access to diagnostic services at public health facilities, with the aim of reducing OOP expenditure on diagnostics, which was relatively high at 10% as per National Sample Survey Office's (NSSO) 71st round. This initiative, which improves accessibility of free diagnostics services through in-house, public-private partnership (PPP) and hybrid modes, has three components – Essential Pathology Initiative, Tele-Radiology Initiative, and CT Scan Services at District Hospital and Technology Support.
  - So far, 31 states/UTs have identified or notified varying number of investigations to be provided free at each level of facility. Since states have varying capacities in provision of diagnostics, different states are adopting different models (in-house/public private partnership) for implementing this initiative. For instance, Rajasthan and Madhya Pradesh have strengthened their in-house capacities (though recently Madhya Pradesh has floated tender for rental reagent model in PPP-mode), while Andhra Pradesh and Maharashtra have done a state-wide rollout of laboratory services under PPP arrangement.

ABDM-driven increased reliance on digital/online systems has enabled access and increased adoption of tele-health, remote diagnostics, and e-pharmacy.

Ayushman Bharat Digital Mission (ABDM): Ayushman Bharat Digital Mission aims to create a national digital health ecosystem that will enable seamless exchange of electronic health records (EHRs) and other health-related information. It was launched in Sep'21 and is expected to be fully implemented by 2025. As per government disclosures, a total of 555.1 mn health records have been linked as on 3 Jun'25. The reduced paperwork and increased reliance on digital online systems have enabled access and increased adoption of tele-health, remote diagnostics, and e-pharmacy services.

Ayushman Bharat or Pradhan Mantri Jan Arogya Yojana (PMJAY) was launched in 2018 to provide affordable healthcare to economically vulnerable sections of society. The PMJAY aims to provide Rs 0.5 mn of health cover per family per year for secondary and tertiary care hospitalization. The scheme is expected to benefit over 107.4 mn poor and vulnerable families (~500 mn individuals).

- **Health and Wellness Centres:** Aims to deliver an expanded range of services to address the primary healthcare needs of the entire population in their area, expanding access, and ensuring universality and equality.
- **Pradhan Mantri Jan Arogya Yojana:** Aims to provide Rs 0.5 mn health cover per family p.a. for secondary and tertiary care hospitalization to over 107.4 mn vulnerable families (~500 mn beneficiaries). With increased access to healthcare services due to the insurance, increased volumes in diagnostics testing will support industry growth.

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Potential regulatory capping of diagnostics test prices, as per media sources

Apart from past government resolutions of setting price caps for select disease profile in India, such as in 2016 for dengue tests and later for swine flu and Covid. Other policies to cap prices of select diagnostics tests have been in discussion many times but are yet to be concretized. Examples:

- The Indian Council of Medical Research (ICMR) published a list of national essential diagnostics list (NEDL) in 2019 which includes in-vitro and radiology tests for communicable and non-communicable diseases. The first list mentions ~117 general laboratory tests, 29 disease specific tests (HIV, hepatitis and tuberculosis), and 24 imaging tests which were required to be made available at public health facilities. More recently, the ICMR published a revised list, an expanded list in 2025.
  - While there is no price cap across the above list of tests for private players currently – given earlier media reports and lack of a stringent regulatory framework related to diagnostics in India currently – the threat to private diagnostics test pricing is present.
- Another article (as recent as Mar'25) suggests that Maharashtra may implement a diagnostics test price cap at private labs – 'A draft proposal to regulate private testing lab charges in Maharashtra has been sent to the Law and Judiciary department.'

We note that a pan-India price cap on diagnostics test pricing, even select ones, are likely to not be enforced in the near term, but given that health is a state subject, individual state regulations, such as those proposed in Maharashtra, remain key monitorable.

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Valuations: Diagnostics vs related sectors

Exhibit 56: Operational performance snapshot – diagnostics companies vs other related sector peers

(Rs bn)	Mcap	Sales	CAGR		EBITDA	CAGR		PAT	CAGR	
		FY25	FY19-25	FY25-28E	FY25	FY19-25	FY25-28E	FY25	FY19-25	FY25-28E
Aurobindo Pharma Ltd	674	314	9%	8%	66	9%	7%	35	7%	11%
Cipla Ltd/India	1,229	271	9%	8%	71	14%	5%	50	22%	5%
Dr Reddy's Laboratories Ltd	1,128	326	13%	6%	89	18%	-1%	57	20%	-4%
Lupin Ltd	926	222	8%	8%	52	11%	8%	32	37%	8%
Zydus Lifesciences Ltd	985	232	11%	5%	69	15%	-2%	45	17%	0%
Sun Pharmaceutical Industries Ltd	4,056	520	10%	10%	146	15%	11%	106	26%	14%
Indian largecap generic pharma	**8,998**	**1,886**	**10%**	**8%**	**493**	**14%**	**6%**	**324**	**20%**	**7%**
Ajanta Pharma Ltd	331	46	15%	11%	13	14%	14%	9	15%	12%
Alkem Laboratories Ltd	584	130	10%	9%	25	15%	13%	22	19%	11%
Eris Lifesciences Ltd	234	29	20%	15%	10	20%	17%	4	4%	40%
Emcure Pharmaceuticals Ltd	259	79	9%	11%	15	12%	15%	7	23%	24%
Ipca Laboratories Ltd	352	89	16%	11%	17	16%	19%	7	9%	35%
Torrent Pharmaceuticals Ltd	1,086	113	7%	12%	37	11%	14%	19	29%	22%
Mankind Pharma Ltd	982	122	NA	14%	36	NA	19%	19	N.A.	18%
Indian domestic heavy pharma	**3,828**	**608**	**11%**	**12%**	**153**	**14%**	**16%**	**86**	**18%**	**20%**
Apollo Hospitals Enterprise Ltd	997	218	15%	17%	30	19%	21%	15	36%	29%
Fortis Healthcare Ltd	577	78	10%	14%	16	38%	20%	8	N.A.	29%
KIMS	269	30	22%	25%	8	46%	26%	4	N.A.	30%
Max Healthcare Institute Ltd	1,154	70	27%	27%	20	53%	28%	12	N.A.	32%
Global Health Ltd/India	321	37	17%	15%	9	32%	17%	5	46%	19%
Narayana Hrudayalaya Ltd	375	55	11%	12%	13	28%	12%	8	53%	15%
Indian hospitals	**3,692**	**488**	**15%**	**18%**	**95**	**30%**	**21%**	**50**	**283%**	**27%**
Divi's Laboratories Ltd	1,784	94	12%	16%	30	8%	22%	22	9%	21%
Gland Pharma Ltd	277	56	18%	12%	13	10%	23%	7	7%	27%
Laurus Labs Ltd	365	55	16%	14%	10	19%	52%	3	22%	47%
Piramal Pharma Ltd	272	92	NA	12%	14	NA	32%	1	N.A.	124%
Syngene International Ltd	267	36	12%	13%	10	12%	13%	5	7%	15%
Indian CDMO	**2,964**	**333**	**14%**	**14%**	**77**	**10%**	**28%**	**38**	**9%**	**28%**
Medplus Health Services Ltd	**106**	**61**	**18%**	**12%**	**5**	**24%**	**21%**	**2**	**51%**	**30%**
Dr Lal PathLabs Ltd	250	25	13%	11%	7	16%	10%	5	16%	12%
Krsnaa Diagnostics Ltd	22	7	NA	24%	2	NA	23%	1	N.A.	34%
Metropolis Healthcare Ltd	88	13	10%	16%	3	7%	20%	1	3%	24%
Suraksha Diagnostic Ltd	17	3	NA	14%	1	NA	15%	0	N.A.	16%
Thyrocare Technologies Ltd	52	7	9%	15%	2	4%	19%	1	1%	30%
Vijaya Diagnostic Centre Ltd	98	7	15%	17%	3	19%	18%	1	18%	26%
Indian diagnostics	**527**	**61**	**12%**	**15%**	**17**	**12%**	**16%**	**9**	**11%**	**20%**
Labcorp Holdings Inc	1,857	1,088	6%	6%	179	6%	8%	76	3%	21%
Quest Diagnostics Inc	1,694	826	8%	6%	193	11%	2%	77	6%	13%
Dian Diagnostics Group Co Ltd	110	142	12%	6%	13	3%	17%	0	-37%	211%
Global diagnostics	**3,661**	**2,056**	**7%**	**6%**	**386**	**8%**	**5%**	**153**	**4%**	**18%**
Hindustan Unilever Ltd	5,583	607	8%	8%	143	9%	8%	98	8%	11%
ITC Ltd	5,332	686	7%	9%	228	5%	11%	187	7%	12%
Britannia Industries Ltd	1,360	175	8%	10%	31	10%	13%	21	11%	15%
Godrej Consumer Products Ltd	1,251	143	6%	10%	30	6%	14%	18	-3%	20%
India FMCG	**13,526**	**1,611**	**8%**	**9%**	**431**	**6%**	**10%**	**325**	**7%**	**12%**
Avenue Supermarts Ltd	2,655	594	20%	18%	45	18%	20%	27	20%	21%
Titan Co Ltd	3,143	571	20%	18%	47	16%	30%	33	16%	30%
Jubilant Foodworks Ltd	453	81	15%	14%	16	18%	15%	2	-5%	43%
India Retail	**6,251**	**1,246**	**19%**	**17%**	**108**	**17%**	**24%**	**63**	**16%**	**27%**

Source: Company, Bloomberg, Axis Capital

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Exhibit 57: Valuation snapshot – diagnostics companies vs other related sector peers

	Mcap	P/E (x)				EV/E (x)				ROE (%)			RoCE (%)
	(Rs bn)	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY25
Aurobindo Pharma Ltd	674	19	16	15	14	10	9	9	8	12	12	11	14
Cipla Ltd/India	1,229	25	24	23	21	16	16	15	14	15	14	14	23
Dr Reddy's Laboratories Ltd	1,128	20	19	24	20	13	12	15	13	16	12	12	23
Lupin Ltd	926	29	23	23	22	18	15	15	15	21	18	16	22
Zydus Lifesciences Ltd	985	22	22	23	22	14	14	15	15	17	14	13	24
Sun Pharmaceutical Industries Ltd	4,056	38	32	29	26	26	24	21	19	16	16	16	26
Indian largecap generic pharma	**8,998**	**28**	**25**	**24**	**22**	**18**	**16**	**16**	**15**	**16**	**15**	**15**	**24**
Ajanta Pharma Ltd	331	36	32	27	25	26	22	19	18	25	25	24	26
Alkem Laboratories Ltd	584	27	25	26	21	23	20	18	16	18	16	15	25
Eris Lifesciences Ltd	234	67	42	31	26	26	21	18	16	17	20	18	12
Emcure Pharmaceuticals Ltd	259	39	28	23	20	18	15	13	12	19	19	19	21
Ipca Laboratories Ltd	352	48	32	26	22	21	18	16	13	14	15	16	11
Torrent Pharmaceuticals Ltd	1,086	57	44	36	31	30	26	23	20	29	30	29	28
Mankind Pharma Ltd	982	52	47	36	29	29	27	23	17	14	16	16	18
Indian domestic heavy pharma	**3,828**	**44**	**36**	**31**	**26**	**26**	**23**	**20**	**17**	**20**	**21**	**21**	**22**
Apollo Hospitals Enterprise Ltd	997	69	53	41	32	35	28	23	20	21	22	21	16
Fortis Healthcare Ltd	577	74	56	43	35	38	30	25	22	11	12	14	19
Krishna Institute of Medical Sciences Ltd	269	70	57	40	32	38	30	23	19	19	21	23	14
Max Healthcare Institute Ltd	1,154	100	62	50	43	60	41	33	29	16	17	17	25
Global Health Ltd/India	321	65	51	41	38	36	30	25	22	17	17	17	15
Narayana Hrudayalaya Ltd	375	48	39	33	32	30	26	22	21	23	22	20	20
Indian hospitals	**3,692**	**73**	**55**	**43**	**36**	**40**	**32**	**26**	**22**	**17**	**19**	**18**	**19**
Divi's Laboratories Ltd	1,784	81	66	53	46	59	47	38	32	17	18	19	20
Gland Pharma Ltd	277	40	29	24	19	20	17	13	11	10	11	13	8
Laurus Labs Ltd	365	116	63	44	36	39	28	22	11	12	15	15	9
Piramal Pharma Ltd	272	305	122	43	27	22	20	14	9	3	7	10	6
Syngene International Ltd	267	55	61	44	36	25	25	20	17	9	11	12	11
Indian CDMO	**2,964**	**78**	**61**	**45**	**37**	**38**	**32**	**25**	**18**	**14**	**16**	**17**	**15**
Medplus Health Services Ltd	**106**	**70**	**51**	**39**	**31**	**23**	**19**	**16**	**13**	**11**	**13**	**15**	**10**
Dr Lal PathLabs Ltd	250	53	50	43	38	34	32	28	26	21	22	22	29
Krsnaa Diagnostics Ltd	22	30	20	14	12	13	10	8	7	11	14	13	12
Metropolis Healthcare Ltd	88	60	44	36	29	29	23	19	17	14	16	18	15
Suraksha Diagnostic Ltd	17	52	43	36	33	22	18	15	14	17	17	15	16
Thyrocare Technologies Ltd	52	61	37	29	26	27	23	19	16	23	28	32	22
Vijaya Diagnostic Centre Ltd	98	73	56	44	35	36	32	26	22	20	21	22	18
Indian diagnostics	**527**	**56**	**46**	**38**	**32**	**30**	**26**	**22**	**19**	**19**	**21**	**22**	**23**
Labcorp Holdings Inc	1,857	25	16	15	13	13	12	11	11	15	16	16	27
Quest Diagnostics Inc	1,694	22	18	17	16	12	12	12	11	15	15	15	38
Dian Diagnostics Group Co Ltd	110	412	32	17	14	12	10	8	7	4	7	8	3
Global diagnostics	**3,661**	**24**	**17**	**16**	**14**	**12**	**12**	**11**	**11**	**15**	**15**	**16**	**32**
Hindustan Unilever Ltd	5,583	57	52	47	41	38	36	33	31	22	24	26	28
ITC Ltd	5,332	29	25	22	21	23	19	17	16	30	32	34	40
Britannia Industries Ltd	1,360	64	54	48	42	44	38	34	30	53	52	50	53
Godrej Consumer Products Ltd	1,251	68	52	45	40	42	37	32	29	19	20	21	19
India FMCG	**13,526**	**42**	**36**	**33**	**29**	**31**	**27**	**25**	**23**	**28**	**29**	**31**	**35**
Avenue Supermarts Ltd	2,655	98	81	67	55	59	49	41	34	14	15	15	14
Titan Co Ltd	3,143	94	67	54	45	70	44	38	32	33	32	30	27
Jubilant Foodworks Ltd	453	192	109	76	63	31	27	23	20	17	22	22	17
India Retail	**6,251**	**100**	**74**	**60**	**49**	**60**	**44**	**37**	**31**	**24**	**24**	**23**	**21**

Source: Company, Bloomberg, Axis Capital; as on 11th Jun 2025

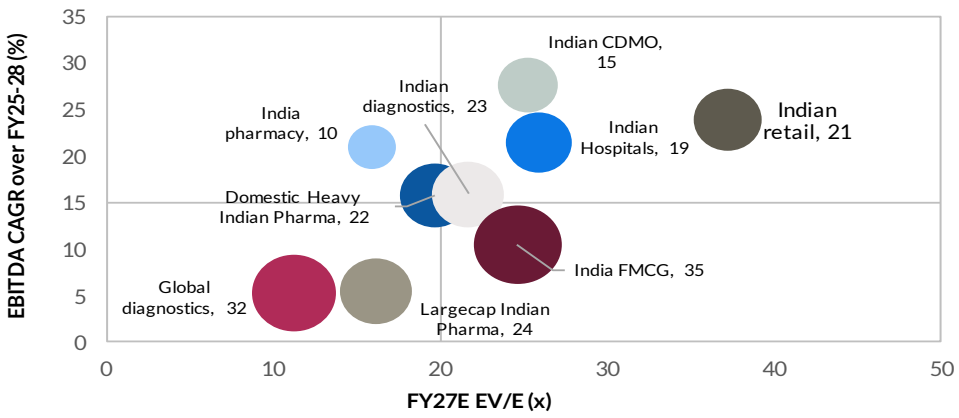
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Comparing the valuation metrics of Indian diagnostics sector to other related/relevant sectors in the healthcare space, we have observed the following:

- The Indian diagnostics industry trades at an FY27 EV/E of 22x at current prices, which is a 90+% premium to select global diagnostics players, given (1) the higher premium attached to domestic players (as with domestic pharma/hospitals, etc.) and (2) a higher EBITDA growth trajectory of 16% over FY25-28E vs 5% for global players.
- The industry commands a ~35% premium to India pharmacy (Medplus), driven by a higher return profile (FY25 RoCE) of 23% vs 10% of the pharmacy segment.
- The Indian diagnostics industry trades at a 35% premium to large-cap Indian pharma players' FY27 EV/E on higher EBITDA growth trajectory of 16% vs 6% for pharma, with a similar RoCE profile of 24% for large pharma.
- A 14% discount to Indian CDMO on lower EBITDA growth projection vs 28% for CDMO even as the RoCE profile of 23% is better vs 15% of CDMOs.
- A 12% discount to Indian FMCG on a lower RoCE profile vs 35% of FMCG, even as EBITDA growth projection is at 16% for diagnostics vs 10% for FMCG.
- A 16% discount to Indian hospitals amid a lower EBITDA growth trajectory vs 21% for hospitals, even as the RoCE profile is better vs 19% for hospitals.
- A 40+% discount to Indian retail amid a lower EBITDA growth trajectory vs 24% for retail, even as the RoCE profile is slightly better vs 21% for retail.

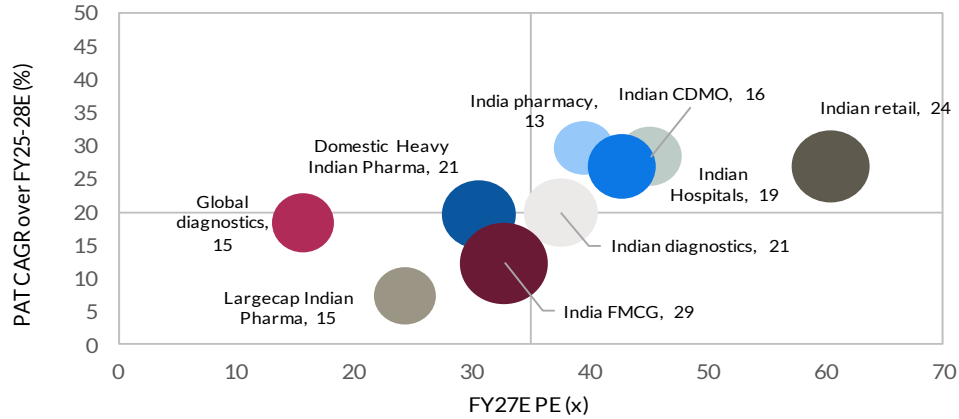
A 10% premium to domestic Indian pharma players despite similar EBITDA growth profile of 16% of domestic pharma and RoCE profile (domestic players at 22% vs 23% for diagnostics) on slightly better industry growth trends.

Exhibit 58: Relative EV-based valuation, EBITDA growth forecast, RoCE of related industries



Source: Company, Bloomberg, Axis Capital; Note: X axis represents the sector EV/E on FY27 basis, Y axis represents the EBITDA CAGR over FY25-28E and the size of the bubble chart represents the RoCE of FY25 for the industry.

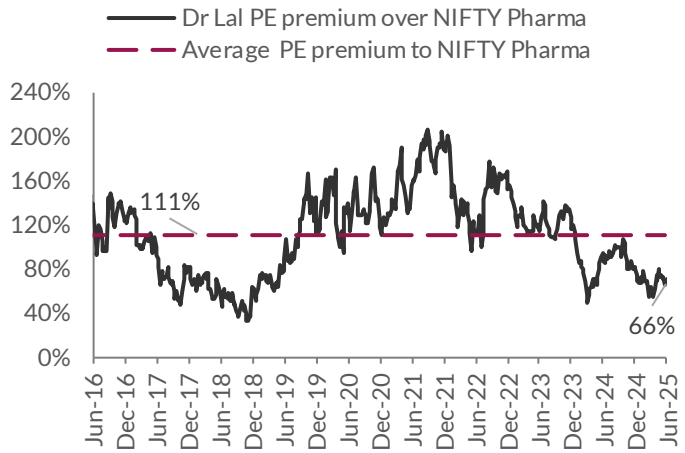
Exhibit 59: Relative PE-based valuation, PAT growth forecast, RoE of related industries



Source: Company, Bloomberg, Axis Capital; Note: X axis represents the sector P/E on FY27 basis, Y axis represents the EBITDA CAGR over FY25-28 and the size of the bubble chart represents the ROE of FY25 for the industry.

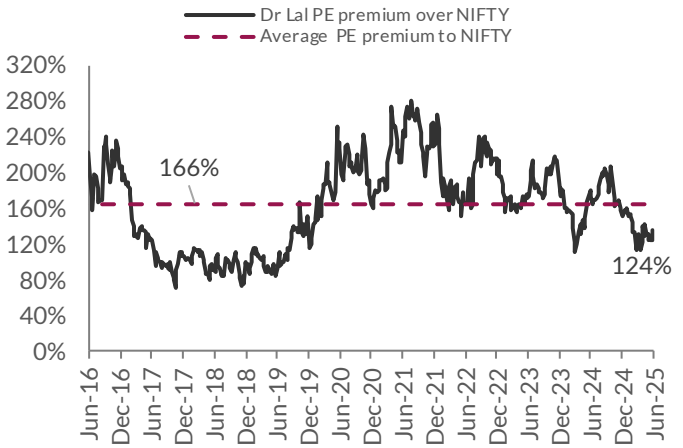
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Exhibit 60: Trends in PE premium of Dr Lal vs NIFTY Pharma



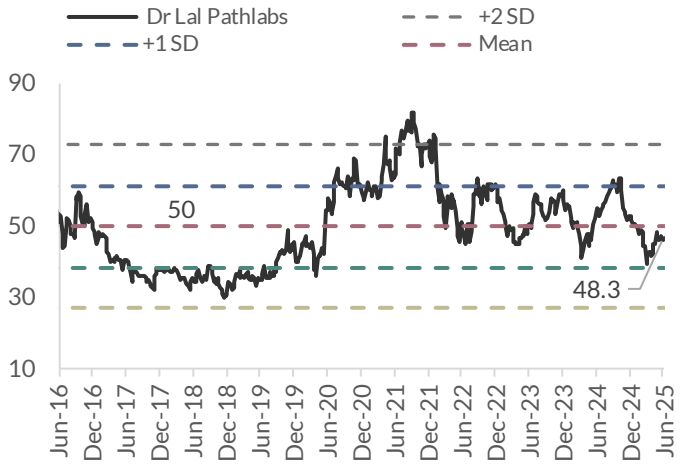
Source: Bloomberg, Axis Capital

Exhibit 61: And vs NIFTY 50



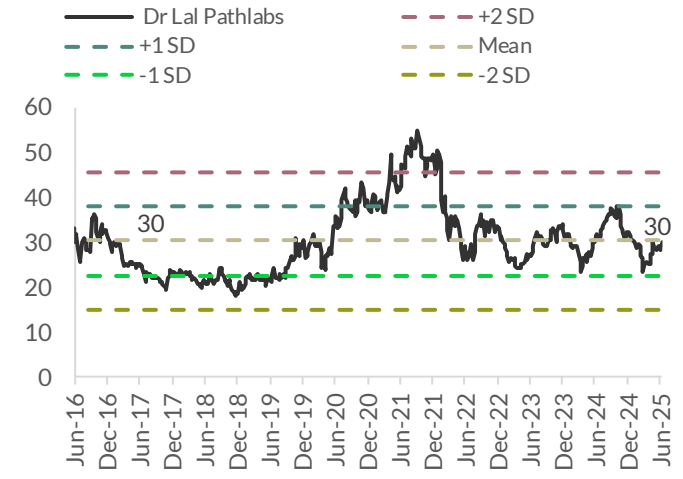
Source: Bloomberg, Axis Capital

Exhibit 62: DLPL: 1-year-forward P/E



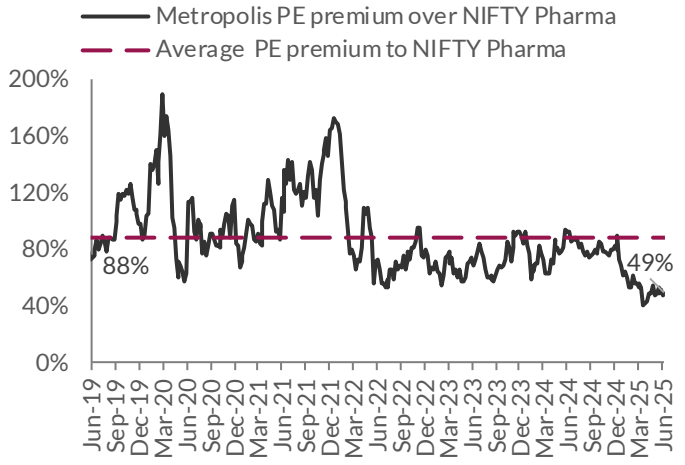
Source: Bloomberg, Axis Capital

Exhibit 63: DLPL: 1-year-forward EV/E



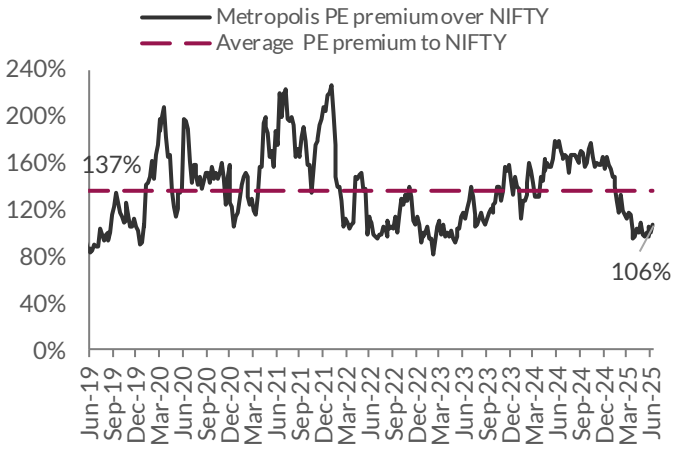
Source: Bloomberg, Axis Capital

Exhibit 64: Trends in PE premium of MetroHL vs NIFTY Pharma



Source: Bloomberg, Axis Capital

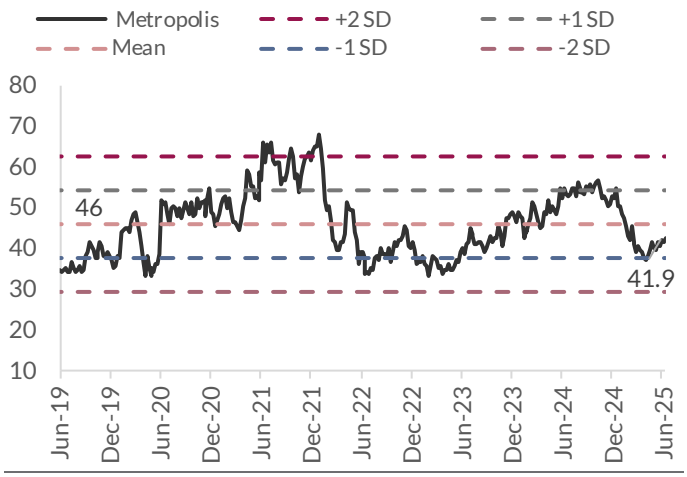
Exhibit 65: And vs NIFTY 50



Source: Bloomberg, Axis Capital

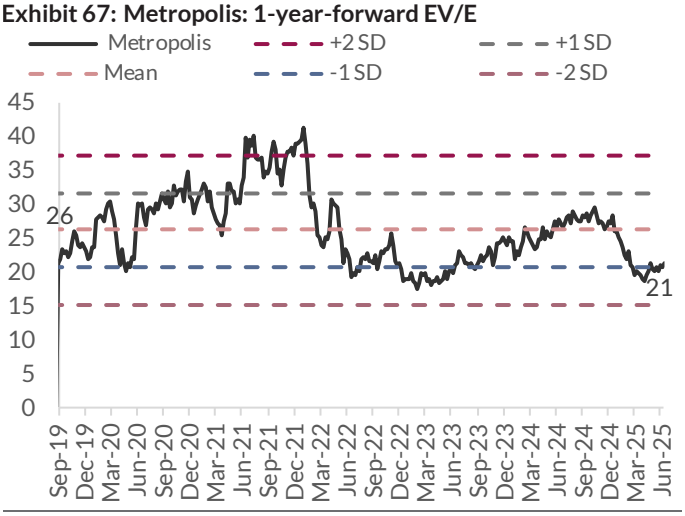
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Exhibit 66: Metropolis: 1-year-forward P/E



Source: Bloomberg, Axis Capital

Exhibit 67: Metropolis: 1-year-forward EV/E



Source: Bloomberg, Axis Capital

Exhibit 68: DLPL– valuations

Valuations	Jun'27E
EPS (Rs)	**69**
Multiple (x)	48
TP (Rs / share)	**3,260**
No of share (mn)	84
Equity value (Rs mn)	**2,72,536**
Add: Net Debt	(10,414)
Total EV (Rs mn)	**2,62,122**
EBITDA (Post IND AS; Rs mn)	8,532
Implied EV/EBITDA (x)	**31**
Pre IND AS EBITDA (Rs mn)	7,837
Implied EV/EBITDA (x)	**33**

Source: Axis Capital; *Valuing at 2% discount to 9-year average P/E of 50x

Exhibit 69: METROHL – valuations

Valuations	Jun'27E
EPS (Rs)	**50**
Multiple (x)	40
TP (Rs / share)	**2,000**
No of share (mn)	51
Equity value (Rs mn)	**1,02,421**
Add: Net Debt (FY25; Rs mn)	860
Total EV (Rs mn)	**1,03,281**
EBITDA (post IND AS; Rs mn)	4,788
Implied EV/EBITDA (x)	**22**
Pre IND AS EBITDA (Rs mn)	3,545
Implied EV/EBITDA (x)	**29**

Source: Axis Capital; *Given near-term margin moderation led by Core acquisition, valuing at 12% discount to 5-year average P/E of 46x

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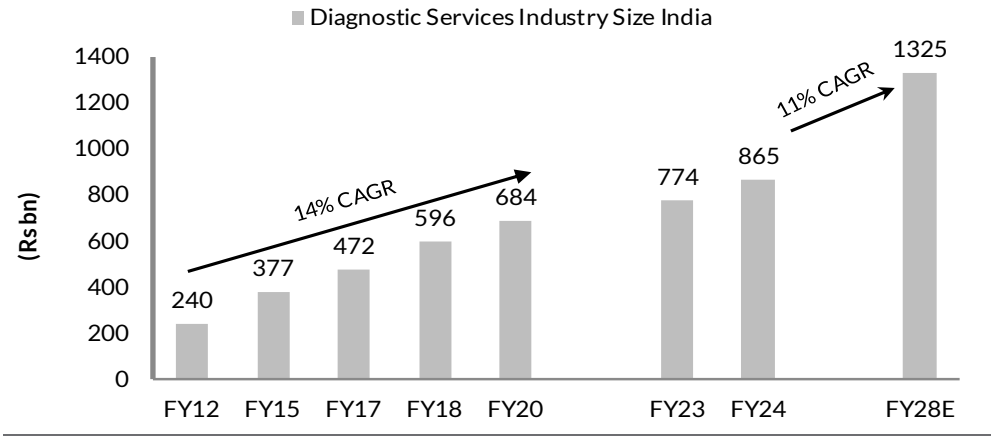
Appendix

The Indian diagnostics industry – to see 11% growth ahead

The Indian diagnostics industry saw a 9-10% CAGR over FY17-24 amid factors like increasing urbanization, rising disposable income, increased test menu by players, increase in prevalence of non-communicable diseases (NCDs), and Covid resulting in rise in healthcare awareness and demand.

The industry's market size is now expected to see a 10-12% CAGR over FY24-28E to ~Rs 1,275-1,375 bn (as per Suraksha diagnostic Prospectus), led by increased incidence of lifestyle-related diseases and share of geriatric population (60+ years age), higher awareness, and rising incomes driving demand for quality healthcare services, while also being propelled by increasing private insurance penetration and increased adoption of home testing, preventive packages, etc.

Exhibit 70: India diagnostics market to see steady growth



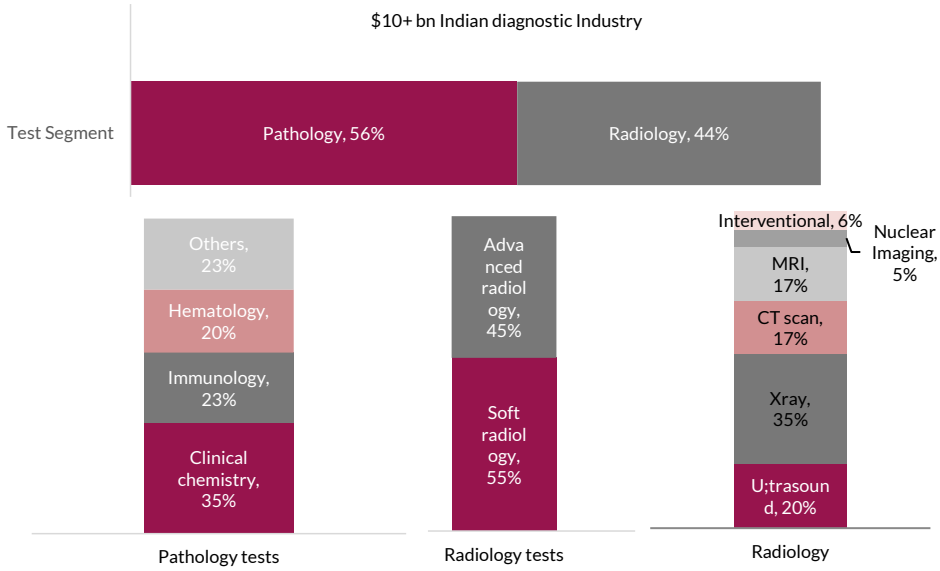
Source: Company ARs, Suraksha Diagnostic Prospectus, Industry, Axis Capital

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Market break-up

The two key segments in the diagnostics market are pathology and radiology. Pathology, i.e. study/diagnosis of diseases via tissue/cells and body fluid examination, forms ~56% of the Indian diagnostics market, at Rs 485 bn as of FY24. Radiology, which uses medical imaging techniques to visualize the structure of the body, forms the rest of the market, at Rs 380 bn as of FY24.

Exhibit 71: Breaking the Rs 865 bn/USD 10 bn+ Indian diagnostics industry

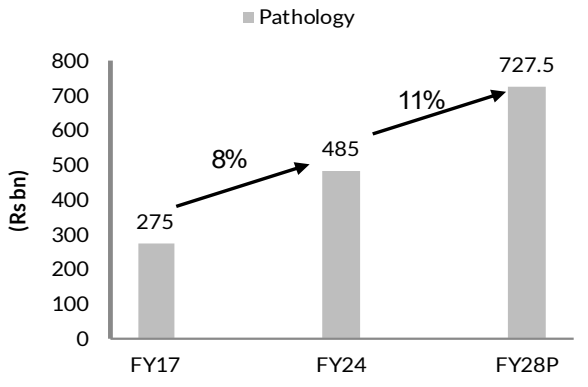


Source: Suraksha Diagnostic Prospectus, Modern diagnostic DRHP, Industry, Axis Capital; Note: Soft radiology: X-rays; Advanced radiology: MRI, CT scans, PET scans.

Pathology and radiology – both to see double-digit growth ahead

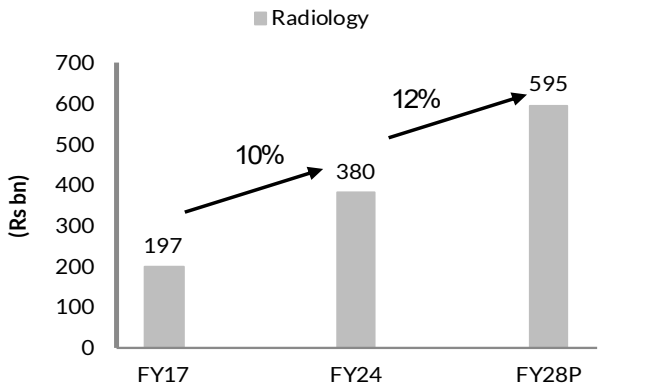
The two segments of the Indian diagnostics industry are both expected to clock double-digit growth over next few years. Pathology, currently representing ~56% of the Indian diagnostics market, is expected to grow at 10-11%, driven by rising chronic disease prevalence, improved diagnostic technologies. Radiology is expected to grow at ~12% over FY24-28E, led by technological advancements and heightened demand for diagnostic imaging across medical specialties.

Exhibit 72: Pathology segment to see double-digit growth



Source: Suraksha Diagnostic Prospectus, Axis Capital

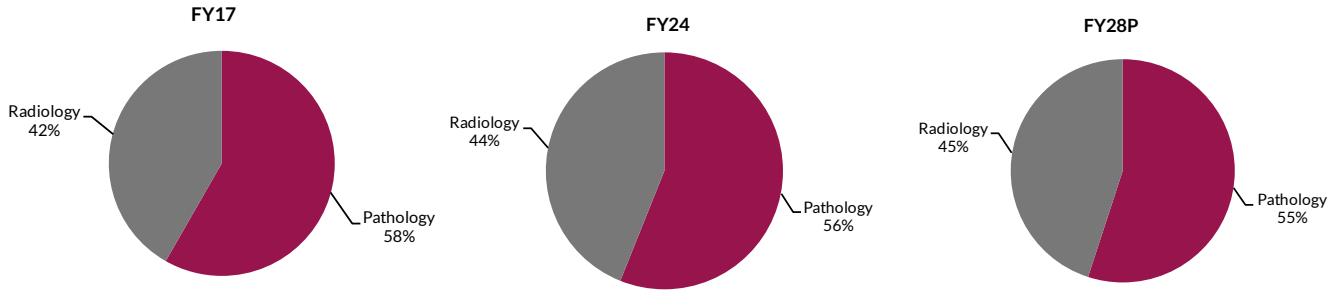
Exhibit 73: ...as will radiology segment



Source: Suraksha Diagnostic Prospectus, Axis Capital

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Exhibit 74: Higher penetration of radiology to drive gradual increase in its share in the segment



Source: Suraksha Diagnostic Prospectus, Axis Capital

Exhibit 75: Pathology forms 56% of the Indian diagnostics market and radiology at 44% – subdivided into 6 modalities

		Modailty	% sub-segment share	Description	Examples
Indian diagnostic market	Pathology (56%)	Clinical chemistry	35%	Tests on bodily fluids measuring chemicals in the blood; often used to monitor chronic diseases like diabetes, etc.	Electrolytes - Sodium, Potassium; Liver function - total protein, bilirubin Renal function - creatinine, BUN Lipid profile - HDL, LDL
		Immunology	23%	Study of reactions/components in body's immune response	Antibody tests - HIV antibody, antigen tests Allergy tests - skin prick tests, specific IgE tests Infectious disease: PCR Vitamins Thyroid panels
		Hematology	20%	Analyzes blood celss and blood-clotting mechanisms	Complete Blood count Peripheral blood smear Coagulation tests
		Others	22%	incl specialized tests: molecular pathology, histopathology, surgical pathology, urinalysis	Molecular pathology - Genomics, RNA/DNA sequencing Histopathology - Insitu hybridization, FISH
	Radiology (44%)	Soft radiology	55%	X-ray: Imaging tests taking pictures of bones and soft tissues. Applications: cardio, dental, and mammography. Ultrasound: Imaging tests using sound waves for pictures of organs, tissues, etc. inside the body.	Chest, Abdominal, Dental, etc. Xrays, Mammaography Abdominal, Pelvic, Renal, etc USG
		Advanced radiology	45%	CT-Scan: imaging technique using X-rays and computer processing MRI: magnetic field and computer generated radio waves used for imaging Nuclear Imaging: Tracers administered for detecting radiation from body parts Interventional: Medical imaging guiding minimally invasive surgical procedures	Head, Chest, Cardiac, Spine, Etc. CT Brain, Spine, Musculoskeletal MRI, MR angiography PET scan, SPECT scan, Radionuclide angiography Angiography, stent placement, IVC filter placement, etc.

Source: Industry, Axis Capital

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Lab landscape: The Indian diagnostics industry is highly fragmented, given the high proportion of standalone centers and hospitals labs occupying a smaller share of the pie. Diagnostics chains are split into regional and multi-regional chains – regional chains account for the majority.

Exhibit 76: Lab landscape in the Indian diagnostics market

Type	Share	Description	Examples
Standalone labs	38%	▪ Independent diagnostic centers operating on a small scale, usually owned/operated by a single entity ▪ Provide a range of diagnostic services, often specializing in certain areas ▪ May collaborate with local healthcare providers for sample collection and report delivery	Unorganised players
Regional chains	15%	▪ Diagnostic centers with multiple branches across a region or nationwide	Healthians, Molbio, Aarthi scans, Medall
National chains	8%	▪ Operate on a hub-and-spoke model, where samples collected at various centers (spokes) are sent to a central lab (hub) for processing ▪ Regional reference and national labs are highly automatedAlso offer home collection services for patient convenience	Thyrocare, Tata 1mg, Dr Lal, Metropolis, Redcliffe, Agilus
Private hospitals	27%	▪ Labs in private hospitals - can be either owned or a shop-in-shop model. ▪ While small/medium hospitals have in-house labs to provide basic diagnostic service for their patients, tertiary care hospitals provide more comprehensive diagnostics. ▪ Smaller hospitals may outsource more complex diagnostics to larger hospitals or specialized diagnostic centers	Apollo Hospitals, Fortis, Manipal, Medanta, Max Labs
Govt hospitals	12%	▪ Government labs are located in PHCs and wellness centers, managed by government staff or under a Public-Private Partnership (PPP) model to provide basic diagnostic services, often free of charge or at a nominal cost ▪ They provide a wide range of diagnostic services, often catering to a large patient population	ICMR - NIV, NICED

Source: Industry, Axis Capital

Other recent trends

Point of care tests (PoCT): Further advancement in technology is leading to the development of more cost-effective tests that can be performed outside of a lab such as point-of-care tests that can be performed by physicians in their offices and home testing that can be carried out without requiring the services of clinical laboratories. These devices are especially useful for glucose monitoring, pregnancy and infertility testing, infectious disease testing, and cholesterol testing. PoCT devices supplement traditional lab tests by offering rapid diagnostics at the point of care, enhancing the overall efficiency of healthcare delivery. Benefits of PoCT include:

- Enables instant/quick diagnosis
- Many of these tests are relatively affordable
- Satisfactory accuracy levels achieved as per doctors w.r.t. the time taken, favorable trade-off between speed and accuracy
- POCT devices help GPs/specialists/hospitals get better first-hand information

Genomics: The rise of personalised medicine, enabled by cutting-edge technologies, such as genomic sequencing. Genomic sequencing allows analyses of the genetic make-up of individuals and early prediction of diseases, which can help provide personalised treatment for patients. The test also facilitates precise treatment selection through the identification of specific genetic markers, enhancing therapeutic efficacy. Additionally, genomic testing plays a key role in risk assessment and management by identifying inherited genetic risks for diseases, contributing to proactive healthcare strategies. The genomic testing in India is expected to see mid-teen CAGR over the next few years, driven by:

- Increase in chronic/genetic diseases
- Technological advancements
- Increase in direct-to-consumer approach in genetic testing.

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Dr. Lal PathLabs

Industry leader – stable growth trajectory

Healthcare | Company Update | June 16, 2025

ADD (NO CHANGE)

Current Price (Rs)	: 2,953
Target Price (Rs)	: 3,260 (no chg)
Potential Upside	: 10%

Market Data

No. of shares	: 84 mn
Free Float	: 46.1%
Market Cap (USD)	: 2,868 mn
52-week High/ Low (Rs)	: 3,654/ 2,294
Avg. Daily Volume (6M)	: 0.22 mn
Avg. Daily Value (6M;USD)	: 7.01 mn
Bloomberg Code	: DLPL IB
Promoters Holding	: 53.9%
FII / DII	: 24% / 16%

Price Performance

(%)	1M	3M	12M
Absolute	6.2	17.0	6.3
Relative	7.1	6.6	(0.3)

Source: Bloomberg

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DLPL, India's largest diagnostics chain, saw mid-teen sales growth over the past decade and captured 5.5% of the North India market (20%+ in Delhi-NCR), >2x that of players like Metro in West India or Vijaya in South India. While this shows the success of DLPL's concentric-circle strategy and its legacy of 75+ years, it indicates limited room for growth in core Delhi-NCR (31% of FY25 sales). But the traction in Swasthfit (24% of sales) expected to continue for the next three-four years, lab expansion (+30-40 labs by FY27E), focus on more penetration in Tier-3/4 towns, and a stable pricing environment support our FY25-28E sales CAGR of 11% with potential upside from M&As. We maintain FY26-28E estimates and TP at Rs 3,260 (48x Jun'27E EPS). ADD stays.

Growth over past decade led by volumes, while improving profitability

DLPL saw a 14% sales CAGR over FY15-25, delivering double-digit growth every year barring FY23 (on Covid), mainly driven by a 12% CAGR in patient volumes and Swasthfit-driven higher samples/patients, with mostly steady prices. This, along with the fact that FY25 margin (28%+) was 300 bps above FY15-20 levels, depicts its ability to deliver steady growth while improving profitability even without meaningful price hikes.

Prevailing pricing discipline in the industry supports stable growth outlook

As per our channel checks, while DLPL has maintained status quo in standalone test pricing in Apr'25 vs Nov'24, players like Metropolis/Agilus have hiked prices in select geographies, as did online players like 1mg/Netmeds. The hikes suggest increasing focus on improving profitability, especially among heavy-discounting online players which have been burning cash since inception. Despite nearly not hiking prices over the past two years, DLPL has delivered an 11% CAGR over FY23-25, driven by higher volumes/Swasthfit traction. With the company saying that its future growth will also be volume-driven, an overall stable pricing environment signals no surprises in the near term on the pricing side.

Continued Swasthfit momentum, network expansion, and Tier-3/4 focus

DLPL's bundling push (Swasthfit contribution at 26% in Q4FY25, 28%+ FY18-25 CAGR) has supported double-digit top line growth (higher samples/patient) and provided op. leverage from economies of scale. Deeper penetration into Tier-3/4 markets in North/East India, headroom for increasing Swasthfit's share to 30%+ in the next three-four years, and continued network expansion plans (to add 15-20 labs p.a. over FY26/27 + supporting CCs) support our forecast of an 11% FY25-28E revenue CAGR, even as high opex on marketing and new infrastructure is likely to limit margin to 27-28% (vs 28%+ in FY25).

With this note, Sudarshan Agarwal assumes coverage of DLPL due to resource reallocation.

Financial summary (Consolidated)

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Sales (Rs mn)	22,266	24,614	27,408	30,379	33,585
EBITDA (Rs mn)	6,093	6,955	7,454	8,268	9,324
Adj. PAT (Rs mn)	3,577	4,463	4,864	5,530	6,371
Con. EPS* (Rs)	-	-	59.8	69.3	79.2
EPS (Rs)	42.8	53.4	58.2	66.1	76.2
Change YoY (%)	49	25	9	14	15
Previous EPS (Rs)	-	-	58.2	66.1	76.2
RoE (%)	20.3	22.2	21.1	21.2	21.5
RoCE (%)	25.1	28.6	27.6	27.6	27.8
P/E (x)	68.9	55.3	50.8	44.7	38.8
EV/E (x)	39.4	34.0	31.3	27.8	24.2

Source: *Consensus broker estimates, Company, Axis Capital

for the exclusive reading of (Satnam.Singh@axiscap.in)

Financial summary (Consolidated)

Profit & Loss (Rs mn)

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Net sales	22,266	24,614	27,408	30,379	33,585
Other operating income	-	-	-	-	-
Total operating income	**22,266**	**24,614**	**27,408**	**30,379**	**33,585**
Cost of goods sold	(4,514)	(4,815)	(5,389)	(5,943)	(6,536)
Gross profit	17,752	19,799	22,019	24,436	27,049
Gross margin (%)	80	80	80	80	81
Total operating expenses	(11,659)	(12,844)	(14,565)	(16,168)	(17,725)
EBITDA	**6,093**	**6,955**	**7,454**	**8,268**	**9,324**
EBITDA margin (%)	27	28	27	27	28
Depreciation	(1,436)	(1,419)	(1,507)	(1,596)	(1,679)
EBIT	**4,657**	**5,536**	**5,947**	**6,672**	**7,645**
Net interest	(294)	(223)	(211)	(222)	(230)
Other income	692	934	1,000	1,150	1,275
Profit before tax	**5,055**	**6,247**	**6,736**	**7,600**	**8,689**
Total taxation	(1,432)	(1,325)	(1,819)	(2,014)	(2,259)
Tax rate (%)	28	21	27	27	26
Profit after tax	3,623	4,922	4,917	5,586	6,430
Minorities	(46)	(51)	(54)	(56)	(59)
Profit/ Loss associate co(s)	-	-	-	-	-
Adjusted net profit	3,577	4,463	4,864	5,530	6,371
Adj. PAT margin (%)	16	18	18	18	19
Net non-recurring items	-	-	-	-	-

Balance Sheet (Rs mn)

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Paid-up capital	835	836	836	836	836
Reserves & surplus	17,658	20,891	23,566	26,884	30,707
Net worth	18,493	21,727	24,402	27,720	31,543
Borrowing	2,469	1,574	1,629	1,704	1,757
Other non-current liabilities	157	171	188	207	228
Total liabilities	**21,480**	**23,810**	**26,610**	**30,079**	**34,034**
Gross fixed assets	10,978	11,509	12,229	13,004	13,757
Less: Depreciation	(4,505)	(5,640)	(6,847)	(8,127)	(9,479)
Net fixed assets	6,473	5,869	5,382	4,878	4,278
Add: Capital WIP	40	35	35	35	35
Total fixed assets	6,513	5,904	5,417	4,913	4,313
Total Investment	1,475	3,601	3,601	3,601	3,601
Inventory	373	361	499	633	701
Debtors	774	881	1,069	1,187	1,314
Cash & bank	8,303	8,387	11,551	15,682	20,178
Loans & advances	800	1,327	1,425	1,425	1,577
Current liabilities	3,080	3,358	3,719	4,202	4,565
Net current assets	7,387	7,861	11,110	15,042	19,555
Other non-current assets	6,105	6,444	6,483	6,523	6,564
Total assets	**21,480**	**23,810**	**26,610**	**30,079**	**34,034**

Source: Company, Axis Capital

Cash Flow (Rs mn)

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Profit before tax	5,055	6,247	6,736	7,600	8,689
Depreciation & Amortisation	1,436	1,419	1,507	1,596	1,679
Chg in working capital	357	60	(107)	178	(39)
Cash flow from operations	**5,354**	**5,688**	**6,529**	**7,581**	**8,301**
Capital expenditure	(512)	(443)	(1,020)	(1,091)	(1,080)
Cash flow from investing	**(243)**	**(3,031)**	**(1,020)**	**(1,091)**	**(1,080)**
Equity raised/ (repaid)	35	127	-	-	-
Debt raised/ (repaid)	(1,868)	(1,171)	55	75	53
Dividend paid	(2,012)	(2,073)	(2,189)	(2,212)	(2,548)
Cash flow from financing	**(4,139)**	**(3,340)**	**(2,345)**	**(2,359)**	**(2,726)**
Net chg in cash	972	(683)	3,164	4,131	4,495

Key Ratios

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
OPERATIONAL					
FDEPS (Rs)	42.8	53.4	58.2	66.1	76.2
CEPS (Rs)	60.0	75.2	76.2	85.2	96.3
DPS (Rs)	24.1	24.8	26.2	26.5	30.5
Dividend payout ratio (%)	56.2	42.6	45.0	40.0	40.0
GROWTH					
Net sales (%)	10.4	10.5	11.4	10.8	10.6
EBITDA (%)	24.4	14.1	7.2	10.9	12.8
Adj net profit (%)	49.7	24.8	9.0	13.7	15.2
FDEPS (%)	49.5	24.6	9.0	13.7	15.2
PERFORMANCE					
RoE (%)	20.3	22.2	21.1	21.2	21.5
RoCE (%)	25.1	28.6	27.6	27.6	27.8
EFFICIENCY					
Asset turnover (x)	2.0	2.2	2.3	2.4	2.5
Sales/ total assets (x)	0.9	1.0	1.0	0.9	0.9
Working capital/ sales (x)	0.0	0.0	0.0	0.0	0.0
Receivable days	12.7	13.1	14.2	14.3	14.3
Inventory days	8.4	7.5	9.1	10.5	10.5
Payable days	42.1	41.1	41.7	44.4	44.8
FINANCIAL STABILITY					
Total debt/ equity (x)	0.1	0.1	0.1	0.1	0.1
Net debt/ equity (x)	(0.4)	(0.5)	(0.6)	(0.7)	(0.7)
Current ratio (x)	3.4	3.3	4.0	4.6	5.3
Interest cover (x)	15.8	24.8	28.2	30.0	33.2
VALUATION					
PE (x)	68.9	55.3	50.8	44.7	38.8
EV/ EBITDA (x)	39.4	34.0	31.3	27.8	24.2
EV/ Net sales (x)	10.8	9.6	8.5	7.6	6.7
PB (x)	13.3	11.4	10.1	8.9	7.8
Dividend yield (%)	0.8	0.8	0.9	0.9	1.0
Free cash flow yield (%)	2.0	2.1	2.2	2.6	2.9

for the exclusive reading of (Satnam.Singh@axiscap.in)

Metropolis Healthcare

Strong long-term outlook; maintain BUY

Healthcare | Company Update | June 16, 2025

BUY (NO CHANGE)

Current Price (Rs)	: 1,700
Target Price (Rs)	: 2,000 (1,960)
Potential Upside	: 18%

Market Data

No. of shares	: 52 mn
Free Float	: 51.1%
Market Cap (USD)	: 1,023 mn
52-week High/ Low (Rs)	: 2,318/ 1,315
Avg. Daily Volume (6M)	: 0.13 mn
Avg. Daily Value (6M;USD)	: 2.79 mn
Bloomberg Code	: METROHL IB
Promoters Holding	: 48.9%
FII / DII	: 15% / 30%

Price Performance

(%)	1M	3M	12M
Absolute	(0.1)	4.5	(14.6)
Relative	0.8	(5.8)	(21.2)

Source: Bloomberg

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MetroHL has made aggressive expansions in the past 4 years (added 85 labs + 2k centers) and should start to reap benefits (organic growth and margin expansion), driven by operating leverage from new labs and network maturing. Its recent M&As (Core, Ahuja, and Scientific Pathology) expands its presence in North & East India and adds a super-specialized onco-genomics testing menu. We remain optimistic on its well-rounded strategy of supplementing organic growth in key South & West India markets with inorganic expansions in others. Factoring in the Ahuja/Scientific acquisitions, hike FY27/28E EPS by ~2%. **BUY** stays; revise TP to Rs 2,000 (40x Jun'27E) from Rs 1,960.

Strong base growth visibility supported by potential for margin expansion

MetroHL posted an 11% sales CAGR over FY15-25, driven by 7% patient vol. + rest from higher RPP (price hike+ higher test/patient), and will accelerate to 12% over FY25-28E on its expanded test menu, lab infra, and increasing CC network. In recent years, the company has seen moderation in margin to 24.4% in FY25 (adj.), vs ~27% over FY15-20, driven by aggressive lab/network expansion (added 85 labs + 2k centers over FY21-25) and M&As; driving higher other opex over FY19-24 (500+ bps) with 300+ bps from higher rentals and prof. fees. With the lab expansion over, op. leverage (new labs take three years to reach company level) should help expand base margin by 80-100 bps p.a. to 26% in two years.

Recent M&As add to test menu and expand geographic reach

With the acquisition of Delhi-based specialized diagnostics player (Core), adding nine labs predominantly in Northeast India + 1.3k high-end tests (150+ onco-genomics tests), and increasing oncologist reach by 3x, Metropolis has in recent months shown its drive to expand presence in North by smaller acquisitions, such as (1) Agra-based Scientific Pathology, with three labs + 11 CCs, and (2) Dr Ahuja's in Dehradun, with two labs, 11 PSCs, and nine hospital-based centers. The two smaller acquisitions operate at 23%+ margins, while Core, being a specialized player, was at breakeven in Q4 but is expected to reach 20%+ in three-four years, leveraging synergies and cross-selling opportunities.

Near-term moderation notwithstanding, strong long-term outlook

On a consol. basis, the Core acquisition will withhold margin expansion in FY26E, but we expect ~50 bps expansion p.a. starting FY27/28E vs 24.4% in FY25, as base business margin reverts to ~26% and Core margin expands to low- to mid-teens, on cost synergies + cross-selling of Metropolis's tests in 'Core' regions. We remain optimistic on steady base growth (low teens) supported by geographic expansion via M&As in North/East India.

With this note, Sudarshan Agarwal assumes coverage of Metropolis due to resource reallocation.

Financial summary (Consolidated)

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Sales (Rs mn)	12,077	13,312	16,370	18,441	20,587
EBITDA (Rs mn)	2,826	3,030	3,881	4,627	5,270
Adj. PAT (Rs mn)	1,324	1,612	1,951	2,487	2,974
Con. EPS* (Rs)	-	-	39.0	48.1	59.4
EPS (Rs)	25.9	31.1	37.7	48.0	57.4
Change YoY (%)	(7)	20	21	27	20
Previous EPS (Rs)	-	-	37.3	47.2	56.4
RoE (%)	12.7	13.3	13.8	15.6	16.4
RoCE (%)	14.3	13.7	16.1	18.3	19.4
P/E (x)	65.7	54.6	45.1	35.4	29.6
EV/E (x)	31.4	29.4	22.8	18.7	16.0

Source: *Consensus broker estimates, Company, Axis Capital

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Financial summary (Consolidated)

Profit & Loss (Rs mn)

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Net sales	12,077	13,312	16,370	18,441	20,587
Other operating income	-	-	-	-	-
Total operating income	**12,077**	**13,312**	**16,370**	**18,441**	**20,587**
Cost of goods sold	(2,561)	(2,789)	(3,634)	(4,076)	(4,529)
Gross profit	9,516	10,523	12,736	14,366	16,058
Gross margin (%)	79	79	78	78	78
Total operating expenses	(6,690)	(7,493)	(8,855)	(9,738)	(10,788)
EBITDA	**2,826**	**3,030**	**3,881**	**4,627**	**5,270**
EBITDA margin (%)	23	23	24	25	26
Depreciation	(945)	(1,087)	(1,238)	(1,337)	(1,417)
EBIT	**1,881**	**1,943**	**2,643**	**3,290**	**3,853**
Net interest	(225)	(186)	(186)	(193)	(201)
Other income	91	151	170	250	350
Profit before tax	**1,747**	**1,909**	**2,627**	**3,347**	**4,002**
Total taxation	(462)	(453)	(670)	(854)	(1,021)
Tax rate (%)	26	24	26	26	26
Profit after tax	1,285	1,455	1,957	2,494	2,982
Minorities	6	5	6	7	7
Profit/ Loss associate co(s)	-	-	-	-	-
Adjusted net profit	1,324	1,612	1,951	2,487	2,974
Adj. PAT margin (%)	11	12	12	13	14
Net non-recurring items	(46)	(163)	-	-	-

Balance Sheet (Rs mn)

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Paid-up capital	102	104	104	104	104
Reserves & surplus	10,859	13,206	14,864	16,854	19,234
Net worth	10,962	13,310	14,968	16,958	19,337
Borrowing	1,971	2,042	2,095	2,183	2,280
Other non-current liabilities	991	1,225	1,237	1,250	1,262
Total liabilities	**13,954**	**16,614**	**18,343**	**20,440**	**22,937**
Gross fixed assets	8,653	10,354	11,749	12,095	12,446
Less: Depreciation	(1,429)	(1,783)	(2,238)	(2,752)	(3,315)
Net fixed assets	7,224	8,571	9,511	9,343	9,131
Add: Capital WIP	-	-	-	-	-
Total fixed assets	7,224	8,571	9,511	9,343	9,131
Total Investment	548	710	717	724	731
Inventory	387	478	569	715	802
Debtors	1,263	1,479	1,626	1,907	2,139
Cash & bank	712	490	1,116	3,057	5,527
Loans & advances	248	309	346	388	434
Current liabilities	1,597	2,059	2,264	2,552	2,798
Net current assets	1,559	1,352	2,126	4,374	7,066
Other non-current assets	4,623	5,981	5,990	5,999	6,009
Total assets	**13,954**	**16,614**	**18,343**	**20,440**	**22,937**

Source: Company, Axis Capital

Cash Flow (Rs mn)

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Profit before tax	1,747	1,909	2,627	3,347	4,002
Depreciation & Amortisation	945	1,087	1,238	1,337	1,417
Chg in working capital	55	(157)	(91)	(216)	(122)
Cash flow from operations	**2,641**	**2,627**	**3,289**	**3,808**	**4,477**
Capital expenditure	(638)	(686)	(1,620)	(580)	(580)
Cash flow from investing	**(894)**	**(2,011)**	**(2,185)**	**(1,177)**	**(1,212)**
Equity raised/ (repaid)	0	0	-	-	-
Debt raised/ (repaid)	(1,382)	(681)	-	-	-
Dividend paid	(205)	-	(293)	(497)	(595)
Cash flow from financing	**(1,812)**	**(866)**	**(478)**	**(690)**	**(795)**
Net chg in cash	(65)	(249)	626	1,941	2,470

Key Ratios

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
OPERATIONAL					
FDEPS (Rs)	25.9	31.1	37.7	48.0	57.4
CEPS (Rs)	43.4	49.0	61.6	73.8	84.8
DPS (Rs)	4.0	-	5.6	9.6	11.5
Dividend payout ratio (%)	16.0	-	15.0	20.0	20.0
GROWTH					
Net sales (%)	5.2	10.2	23.0	12.7	11.6
EBITDA (%)	(2.0)	7.2	28.1	19.2	13.9
Adj net profit (%)	(7.3)	21.7	21.0	27.5	19.6
FDEPS (%)	(7.3)	20.4	21.0	27.5	19.6
PERFORMANCE					
RoE (%)	12.7	13.3	13.8	15.6	16.4
RoCE (%)	14.3	13.7	16.1	18.3	19.4
EFFICIENCY					
Asset turnover (x)	1.5	1.4	1.5	1.5	1.7
Sales/ total assets (x)	0.8	0.8	0.8	0.8	0.8
Working capital/ sales (x)	0.1	0.1	0.1	0.1	0.1
Receivable days	38.2	40.6	36.3	37.8	37.9
Inventory days	15.3	17.0	16.6	18.9	19.1
Payable days	39.2	44.7	41.6	44.1	44.6
FINANCIAL STABILITY					
Total debt/ equity (x)	0.2	0.2	0.1	0.1	0.1
Net debt/ equity (x)	0.1	0.1	0.0	(0.1)	(0.2)
Current ratio (x)	2.0	1.7	1.9	2.7	3.5
Interest cover (x)	8.3	10.5	14.2	17.1	19.2
VALUATION					
PE (x)	65.7	54.6	45.1	35.4	29.6
EV/ EBITDA (x)	31.4	29.4	22.8	18.7	16.0
EV/ Net sales (x)	7.4	6.7	5.4	4.7	4.1
PB (x)	7.9	6.6	5.9	5.2	4.6
Dividend yield (%)	0.2	-	0.3	0.6	0.7
Free cash flow yield (%)	2.3	2.2	1.9	3.7	4.4

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