Thyrocare
Tests you can trust

April 29, 2025

To,

National Stock Exchange of India Limited	BSE Limited
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Bandra Kurla Complex,	Dalal Street,
Bandra (E), Mumbai - 400 051	Mumbai- 400 001
(SYMBOL: THYROCARE)	**(SCRIP CODE 539871)**

Sub : Transcript of post results earnings conference call held on April 23, 2025 with Analysts / Investors.

Ref : Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

Dear Sir/Madam,

Pursuant to Regulation 30(6) read with Part A of Schedule III of the Listing Regulations, please find enclosed herewith the transcript of the earnings conference call with Analysts and Investors held on April 23, 2025.

The same has also been made available on the website of the Company https://investor.thyrocare.com/

This is for your information and records.

Yours faithfully
For **Thyrocare Technologies Limited**

Brijesh Kumar Digitally signed by Brijesh Kumar
Date: 2025.04.29 13:29:13 +05'30'

Thyrocare Technologies Limited

Brijesh Kumar
Company Secretary and Compliance Officer

Encl: A/a

"Thyrocare Technologies Limited

Q4 & Annual Results FY '25 Earnings Conference Call"

April 23, 2025

MANAGEMENT: MR. RAHUL GUHA – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – THYROCARE TECHNOLOGIES LIMITED
MR. ALOK KUMAR JAGNANI – CHIEF FINANCIAL OFFICER – THYROCARE TECHNOLOGIES LIMITED
MR. NITIN CHUGH – CHIEF COMMERCIAL OFFICER – THYROCARE TECHNOLOGIES LIMITED
MR. KAPIL GUPTA – STRATEGY AND INVESTOR RELATIONS – THYROCARE TECHNOLOGIES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Thyrocare Technologies Limited Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone.

I now hand the conference over to Mr. Kapil Gupta from Thyrocare Technologies Limited. Thank you and over to you.

Kapil Gupta: Thank you, Yashashri. A very good evening to all and thank you for joining us today for the Thyrocare Earnings Conference Call for Q4 and annual results of FY '25.

Today, we have with us Mr. Rahul Guha, MD and CEO of Thyrocare; Mr. Alok Kumar Jagnani, CFO of Thyrocare; and Mr. Nitin Chugh, Chief Commercial Officer of Thyrocare along with other key members of the senior management on this call to share highlights of the business and financials for the quarter and the annual results.

I hope you have gone through our results release, the quarterly earnings presentation and press release which has now been uploaded on the Stock Exchange website. The transcript of this call will be available in a week's time on the company's website. Please note that today's discussion may be forward-looking in nature and must be viewed in relation to the risks pertaining to our business. After the end of this call, in case you have any further questions, please feel free to reach out to the Investor Relations team.

I now hand over the call to Mr. Rahul Guha to make the opening remarks.

Rahul Guha: Thanks, Kapil. Good evening and welcome to all on the call. Just a quick introduction to us on the call. My name is Rahul Guha, and I am the MD and CEO of Thyrocare. And thank you for the opportunity to present the Q4 and annual results of FY '25. I am joined with my colleagues, Alok Kumar Jagnani, who is our CFO; Nitin Chugh, who is our Chief Commercial Officer; and Kapil Gupta, who is part of our Strategy and Investor Relations team.

As in all my calls, I will start with a quote from Nelson Mandela in recognition of our foray into Africa. "It is in your hands to make a better world for all who live in it." And we believe Thyrocare can bring our business model to Africa to make affordable and good quality diagnostics available to all.

Before we get into the details of the quarter, I'll reiterate the pay-for-performance pricing structure that we implemented in 2023. Earlier, our discount structure was one size fits all, but now we have moved to a slab-based pricing model, which we implemented in May of 2023. It's been close to 2 years since that implementation, and this has led to an increased energy within our franchise network, with motivation to move up volumes and enter higher slabs.

It will result in a movement towards larger franchisees and enable much greater reach from our large partners. In the quarterly presentation, you will see how that strategy is panning out in terms of the new partner addition and the rate at which they are scaling year-on-year.

Quality remains our highest priority, and we see it as a continuous journey of improvement and innovation. We are immensely proud to share that we are India's first and only 100% NABL accredited national laboratory chain. This prestigious milestone reflects our unwavering commitment to delivering world-class diagnostic services, and it is the result of relentless dedication to quality excellence.

Achieving NABL accreditation across all our labs has been made possible through the implementation of robust quality management systems, investments in cutting-edge technology and equipment, rigorous training programs for our staff and consistent participation in proficiency testing. Considering that only 2% of pathology labs nationwide hold this accreditation, this achievement is not just a significant milestone for us, but also a testament to our leadership in redefining diagnostic standards across India.

Further, to validate our commitment to quality, we conducted an independent study published in the International Journal of Advanced Research, Ideas and Innovations in Technology. The findings revealed that 9 out of 10 doctors trust Thyrocare reports and confidently recommend our services to their patients. This recognition highlights the dedication and hard work we have consistently invested in upholding the highest standards of quality.

Also, we were recognized and rewarded by the College of American Pathologists, CAP in short, for maintaining excellence in high quality laboratory care for 15 plus years. CAP is an international gold standard accreditation that represents the top-tier quality in pathology and laboratory medicine.

We regularly host Advisory Board Meetings with a panel of esteemed doctors to gain their insights on enhancing our quality milestones. Doctors witness our cutting-edge technologies, stringent protocols, which reinforces our commitment to diagnostic excellence.

I am proud to share under Thyrocare Anusandhan, our research wing, we conducted and published India's largest HbA1c study, analyzing 20 lakh results to provide deep insights into diabetic trends nationwide. We also studied nearly 1 lakh dengue cases, revealing a shift in transmission patterns in 2024, marked by early onset and regional surges, highlighting the need for timely and broader diagnostics beyond just platelet counts.

Additionally, our cervical health study, based on 15,000 plus samples collected via preventive CAMS and screening, reinforced the value of regular Pap smear and LBCC tests in detecting early cancer signs and other cervical health issues.

While maintaining the highest quality standards, on an average during FY '25, we released the report within 3.43 hours of the samples reaching the lab. This rapid turnaround is made possible by our robust operational processes, advanced automation systems and streamlined workflows. By combining precision with efficiency, we ensure timely and accurate diagnostics, empowering patients and healthcare providers to make informed decisions swiftly.

Beyond the work on quality, we continue to selectively expand our offering. Aarogyam has been our flagship brand in the preventive healthcare segment, and we have 2 more brands, Jaanch and Her Check. Jaanch, as I have said before, is targeted towards lifestyle challenges or for you to better understand your health. We have solutions across the spectrum for anything you might be worried about. Is it fever or something more serious? Why is my hair falling? Cancer screening, as well as deep investigations for common chronic diseases like diabetes, heart health, and of course, thyroid.

We are very proud of some of the key milestones we've achieved in FY '25. We now have more than 11,000 plus active franchisees, and as a result, we processed 167.9 million tests, which grew by 14% year-on-year. It's important to contextualize this volume. If you add the volume of our competitors from their published reports, you will find that our test volume of 167.9 million is more than all the competitors combined. We served 16.7 million patients in the year, which increased by 11% year-on-year.

We are regularly taking strategic initiatives to further expand our footprint. During FY '25, we acquired Polo Labs in July 2024, which is based out of Punjab with a wide presence in Punjab, Haryana and Himachal Pradesh. This allows us to expand our footprint in North India.

We also acquired the Clinical Diagnostics business of Vimta Labs in October 2024. Vimta's Clinical Diagnostics division, with its established presence in Telangana and Andhra Pradesh, offers us an excellent opportunity to further strengthen our presence in South India. This is in line with the pockets of white spaces strategy where we were looking for acquisitions in regions and I am very happy to say that both of these complement and will enhance our presence in areas where we have been vacant.

Partnerships business did phenomenally well this year and grew as we onboarded new clients in health tech segments and continued to grow the existing accounts. Also, with the acquisition of Think Health last year, it has strengthened our offering for the insurance segment with the additional capability of ECG at Home.

Now we are covering ECG at home services in 1,000 plus pin codes, with a dedicated fleet of 170 ECG phlebotomists. This allows us to give our insurance partners a one-stop solution for blood and ECG testing and further deepen our presence in the pre-policy medical checkup and annual health checkup market.

On the B2G side, we continue to execute TB projects in the state of Gujarat and Maharashtra. In Tanzania, since going live in March 2024 and processing our first sample in April, we have successfully partnered with over 150 healthcare facilities in Dar es Salaam. Our mission is to continuously collaborate with major hospitals, ensuring they have access to comprehensive diagnostic services. With our state-of-the-art laboratory equipped with world-class machines and infrastructure, we are poised to make a significant impact on healthcare in that region.

With that, I will now hand over to my colleague, Nitin, to cover the highlights for the quarter and annual business performance.

Nitin Chugh: Thank you, Rahul. A warm welcome to everyone. First, I would like to start with our pillars of growth, which have been contributing strongly to our consistent performance. The first is customer success. The focus is to ensure accurately, timely and affordable diagnostic services through quality control, robust data management and customer support. With advanced technology and streamlined processes, we aim to enhance customer satisfaction.

Launching live reports for our franchisee base as well as our B2C customers is a testament of our continuous work towards customer success. We've also added things like reminder service, turnaround time visibility, etcetera, to our franchise partners to help them build a stronger business for themselves.

The second pillar is network expansion. We are deepening our presence across India by going deep into the country with our franchise network and through our acquisitions as well. We have moved to a transacting base of franchise of upwards of 11,000, and at the same time last year we closed this number at 9,400. Also on the partnership side, we are expanding our footprint going deep into the pre-policy medical checkup and annual health checkup in the insurance business.

The third area where we are now focusing is to enhance our menu expansion and visibility. We are introducing a wider range of specialized tests and health packages for our partners and using targeted marketing to drive adoption and increase value for both our partners and our customers. We have launched histopathology in-house, FMS certified markers and many other new tests and profiles to our menu.

Now I will briefly update you about the Q4 and annual business performance of FY '25. Overall, at a consolidated level, this year we did a 20% year-on-year revenue growth and this quarter we delivered 21% year-on-year revenue growth, primarily driven by our Pathology business. This includes 2% of revenue contribution coming from the inorganic growth contributed by Polo, Vimta and Think Health.

Our franchise business for the year showed a revenue growth of 18% year-on-year and in Q4 our franchise business showed a revenue growth of 22% year-on-year. We have started focusing towards opening a smaller lab in partnerships along with the franchisee and storefronts, which shall lead to higher processing capabilities and ultimately leading to a higher franchise business growth in coming quarters.

Further, revenue per retained franchise has been consistently growing for the franchise added post FY '22. This has been possible because of our slab-based pricing model, improved quality, strengthening our relationship with doctors and channel partners and our test menu expansion.

Our partnership business for the year grew by 27% year-on-year, whereas in this quarter, it showed a tremendous growth of 24%. If we exclude API, this year, our partnership business grew by 36% and this quarter, it grew by 40% year-on-year. Our API PharmEasy Diagnostics business, this grew by 11%. Radiology business including Pulse Hitech did a strong revenue growth of 14% year-on-year this year.

With that, I will hand over to my colleague Alok to cover the financial results.

Alok Jagnani: Thank you, Nitin. A warm welcome to everyone joining us today. I want to begin by highlighting that while the pathology diagnostic industry is growing at an early to mid-teen rate, Thyrocare has consistently delivering mid-teen to high-teen growth over recent quarters. This sustained outperformance underscored the strength of our leadership and our ability to seize the market opportunity.

Before moving to the financials, let me briefly revisit the ESOP program, which has been a key focus in recent quarters. As the Thyrocare ESOP program concludes this year, we have expanded the API ESOP tool to include our senior management at Thyrocare. This group level initiative aimed to retain the critical talent with ESOP issued by our parent company and vesting as per policy.

From the accounting perspective, these ESOPs are recognized as an expense in the profit and loss account and as an equity contribution from the parents in the balance sheet. It is important to note that this is a non-cash charge and does not affect our cash outflow. To provide greater clarity, we report normalized EBITDA excluding these non-cash expenses and also included an annexure in our quarterly earnings presentation to further explain the accounting statement.

Now moving to the financial update. Firstly, full year performance update. For the year, stand-alone revenue reached INR633 crores and the consolidated revenue stood at INR687 crores, reflecting a robust 20% year-on-year growth. This was driven by 18% increase in franchisee revenue and a 27% rise in our partnership business. Total Pathology revenue has grown by 21%, while Radiology business has increased by 14% year-on-year.

Coming to the quarterly performance, Q4 performance, revenue increased by 21% year-on-year supported by 22% increase in franchisee business, 24% increase in partnership revenue. Pathology revenue in Q4 grew by 23% year-on-year, whereas Radiology revenue grew by 17% year-on-year. On the total revenue growth, 2% was attributable to inorganic growth.

Our Think Health business, Polo, has stabilized and now fully integrated to the Thyrocare ecosystem. The acquisition of Vimta is currently in transitions and expected to completely integrate to Thyrocare system in next 3 months' time.

Stand-alone gross margin for the quarter stood at 73%, up by 426 basis points, primarily due to the better negotiation and favorable product mix. Employee expenses increased year-on-year, reflecting because of annual increment, volume growth and new business acquisition and expansion.

The stand-alone normalized EBITDA margin for the quarter was 36%, an increase of 1,026 basis points. The improvement was driven by in gross margin and the operating leverage. High EBITDA margin in Radiology NHL compared to the last year due to the revenue growth and mix changes. NHL revenue mix moved to our FDG, which is normally called isotope sales, which generated higher EBITDA margins.

At the consolidated level, Q4 gross margin stood at 74% and the normalized EBITDA margin was 35%, whereas full year FY '25 gross margin 72% and the normalized EBITDA margin stood at 31%. In absolute terms, FY '25 normalized EBITDA reported is INR210 crores and the PAT excluding exceptional deferred tax provision reversal was INR101 crores, representing our year-on-year increase of 37% and 45%, respectively.

This is the first time wherein both normalized EBITDA and PAT crossed the benchmark of INR200 crores and INR100 crores, respectively. This strong performance was achieved despite margin pressures from recent acquisition and geographic expansions what we have done in the financial year FY '25.

In addition to that, we want to update that the Board of Directors has recommended a final dividend of INR21 per equity share for the year ended 31st March 2025, subject to the approval of shareholders in AGM.

With that, I will now hand over to Rahul for a strategic update.

Rahul Guha: Thank you, Alok. Briefly, I would like to take a few minutes to recap to you our strategic direction and then I will open it up for Q&A. First, I will reiterate our value proposition to the customer. We will continue to remain an affordable option to all patients with good quality and on-time reports.

All our efforts on our value proposition is towards ensuring low cost to the patient, assurance on quality of testing through our certifications and engagement with doctors. We have made substantial progress on this, which I updated in my initial comments and is reflected in the presentation. This will remain at our core and will guide all that we will do.

Second, our strategy. We continue to maintain our strategy of being the B2B partner of choice to all front-end diagnostic services companies in India, whether it's a small diagnostic center in a rural area, a pharmacy in a metro, a small nursing home, an individual doctor, or a leading online diagnostics platform or health tech marketplace. We are happy to work with them to provide low cost, robust testing solutions so that they can serve their patients in the most effective manner.

If they require phlebotomy, we are happy to mobilize our phlebotomy network of almost 1,900 phlebotomists, including our network partners to serve them better. We remain dedicated to expanding our business. And with the acquisition of Polo Labs and Vimta Clinical Diagnostics, we plan to significantly increase our presence in North and South India, respectively.

Additionally, to further boost our partnerships business, the acquisition of Think Health allows us to offer ECG at home services, further enhancing our value to our insurance partners. This strategy has been working well for us with both our franchise and partnerships businesses posting strong growth.

That in a brief is our mandate as management. Thank you so much for giving us a patient hearing. I will once again end with a quote from the Mahatma. "Find purpose, the means will follow." And our purpose remains to provide affordable, high-quality testing to the masses.

With that, we will open up for Q&A.

Moderator: Thank you very much. We'll take our first question from the line of Raman Kv from Sequent Investments.

Raman Kv: Sir, I just have 2 to 3 questions. So one is, in this quarter, we paid an excess tax of INR11 crores, like the 54% is the tax rate. Can you give me a clarification on why did we pay the excess tax in this quarter?

Rahul Guha: Yes. I'll defer this question to Alok, who can explain it. Alok, the question is, you have paid almost 54% in tax. What is…

Alok Jagnani: So thanks, Raman, for these questions. And this is not the excess tax what we have paid in past. This is a deferred tax provision what we have made in 2019, 2020 when the investment of NHL impairment has been done. And at that point of time, the management was on the belief and that -- and if -- every year when we are reviewing the NHL investments and impairment, we are carrying that provision on account that the impairment is going to be actual.

And whenever we are -- if we are going to sell that investment, the impairment loss -- against the impairment loss, the deferment tax benefits are going to come. But now NHL business is doing good. If the business come on track, generating positive EBITDA and the revenue growth is also 10% plus revenue growth year-on-year, they are delivering.

Considering that provision for deferred tax carrying is not wise decision and management has taken that call that the deferred tax assets provisions taken against the impairment of asset investments, what we have done is not supposed to be reversed and we have taken that call and that hit has come in the P&L as an exception item, deferred tax reversal INR11.2 crores. If we exclude that in our P&L performance, PAT has been grown by 88%.

Raman Kv: Now I understood it. And my doubt was with respect to the margins. This is probably in the past 2, 3 years, this quarter has recorded highest level margins, EBITDA margin. So what was the primary reason for the expansion of the EBITDA margin?

Rahul Guha: I'll take that, Alok. So if I break up the overall year margin, we are at roughly about 32% in our Pathology business. And of course, for this quarter, it is 35%. What happens is you would see a gross margin uplift in this quarter. That is because of our increased volumes this year, we were given quite a few year-end discounts from our vendors, right? So that is what you see in the gross margin uplift.

And the other is, of course, we are getting operating leverage. If you just go with 20% growth, our expenses don't grow at that rate. So about 2% we have got from operating leverage. And the remaining is -- actually last year, we had a significant provisioning for receivables, which is not there this year.

So if I draw a bridge from the 25% odd to 35% or the 10% EBITDA improvement, 4% is from gross margin, largely because of year end credit notes for increased volumes, 2% is operating leverage and 4% is because of reduced provisioning of doubtful debts because we've been quite diligent in ensuring we collect our money and our outstanding is within range.

Raman Kv: And my last question is with respect to the FY '26 guidance. So can you give us some guidance with respect to revenue growth and volume growth?

Rahul Guha: See, we normally don't give guidance, but I can give you a broad range. See, at 20% growth, we are already sitting on a very high base with the industry growing only at 10%, 11%. You must recognize growing at 20% means we have taken a substantial share from the unorganized players as well as a little bit from the organized players. They will come back with price reductions and all of that.

So I would be cautious and say that mid-teens growth is what I have always been guiding towards. We have, of course, over delivered in this year. But you must recognize it's on a very high base. So I think we'll be confident in growth continuing into the next year. And I think if we can keep the full year margin at this level, we will be happy.

Of course, we may get some benefit of increased volumes and additional, let's say, discounts when we go into the next year, but it's difficult to commit at this point in time. So I would say, while not a specific guidance, I would say, we are would be happy with mid-teens growth with stable margins where they are.

Raman Kv: Mid-teens volume growth or revenue growth?

Rahul Guha: Revenue growth. Actually, our -- see, the -- while it may appear that a lot of our growth has come from price because the volume growth is about 14%, while the revenue growth is about 20%. But actually, it's not because we have raised prices. It is just our tiered pricing structure. It's a bit complicated to explain in a call, but we have a slab wise pricing structure. So as people move into different slabs and whoever joins us at a low -- at a high slab, they typically see a higher price and only when they grow their volumes does their price come down.

So you're seeing a little bit of that effect. It's not like we raised the price -- base price itself. If you look at our thyroid price, it hasn't changed in the last 10 years. So I would say you should expect volume growth and price growth more or less to be at similar levels. We don't anticipate any material increase in price next year.

Raman Kv: Okay. Thank you so much.

Moderator: Thank you. We'll take our next question from the line of Prakash Kapadia from Spark PMS. Please go ahead.

Prakash Kapadia: So 2, 3 questions from my end. So one is you did explain, Rahul, about the pricing and margin drivers which have happened this year. So if I were to further break it down, pathology segment, is 90% contribution, saw revenue growth of 22%. Even on a sequential basis, we've seen a huge margin expansion. Year-on-year, obviously, it is very large.

Even on a sequential basis, it is up from 32% to I think 36.7%. And in the franchisee network, we have seen a 22% revenue growth. So what leads to this? Is it high value test? Is it mix change? If you could explain that a bit, that will help up the revenue on the margin side.

Yes, I will repeat my question. So Rahul, I was trying to understand the revenue and margin piece a bit better. So, the question was related to the both the segments. If I were to look at franchisee network, there has been a huge realization change. So is it high end test? Is it more package test? What has happened on the franchisee network?

If you could comment on that? And pathology segment, we've seen a huge margin change on a sequential basis also from 32% to 36.7%. So what kind of a margin and a mix would you expect next year as we move forward? That's the question on the margin and the revenue side.

Secondly, from a competitive landscape, have things been better off, which is leading to some of this margin expansion? I did hear you are talking about operating leverage because of higher growth. So any sense on the ground competitive intensity? Lastly, any update on the PharmEasy merger, which media was speculating few months ago?

Rahul Guha: Sure. So let me take the questions one by one. I'll just give you a little bit of a highlight and then I'll ask Nitin to cover little bit more in detail.

Prakash Kapadia: Sure.

Rahul Guha: As I said, one is you must recognize the base of franchisees. We have added a quite substantial over the last 3 years. That is one which is the revenue uplift. Now when you come to the realization, it's largely actually coming from one the mix of the partner. So what happens is if you are a small partner, you get a higher rate and if you are a large partner, you get a lower rate. And we've been adding more and more smaller partners that actually improves the realization.

But more importantly, actually, we are really worked on enhancing the mix. So and Nitin will talk a little bit more in detail. But thyroid used to be our dominant test. And we were mostly a routine player, but we have launched technologies like coagulation, histopathology and many, many more technologies into our network. We used to have a test menu of 300 tests. Today we have a test menu of close to 1,000 tests. So that is also helping on the realization.

Prakash Kapadia: It's a combination Rahul, it's a combination of specialized test contribution increasing and the mix from the franchisee which is leading to this higher realization.

Rahul Guha: Exactly.

Prakash Kapadia: And if you could share a number on an annual basis, what would be specialized as contribution versus routine? That would help?

Nitin Chugh: See, generally, we qualify -- we generally categorize our tests as basically preventive full body Aarogyam versus non-Aarogyam. Our Aarogyam revenue share is almost 35% on. They used to be almost 40%. So while Aarogyam business has individually also grown upwards of 20%, our contribution from our non Aarogyam which includes a single test, some profile and specialized test has continuously been increasing and thus giving us some leverage on the margin front.

Rahul Guha: Okay. Then coming to your second question on the margin improvement, both -- and I'll ask Alok also to chip in a little bit. But on a sequential basis, if you see the gross margin has improved by about 1%. We were anyway last quarter at about 73% GM, we are at 74%. So 1% is what I said the year-end volume discounts that we've been able to realize from our partners. But the other is our employee cost is on the lower side this year, this quarter relative to the last quarter and we are getting the benefit of operating leverage on our other expenses.

Quarter-on-quarter, our revenue grew 13%, but our other expenses grew only 6%. So that's broadly what explains the improvement in margin from Q3 to Q4, which is what you're saying.

Alok Jagnani: Many people have [inaudible 35:46] provision for receivable has also reduced.

Prakash Kapadia: You said directionally, if we maintain this 33%, 34% on an annual basis EBITDA margin, we should be happy from a next year perspective?

Rahul Guha: No, I was saying 31% if I can manage on an annualized basis FY '26. This is a very seasonal business Prakash. So Q3 is bad, Q1 is bad.

Prakash Kapadia: Yes, Q4 is heavy.

Rahul Guha: So, I don't want to build expectations on -- yes, while in the second half of the year, we have been quite healthy on the margin. We are also investing in specialized tests, newer labs, all of that. So and as I have always been saying, any operating leverage I get, I invest back in growth.

Prakash Kapadia: Understood. And if you could, Rahul, comment on that PharmEasy thing, it'll be helpful. Any progress, any update or status quo?

Rahul Guha: I don't think -- see, these were just media speculation. As I said, there was no discussion in the Thyrocare Board. I don't think there has been any material discussion on this in the PharmEasy side as well. I think we can leave it as media speculation. If there was any real need to it, I think it has been now 4 months, 5 months since that something would have happened by now.

Prakash Kapadia: Right. Understood. I will join back the queue if I have more questions. Thank you. All the best.

Moderator: Thank you. We'll take our next question from the line of Chirag from Keynote Capital. Please go ahead.

Chirag: Yes. Thank you for the opportunity. So first of all, I would like to know that this time the sample data was not mentioned in investor presentation. Could you give me the annual number of samples?

Rahul Guha: The quarterly number of samples is about 66 lakhs. So it's a year-on-year growth of about 15%, which is in line with patient growth. The total annual volume, I mean, it will be about INR66 lakhs into 4 roughly, so 240. The number is 25.3 million.

Chirag: Sir, my second question si when I was trying to understand that as you have mentioned that the reason for growth has to do with addition of more smaller partners, do you mean that - - from this do you mean that the franchise partner you are talking about?

Rahul Guha: Yes.

Chirag: So the number of franchise stores we have at almost 16 percentage, it is clearly visible that, that is driving the volume. I wanted to understand the second part of the business, which is the partnership business, which includes the online platform or the PPP, Public Private Partnership. That growth has also had been significant. Could you give some color what was the reason behind that growth in this part of the business?

Rahul Guha: Sure. I'll again give you just the highlight and then let's actually health tech is a significant part of this business. But also now, our penetration into corporate and insurance is actually doing very well for us. Nitin, you can add a little bit.

Nitin Chugh: Yes. Like, Rahul said, without actually naming the partners, health tech has been the most significant in terms of revenue for us.

Moderator: I'm sorry, sir. Sorry to interrupt. Sir, you're sounding a little distant. Can you come closer to the microphone, please?

Nitin Chugh: Okay. So, see, if I -- yes, is it better or no?

Moderator: Yes, sir. Please go ahead.

Nitin Chugh: Okay. So see, health -- so we generally categorize our businesses like health tech, corporate business, insurance and there is another section which is our online campaigners and other partners. All four lines have actually grown upwards of 25% almost. With health tech and corporate leading the charge. So these are all either on APIs or using some sort of platform with us. And they can be from any segment be it aggregate -- health aggregators or online platforms like PharmEasy and others.

It can be your all your insurance players which can include annual health checkups as well as PPMC businesses and many other such partners whosoever has a another front end or a corporate directly diagnostic business and we just plug in our services from the back end.

Chirag: Okay. Fair enough, sir. Sir, as you just mentioned that, that you'd like to give the revenue side…

Moderator: I'm sorry to interrupt, Chirag. Can you use your handset mode, please?

Chirag: Am I audible now?

Moderator: Yes. Please go ahead.

Chirag: Sir, as you mentioned that you'd like to give the bifurcation of revenue based on Aarogyam and non- Aarogyam. Is it possible for you to give the test menu also, which is currently 1,000? Could you diversify into both what number of test menus are in Aarogyam and what is in non-Aarogyam?

Rahul Guha: No, it's actually not the right way to classify. Aarogyam is a combination of many tests and then we sell the test individually. So, there is actually a fair bit of overlap of what is in an Aarogyam and what is in non- Aarogyam. It's just that when someone books an Aarogyam package, it is booked as a package. Whereas you may book a CBC HbA1c or individual test and then that gets categorized as non- Aarogyam.

So there's not that much difference in what is in an Aarogyam versus what is in non- Aarogyam. So difficult to give you that breakdown, but our Aarogyam is, I think roughly 35% of our business today.

Nitin Chugh: Which is basically, somebody booking a full body check up…

Chirag: If I'm correct, this Aarogyam is wellness - - Preventive wellness, right?

NitinChugh: Yes. You can classify Aarogyam as wellness preventive full body checkup. But see, there are lot of patients who know they are suffering from two, three different things and thus they feel instead of spending an x amount, I can just spend maybe 20%, 30%, 40% higher and get a full body done, like an annual thing. So Aarogyam is, yes, wellness. Non- Aarogyam is generally very specific.

Chirag: Fair enough. Sir, my next question is related to the dividend that we have distributed. Almost entire -- the profit that we have distributed as dividend. Is there any requirement of capex or shall I expect that dividend policy is around -- is going to be around 100% of the profit?

Rahul Guha: I'll ask Alok to give in detail, but I think from an operating cash flow generation, we are actually in a very comfortable place where we are able to cover. You have to remember, we are a zero debt company. We have significant cash returns. In FY '25, we would have generated operating cash flow of INR191 crores which is more than sufficient our capex is roughly about INR40 crores, INR50 crores a year, not more than that.

So -- and then the remaining whatever we keep a little bit of reserves, but the rest we distribute as dividend. Whenever we have a material acquisition, then we evaluate it. But we have chosen the path of a more string of pearls acquisition rather than one big acquisition. So we are typically cherry picking smaller acquisitions in territories where we are weak. And so the need to generate a lot of cash or keep aside a lot of cash for acquisition is not so much.

Alok Jagnani: Just adding down here. So we are keeping around INR80 plus crores of cash reserves in for the next financial year in the contingency. And continuing with the growth trends and all, we are expecting that the same level of cash flows are going to be generated and going to meet the requirements and also we are going to be available ready for the capex investment, some acquisition plans, what we are going to do in the coming financial year, we are able to do with the cash flow generation and the results what we are going to carry, plus the dividends what we are offering is going to continue.

Rahul Guha: Yes. And I must also caution on the acquisition side. We have found when we are doing these acquisitions, it takes up a lot of management bandwidth regardless of the size of the acquisition, whether you acquire a small company or a big company, the amount of time and effort of the management is quite substantial, right? So we are being very choosy about deploying our capital into acquisition.

Our organic business is doing very well with 22% growth as we have seen in the presentation, inorganic added only 2%. So, I think we will keep the focus on franchise addition, partner addition and be very selective about acquisitions. And as Alok said, even with the dividend that the Board has recommended, we still have sufficient cash reserves after our depreciation, everything to manage them.

Chirag: Fair enough, sir. Sir, could you give some color on what kind of franchisee growth are you expecting in the next few years' time span as you specify that focus would be on adding number of franchisee and partners? So I'm not focusing more about the number of sales figures, but if you have some kind of criteria, self-set goals, how much growth you would take over there? Just a ballpark number.

Rahul Guha: Actually, I'll ask Nitin to take it.

Nitin Chugh: Yes.

Rahul Guha: We have our own target. So, we can share them.

Nitin Chugh: Yes. So, see, we are planning to add upwards of 1,500 new franchise partners to our ecosystem. That's the range that we are looking forward with some investment this year that we are doing in focusing more and more on network expansion. Right? There is no specific criteria as such. Obviously, there is a certain benchmark that we feel that this much should be the business to get them into the ecosystem. Or if it is very small, how can we add the -- that franchise through our another super franchise which are basically a large franchise.

So it's a mix of both. But yes, generally wherever we see business, we are just going and meeting them, calling them etcetera and giving our value propositions to convert them, bring them to Thyrocare.

Chirag: Fair enough. Sir, any color on the extension of test menu that you have under which is currently 1,000, any guidance that you're going to make it 2,000 in the coming 5 year time span? Any color on that?

Rahul Guha: Let me take that. See, actually a better start is to look at it by technology rather than by test. I think now we are present in almost every single technology relative to our peers, except allergy and genomics, which are two areas that we are exploring for this year. Then once you have the technology, actually once you see the demand, it's very easy to, let's say, go from 1,000 to 1,500, right? And expand it, but it really you need to be able to be confident that you are going to see the demand.

But there's actually very little incremental cost for us to go from 1,000 to 1,500. But technologies that we are going to invest in are allergy and genomics in this year.

Chirag: Fair enough. And sir, the last question from my side. I wanted to understand the reason for company to issue the parent companies as ESOP and not Thyrocare. Any particular reason for this? And what kind of revenue contribution does Thyrocare has in its parents overall revenue?

Rahul Guha: So, API accounts for about 10%, 11% of Thyrocare's revenue. We are the exclusive partner to PharmEasy Labs. So, all tests that are done in PharmEasy Labs are processed at Thyrocare. So to that extent, the exposure of Thyrocare is about 10%. The group overall has a standard ESOP policy for all group employees. And so that -- those ESOPs are given to all employees, many of us in this room as well. In a way, it is because the employees are incentivized overall at a group level and to maintain parity across the different group entity. I think that is why it's done.

And also, I think we didn't want to really dilute the ESOPs of -- sorry dilute the equity of the Thyrocare shareholder. Right? By then giving ESOPs at Thyrocare, the ESOP tool was created in API that was available for all group entities, not just Thyrocare. And so in that way, the API group has been in a way generous to incentivize the management teams across all group entities with ESOPs as a group entity rather than diluting in the subsidiary entity.

Moderator: We'll take our next question from the line of Yogesh Soni from InCred Equity.

Yogesh Soni: Congratulations on the good set of performance. My first question is a follow-up on the previous participant's question on acquisition. So sir, have we set aside any amount for acquisitions for FY '26? And another question is on the Nueclear performance. So given the kind of 20% margin that Nueclear has done in Q4, how do we see the margin for FY '26? Do we expect the margin performance to sustain? That's it from my side.

Rahul Guha: Let me take the first question. Have we set aside funds for acquisition? Not a large amount, I would say. We are -- as I have said earlier, we had very focused geographies, Gujarat, Rajasthan, the Northeast, where we are looking where our presence is weak for acquisitions. I think we should be able to cover those geographies in the range of about INR15 crores to INR20 crores. So I don't anticipate more than that being deployed in acquisitions in this financial year.

Coming to your question on Nueclear, I think Nueclear has reached a sustainable level from a gross margin point of view. We've taken substantial price movement in Nueclear. And I'm hopeful it will sustain, but I think let's wait and watch for 1 or 2 more quarters before we can say that this is the new base level for Nueclear.

Yogesh Soni: Sir, just one more question. I missed out on the Aarogyam contribution. If you could help me with Aarogyam contribution in Q4 and for the whole FY '25

Rahul Guha: Nitin, you want to take that?

Nitin Chugh: See, Aarogyam contribution is fairly similarly distributed across quarters, especially Q4, because -- so it is 35% like I said in my previous answer as well. But it's generally the same, not only in Q4 it increases by 1% or 2% on the back of a lot of full body testing that happens in Q4.

Rahul Guha: And I'll just take this opportunity to talk about Jaanch. Jaanch has actually grown 25% year-on-year and is doing very well in our portfolio as well.

Nitin Chugh: Just on a lighter note, if you're there, we miss your colleague Aditya Khemka…

Moderator: We'll take our next question from the line of Palak Shah from Entrust Family Office.

Palak Shah: Nitin, you mentioned that the value volume gap that you're seeing today is predominantly because you have added a lot of new franchisees, which should be the bottom grade of the franchisee slabs, right? But as these guys grow in size, does that effectively say that the value volume gap can actually go negative given that this year was a massive addition from 9,400 to 11,100 in a single year. For subsequent years you can have that reversal happening. Is it a possibility?

Rahul Guha: Yes. I understood your question -- what we are saying is you are adding smaller franchisees, so they come at bronze category, right? And as they move up to platinum, their price realization will go down. So this positive gap that you are seeing, will it become negative as they mature?

Nitin Chugh: So the -- from our retention cohort also, if we see, yes, even if we add smaller franchisees, right, they generally end up doing their 2.5x revenue in the second year when they join us and then a 3.5x revenue to their first year revenue. So yes, they keep growing and the price realization becomes a little lesser.

But then see, there is almost more than 150,000 collection centers of sorts which are like endpoints where we can get business from. And if we are today sitting at only 11,000, we see there is a large headroom still available to get more and more new franchisees added. And with our current run rate of almost 1,500 to 2,000 odd franchisees, that's our target range if we can add. I think we are still good for next 3 years to 5 years.

Rahul Guha: Yes. So -- or to put it differently, if we were to stop franchise addition, then yes, your cases would be true. But we have no plans to stop franchise addition.

Palak Shah: Got it. And secondly, on the imaging services, imaging services profitability, what drove this delta? Because the sudden sharp delta from last quarter loss of 2 quarters to -- almost a 2-quarter profit at PBT level this quarter. So any specific interventions that we have done to change this and how sustainable are they?

Rahul Guha: Yes. As I told you, if I do the bridge year-on-year, 4% has come from gross margin, 2% has come from operating leverage, 4% has come from provision of doubtful debt. If you look at it at a sequential level, the overall leverage has been again about, I think, 4%, 5%. That has mostly come from operating leverage.

Q3 is always a bad quarter for this industry, but your costs are the same, right, because we have our manpower costs and our operating expenses, which are by and large fixed. So as you go into Q4, which is the growth quarter in this industry, and particularly for us, you get the operating leverage benefit.

So to your point on sustainability, as I said, I think you should take the full year EBITDA as the base, which is about 31% normalized before ease of cost, and we are targeting to maintain in that range.

Palak Shah: Sorry, my question was regarding the imaging services PBT profit that you have reported this quarter, not the consol number?

Rahul Guha: Okay. Nueclear, I maybe let Alok take that. But I do believe that in Nueclear, the revenue is kind of stabilized where it is. Cost, the main intervention to your question is we have taken price up. And that is slowing down to the bottom-line.

Alok Jagnani: So we are expecting that next year also top-line and the cost lines are going to be remain in the same trend. And marginal growth is going to be there. Up in single digit what I am expecting. Some price increase and other things which we are going to happen, then we are able to get the benefit of that.

Other 2 new locations for which we are exploring and if that is going be added of the existing machine, what we have, then that's going to be add on to the -- add up on to the top-line and deliver [inaudible 57:43].

Palak Shah: So effectively, we are looking to invest more capital on the Nueclear side, right, going forward?

Rahul Guha: No. We will maintain the centers that are there. We will continue to optimize the cost. But you must remember to set up a new center is a INR10 crores investment. At this point, we are not contemplating filling up new centers and Nueclear.

Palak Shah: Great, thank you so much for your answer. And congratulations on a very good set of numbers. All the best.

Moderator: Thank you. We'll take our next question from the line of Sumit Sarda from Compound Everyday Capital. Please go ahead.

Sumit Sarda: Just two questions. One, receivables are up from around INR40 crores, INR50 crores sequentially or year-on-year to INR73 crores. So any color on those? And secondly, any update on Tanzania about revenue margins and any plans for growth?

Rahul Guha: Sure. I'll let Alok explain the receivables point. Alok you can…

Alok Jagnani: So on the receivable, if you see that there is an increase of around INR30 crores has come. So, the -- it has 2 part. One is the business has grown, partnership business where the credit we normally offer. If the business will grow at a rate of 35% to 40% partnership business, then the data on account of that is also going to happen and around INR12 crores to INR15 crores of data have gone on that term.

Similarly, like API is a similar tech partner. [inaudible 59:28] is like a Fintech partner what other partners are. And earlier we are offering lesser credit period to them. But as a competition arm length price assessment system that we have to offer the same credit period what we are offering to our other tech partners and the partnership business -- partners.

The thing that the 2 months additional credit period has been offered. Earlier it was 1 month. Now it is increased to 3 months, that's what we are offering to other partners also, 2 to 3 months. Resulting around INR16 crores to INR18 crores of top-line data's increase. With stuff together, it's a INR30 crores latest moment has happened.

Rahul Guha: And on Tanzania, to be honest, it's still very, it's been less than a year since we actually started to operate the lab. But I'll give -- ask Nitin to give a little bit of flavor of what's going on there.

Nitin Chugh: Yes. See, Tanzania like, Rahul said is in its very nascent stages. Right? Because even when the lab got started, then we went out of the market for the first time explaining what Thyrocare is, going and reaching our clients with our pricing et cetera. And then people slowly started testing us with 1 or 2 samples here and there to foresee our serviceability etc.

So, if you see Q2 versus Q3 versus Q4 in this financial year, it's like we have grown more than 100% on in these quarters. So today we are already at a run rate of doing almost 60 lakhs a quarter, which is then scheduled to grow almost 100% in the next quarter. That's how we've been going.

But, yes, we are still cautious on which partners we are adding and how we are growing our business. But, yes, we are already now working with almost 150 partners there. And everyone is starting slow and then slowly moving their wallet share to us.

Rahul Guha: Yes. We've doubled every quarter. Last 3 quarters, we've doubled to reach 60 lakhs, but it's such a small number. Right now, it's not worth talking about.

Sumit Sarda: Thank you. That's all for my side, all the best.

Moderator: Thank you. We'll take our last question from the line of Chirag from Keynote Capitals. Please go ahead.

Chirag: Yes, thank you for the follow-up. Sir, I wanted to know what will be the effective tax rate going forward?

Rahul Guha: I'll let Alok answer that. What will be the effective tax rate going forward?

Alok Jagnani: It's going to be around 28% to 29%.

Chirag: 20% to 29%?

Alok Jagnani: 28% to 29%.

Chirag: 28% to 29%. Okay. That is it from my side. Thank you.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, I now hand the conference over to Mr. Rahul Guha for closing comments. Over to you, sir.

Rahul Guha: Thank you, everyone, for joining us and spending time with us this evening. As always, we continue to remain focused on our strategy, which is to be the most affordable, good quality diagnostic testing partner for anyone in the healthcare business, and we continue to execute on that strategy.

We have been investing in improving our quality, improving our reach and ensuring our turnaround time is as close to best-in-class. We've made substantial progress on all of this, and that is what is driving the results that you see. I thank you all for your support in this journey, and I wish you all a good evening. Thank you.

Moderator: Thank you, members of the management team. On behalf of Thyrocare Technologies Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Note:
"Inaudible" refers to not audible or incomprehensible words.