

July 28, 2025

To,
National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051
(SYMBOL: THYROCARE)

BSE Limited
Phiroze Jeejeeboy Towers
Dalal Street,
Mumbai- 400 001
(SCRIP CODE 539871)

Sub : Transcript of post results earnings conference call held on July 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 July 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.

For **Thyrocare Technologies Limited**

Brijesh Jha
Company Secretary and Compliance Officer



Encl: A/a



“Thyrocare Technologies Limited Q1 FY’26 Earnings Conference Call”

July 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. PREET JOSHI - STRATEGY AND INVESTOR
RELATIONS, THYROCARE TECHNOLOGIES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Thyrocare Technologies Limited Q1 FY'26 Earnings Conference Call.

As a reminder, all participants' 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 '*' then '0' on your touchtone phone.

I now hand the conference over to Mr. Preet Joshi from Thyrocare Technologies Limited. Thank you and over to you, Mr. Preet Joshi.

Preet Joshi: Thank you, Zico, for the introduction. A very good evening to all and thank you for joining us today for the Thyrocare Earnings Conference Call for the Quarter 1 FY'26.

Today we have with us Mr. Rahul Guha – MD and CEO of Thyrocare, Mr. Alok Kumar Jagnani – CFO of Thyrocare, Mr. Nitin Chugh – Chief Commercial Officer along with the other key members, on this call to share the highlights of 'Business' and 'Financials' for the Quarter Results. I hope you have gone through the results, the quarterly Earnings Presentation and the 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 would now like to hand over the call to Mr. Rahul Guha and make the opening remarks.

Rahul Guha: Thanks, Preet. Sorry, my throat is quite bad today. So, I hope I am audible. But good evening and welcome to all on the call. Thank you for taking out the time from your busy schedules to join us this evening.

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 Q1 results for FY'26. I am joined with my colleague Alok Kumar Jagnani, who is our CFO, Nitin Chugh, who is our Chief Commercial Officer and Preet Joshi, who is part of our Strategy and Investor Relations team. In addition to that, I am pleased to welcome Mr. Vikram Gupta, who is joining us today and will be taking charge as Thyrocare CFO. Alok has been elevated to API Group CFO, but will continue to remain involved in Thyrocare as a Director on the Board. So, many congratulations to Vikram and of course, looking forward to continuing association with Alok.

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, it has been two years since we implemented the pay-for-performance structure, which has led to an increased energy within our franchisee network with motivation for them to move up volumes and enter higher slab. I am very happy to report that our franchisee base is at its highest ever with a steady growth in the franchisee base over the last two years. Encouraged by the success, we are now expanding our field and central teams to accelerate the franchisee addition journey and would be happy to update on the progress in the quarters to come. Quality remains our highest priority and we see it as a continuous journey of improvement and innovation.

We are immensely proud to share that last year we achieved the milestone of becoming India's first and only 100% NABL accredited national laboratory chain, a prestigious milestone that reflects our unwavering commitment to world-class diagnostic services and a relentless focus on quality and excellence. Achieving NABL accreditation across all our labs has been made possible through the implementation of robust quality management systems, investment in cutting-edge technology and equipment, rigorous training programs for our staff and consistent participation and 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 as a testament to our leadership in redefining diagnostic standards across India. But the quality journey doesn't stop there. We have now set a target of six sigma-level quality processes in Thyrocare and we track our complaints per million with a goal to bring it below 3.4 complaints per million. I am very happy to say we have already made tremendous progress on this dimension with our complaints per million at 4 versus 6.4 last year when we began tracking this and we are confident we will very soon reach 3.4 making us the first lab chain to achieve six sigma processing and we believe we will soon be best in class on this dimension not just in diagnostics but in healthcare.

To communicate our journey on quality we regularly host advisory board meetings with a panel of esteemed doctors to gain their insights on enhancing our quality milestone. In the current quarter, we have hosted three meetings where more than 125 doctors attended. Doctors witnessed our cutting-edge technologies and stringent protocols reinforcing our commitment to diagnostic excellence.

With Thyrocare Anusandhan, I am proud to share that we conducted and published India's largest HbA1c study providing deep insights into diabetic trends nationwide. More importantly, we launched our fever study which is our Jaanch fever panels and the timing is quite appropriate given the fever season is upon us. We found that one out of three fevers are not just simple upper respiratory tract infections as is commonly believed but are more complicated infections such as dengue, typhoid, malaria and influenza underpinning the need to test and treat fevers judiciously. In the past quarters, we have added multiple advanced technologies including histopathology, a new equipment platform in HPLC and our first foray into Coagulation. We have also launched

BioFire, one of the most advanced PCR platforms. While maintaining the highest quality standards, we continue to improve our turnaround time. On an average during Q1 FY'26, we released the report within 3.35 hours of 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.

I am proud to say we have now fully integrated the Polo and Vimta network and are live with ECG at home across our network for which we had acquired Think Health. Our lab network stands at 40 today across Thyrocare India, Tanzania, Polo, Vimta and our partner labs. Beyond the work on quality and operations, we continue to selectively expand our offering. Aarogyam has been our flagship brand and we have two brands Jaanch and Her Check which were launched recently. Jaanch is targeted towards lifestyle challenges 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 amongst others. Jaanch has grown 17% year-on-year and is soon becoming a strong pillar of our lifestyle offer. We are very proud of some of the key milestones that we achieved in Q1'26. For Q1'26, we have more than 9,500 active quarterly franchises. As a result, we processed 46.9 million tests which grew by 15% year-on-year. We served 4.6 million patients in the year which increased by 12% year-on-year. Please note for reference, active franchisee count was 9,413 in Q4 FY'25 and 8,145 in Q1 FY'25 that is the same period last year.

We are regularly taking strategic initiatives to further expand our footprint. During Q1'26, we expanded our geographical footprint by opening new partner labs in Roorkee, Kashmir and started processing at a new regional lab in Bhagalpur. Partnerships business did phenomenally well as we on boarded new clients in health check segment and continued to grow our existing accounts.

In Tanzania, since going live in March 2024 and processing our first test in April, we have successfully partnered with over 192 healthcare facilities in Dar es Salaam till date. Our mission is to continuously collaborate with major hospitals ensuring they have access to comprehensive diagnostic services.

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 each of you. First, I would like to start with our pillars of growth which have been contributing strongly to our performance, our consistent performance.

The first pillar is "Customer Success":

The focus is on ensuring accurate, timely and affordable diagnostic services through quality control, robust data management and effective customer support. With advanced technology and streamlined processes, we aim to enhance customer satisfaction. Launching live reports for our franchisee base and our D2C customers is a testament of our continuous work towards customer success. We have also added customer success features like turnaround time visibility, reminder service, microsites of our partners to help all our partners to grow their business.

The second pillar of network 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.

Also, on the partnership side, we are expanding our footprint by going deep into the pre-policy medical checkup and annual health checkup in the insurance business. We now have more than 9,500 plus active quarterly transacting franchisees in Q1 of FY’26 versus 8,145 active franchisees in Q1 of last year FY’25.

The third pillar is “Menu Expansion”:

The third pillar menu expansion where we are introducing a wider range of specialized tests and health packages for our partners using targeted marketing to drive adoption and increase value for both partners and customers. For example, launching coagulation, Hb1c graph reports in most of our lab locations. We also launched highly specialized BioFire panels in this quarter.

Now, I will briefly update you about the “Business Performance” of Q1 of FY’26:

Overall, at a consolidated level, this quarter we did 23% year-on-year revenue growth primarily driven by our pathology business with a growth of 25% year-on-year. This includes 2% revenue contribution coming from inorganic growth contributed by Polo, Vimta, and Think Health. Our franchise business for the quarter showed a revenue growth of 20% year-on-year in Q1 of FY’26. We have started focusing towards opening up smaller labs in partnerships along with franchises and other storefronts which will lead to higher processing capabilities and ultimately leading to a higher franchise business in coming quarters. Further, revenue for retained franchisees has been consistently growing for the franchisees 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 test menu expansion.

Our partnerships business in the quarter showed a tremendous growth of 36%. If we exclude API, this quarter our partnership grew by 29% year-on-year. Our API Pharmacy Diagnostic business this year grew by 52% year-on-year. Radiology business including Pulse Hitech did a strong revenue growth of 6% year-on-year this quarter.

With that, I will hand over to my colleague, Alok, to cover the “Financial Results”.

Alok Kumar Jagnani: Thank you, Nitin and a warm welcome to everyone joining us today.

First to start, I am pleased to welcome Mr. Vikram Gupta who joins us today in Thyrocare as our new Chief Financial Officer.

Now moving to the Q1 FY'26 highlights:

The pathology diagnostic industry is currently growing at an early to mid-teen rate. In comparison, Thyrocare has consistently delivered mid-team to high-team growth over recent quarters, underscoring the strength of our leadership and our ability to capitalize on market opportunities.

Before going to the financials, let's first cover up the "ESOP Program Overview":

Before we discuss the financials, let me briefly touch upon the employee stock options plan. As the Thyrocare ESOP program concluded this year and with only a limited pool remaining for employees and senior management, our parent Company has decided to expand the API ESOP pool to include Thyrocare ESOP management. This group-level initiative is aimed to retain our most critical talent. ESOP will be issued by our parent Company and will vest in accordance with the established policy. From the accounting standpoint, these ESOPs are recognized as an expense in the profit account and as an equity contribution from the parent in the balance sheet. It is important to note that this is a non-cash charge and does not have any cash outflow. To enhance clarity, we report normalized EBITDA by excluding these non-cash charges and have included an annexure in our quarterly earnings presentation to further explain the accounting statement.

Now moving to Q1 FY'26 "Financial Performance":

Standalone revenue for the quarter reached Rs. 179 crores and consolidated revenue stood at Rs. 193 crores, reflecting a year-on-year revenue growth of 23%. This growth was primarily driven by 20% increase in franchisee revenue, 36% rise in partnership revenue. Total standalone revenue of pathology grew by 25% year-on-year, whereas our radiology revenue has also gone up by 6% year-on-year. Of the total growth of 23%, organic growth is 21% and rest is attributable to inorganic growth.

Now with the recent acquisitions what we have done in FY'25, all are stable and fully integrated with the Thyrocare ecosystems. Standalone gross margin 71% stood up by 48 basis points year-on-year, mainly due to the more favorable negotiation and product mix. Employee expenses up year-on-year, mainly on account of annual increments partially offset by actuarial gains. Standalone normalized EBITDA margin 35% as improved by 354 basis points, largely benefiting from the better gross margins and operating leverage generated from the business.

At the consolidated level, gross margin reported 71%, normalized EBITDA margin 33%. Q1 FY'26 normalized EBITDA in absolute value reported Rs. 63.35 crores, profit after tax reported Rs. 38.06 crores. Both normalized EBITDA and PAT are up by 42% and 62% year-on-year respectively. Notably, this performance was achieved despite margin pressures from our recent acquisitions and geographic expansions.

With that, now I hand over to Rahul for the strategic updates.

Rahul Guha: Thank you, Alok and a warm welcome to you on the Thyrocare board.

Alok Kumar Jagnani: Thank you, Rahul.

Rahul Guha: 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 our testing through our certifications and processes and engagement with doctors. We have made substantial progress on this and I have updated this in my initial comments and is reflected in the presentation. This value proposition remains at our core and will continue to guide all that we do. Second, our strategy. We continue to maintain our strategy of being the B2B partner of choice to all front-end healthcare services companies in India, whether it is a small diagnostic center in a semi-urban 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 today to serve them better. We remain dedicated to expanding our business and with the acquisition of Polo Lab and Wimta Clinical Diagnostics, we plan to significantly increase our presence in North and South India respectively.

Additionally, to further boost our partnership business, the acquisition of Think Health has allowed us to offer ECG at home services where we are now having a pan-India presence. This strategy has been working well for us with both our franchisees and partnerships businesses posting strong growth. That in a brief is our mandate as management.

Thank you for giving us a patient hearing. As always, 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 mass.

With that, I will open it up for Q&A.

- Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Prakash Kapadia from Kapadia Financial Services. Please go ahead.
- Prakash Kapadia:** Yes, thanks for the opportunity. Couple of questions from my end, Rahul. Q1 generally is a soft quarter for the industry in general. So, what are we doing right for the 23% growth which we've achieved? Any specific insights you could share which has led to this growth, be it the franchisee contribution in terms of gold, silver, larger, smaller, or any specific region which we were not there that has contributed? So, that will give some color on the revenue growth and sustainability for the remaining part of the year. I think from what I remember, employee count was around 1,700. What is it as of now? And franchisee addition, is it fair to assume from this base around 800-1,000 franchisees could be added during there? Those are my questions. Thank you.
- Rahul Guha:** Sure, Prakash. You're right. Q1 is typically softer than Q4 historically. This Q1 for us has been better than Q4, which is the first time, I think in a long time this has happened. And if you take out COVID, probably it is the first time ever. I think what is working for us, as Nitin also talked about in his commentary, is the number of franchisees that we've been able to add. Between last year and this year, I think the number is about 1,400-1,500 franchisees. And we are getting the compounding effect of the previous year's base also. So, if you have seen our disclosures, our annual disclosures, we showed how a franchisee added in '22, doubles in '23 and then continues to grow in '24. So, a large number of additions that have happened last year have actually given us a big boost this year. Plus, the overall franchisee count going up. It's not a very complicated business. You keep your customers happy and you add more customers. I think we are doing both quite well. And the results are showing up in the growth numbers. To your second question, the employee count was 1,700 last year. We were at about 1,900. So, not that much. And that is after integrating Polo, Vimta, Think Health, plus expanding three new labs over the years. So, I think it's reasonably under control. I think your last question was...
- Prakash Kapadia:** How many franchises will we add?
- Rahul Guha:** I think you can assume, we are typically operating at 100 a month. I think you should assume that that is the rate we will continue at. 1,200 to 1,500 is the net addition.
- Prakash Kapadia:** Over the next 3 quarters?
- Rahul Guha:** Yes.
- Prakash Kapadia:** And any color, Rahul, on any specific region or geography which has led to this growth or is it spread across the country from the revenue contribution?
- Rahul Guha:** It's plus minus a little bit, but I think the growth is secular across the country. We have not focused in any way in a particular region or something. We are a Pan-India player with deep presence across the country. I think some regions grow slightly faster, some regions grow slightly slower, but it's not like a big swing. So, I can say it's secular growth across the country.

- Prakash Kapadia:** Okay. Thanks, sir. I will join back if I have more questions.
- Moderator:** Thank you. Our next question comes from the line of Raman KV with Sequent Investments. Please go ahead.
- Raman KV:** Sir, I just wanted to understand that during the quarter, revenue per test has increased as well as revenue per patient has increased, on a year-on-year basis. So, was there any price hike during the quarter?
- Rahul Guha:** So, I will let Nitin give you more details, but we typically don't take price hikes. Most of the revenue per test will largely come from mix, but I will let Nitin give you a bit more color of it.
- Nitin Chugh:** So, there was a very minor price hike but not in a routine test because there were a lot new tests that were launched. So, the price hike color is more or less in the range of 1.5% to 2% at max. The rest of it has majorly come from A, expanding the new catalog and opening up newer, higher-priced items for all our partners, as well as working very, very well on mix change and helping our partners sell something which is a category above than what they usually sell. So, for example, instead of just thyroid profile, maybe sell somebody a Jaanch thyroid or just selling HbA1c, sell them a Jaanch Diabetes Basic, etc. So, a lot of work has gone on mix change, helping them understand and know what to sell next apart from what they're selling. So, that has also contributed to higher revenue per test.
- Raman KV:** Okay, sir. Sir, also one of the questions, basically it's a follow-up on what the previous participants asked. Just wanted to understand how many franchisee are there with us and how many franchises did we add during the process? Can you give any figures?
- Nitin Chugh:** So, basically, like we said, last year, same quarter, we had about 8,100 active franchises in that quarter working with us. Now, that number is around 9,500 odd. So, there is a healthy addition, net addition of almost 1,400 odd franchises. And, sir, this year also, we are on track to, hopefully, we will be on track to do more than 1,200 odd franchise additions, 1,200 franchises by the end of this year. That is our plan.
- Raman KV:** And my last question is with respect to the franchisee only. Sir, how long does it take for a franchisee to become a matured franchisee and contribute significantly towards the topline and bottomline?
- Nitin Chugh:** See, we have a slightly different model also. So, we work on two models. Lesser on the fact that we have newer partners coming and opening up a franchise from scratch, which would require at least 12 months for a franchisee to break even. So, our model is more focused on having partners on board who are already working in the diagnostic space, who already have a collection center of sorts, maybe say by the name of Nitin Diagnostic or an Alom Diagnostic, who is probably giving to multiple partners today and distributing their business. Our business model is to add those guys and bring them into the Thyrocare ecosystem with higher wallet share,

hopefully converting them into a fully-fledged Thyrocare franchise, putting up a Thyrocare board. So, that is our go-to-market strategy with which I think we are able to add these many and not relying on finding 1,200 more new entrepreneurs to start a franchise from scratch.

Raman KV: So, this way, how much time it will take for them to break even?

Nitin Chugh: So, see, because more than 95% of our franchisees have existing centers, so they are already, more or less, they have established their businesses. It's just about we try to get as much share as possible from their current business and take more wallet shares. So, most of these franchises have been well-established in, say, last 3 years, 5 years, even some are 20 years old, but very well-established businesses. So, hardly we see any churn because of business going down. Maybe some wallet share goes down here and there, but they are mostly profitable or breaking even.

Raman KV: Okay, sir. And, sir, are we sticking to the revenue guidance of mid-teens and volume guidance of mid-teens?

Rahul Guha: Yes. See, it's too early in the year to revise the guidance. As I said, while Q1 has been very encouraging and the growth has been very strong, if you look last year, H2 was very strong for us. So, I think it's very early in the year to be revising guidance at this point. We will probably take a call after we see H1. But yes, the first quarter has been very promising. But as I said, the backup from last year was very good as well.

Raman KV: Okay, sir. Thank you.

Moderator: Thank you. The next question comes from the line of Lokesh Manik from Vallum Capital. Please go ahead.

Lokesh Manik: Hi. Good evening to the team. Rahul, my question was on the relationship with vendors in terms of supply. Are we following a rental reagent model where it is pay as you go? Or do we take the equipment on our books in the pathology business and then we purchase the consumable? How is that supply model play out?

Rahul Guha: I will let the master of this take this question. Alok, you can.

Alok Kumar Jagnani: Thank you, Rahul. So, answering to you, we are mostly going to move in CAPEX model as we procure machine and capitalize in our books. We are not working in RR model. Earlier, prior to 2022-2023, we were mostly in RR model, which we have moved to CAPEX model.

Rahul Guha: And Lokesh, there's no free lunch. When someone gives you on reagent rental, they are typically loading their capital costs. We are a completely debt-free Company with a high operating cash flow. Our cost is significantly lower than the loading that they put on the rental model. So, we

find it better to finance our own equipment than take financing at a very high rate in the reagent rental model.

Lokesh Manik:

Understood. My second question was, a part of our strategy in 2022 was to leverage these synergies with the API group through Retailio and Aknamed. Now, the franchising growth that we are seeing, is it through the Retailio network, which has 2.8 lakh some pharmacies? Are we tapping that or this is independent of that, that we are expanding on the franchise?

Rahul Guha:

No, this is completely independent of that. There is a small base of Retailio pharmacy in that transact with us. But we have not seen much success on that front. This franchisee addition is basically collection centers and pathology labs, which is independent of Retailio. However, I will take that opportunity to highlight one other point. A large part of synergies was the cross-sell of diagnostics on the PharmEasy platform, which as you know, over the last few years has been muted. But now, I am very happy to say that the PharmEasy business has come back on the growth track. Last quarter, it was very strong. This quarter also, 30%-40% growth is starting to come back from the PharmEasy side of the business. So, that is very encouraging to see as well.

Lokesh Manik:

Great. And one clarification from my end. In the annual report, it was mentioned that the central processing lab has a capacity of 1,30,000 samples per day. And this is for both the CPLs or this is only one CPL?

Rahul Guha:

This would be across both CPLs. So, we have now one central processing lab in Mumbai and one in Delhi. This would be across both.

Lokesh Manik:

Okay. And when you are introducing packages, new packages like Jaanch or Her Check or any more down the pipeline, what is the base volume that you look at that would allow you to introduce these packages or the potential volume in the market that you want to see before you introduce these packages?

Rahul Guha:

See, for us, we are not launching any specific test, that is new to Jaanch. It is a consolidation of that already exists but are more targeted towards the diabetic or more targeted towards the thyroid patient. So, for us, we don't incur any incremental cost when we create Jaanch. Even if you are diabetic, people just wait till and do a full body checkup. But there are many subsequent consequences of uncontrolled diabetes that you should be monitoring that is not there, typically in a full body checkup, but is there as part of the Thyrocare menu. Right? So, we have kind of consolidated it a little bit to help a diabetic better manage his health, the thyroid patient better manage his health and so on. So, from that, we don't really look at it from a, how many test volume do I have to get? The way we work is the prevalence of the disease. So, there are many diabetics, there are many thyroid patients, and many heart patients who require specialized packages for themselves. And from that, we work backwards.

Lokesh Manik:

Understood. That is it from my side. Thank you so much. I will come back in the queue.

- Moderator:** Thank you. The next question comes from Raman KV from Sequent Investments. Please go ahead.
- Raman KV:** Hello, sir. Thank you for allowing me to ask one more question. Sir, I just wanted to understand the partnership or revenue business model. How does the revenue flow and how does the profit is accounted for? The entire business model I want to understand with respect to the partnership business.
- Nitin Chugh:** So, there are multiple aspects to the partnership model, what we include in our partnership business. One is the very straightforward direct to consumer business in this, which is basically somebody coming directly to us, Thyrocare website. There it is very simple, like any other D2C platform, we take the price, what we show to the customer, give some discount, etc. and that is what is accounted for. That is the highest profit margin business, because the consumer is directly coming to our platform. Then there are something called as these health checks and corporate players, which almost contribute 50% of our partnership business. These health check players have generally a very customized design packages also for themselves while they have the normal menu in place. We generally have a transfer price set up with these people upfront, where they know if they have designed the package for a particular customer or a particular insurance Company or anyone in the corporate space, we have a particular transfer price set, they sell it to their customer at whatever price, I will charge them on a transfer price set. It is the same model that how we work with PharmEasy, where there is a transfer price, they handle their customer acquisition, their marketing, what price. They decide what price they sell, what discount they give. End of the day, I just recognize my transfer price revenue. And this is majority of the model on which we work on our partnerships. With some smaller partners, we also have a mission led model, which are direct servicing agents, but again, that is a smaller part, but more or less it's on a fixed transfer price.
- Raman KV:** So, there are two, within the partnership model, there are two different models. One is your own side of a lab. Another one is where you tie up with a Company like, for example, you say PharmEasy, and for example, if a bundle A of test is offered at 5,000 in your lab, PharmEasy might price it at 4,500, you will recognize 5,000 as your revenue in your books. Am I right?
- Rahul Guha:** That is correct. So, if I give you an example, let's say there is a package on one of our partners for Rs. 2,000. The partner will collect Rs. 2,000 from the customer. Thyrocare will invoice its cost, right? And there are two kinds of costs. One is the lab processing cost. And the other is the partner opts for home collection, and then we charge them for the phlebotomy cost as well as the transportation cost, right? So, roughly, if you look at a Rs. 2,000 package, from a lab processing point, we will get, I think about 700-800 and another 300-400 for collection and transportation, on which we make actually pretty similar EBITDA at a Company level. There's very little, I mean, the partnership comes marginally lower EBITDA than the overall Company EBITDA.
- Raman KV:** So, this is more or less like a B2B model, right?

- Rahul Guha:** Very much. B2B2C.
- Raman KV:** B2B2C. So, with respect to that, can you give the split between B2C and the second one, B2B2C?
- Rahul Guha:** Can you give the what?
- Raman KV:** For example, with respect to the partnership model revenue, how much are you earning from, in terms of percentage, how much are you directly earning from B2C, wherein that customer directly comes to your own lab, versus how much you own from this B2B2C, business to business to consumer, wherein you are tied up with a business like a farming.
- Rahul Guha:** And as I said, the partnerships business comes at more or less the Company EBITDA. So, if our Company EBITDA at a normalized level is roughly between 30 and 35, depending on which quarter you look at, let's say this quarter is 35, then the partnerships business will be in that 33-34 range, right? Our B2C business is actually quite profitable, because we realize the entire Rs. 2000 at more or less the same, what I said, the 700 plus 400, right? So, to that extent, our direct to consumer business is quite profitable, but it's a small part of it.
- Raman KV:** It's only 5% odd of our entire revenue, 6%. Okay. Thank you, sir.
- Moderator:** Thank you. The next participant comes from the line of Girish Bakhru from OrbiMed. Please go ahead.
- Girish Bakhru:** Just a question on test menu. You guys said it is expanding. How much is the test menu now?
- Rahul Guha:** Sorry? How much is the?
- Nitin Chugh:** Last part of the question has been missed.
- Girish Bakhru:** What is the test menu? Is it above 1,000 now?
- Rahul Guha:** Roughly about 1,000, Girish.
- Girish Bakhru:** And when you are adding these new areas of histopathology, immunoassay, I mean, I just wanted directionally, are you also aiming to go much higher than current level? Or is it something that it will be around this number only? Because I mean, of course, B2C players are above 2000. But histopathology, I think in the previous discussion, you said can it be 1,000 tests, right?
- Rahul Guha:** Yes. So, see, we, from a technology level, we will be comparable. I think we have almost every technology under Thyrocare. But we don't activate every test in technology because we want to see a minimum volume before we activate the test. So, I would say our 1,000 while if you compare against the 2,000 and 3,000 appear low, but from a technology level, it's almost like to like.

- Girish Bakhru:** Okay. And when you actually look at this number of tests, revenue per test, I mean, it seemed a good jump. Can you tell what is driving besides this, let's say some mixed change. Is there anything that we should look into it? And if you could give a number for this, what was the number, let's say 2-3 years ago?
- Rahul Guha:** Revenue per test two years ago was 33.8, which is 37.8. It's there in the disclosure, Girish. As Nitin articulated earlier, most of that 1% or 2% will be straight price high. The rest is mostly mix.
- Girish Bakhru:** Okay. I just wanted to know, let's say when you're adding these new tests, histo or immuno, would realization be higher? Like, how should we look at it? What would be the differential between let's say normal pathology, whether it's, I mean, I know all this is bundled, but is there a significant differential when you're adding new tests?
- Rahul Guha:** Yes. So, if you take revenue per test at 37, histopathology will be closer to 250. So, it's whatever, almost factor 10.
- Moderator:** Thank you. The next question comes from the line of Yogesh Soni from InCred. Please go ahead.
- Yogesh Soni:** Hi. Good evening. Thanks for the opportunity and congratulations on the good set of numbers. My first question is, I just want to have a clarification on the active franchise network. In last quarter's presentation, the active franchise was mentioned around 11,250 whereas for this quarter, it is mentioned as 9,550. If you can just help me with all this disconnect.
- Nitin Chugh:** See last year, we reported the full year. So, that was annual transacting. And now we have moved to a quarterly reporting. So, the difference is what you saw 11,000 was over the full year. Whereas if you see the quarter number, it was, right now it is almost 9,500 versus an 8,100 last quarter.
- Yogesh Soni:** What was in Q4?
- Nitin Chugh:** Q4 it was 9,400 which is 9,500 now.
- Rahul Guha:** He is asking for 11,000.
- Nitin Chugh:** So, in FY'25, overall transacting franchisee was 11,000 plus what we have reported. For the quarter Q4 number was around 9,400. And this quarter we have 9,500.
- Yogesh Soni:** Okay, understood. One question on again on the franchisee side, if you could help me understand, I mean, what is the churn rate of the franchisees?

- Nitin Chugh:** Right. So, see with the net addition of almost 1,400, there is almost 1,000 odd franchisees which have gone out from the last year Q1 where then we added almost 2,400 odd and thus we landed almost 1,400.
- Yogesh Soni:** So, net addition remains to be 400 or I mean, that is how one should read?
- Nitin Chugh:** Net addition of 1,400. Total acquired was in the range of 2,400 where 1,000 odd went away and thus remaining 1,400 as such net addition.
- Rahul Guha:** So, just to clarify, we report only the net addition, not the churn number. So, what you see in the reporting is only the net addition minus churn. But as Nitin said, we add much more than this, but we have a significant churn. Typically, it happens in the quarter itself. So, we know what is the net addition as a result.
- Yogesh Soni:** Okay. And one last question. I wanted to understand on our sales force. So, I mean, what kind of efforts are we making or how the efforts are being made to add 100 franchises every month? I mean, we do not see this number for other companies, whether it is lab additions or service networks. So, would want to understand on this bit.
- Nitin Chugh:** Yes. So, from an effort perspective, see, there are a couple of things. I don't want to really get into the details of exact strategy, but yes, there is a centralized team, which works on lead management and then there is an on-field team, which goes and meets the clients and converts the clients. So, they work very closely with each other to manage the lead flow, manage the lead conversion funnel, etc. And then there is a conversion team, which makes sure that the onboarding is very smooth of the newly converted franchises coming into the Thyrocare ecosystem with training, etc. So, that is the entire strategy. But yes, we have people on ground also doing this activity.
- Moderator:** Thank you. We move to the next question from Saket Kapoor from Kapoor & Company. Please go ahead.
- Saket Kapoor:** Sir, firstly, can you give the breakup or the cost of material consumed? What are the key constituents? And what is the cost of setting up one franchisee in terms of what kind of deposits are required or if you could just explain what are the key requirements for you to enroll for a franchisee to enroll under Thyrocare?
- Rahul Guha:** The cost of materials is mostly reagent, almost entirely reagent, which is used during the processing of the test. I hope you are asking this question because you want to become a franchisee. And Nitin, you can explain what are the requirements to become a franchisee.
- Nitin Chugh:** See, to open a collection center is very, very straightforward. You approximately need a 200 square feet area, where you just need some things in place, which is a table chair, a working condition where a phlebotomist can sit and get a patient, come in and give the blood sample

collection, obviously, a bathroom, etc., for other kinds of samples. And there are certain very simple conditions on how the board should look, what is the size of the board, what kind of mirrors you have to put, etc. It typically requires a 3 to 4 lakh kind of an investment from an infrastructure point of view, plus some basic deposit, obviously, if you really want to use a Thyrocare brand name.

Saket Kapoor: Sir, what is that deposit part? I mean, is it the refundable? I mean, out of the total, the franchisee model, how much then the deposit money we carry in our balance sheet?

Nitin Chugh: See, it is very, very less. And only certain franchisees only give us because only 10% of our franchisees have a board. But it is given back in form of wallet balance, which gets utilized in the business itself. So, nothing gets carried in our books as such. Because we typically give them back in form of, some in form of material, but mostly in wallet, so that it gets used in their business.

Saket Kapoor: And lastly, sir, for the reagents part, how are we sourcing the same? Are we dependent from domestically or are we importing the reagents? Who are the key suppliers for us?

Rahul Guha: I do not want to share the supplier names and all of that. But I would say a vast majority of reagent which is true across India is imported and we are no different from the industry.

Moderator: Thank you. Our next question comes from the line of Lokesh Manik with Vallum Capital. Please go ahead.

Lokesh Manik: Thank you again, team. A couple of questions. One is in the earlier calls, how you mentioned that we would be sealing the EBITDA margins at 30% and anything over that, we reinvest in the business. Now, clearly the operating leverage that is kicking in is much higher than even your plans, I assume, for reinvestments. Or if those plans take time, then do you see EBITDA margins at the earlier levels of 37%, 40%?

Rahul Guha: I would say, I will continue to hold to the guidance. I would say in Q1, we did not have that many opportunities to reinvest into the business. But we will continue to see how we can accelerate the growth. I am particularly keen to see if we can evaluate now seeing the success of Vimta and Polo and the full integration and the team's capability to be able to acquire and integrate in very short periods of time. I would like to deploy capital to see if we can expand the business much faster. So, yes, we didn't have too many acquisition opportunities in this quarter. But I would say we are continuing to be on the lookout. So, please be calibrated in your expectations on operating leverage, because we are continuing to seek out opportunities for growth.

Lokesh Manik: No, I completely understand that. I am coming from more from a steady state perspective, because even your expansion in opportunities is more of OPEX driven rather than heavily CAPEX driven. So, these are temporary in nature, since operations stabilize. And in a steady

state, then you go back to 35%-40% leverage. I mean, it's just the structure of your business, if I am not wrong.

Rahul Guha: But see, we are a management that doesn't stay in one place. There's no such steady state for us. We are continuously expanding and continuing to grow. So, when the steady state will come, who knows? For example, we were the first lab chain to become 100% NABL and then immediately we said, let's become Six Sigma. So, I don't think there is anything as a steady state in our business.

Lokesh Manik: Fair enough. My second question was just clarification of few cost items. So, there is healthcare service charges, business promotion and sale incentives, and legal and professional services. So, just the nature of these three expenses, if you can share, it would be great.

Rahul Guha: That details are not readily available immediately on here, but we can share with you separately.

Lokesh Manik: I will follow up with you on that. Thank you so much.

Moderator: Thank you. Our next question comes from the line of Aditya Chheda with InCred Asset Management. Please go ahead.

Aditya Chheda: Good evening. Congratulations on a good set of numbers. My question is on the inorganic growth reported. It has contributed around 2% to the growth. Whether there is any element of cannibalization by Thyrocare into the other acquired businesses or the run rate, because it's the same from Q4 to Q1, is there going to be any element of growth from the inorganic acquisitions that we have done? And second, earlier in the call, you mentioned that second half was very good for us last year. That implies that the base will get slightly stiffer for further growth. So, whether you see the current momentum in franchisee growth, etc., allowing you to deliver a similar growth that we have been delivering, if you have any comments on that? These are my questions.

Rahul Guha: So, on the first question, I would say there has been, see there were parts of the business that we or businesses that we acquired that we didn't want to continue. It has nothing to do with cannibalization. So, there were certain geographies where we felt it didn't make sense or there were lines of businesses, like for example, in Vimta Clinical Diagnostics, there was a research testing that they were doing, which we felt we didn't want to continue. So, to that extent, we pruned the business down. But once we took over the business and pruned it down, since then both businesses have delivered good growth. You have to remember, we acquire businesses only in geographies where we have very little presence. So, there is very little risk of cannibalization when we do the acquisition. And in fact, I would say the Polo region of Punjab, Himachal, and Uttarakhand, which is where we did the acquisition is our strongest growth year on year for the year. So, I think that has worked out well. Coming to your second question, which was H2. See, as I told you, I think it's too early to revise guidance. I have been saying, we will all be happy with mid-teens growth, which is faster than the industry and volume led. That being said, Nitin

has done an excellent job on the franchise acquisitions and additions over the last year. It remains to be seen. As you rightly pointed out, H2 was very good. So, the base is very strong. Let's see how it pans out. But I definitely feel the franchise addition and that momentum is very, very encouraging.

Aditya Chheda: Got it, sir. Thank you and all the best.

Moderator: Thank you. The next question comes from the line of Anshul from Emkay Global. Please go ahead.

Anshul: Hi, thank you for the opportunity. My first question is on the partnership and franchise business. Is there any structural difference between these two businesses except one being online and other being offline? Is it exclusivity or any difference in tariffs?

Rahul Guha: No, I don't think there's any structural difference. They serve different segments of customers. One is an online customer. The other is a customer who likes to walk into a store and get their diagnostic test done.

Nitin Chugh: The only majorly what is different is in our partnership segment, there is a lot of sample collection also that is done by Thyrocare through its own phlebotomy fleet. So, basically, we also have very good tech APIs with one single integration, any partner can open their diagnostic Company or business in 300 plus cities, etc. where we can do the right from collection to processing to reporting, everything is done by us. Whereas on the franchise side, you are aware, these collection centers manage their own collection. We manage the logistics of sample coming from their center to our lab and then processing. That is majorly the structural difference.

Anshul: Got it. Very clear. There is no term of exclusivity with any of our partnership customers, right? They are free to use us as well as any other diagnostic chain as a vendor/partner?

Nitin Chugh: Yes and no. It depends. For example, in PharmEasy case, it is 100% exclusive partnership with Thyrocare. And with some other, couple of other smaller partners also, yes, we do have these kind of agreements because sometimes it is better for them to deal with one partner who is giving you the maximum reach that a Company can give. So, from an industry perspective, when you take large players, Thyrocare has the largest reach in terms of Phlebo network and logistics network. And thus, with one single API, like I said, you can open up your diagnostic business in 300 cities. So, some companies prefer having one partner to deal in terms of pricing and everything and integrating the APIs and building their own white-label solution on top of it. Right? So, that way, there we become exclusive. But yes, there are other partners, corporate partners or aggregators or insurers who use multiple players.

Anshul: Thanks. This is useful. My second question is on the number of patients. Are they all unique patients or are these footfalls?

- Rahul Guha:** Footfalls, yes.
- Moderator:** Thank you. Our next question comes from the line of Saket Kapoor from Kapoor & Company. Please go ahead.
- Saket Kapoor:** Yes, sir. Thank you for the opportunity again. Sir, when we look at the business model and the menu list, are we comparable with players like Suraksha Diagnostics or is there some overlap there or how should we look into the modeling part?
- Rahul Guha:** Suraksha is slightly different because Suraksha has both pathology and radiology. We are only pathology. So, that is one important difference. If you compare against only pathology, which is Dr. Lal, Metropolis, ourselves, Agilus, I will say, as I said earlier in the call, from a test menu point of view, we will be 1,000 versus 2,000 to 3,000 approximately. But from a technology point of view, we have every single technology in our labs.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for the day. I now hand the conference over to Mr. Rahul Guha for closing comments.
- Rahul Guha:** Thank you everyone for joining us and spending time with us this evening. I am sorry we ran out of time and could not take all questions. But it was good to have all of you and engage on all these questions. 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. On behalf of Thyrocare Technologies Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.