

February 02, 2026

To

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

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

**Sub: Transcript of post results earnings conference call held on January 28, 2026, 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 January 28, 2026.

The same is also being made available on the website of the Company <https://investor.thyrocare.com/financials/quarterly-financial-results/>.

This is for your information and records.

Yours Faithfully,

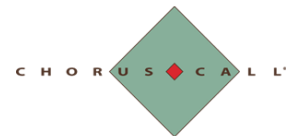
For **Thyrocare Technologies Limited**,**Brijesh Kumar**

Company Secretary and Compliance Officer

Encl. as above



“Thyrocare Technologies Limited  
Q3 FY '26 Conference Call”  
**January 28, 2026**



**MANAGEMENT: MR. RAHUL GUHA – MANAGING DIRECTOR AND  
CHIEF EXECUTIVE OFFICER – THYROCARE  
TECHNOLOGIES LIMITED  
MR. VIKRAM GUPTA – CHIEF FINANCIAL 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 Q3 FY '26 Conference Call, hosted by Thyrocare Technologies Limited. 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 touch-tone phone. Please note that this call is being recorded.

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

**Preet Joshi:** Yes. Thank you, Yashasvi. A very good evening to all, and thank you for joining us today for the Thyrocare earnings conference call for the third quarter of FY 2026. Today, we have with us Mr. Rahul Guha, MD and CEO of Thyrocare; Mr. Vikram Gupta, CFO of Thyrocare; along with other key members of senior management on this call to share the highlights of the business and financials for the quarter results.

I hope you have gone through the results release, the quarter earnings presentation and the press release, which has now been uploaded on the stock exchange website. A 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 Investor Relations team.

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

**Rahul Guha:** Thank you, Preet. Good evening, and welcome to all on the call. Thank you for taking out 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'm the MD and CEO of Thyrocare, and thank you for the opportunity to present the Q3 results for FY '26. I'm joined by my colleague, Vikram Gupta, our CFO; Preet Joshi from our Strategy and Investor Relations team; Mr. Alok Jagnani from our Board.

And I'm also very pleased to have 2 new members of our leadership team with us today. I'd like to welcome Dr. Ramesh Kinha as our Chief Operating Officer. Dr. Kinha is a seasoned health care and diagnostics leader with over 17 years of experience in laboratory operations and quality systems, bringing deep expertise in operational excellence, strategic transformation and quality frameworks.

Also, I am delighted to welcome Rajdeep Panwar, who has joined us as our Chief Commercial Officer. Rajdeep is an accomplished health care leader with deep experience in diagnostics, having led the launch and scaling of over 200 labs across India and brings strong expertise in business expansion, P&L management and multi-center operations. It's great to have them both on the call today.

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." We believe Thyrocare can take its business model to Africa and make affordable, high-quality diagnostics accessible to all.

Before we get into the details of the quarter, I am pleased to share that Thyrocare has onboarded Madhuri Dixit as our brand ambassador. Madhuri brings unmatched trust and credibility. And together, we want to make routine [inaudible 0:03:52], a non-negotiable part of Indian life.

You may ask why does a B2B company require a brand ambassador? We felt given the journey we have done on quality and joining hands with an evergreen icon in our mission, this helps us communicate to all our partners the quality Thyrocare stands for.

This commitment to trust-led, patient-first health care continues to translate into strong recognition from the ecosystem. We were recognized at the National Diagnostics Forum & Awards by Voice of Healthcare with 2 national honors, Best Diagnostic Lab Chain of the Year and Patient-Centric Diagnostic Company of the Year.

Our franchise business continues to be a key growth driver for Thyrocare. It has now been almost 3 years since we implemented the pay-for-performance structure, and that continues to lead to renewed energy and motivation within our franchise network. Supported by this new renewed energy, along with strong brand equity and market demand, our franchisee base has reached its highest level ever.

To further accelerate growth, we have expanded both our field and central teams, enabling us to penetrate deeper into India and open high transacting stores more quickly. As of Q3 FY '26, we have 10,300 active quarterly franchisees compared to 9,165 in Q3 of FY '25. In the quarter, our active franchisee base grew by 200. And despite low seasonality, we were able to get deeper into new geographies.

Our pace of franchise expansion has picked up meaningfully in this year, supported by renewed partner interest, strong brand equity and our strategic expansion into Tier 3 and beyond. To further strengthen engagement and relationships with our franchisees, we regularly conduct structured interactions. This quarter, we hosted 5 franchisee meetings across different locations in India with healthy participation from our franchisee partners. Insights and feedback from these interactions directly inform how we strengthen processes, service delivery and quality outcomes.

Quality remains our highest priority. It is a continuous journey of improvement and innovation. Last year, we became India's first and only 100% NABL accredited national laboratory chain, a prestigious milestone, reflecting our commitment to world-class diagnostics excellence. Achieving NABL accreditation across all labs was possible through robust quality management systems, advanced technology, rigorous training and proficiency testing.

Given that only 2% of pathology labs in India hold this accreditation, this achievement underscores our leadership in redefining diagnostic standards. A few quarters back, we had set a target of achieving Six Sigma level quality, tracking complaints per million with a goal to bring it down below 3.4. This quarter, I'm happy to announce that we have achieved the set benchmark by bringing the number down to 3.2 complaints per million tests, down 43% year-on-year.

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 milestones. In Q3 FY '26, we have hosted several meetings at different locations.

Doctors witnessed our cutting-edge technologies and stringent protocols reinforcing our commitment to diagnostic excellence. In the last few quarters, we have added multiple advanced technologies, including histopathology, a new HPLC platform, coagulation tests and the BioFire PCR platform.

Specifically in the last quarter, we have started in-house testing for allergy panels using the Phadia platform. In our commitment to ensure that all Indians have access to affordable testing, the allergy panels have been included free of cost in our highest selling Aarogyam packages so that every Indian can test for allergic reactions, and we all know how the air quality index is affecting this particular affliction.

We continue to translate real-world diagnostic data into actionable clinical insights. Our fever study based on 3 years data from our Jaanch Fever Panel reveals that 1 in 3 fevers are more complex infections such as dengue, typhoid, malaria and influenza, reinforcing the need for timely testing and treatment through our comprehensive Jaanch fever profile. While maintaining the highest quality standards, we continue to improve turnaround time.

During Q3 FY '26, we released reports within an average of 3.28 hours from sample receipt at the lab, made possible by robust processes, automation and streamlined workflows. Our lab network now stands at 39 labs in India and 1 in Tanzania. During the quarter, we commissioned 2 new labs, one in Davangere, Karnataka, and another one at Mandi, Himachal Pradesh.

These additions enhance processing capacity and improve turnaround times by bringing testing closer to key demand clusters. Beyond operations, we are expanding our test menu and consumer offerings. We recently launched a 100-plus SKU menu for test based on the Phadia platform. Our flagship brand Aarogyam continues to lead the preventive health care segment, growing at 16% year-on-year, complemented by Jaanch, which caters to lifestyle and chronic health needs. That has also grown 16% year-on-year and is becoming a strong pillar of our lifestyle offerings.

Despite softer demand during the quarter due to festivals and seasonality, we delivered healthy growth across businesses, reflecting the resilience of our model and strong execution across the network. Our core franchisee business remains stable, supported by consistent service quality and customer trust.

During Q3 FY '26, we processed 49.6 million tests, a 22% year-on-year increase and served 4.5 million patients, up 14% year-on-year. At a consolidated level, we delivered revenue growth of 18% year-on-year, primarily driven by our pathology business, which grew 20% year-on-year. The franchisee business recorded revenue growth of 12% year-on-year in Q3 FY '26 with the Thyrocare franchisee base continuing to deliver consistent mid-teens year-on-year growth across all quarters in FY '26 so far.

Polo too reported strong year-on-year growth of 29% in Q3 FY '26, while Vimta saw planned underperformance due to tighter credit controls. Revenue per retained franchisee has continued to improve for franchisees added post FY '22, driven by our slab-based pricing model, improved quality, stronger doctor and channel partner relationships as well as expansion of the test menu.

Our partnerships business performed strongly during the quarter, driven by onboarding of new health tech clients and expansion of existing accounts. The segment delivered year-on-year growth of 39% with the API PharmEasy partnership growing by 30% year-on-year, supported by our ongoing investments.

The pre-policy medical checkup insurance business performed well, delivering 70% year-on-year growth, driven largely due to the capabilities acquired from the Think Health acquisition, gaining traction. On the B2G side, we continued execution of the TB projects in Maharashtra as planned. Internationally, in Tanzania, while the business remains nascent, we delivered 140% year-on-year revenue growth with around 250 clients onboarded. We expect the business to reach operating breakeven over the next 12 to 18 months.

Thus, our 3 pillars of growth, customer success, network expansion and menu expansion continue to be the 3 drivers of our consistent performance, reinforcing our focus on operational excellence, franchisee growth and continuous improvement, innovation to deliver long-term value.

With that, I will hand over to Vikram to cover the financial results.

**Vikram Gupta**

Thank you, Rahul, and a warm welcome to everyone joining us today. I am pleased to report that we delivered another quarter of strong financial performance driven by consistent revenue growth.

Thyrocare has consistently delivered high teen to mid-20% growth over recent quarters and outperformed pathology diagnostic industry growth, which is growing from mid to -- teen rates. All of our strategic growth levers are continued to perform well. Thyrocare franchisee growing by mid-teens, partnership business growing by 39% growth.

Internationally, Tanzania has doubled the revenue -- the growth. So this sustained performance reinforces our commitment to long-term value creation. Before we discuss the financials, let me briefly touch upon our employee stock option plan and new Labor Wage Code impact. On the employee stock option plan, as covered in our earlier calls, our parent company has expanded the API ESOP pool to include Thyrocare senior management.

From an accounting standpoint, these ESOPs are recognized as an expense in the profit and loss account and equity contribution from the parent in the balance sheet. It is important to note that this is a noncash charge and does not impact our cash flows. We are reporting normalized EBITDA by excluding these noncash expenses also in the earnings call.

On the new Labor Codes, as you are aware, several labor laws have been combined into 4 new Labor Codes. While we are assessing the recurring financial impact of these changes, during the period, we have recorded a onetime provision for the employee retirement benefits, which has been shown under exceptional item in the profit and loss account. Exceptional item also includes onetime costs related to capital restructure due to the bonus issuance.

Now let me take you through some of the key financial highlights for the current quarter. On the revenue side, stand-alone revenue for the quarter stands at INR183 crores, a year-over-year

growth of 20%. This is driven by growth in both franchisee business and the partnership business, including PharmEasy.

Consolidated revenue stands at INR196 crores, a robust year-on-year growth of 18%. On margins and profitability, stand-alone gross margin is at 75%, which is 300 basis points up due to -- mainly due to the ROU capitalization impact. In accordance with the Ind AS 116, we have capitalized the machine taken on reagent rentals and the corresponding impact has been taken in the cost of goods sold, depreciation and finance costs. Please note that there is no material impact of the same in profit and loss account for the same.

Stand-alone normalized EBITDA margin is at 34%, which is a growth of 31% on a year-on-year basis. Consequent to the ROU capitalization, depreciation charge is higher versus last year, which has been reported in the Q3 financials. In our Q3 financials, we have also reported the exceptional items aggregating to INR6 crores. This includes INR4 crores related to the impact of new Labor Codes and the rest related to the expense of bonus issuance.

At the consolidated level, consolidated normalized EBITDA margin is at 32%, which is a growth of 26% on a year-on-year basis. And the reported EBITDA margin has also grew by 38%, while reported PAT has seen an increase of 47%. Earnings per share has been adjusted on account of the issuance of the bonus shares in the last quarter. Q3 FY '26 EPS comes at INR1.64, which is 39% up from INR1.18 in the corresponding last quarter.

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

**Rahul Guha:**

Thank you, Vikram. 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 certification 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 continue to 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 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 a phlebotomy, we are happy to mobilize our phlebotomy network of over 2,000 phlebotomists, including our network partners to serve them better.

This strategy has been working well for us with both our franchise and partnerships business 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'll open it up for Q&A.

**Moderator:** Thank you very much, sir. We will now begin the question-and-answer session. We take our first question from the line of Parikshit Kabra from Pkeday.

**Parikshit Kabra:** Congratulations on the results. I had a couple of questions. The first one, I just wanted to get a feel for your B2B offering or your partnership offering. Would it be fair to say that you guys have by far a huge lead on anyone else in terms of the value proposition that you're offering the partner?

And hence, the growth rate that you're currently demonstrating ex API is -- should be sustainable for a very long time. But maybe you cannot answer the second part, but at least the first part, is it -- is anyone close to you in terms of the value proposition itself?

**Rahul Guha:** See, I don't want to reveal too much about why we win in this space. But I would say 2 things. I think one is we are the only company with a dedicated phlebotomy fleet to service corporate partnerships. So we don't rely on the franchisees to service the orders. We have a dedicated fleet that services the order.

That fleet is now almost 2,000 phlebotomists, right? And because it's a dedicated fleet, we can control the experience in terms of on-time arrival, adherence to SOPs, all of that at a different scale. So that's one advantage that is difficult to replicate. It's not easy to build a 2,000-member phlebotomy fleet that easily.

I think the second value proposition to our partners is our technology platform, where with one single API integration, I can enable you to take diagnostic orders in 400 cities in the country, right? And it's a seamless experience from exposing the slot to booking the slot, to delivering the report. So I think these 2 things have really made our value proposition quite strong in this segment. Other than that, there are a lot of other things we do, which are...

**Parikshit Kabra:** Right. So as a follow-up on that, of course, I think the fact that you are the cost leaders in this space also enables them to make good margin compared to anyone else, right? That would be clearly the first proposition.

**Rahul Guha:** Yes. That goes without saying. Of course, people can forego their profit to get in and win, but that is not sustainable. I think the convenience and the service level adherence is what creates the stickiness. You can get in for price, but I think it's difficult to replicate the experience we deliver at the cost we deliver.

**Parikshit Kabra:** Got it. And the second part I wanted to understand was the recent uptick in PharmEasy's business to you. How -- what has caused this uptick? How sustainable is it? Because in the past, of course, there have been fluctuations. So can we assume now that this is on a steady state? Or this is not something that you are counting on?

- Rahul Guha:** See, we anyway don't count on it. But what I will say is in the health tech space, diagnostics is really front and center, not only with PharmEasy, but if you look at PharmEasy's competitive set also, almost everyone is focusing on diagnostics along with medicine rather than pure medicine delivery.
- So I would say it's front and center for PharmEasy for sure and will remain a focus area and will grow faster than the medicine platform. And accordingly, they will invest. So I think without second guessing, I would say this is a good level of growth and should sustain.
- Now on your second part of the question, the -- I would say, if you look at the diagnostic industry, these partners are largely health tech players, and they are growing -- all of them are growing very, very fast.
- So it is not like we are gaining a very large share of wallet. It is just that we are riding the tailwinds of health tech companies doing well in this segment. And similarly, on the insurance side, insurance players also have seen a very strong underlying growth of policies issued. And of course, every policy comes with a pre-policy checkup and an annual health checkup. So I would say there's a lot of tailwinds in the partnership business as well.
- Moderator:** We'll take our next question from the line of Raman KV from Sequent Investments.
- Raman KV:** Yes. Sir, I just -- my first question is with respect to your franchisee business. One thing which stood out that overall your franchisee business grew by mid-double digit. Growth with respect to Vimta was -- there was a degrowth with respect to Vimta. So can you comment on that? Why did that particular business degrow during the quarter? One is that. I'll answer the next question after this.
- Rahul Guha:** Sure. That's a very simple thing. See, in Thyrocare franchise business, we operate a prepaid model. So we don't extend credit. In the Vimta model, the credit terms were 60 days, but in reality, even longer than that. So we actually tightened the credit policy quite a bit, and that's why you are seeing the degrowth over there.
- Raman KV:** So by when do you expect this Vimta -- revenue from Vimta to be normalized and -- get normalized and start growing?
- Rahul Guha:** I think this is the normalized level. You should see growth from there.
- Raman KV:** Okay. Understood, sir. And sir, my second question is, I just want to understand the revenue recognition when it comes to franchisee business and partnership business. If my understanding is right, you pay the franchisee fee and you recognize the entire revenue operated in the franchisee business, whereas in partnership, you only recognize your percentage revenue. Correct me if I'm wrong. I just want to understand what is the difference in...
- Rahul Guha:** No, no, that's not correct. In our franchise business, we operate a B2B model. So we have a flat rate with the franchisee. Let me elaborate this with an example, right? Our list price for thyroid is roughly about INR300, the thyroid profile, right? In reality, our franchisee discounts and sells

at about -- I would say, about INR150 to INR200 in that range. We would invoice him a fixed billing per thyroid test of INR60, and we recognize the INR60 as our revenue.

**Raman KV:** Understood. And what about the partnership model?

**Rahul Guha:** In the partnership, it's effectively because we do the collection from the house. We recognize the entire INR100 or INR300 in the case of thyroid, right? And then we pay the commission to the partner.

**Raman KV:** Understood. Sir, just a follow-up on this. The INR60 which you get from franchise -- invoice to the franchise, does this include in the INR150 cost which they are selling or that's like INR150 plus INR60 for them?

**Rahul Guha:** No, no. It's included in the INR150. The franchisee will collect INR150 from a patient and basically keep INR90 and pay INR60 to Thyrocare.

**Raman KV:** Understood, sir. And this is a flat rate or a percentage, this thing?

**Rahul Guha:** No, it's a fixed rate per test. So depending on the menu for every one of our tests, there's a fixed rate. The rate varies depending on the category of the franchisee. So if you are a Diamond category, you get X rate. And then we have tiers, which is Diamond to Bronze, this is the amount of business that they give us. So the Diamond category gets the lowest rate in the Thyrocare network.

**Raman KV:** So basically, your patients...

**Moderator:** Raman, I request you to join back the queue, please, as we have participants waiting for their turn. The next question is from Prakash Kapadia from Kapadia Financial Services.

**Prakash Kapadia:** Two questions from my end. After many quarters, growth has come below 20%. So from here on, is this going to be the normal sales growth trajectory? I do understand this is not a very big quarter in terms of the season, but I was looking at year-on-year growth. That's my first question.

Given sales growth is around 18%, EBITDA margins are still expanding and they are at 29.5%. So is this right to believe that any sales growth of more than 13%, 14% will continue to expand our EBITDA margins given the cost and nature of the business. Is that right understanding? Those are my 2 questions.

**Rahul Guha:** Sure. So I'll just clarify 1 or 2 things. The 18% growth is a consolidated growth, which is our pathology business plus our radiology business. Our pathology business grew by roughly about 20%, so in line with previous quarters. Our radiology business is what has pulled it down to 18%, right? So that's one part.

That being said, I have consistently been guiding that our long-term growth rate will be mid-teens, right? So we have done better in this year. But if you go back to the beginning of the year and in...

- Prakash Kapadia:** Yes. Yes. I do remember, Rahul, about you were being cautious and you were hinting at lower growth, but every time you surprised on the positive. So just trying to understand how will that shape up? So is it fair to assume 15% is more sustainable over the long term? Is that the right way to look at the business?
- Rahul Guha:** Yes. That is the way I've been saying. And if we do better, we'll do better. But as I said, that's there. And as you rightly pointed out, because we have done well this year, we are sitting on a high base, right? And I was cautious about that even in the beginning of the year saying that...
- Prakash Kapadia:** 2 quarters ago, yes. Yes...
- Rahul Guha:** Q3, we were already sitting on a high base. But we -- yes. But we've done well in Q3 also. So that's the part. With your question to operating leverage, yes, it's true if we don't invest. But as I keep telling, I will invest to sustain the growth rate, right? In the beginning of the call, I mentioned that I will invest heavily in specialty.
- We have already set up the labs. We are putting up a field force there. So some of that will -- you will see reflected in the expenses. So I think it will be difficult with EBITDA margins now touching 32% to give you even more operating leverage because I need to invest to sustain the growth rate.
- Prakash Kapadia:** And how critical would...
- Moderator:** Prakash, I request you to join the queue back please. We'll take our next question from the line of Arman from Blue Sky Fintech.
- Arman:** [Inaudible 0:34:34]...
- Moderator:** Arman, I'm sorry to interrupt. Can you use your handset mode, please? Your audio is not clear. Sorry, we've lost the connection of Arman. We'll move on to the next question from the line of Gaatha Jain from Ananthnath Skycon.
- Gaatha Jain:** Congratulations on good set of numbers. I just needed a little bit idea on the Tanzania numbers. What sort of volume are you looking there? And what sort of business do you think will come from there? If you could just throw a light over it.
- Rahul Guha:** Yes. See, the Tanzania business is very small. So I don't think it's relevant in the near term to look at the Tanzania business. I think this year, we would have done -- about INR3 crores we'll do. So it's INR3 crores in INR800 crores at this point. It will -- it's doing very well, doubles every year. So that way, it's a good seedling in our strategy. But I think it's too early to focus on Tanzania.
- Gaatha Jain:** All right. And do you in Africa somewhere? Or at the moment, it's just Tanzania?
- Rahul Guha:** No. At the moment, it's just Tanzania. We are still learning the Africa market. I think it will be foolhardy for us to rush into 4, 5 markets in Africa. We'll get a good understanding, build our base in Tanzania, make sure we have got all the dynamics of the market well understood before we expand.

- Moderator:** We'll take our next question from the line of Surya Narayan Patra from PhillipCapital India.
- Surya Narayan Patra:** Congratulations for the great set of numbers. My first question is on the growth that we have seen in the partnership model looks really strong and the momentum anyway that is continuing. So how sustainable -- so although you have been saying that it is sustainable, but how sustainable and what is likely to sustain this growth momentum on the partnership side further? If you can just indicate that would be helpful.
- Rahul Guha:** See, it's difficult to say, of course, this kind of growth, almost 36% is very encouraging to see. And of course, the value proposition to our partner is doing well. But everyone is seeing this also. So I expect people to get try to get into the space and try to steal some of the market from us as well. I would say I will maintain what I've been saying for a while now.
- For a long term, I believe our franchise business will do between 12% and 15%, depending on how much we push the needle. And the partnerships will grow about 1.5x that, right? And that's kind of a good number to keep in your head to get to a consolidated mid-teens growth rate for the company, right? I think beyond that, it is to use the Hindi phrase all malai. But definitely, I think what is sustainable is 12% to 15% for the franchise business and 0.5x that the partnership.
- Surya Narayan Patra:** Sure. Second point was on the kind of investment that you have been talking about. So I think the long discussed point about investment was the genomic things. That is one. And in between, we heard from one of the large corporate entering into genomic and disrupting the pricing and all that. So given that, what would be your reaction? And what are the kind of areas of investment for you going ahead, sir?
- Rahul Guha:** So allergies, as I told you, a big theme, which we've already made the investments and we are now live. So I would encourage you to book your allergy test on Thyrocare. You will find a price that you cannot find anywhere else. That being said, on genomics, we have just finally finalized the equipment platform and all of that. See, genomics is a very large opportunity, right? And India is at a nascent stage in that opportunity.
- So I think more players coming in to expand awareness of genomics will only grow the industry, and there is room for multiple players in that business. So I don't see it as a concern. I see it as actually a good thing where if a large corporate house comes in and creates a lot of awareness of generic testing, the industry as a whole will benefit.
- Surya Narayan Patra:** Okay, sure. And just a couple of for this bookkeeping questions. See, in fact, the depreciation this quarter looks higher. And the reason for that, you have highlighted the capitalization of ROU. So what is the kind of quantum of the capitalization that we have done in this quarter and so far in this current financial year? And also the total capex so far that we have done, if you can just?
- Rahul Guha:** Sure I'll let Vikram take this.
- Vikram Gupta:** So for the 9 months, we have done approximately INR28 crores capex, INR20 crores to INR30 crores of capex, excluding this ROU capitalization. This ROU capitalization would be again in

the range of INR20 crores, which we have done till 9 months, which basically includes the machines addition for the capacity and the new reps.

**Moderator:** Surya Narayan, I request you to join back the queue, please. We'll take our next question from the line of Abdulkader Puranwala from ICICI Securities.

**Abdulkader Puranwala:** Just a follow-up for the previous participant. Sir, can you help us understand this entire change in your accounting policies of ROU assets?

**Rahul Guha:** There is no change in accounting policy for the ROU assets. This we were doing earlier also and we are doing now also. Basically, the only thing is that we have taken some machines this year, which are higher number to sustain on our capacity and the VA addition, which we have done. Those we have capitalized in the quarter. That accounting is a recurring thing which happens.

In fact, we were doing earlier also. So these machines, we have capitalized. So what actually the Ind AS 116 says that as per the Ind AS 116, the machines which we take on our reagent rental thing, that needs to be capitalized as an asset. And there is a corresponding reduction which happens in the cost of goods sold and the depreciation charge increase in the P&L. So that is the thing which we have done. That is -- but the amount has increased in this quarter, but this is -- there is no new accounting policy. This was being done earlier also.

**Abdulkader Puranwala:** And would it be possible to quantify that impact on depreciation and the cost of materials?

**Rahul Guha:** Yes. Because of this, the cost of goods sold has approximately reduced by INR6 crores in this quarter and there is an increase in the depreciation charge for the similar amount.

**Moderator:** We'll take our next question from the line of Krishna Raj K from Ekvity -- I'm sorry, sir. Please go ahead.

**Rahul Guha:** Yes, I was saying that just to clarify that this is only a P&L. There is no change in the -- there is no impact on the PBT growth.

**Moderator:** We'll take our next question from the line of Krishna Raj K from Ekvity Wealth Management.

**Krishna Raj K:** Last time you had mentioned that GLP-1 is a very good opportunity for diagnostics industries. I just wanted to know what would be the 3, 4 test, both in value and volume, which anyone who is taking under GLP -- anyone who is taking GLP would have to mandatory take?

**Rahul Guha:** Yes. So firstly, I stand corrected on that one. We haven't seen the uptick that we thought we would see on GLP, right? What has happened is people are taking the medicine, but have not yet matured to the point where they are, how do you say, testing, right?

So I think it will take some time before we see the full benefit of the GLP. Now to address your question, effectively, the main tests are -- see, what happens is when you take GLP, it has significant impact on your liver, kidneys, your inflammation and your pancreas, right?

So the typical tests of liver function test, kidney function test, pancreas, which is serum lipase and serum amylase as well as the core cardiac risk markers of lipoprotein, APO and high-sensitive CRP are the main tests that we have combined into a GLP-1 package.

**Krishna Raj K:** Okay. And sir, just a follow-up. Because the generics of GLP-1 would come -- go off patent in March. So then would you see more uptake because now it is all patented and the price is a bit on the heavy side? So won't you see more volumes in March?

**Rahul Guha:** Yes. See, only time will tell. I was expecting a lot of people who are on GLP-1 will test to ensure that their health is well preserved. That has not happened. So I think it will take some time for doctors to treat obesity as well as test the results of GLP-1. So it will take a little bit time more for this to mature. In that situation, we are investing in, I would say, education programs to talk about the benefits of testing when you are in GLP-1. But as you know, that takes a long time to build awareness.

**Moderator:** Next question is from the line of Yash Doshi from Unifi Capital.

**Yash Doshi:** Congratulation on good set of numbers. Actually, I had a question on gross margin per se on the ROU side. So this quarter, we reported around 75% to 76% gross margin. So my question is going forward, is the number sustainable because you have correspond impact on depreciation. So going forward, that 75% of gross margin or it may come down because this year, we had a huge addition in ROU?

**Rahul Guha:** This quarter gross margin has an upside impact of around 2% to 2.5% because of that. But as I think most of this is a recurring thing. So this subject to, I think 1%, which may be on the incremental side this quarter, thing would be sustainable. Against this 75%, yes please go ahead.

**Yash Doshi:** Another question was taxation was lower this quarter. If I remember you saying the tax is around 27%, 28%. But this quarter, I think the tax rate was around 17% to 18%. So is there any specific reason? Or could we have a higher tax effect in Q4?

**Rahul Guha:** This year -- this quarter, we have created a deferred tax asset. And that also some part of that is subsequent to this account capitalization, and that's why that is over. On a steady state, that would be the same rate which you have mentioned.

**Yash Doshi:** Just last question on bookkeeping, how many samples we have processed this quarter?

**Moderator:** Yes, I'm sorry, but your voice is not very clear. Can you use your handset mode, please?

**Yash Doshi:** How many samples have you processed this quarter?

**Rahul Guha:** He asked how many samples have you processed this quarter? We have processed 70.7 lakh samples this quarter.

**Moderator:** Next question is from the line of Bino Pathiparampil from Elara Capital.

**Bino Pathiparampil:** Just again, a clarification on this ROU. You said you capitalized some extra machines this quarter. Were they pre-existing machines or new machines, newly bought machines?

- Rahul Guha:** Dr. Bino, I'll let Vikram answer this question.
- Vikram Gupta:** So the capitalization is for the new machines added during the year, which includes both machines added for the capacity and the new labs, which we have opened during the year.
- Bino Pathiparampil:** Understood. So what I don't understand is...
- Rahul Guha:** Yes, please go ahead.
- Bino Pathiparampil:** Yes. What I don't understand is if you add new machines and capitalize them, the depreciation can go up, I understand. But how does the cost of goods change when you add new machines as a percent of sales.
- Rahul Guha:** So I'll explain this to you. So basically, what happens and this is an industry practice also, let's say, if you refer to the peers also, they would have also done the similar treatments. So what happens in the industry is that the machine providers supplies the machine, which is on a real sort of basis with the commitment that we will purchase the reagent from them.
- So what does this mean to the company that we are not paying for the upfront capex and we are getting the machine, let's say, in free. And in return of that, we are giving a commitment of the purchasing of the reagent materials from the machine providers. So this is also an impact of, in fact, the overall volume and the negotiation which we are able to do with the vendors that we are getting these machines.
- Having said that, this is an industry practice also and many operators are getting that. Now with regard to the accounting treatment, there is an Ind AS 116, but that prescribes that in case you are getting the machine for free and there is a commitment and there is a contract that we need to purchase reagents from them, then we need to capitalize this machine as an ROU asset.
- So we have capitalized these machines as an ROU asset and we have created a corresponding liability, ROU liability. In the P&L, this gets reduced from the COGS and that gets added to the depreciation. This is a standard accounting which happened. We were also doing this every year. But having said, because these machines we have purchased, which are this year, hence, this number you are seeing.
- Bino Pathiparampil:** Okay. And this 116 accounting policy was followed even in the earlier quarters, right? Or has it changed?
- Rahul Guha:** Yes, this accounting policy was followed earlier also. So there is no change in accounting policy.
- Bino Pathiparampil:** And one last question...
- Moderator:** I request you to join back the queue, please, as we have a lot of participants in the queue. We'll take our next question from the line of Parikshit Kabra from Pkeday.
- Parikshit Kabra:** So of course, this is the first call I've attended of yours, and I'm hearing that given the previous calls, you have said that the guidance is for mid-teens. So I'm not sure what I'm missing here. If the market is as large as it is and our value proposition is as strong as it is, why is mid-teens the

realistic and stable growth number? Why wouldn't it be higher? And what am I missing in my understanding of the market? If you could help me understand better.

**Rahul Guha:**

See, the market grows at 10%, right, 10%, 11%. If you look at the peer side results also, it's all in that organic in that range, right? We -- how you expand and grow is a direct function of how you expand your franchisee network, right? And your franchisee network expansion is a direct result of the investments that you put in, right? So yes, I could, for example, increase the cost by 30% and try to grow faster, but that is fraught with risk, right?

So I would much rather invest 10%, 12% of the cost and maintain the growth above market, right? So that's what you're seeing there. On the Partnerships business, look, it's sitting on a high base, right? So you have to remember, this business was very, very small 3 years ago, right? And it's expanded to a substantial base now. So it's very difficult to sustain this level of growth on that base, right?

So that being said, I have said it will grow faster than the franchisee business. And then when you compute the math, you arrive at that mid-teens growth. And as I said, this year, we have done better than we expected. But who knows how next year will go.

**Moderator:**

Next question is from Varij Bangur from GE Shipping Family Office.

**Varij Bangur:**

I wanted to ask that our franchisee addition every quarter was around about 400 to 500 franchisee net addition. This quarter, it has slowed down to 100 franchisees. That is question number one. Question number two is I wanted to get a sense on revenue per test ex of Polo and Vimta for this quarter.

**Rahul Guha:**

Got it. So Varij, the first thing -- just to correct, it's 200 additions this quarter. Actually, if you go into the history of the company, we have never added between Q2 and Q3. It has either gone down or remained flat. This is the first quarter where the net addition has been 200.

Actually, a lot of the franchisee addition happens in Q1 during the season -- sorry, Q2 during the season and then Q4 during the season, right, where franchisees are looking to partner and take benefit of Jaanch and Aarogyam and all of that.

Historically, if you go back last 3 years, we have actually never expanded the franchisee base between Q2 and Q3. So this is the first time the net addition is 200. So that should answer your first question, Varij. On the revenue per test, it's INR36 ex Polo, Vimta.

**Moderator:**

I request you to join back the queue...

**Varij Bangur:**

A follow-up on that. Like the revenue per test has gone down from INR38 to INR36 Y-o-Y.

**Rahul Guha:**

Y-o-Y has gone down from 36.6% to 35.9%. So I mean, 2% Y-o-Y. It's a little bit of -- during this quarter, we -- I won't get into the competitive details, but we discounted sugar tests quite heavily to encourage our franchisees to do camps. And as a result, we got a lot more of the sugar test volume than we thought, and that's why you see that happening.

**Moderator:**

We'll take our next question from the line of Arman from Blue Sky Fintech.

- Arman:** Congratulations on good set of numbers. My question is a bit on a different thing like on PharmEasy. Is there any update or anything you could tell us about PharmEasy IPO and its overall revenue growth or top line growth for this financial year?
- Rahul Guha:** See, this call is Thyrocare management call for Thyrocare results. So I don't want to deviate the discussion on the parent. The API Group, what I can tell you is the API Group is performing very well. It's back on a growth track and the losses are coming down substantially. And you can join the API earnings call. I think we host one every quarter where you can get into the full details of what's happening.
- Moderator:** Next question is from the line of Dheeresh from Whiteoak.
- Dheeresh:** Rahul, you mentioned that franchisees cash and carry. So then the entire receivable of 40 days is on the partnership business, right? So when you adjust for that, then it will be like 120 days of receivable. Is this correct understanding? Or is there some missing something?
- Rahul Guha:** No, no. It will turn out to 90 days. So basically, we have a credit period of 60 to 90 days on the partnership business. This also includes some of the government business also. And maybe in total, that's why it is looking higher. But on the partnership business...
- Dheeresh:** When you show the breakup, franchisee partnership and B2C, where is government residing?
- Rahul Guha:** In partnership. But that is very marginal. So if you see our credit period is around 30 to 40 days at a blended level. And if we see only partnership, that would be in the range of 60 to 70 days.
- Dheeresh:** The math will not add up. So it is 30 to 40 and it is 1/3 of the business, then it will be 90 to 120.
- Rahul Guha:** 30 days. How is it 120?
- Vikram Gupta:** What he's saying is part is 1/3 of your business, right? So if your average days outstanding is 30, then if it's 1/3. One is 0 and the other...
- Rahul Guha:** We have just given the approximate numbers. But I remember the last balance sheet which we reported, the blended -- the partnership credit period was 70 to 80 days.
- Dheeresh:** I'm not understanding. I'll take it offline. I just asked one question. Two questions please, small question. This ROU thing, the cash charge of that last year was about INR13 crores, right, the rental charge, which has come below EBITDA. What will it be this year?
- Rahul Guha:** That charge was INR13 crores against this year would be around -- I think at a totality level, that would be INR22 crores, INR23 crores, that...
- Dheeresh:** INR13 crores last year, INR22 crores this year, right?
- Moderator:** The next question is from the line of Lokesh Manik from Vallum Capital.
- Lokesh Manik:** My question was...

**Moderator:** I'm sorry, can you use the handset mode, please, Lokesh. Your audio is not clear.

**Lokesh Manik:** Sure. Is it better now?

**Moderator:** Yes, please go ahead.

**Lokesh Manik:** Perfect. My question was that since we are a B2B player and we deal in high volumes, our model was for doing capex was doing purchasing the equipment so that we could lower the cost of the consumables.

So with this new ROU entry and the new -- the rental reagent model, what our peers follow where we are venturing into, is there a change in our capex strategy now going forward? If you can just throw some light on that? That is one. And second is just a suggestion. Yes, please go ahead, sorry.

**Rahul Guha:** There's no change in the -- sorry, there's no change, Lokesh, in the strategy. Where it makes sense to buy, we buy, where it makes sense for a reagent rental model, we go with reagents. So it's a misnomer that 100% of our machines are bought out. In fact, our entire biochemistry is on reagent rental model. Immunoassay is bought out.

So to that extent, there is no change in the strategy. We buy where we get the best rate on reagent. If we don't get the best rate of reagent, then there is no point putting our capex. And so depending on the technology, there are fully bought out machines as well as reagent rental machines in our ecosystem.

**Lokesh Manik:** Sure. Just a small humble suggestion, Vikram, if you can just give us pre and post Ind AS gross margin numbers going forward because that is what many retailers also do when they have that Ind AS impact on the EBITDA due to the rent expense. Maybe it will be more clearer to understand the Ind AS impact coming on the gross margin going forward. It's just a suggestion you can take up.

**Moderator:** I'm sorry, sir. You're not audible.

**Vikram Gupta:** We will appropriately disclose it in the numbers. What I'm saying is we will appropriately disclose it in the numbers we will report. But suggestion taken.

**Moderator:** We'll take our next question from the line of Prakash Kapadia from Kapadia Financial Services.

**Prakash Kapadia:** Yes. One follow-up from my side. Given that we are trying to scale the specialty offerings in our product portfolio, any number you can share on internal sales team as of now, doctor reach because I would guess some of these tests would require doctor recommendation. So any numbers if you can share, that will be helpful. And what kind of scale can we expect or which areas we are focusing on?

**Rahul Guha:** Right now, we have, Prakash, about 40 people on the field, and we will expand that team. We have 80 doctors on staff as well, right? And each of them connect with doctors in turn, right, to explain the technologies and all of that.

I don't have handy the exact doctor reach at this point in time, but I can share it at a later point in time. But the investments have been. We have 40 field expansion expected in this next financial year, plus 80 doctors who work with us in each of our labs.

**Moderator:** We'll take our next question from the line of Naman Bagrecha from IIFL Capital.

**Naman Bagrecha:** Just wanted to know whether we can grow, let's say, 15%, 16% over the next 2 years on an organic basis and deliver, let's say, margin improvement from here on as well. So reported margins will be close to 30%, 31% or that growth will come at a cost?

**Rahul Guha:** I have always been saying this, 15%, 16% from a growth rate point of view is definitely achievable, but it will come at a cost. So we don't expect margins to dilute, but we don't expect margins to improve also.

**Naman Bagrecha:** And last question on the gross margin front, I mean, we take this 75%, 76% gross margin as a group or it's just 1 quarter phenomenon? And consequently, what would be the base for depreciation and amortization?

**Rahul Guha:** See, I think, as Vikram said, we anticipate this to continue. So I would say plus/minus 1% is the -- is where you can take this as the new normal, right, unless we take some price action or the dollar swings very sharply from here. But keeping that aside, you can take this as plus/minus 1%, the new normal.

**Moderator:** We'll take our next question from the line of Yash Doshi from Unifi Capital. Yash, can you use the handset mode, please?

**Yash Doshi:** Yes. So on the partnership, if I recollect, you're saying that basically, we collect the money, laboratories collect the money and basically transfer with the partner. I just wanted to understand in this specific thing, how is the credit days comes in the picture because we are collecting on behalf of the partner, right? So there should not be any credit days because we are recognizing the entire revenue and then we are sharing with the -- can you just help me on this?

**Rahul Guha:** So there are -- so just to explain the business model, there are 2 kinds of partnerships. There are ones where it -- I won't bore you with the technicality, but there are what are called prepaid orders and postpaid orders, right? A postpaid order is where Thyrocare collects the money. A prepaid order, best example is PharmEasy. PharmEasy takes an order on its app, collects the money from the patient and then passes the order on to Thyrocare and then we settle at the end of the month that.

Many captive platforms, many of our partners are of that nature, right, where they effectively how do you say, collect a prepaid order from the customer. Similarly, in an insurance business, the customer is eligible for a free test, like a pre-policy medical checkup, nobody charges you for that medical checkup. And many insurance will give you a free annual checkup with your policy.

In that case, there is no revenue associated with the test. But we administer the test on the patient and then the insurance company reimburses us for that, right? I would say a large part of our

partnerships business is of this kind. There's only one person left. So we can take Yash's question and then go to the next question.

**Moderator:** Yash, please go ahead.

**Yash Doshi:** We had the last conversation, that time you said that we have onboarded 3 of the 16 TPAs. Is there any increase or it's 3, the insurance TPAs?

**Rahul Guha:** I think it's 5 now. So that's where we are. So I mean, in one [inaudible 1:09:37] we've added 2 new partners. So that's broadly where we are.

**Moderator:** We'll take the last question from the line of Harsh Katariya from RRR Investments.

**Harsh Katariya:** My question was on the partnership side, just to come to my understanding. Like you said that you recognize the complete revenue of the partner in our books. So is there any pricing band under our partnership operates or they are free to set their own prices because around 33% is coming from the partnership. So are they free to set their own prices or minimum pricing we provide them?

**Rahul Guha:** It's -- actually, they are free to decide their own prices. So to that extent, depending on platform to platform, it varies. Our invoicing policy is linked to volume of business. So we typically have a fixed rate and then they basically charge either above or below depending on their own commercial construct.

**Moderator:** Thank you. Ladies and gentlemen, we'll take that as the last question for today. I now hand the conference over to Mr. Rahul Guha for closing comments. Over to you, sir.

**Rahul Guha:** All right. Thank you, everyone, for a long detailed discussion and lots of interesting questions and insights from all the participants. This underscores our Q3 performance, and we hope to continue that into the full financial year and look forward to seeing you all in April and 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.