Thyrocare
Tests you can trust

May 17, 2024

The 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)

Dear Sir/Madam,

Sub: Transcript of post results earnings conference call held on May 14, 2024 with Analysts / Investors

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

Pursuant to Regulation 30 and 46(2) read with Part A of Schedule III of the SEBI Listing Regulations, please find enclosed herewith the transcript of earnings conference call with Analysts and Investors held on May 14, 2024 for financial results of the Company for the quarter and financial year ended on March 31, 2024.

We wish to add that the same has also been 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,**

Dorai Ramjee Digitally signed by Dorai Ramjee Date: 2024.05.17 16:48:47 +05'30'

Ramjee Dorai
Company Secretary and Compliance Officer

"Thyrocare Technologies Limited Q4 FY24 Earnings Conference Call"

May 14, 2024

MANAGEMENT: MR. RAHUL GUHA – MD & CEO, THYROCARE TECHNOLOGIES LIMITED
MR. ALOK JAGNANI - CFO, THYROCARE TECHNOLOGIES LIMITED
MR. NITIN CHUGH – CHIEF COMMERCIAL OFFICER, THYROCARE TECHNOLOGIES LIMITED
MR. PRATIK HIRE – STRATEGY TEAM, INVESTOR RELATIONS, THYROCARE TECHNOLOGIES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Thyrocare Technologies Limited Earnings Conference Call.

As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pratik Hire from Thyrocare Technologies Limited. Thank you and over to you, sir.

Pratik Hire: Thank you, Neerav. A very good evening to all and thank you for joining us today for Thyrocare's Earnings Conference Call for Q4 and Annual Results for FY24.

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

I hope you have gone through our Results Release and the Quarterly Earnings Presentation, 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 risk pertaining to our business. After the end on end of this call, in case if you have any further questions, please feel free to reach out to the Investor Relations team.

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

Rahul Guha: Thanks, Pratik. Good evening and welcome to all on the call. Thank you for taking time out from your busy schedules to join us this evening.

I will do a quick introduction to us on the call. My name is Rahul Guha. I am the MD and CEO of Thyrocare and thank you for the opportunity to present the Q4 and annual results for FY24. I am joined with my colleague, Alok Jagnani, who is our CFO and Nitin Chugh, who is our Chief Commercial Officer along with Pratik Hire who is a part of our strategy team and leads investor relations.

As I did in the last call, 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. I will give you some of the key highlights of what we have been up to in the last quarter.

Before we get into the details of this quarter, I will reiterate the pay-for-performance pricing structure that we implemented at the beginning of this financial year. Earlier, our discount structure was one-size-fits-all, but now we have moved to a slab-based pricing model which we implemented in May 2023. This has led to an increased energy with our franchise network with motivation to move up volumes and enter higher slabs. It continues to result in the movement towards larger franchisees and enables much greater reach for our larger partners. Quality remains the key priority for us. It is an ongoing journey and we are proud to announce that 25 out of our 30 labs are now NABL accredited. Currently, 94% of our total sample load is processed in NABL labs. It is significant achievement considering only 2% of pathology labs nationwide hold this accreditation. To validate our commitment to quality, we conducted an independent study published in the International Journal of Advanced Research, Ideas, Innovations and Technology. The findings revealed that 9 out of 10 doctors trust Thyrocare report and confidently recommend our services to their patients. This endorsement underscores the dedication and effort we have invested in maintaining high quality standards. On the quality front, as you would see in the presentation, we have reduced our complaints per million samples by 30%. A P90 TAT is now less than 20 hours Pan India, as compared to 24 hours last year.

Beyond the work on quality, we continue to selectively expand our offering. Aarogyam has been a flagship brand in a preventive healthcare segment and now we have two more brands, JAANCH and Her Check. JAANCH, as I have said before, is targeted toward lifestyle challenges or for you to better understand your health. We have solutions across the spectrum for anything you might be worried about. Whether it is 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. In its first year since launch with a very limited marketing budget, JAANCH has done Rs. 12 crores. We have also revamped our Gynac portfolio and relaunched it under the brand name of Her Check and it focuses on Women's Health. In the six months since launch, we have touched roughly Rs. 6 crores in Her Check. I'm happy to share that our pathology revenue growth has surpassed pre-COVID levels. From FY17 to FY20, our non-COVID revenue CAGR growth of 13%, however, in the period from FY21 to 24, our non-COVID revenue CAGR has soared to 18%. This remarkable achievement speaks volumes about our strategic business expansion, investments in quality enhancement and organizational restructuring effort. Active franchise base has now more than doubled over the last three years.

On the financial front, the company enjoys a good cash position and we have proposed to distribute a final dividend of Rs. 18 per share. We are also very proud of some of the key milestones that we achieved in the last year. Now, we have 7900 active franchisees. As a result, we processed 22 million samples and served 15 million patients in the year, which is 8% and 6% year-on-year growth respectively in volume terms for our core business. Total tests conducted for FY24 is 147 million. In our nuclear business, we performed 31,500 PET CT scans this year which compares to 30,800 last year. Our partnerships business, which excludes API and the government did phenomenally well in the quarter and grew as we onboarded new clients in health techs, insurance and other segments and we have continued to grow the existing accounts.

Also, I am happy to share we have completed the acquisition of Think Health to strengthen our offering for the insurance segment with the additional capability of ECG at home. This allows us to give our insurance partners a one stop solution for blood and ECG testing and further deepen our presence in the pre-policy medical checkup and annual health checkup market. And now, we are the company who offers health checks with ECG at home, and I am sure that will enhance our Aarogyam brand.

On the B2G side, we continue to remain focused on technologies where we have expertise. And we continue to execute TB projects in the government, state of Gujarat and Maharashtra. On the international expansion side, our lab is now set up in Tanzania and we are going out in the market in full swing. I am proud to say in April we processed our first sample in Tanzania. Also, as I have been telling you in the last quarter, we have revamped our equipment platform. Our equipment was very old, with an average age of 12 years. We have added 30 plus new machines during the financial year, resulting in the average machine age coming down to now six years. These new additions have dramatically improved our reporting accuracy and turnaround time. I will now hand over to my colleague, Nitin, to cover the highlights for the quarter and the annual business performance.

Nitin Chugh: Thank you, Rahul. A warm welcome to each one of you. I will briefly update you about the highlights of Q4 and annual business performance. Our franchisee business for the year showed a revenue growth of 14% year-on-year and in Q4 our franchisee business showed a revenue growth of 13%. Reiterating what we had mentioned last quarter, growth rate in franchise business has slowed down because of the churn in the small franchisee segment. This churn was expected after we implemented our volume-based pricing. Our big franchisees have grown at 25%, while the small has degrown by 39%.

In terms of mix, contribution from big franchisees has increased from 81% to 90%. Majority of the small franchisees have been churned out and the base is stabilizing now. Going forward, the franchisee business should return back to its high teens growth rate. This is evident from the improvement we see in franchisee growth of 13% year-on-year this quarter as compared to 11% year-on-year of last quarter. Our partnership business, which excludes API and B2G for the year showed a phenomenal growth of 23%, whereas in Q4 it showed a tremendous growth of 40%.

On an overall level, our partnership business for the year has remained stable on the account of decline in API and closure of MCGM contract. Overall, the pathology business excluding materials and others for the year has grown by 10% year-on-year and in Q4 it is increased by 16% year-on-year. Radiology business, including Pulse Hitech for the year did a strong revenue growth of 18% year-on-year. Overall, at a consolidated level, we did 9% year-on-year revenue growth for the year and Q4, we did 14% year-on-year revenue growth. Balance, I will hand over to my colleague Alok to cover the financial results.

Alok Jagnani: Thank you, Nitin, and a warm welcome to everyone joining us today. Before diving into the specifics, I would like to touch upon our ESOP program, which we have discussed in previous quarter. This initiative, implemented at the group level, aimed to retain talent within the Thyrocare. This ESOP issued by the parent company will vest over the period of 6 years. From an accounting perspective, we recognize these ESOPs in accordance with IndAS standard as a book entry towards share based payment. They are reflected as an expense in the profit and loss account as an equity contribution from the parent in the balance sheet.

The total value of ESOPs amounts to Rs. 45.53 crore over a period of 6 years. It is crucial to note that this represents a cashless charge, not a cash outflow. According to IndAS, options are reviewed at the grant date using the Black-Scholes formula, resulting in a charge to P&L over the vesting period. Typically, this leads to an impact in the year of the grant followed by proportionate charge over the vesting period. Further details are available in the presentation. As these expenses are non-cash operating expenses and do not affect the company cash outflow, we calculate normalized EBITDA which accounts for these expenses along with the provision for bad and doubtful debts.

Now, moving on to our Financial Performance:

Revenue for the year stood at Rs. 524 crores standalone and Rs. 572 crores consolidated, making an annual year-on-year improvement of 9% at consolidated level. This growth was supposed by better partnership revenue growth, excluding B2G and API of 23%, franchisee growth by 14%. Pathology revenue excluding material and others increase by 10% year-on-year. In Q4, revenue increased by 14% year-on-year, primarily driven by strong partnership revenue growth excluding B2G and API by 40% and franchisee business grew by 13%. Pathology revenue excluding material and other grew by 16% year-on-year.

Our margin for the year improved by 2% point driven by price increase, volume growth and better negotiation, employee expenses incurred increase year-on-year due to the increments addition to the growth team and quality personnel to meet and reveal deployment. Standalone normalized EBITDA margins for the year improved by 1%, primarily due to the improvement in gross margin. EBITDA margin in radiology NHL stood 9% versus 18% year-on-year, mainly due to the increased operational cost and change in revenue mix between scanning and FDG sales.

At a consolidated level, our normalized EBITDA at 28%, which is 1% lower than last year, primarily due to the increase in business promotion, marketing spends and new business expansions. We reported a consolidated normalized EBITDA of Rs. 162 crore for the year, directly reflecting to our cash flow operation, which amounts to Rs. 168 crore.

With that, now I pass follower to Rahul for our strategic updates.

Rahul Guha: Thank you, Alok. Briefly, I would like to take a few minutes to recap to you our strategic direction and then I will open it up for Q&A.

First, I will reiterate our value proposition to the customer. We will continue to remain an affordable option to all patients with good quality and on time reports. All our efforts on our value proposition is towards ensuring low cost to the patient, assurance on quality of testing through our certifications and engagements with doctors. We have made substantial progress on this, which I updated in my initial comments and is reflected in the presentation. This will remain at our core and will guide all that we 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 and individual doctor or a leading online diagnostic 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 900 companies and 400 network phlebotomists to serve them better. This strategy has been working well for us with both our franchise and partnerships business posting strong growth.

We continue our commitment to add more value added services for our partners and with the acquisition of Think Health we have entered into ECG at Home Services which will strengthen our offering to our insurance partners. Further, to reiterate, as I have shared in the last few quarters, we have 3 pillars of growth. The first is our franchise business. The focus is to take our franchise business deeper into India with the focused test menu and provide our clients with a frictionless experience to transact with us and provide their customers the best testing experience that they can. We continue to focus on private as well as public partnerships. In the public space, we will focus on TB and infectious disease where we are by far one of the strongest players in these segments with large screening programs partnering with health bodies and funding agencies who participate in this segment.

Additionally, we will continue to expand our partnerships across healthcare companies, hospitals and other health services companies and enable them to provide diagnostic testing to their customers. The third area is relatively new for us. We believe we have a strong and robust B2B model with the core of execution. We are ready to take this model forward with our first entry in Tanzania. The opportunity is significant for us to be able to launch affordable tests in the country of Tanzania. That in a brief is our mandate as management. Thank you so much for giving us a patient hearing. I will once again end with a quote from the Mahatma, "Find purpose. The means will follow" and our purpose remains to provide affordable, high-quality testing to the masses.

With that, we will open 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 Aditya Khemka from InCred PMS. Please go ahead.

Aditya Khemka: Rahul, first question on the volume growth, did I hear you right, volume growth year-over-year for the quarter was 6%, is that right?

Rahul Guha: For the total business.

Aditya Khemka: I think you were mentioning about the franchisee business, the core business. So, for the core business, I think you said volume growth was close to 6%. I just couldn't understand whether it was for the year or for the quarter. That is the clarification I need?

Rahul Guha: So, just to clarify, it was for the year. Quarter-on-quarter, it is 10%. I am talking about sample growth, patient growth will be slight lower than that, but our year-on-year, financial year volume growth for the core business is 8% and quarter-on-quarter 10%.

Aditya Khemka: Volume growth is 8% for the financial year?

Rahul Guha: Yes.

Aditya Khemka: And the second question, Rahul, on the non-COVID business, slide 10 on your presentation deck, so non-COVID business you are showing 18% CAGR, FY21 to 24. If I look at the number of franchisees, that has also gone up from 3000 to 8000 and I know that this non-COVID revenue would have two parts, the B2B franchisee part being one and the other being your other partnerships with government and healthcare aggregators etc. My question is that if your franchisees have doubled to like 8000 and I think in a comment one of your team members mentioned that now 90% of the revenue comes from large franchisees. So, out of this 8000 franchisees, would like approximately 1000 qualifies large franchisees and would 7000 be roughly smaller franchisees or the marginal franchisees or what would be the split between the 8000?

Rahul Guha: So, roughly without going into, so first let me just take the overall COVID. I think our franchisee business from the low COVID base recovered very quickly. And then as we added more and more franchisees we continued to see the uplift in our growth profile. As I updated last quarter, we had a little bit of a road bump because we saw a lot of churn in the smaller franchisee, but now the larger franchisees have picked up and things are more or less okay. In terms of count, if you look at the roughly 7900 franchisees, about 3500 are what we categorize as Diamond to Silver and about 4500 would be bronze and others, so it is a rough I think, 45-55 kind of split between large and small.

Aditya Khemka: The revenue ratio?

Rahul Guha: The revenue ratio would be roughly 65:35.

Aditya Khemka: 65 for the large and 35 for the small?

Rahul Guha: Yes.

Aditya Khemka: So, now when I look at FY24, if my understanding is correct, you had almost three businesses which were declining in FY24. One was your B2G, the other was your smaller franchisee business and the third was pharmacy business, right. Now, on all these three plants as of 4Q, have all three businesses stop declining or is there still some way to go on either of these three business to decline?

Rahul Guha: The small franchise business had stopped declining as I had shared last time by the time we had come into October, November, so we had bottomed out there and therefore you see the accelerating growth coming out in Q4. So, I think the small franchisee base has bottomed out. The government business has bottomed out because it is almost practically 0 now, except for the EV contracts that we are doing very selectively. So, I would say that has bottomed out, but we are not entering into many of these government contracts, so at 0, it won't give you a growth jump over there. On the pharmacy side, actually we have seen some recovery in Q4, but Q4 as you know is the big season for packages and annual health checkups, so I think going into the next quarter, we will have to see how it pans out, right, but at least Q4 we saw a decent recovery on the API side as well.

Aditya Khemka: But could you tell us if pharmacy now offers like deep discounts like earlier used to do to acquire customers to sell Thyrocare packages or are they now also on a unit economic level making money when they sell Thyrocare packages?

Rahul Guha: The diagnostics business at pharmacy is now profitable at the proper transfer price as approved by the shareholders as part of the related party agreement. So, effectively now, Thyrocare, of course earns a decent EBITDA anyway, which was never dilutive, but the pharmacy business also this year has turned profitable, the pharmacy diagnostics too.

Aditya Khemka: So, then when we look at year-over-year for FY25 over FY24, there should be no reason why pharmacy should not at least even flat or grow from the days that they are formed in FY24 for Thyrocare, I am saying?

Rahul Guha: Logically, yes, but it is difficult to speak on behalf of our customer, but logically what you are saying, if this is the is the profitable pool for pharmacy as well, I think all intents are there to grow, but if you go back to the old customer acquisition and discounting, then of course, the profitability gets hit. But yes, logically what you are saying, there is no reason to believe that it will degrow from next year.

Moderator: Thank you. Next question is from the line of Prakash Kapadia from Spark PMS. Please go ahead.

Prakash Kapadia: Couple of questions from my end, so how much of our franchise revenue is from the Thyrocare brand in FY24 and how much is the revenue from local pathology lab centers or B2B tie-ups? And in this business the right to and remains more geographic expansion or is it increasing throughput per franchisee or getting more B2B business if you could give some thoughts on this?

Rahul Guha: Yes. So, roughly, about 40% of our topline is Thyrocare branded, right and the remaining 60% is B2B tie-ups. Also, ideally I should count all my Aarogyam packages as Thyrocare branded regardless of where they are sold because they are branded as Aarogyam. But for a minute I am keeping that aside, roughly 40% of our revenue comes from centers which have a Thyrocare board and a Thyrocare **Livery 27.06** and all of that. In all the instances, most of our franchisees would share a Thyrocare report. So, that is definitely out there. The right to win, see largely I think throughput per franchisee is only so much. It takes time to scale up, right and a lot of it is how much share of wallet you are able to capture. They typically have one or two local partners who they work with as well, and then Thyrocare as a second partner and so on. So, your share of wallet is always in a highly competitive space, right, where you are constantly in a price battles where Re. 1-Rs. 2 and then someone can move the volumes to another B2B partner. I think the right to win really comes from leveraging the Thyrocare brand, our image now and our investments in quality and going deeper and deeper into India where frankly speaking, the competitive side is not the large, branded labs, but actually the local labs which don't have NABL, don't have the quality processes that we have in terms of cold chain, don't have the checks and balances in terms of every report has a QR code, all of that right. And so therefore people in Tier 2 towns at pretty much the same price of a local lab is getting a high-quality report with all the backing of Thyrocare, so I firmly believe our right to win is there.

Prakash Kapadia: On the partnership business, would I understand there are two facets to that business also. So, during the non-KPI non-B2G, what will drive this business from here on and how are we differentiating there? And I think in the B2G business, you said it has bottomed out. So, any risk of further write offs on receivables because we have seen some provision which we have done now also, so in these two segments, if you could give some color?

Rahul Guha: On the first one on partnerships, I think we have many kinds of partnerships, right. I think the health tech partnerships, we have gone quite deep in that. There is not that much more growth we will get from there, but two large unexplored avenues for us has been the hospital segment and the insurance segment, right, both of which are very large customers who buy diagnostics, hospitals of course where we go in and set up the lab or work with them for their outsourced business as a partner. And then the insurance players, almost every policy that is issued as a pre-policy medical checkup and also they offer many of their policy holders a free annual health checkup. So, it is a very large market, which has been largely untapped by Thyrocare. So, we will continue to drive the franchise growth by exploring these avenues. And as I mentioned, with the acquisition of Think Health, we now have ECG at home as a capability so that only enhances our right to win in this segment. You must remember we are the only national player that has a company owned phlebotomist fleet. What that means is if you are a partner with Thyrocare with a single API integration, I can get you activated with diagnostics in 300 cities overnight. So, if you are an insurance player with one single API integration you can service all your policy holders with annual health checkup and all your PPMC screening in 300 cities through a single window. No other company offers this to their partners.

Prakash Kapadia: What I was trying to understand out was, a lot of these hospitals are focusing lot more on diagnostic and have become pretty aggressive. So, is there an outsourcing arrangement which you think will drive the hospital segment? Or some specialized tests which the hospitals would not want to give lower volumes?

Rahul Guha: No, it is largely outsourced. I think specialized test for us as Thyrocare is not our cup of tea. So, I would say largely outsourced would be the focus. Many of the equipment in the hospital is very low throughput and therefore very high cost to operate. So, many times hospitals find that even though they have a lab in their hospital, the Thyrocare billing price to them is sometimes lower than their reagent cost because of our economies of scale and the throughput of our machines. So, they keep some of the basic tests in the hospital and then outsource everything else.

Prakash Kapadia: I understood the hospital and the insurance part. The second part you were saying?

Rahul Guha: Yes. Your second question was on the B2G business, right?

Prakash Kapadia: Yes.

Rahul Guha: See, there firstly, if you recall, almost two years ago when I first took over, we had a government outstanding of close to, I think Rs. 80 crores, I think almost all that money has either been received or provisioned. So, I think though government outstandings as a sword hanging on our neck is more or less behind us. I don't anticipate any more further significant provisions on the government business. That being said, we have also realized that we need to be focused when we do the government business and we have to again focus on our right to win. We are the strongest in TB testing and infectious disease testing where we have the full range of technologies starting from the very basic sputum tests, all the way to whole genomic sequencing for TB. So, we have decided to focus on these areas where our strengths are there. And work with the government to partner with them on their screening program. And we feel that is the niche that we will go after. The government also is taking both these topics, TB and infectious disease very seriously and has put a lot of money behind it. So, we believe there is a reasonable opportunity there, but on the general tests, we will not rush in.

Prakash Kapadia: And lastly, one data keeping question from my side, can you share the geographical breakup of our pathology business, say between North-South, East, West? What I am trying to understand are there specific areas where we are strong? Are we a Pan India player, are we maybe North and South focused, if you can give some idea that would be helpful?

Nitin Chugh: So, see, generally our business, we are very strong in the Eastern region and the Western region. North, our share of business is very less and our third in that ranking from the Southern region.

Moderator: Thank you. Next question is from the line of Shubh Shah from Ratna Traya Capital. Please go ahead.

Shubh Shah: Sir, can you please break down the 9% pathology growth in terms of volume, in terms of price and in terms of mix and also the mid teen or high teen growth guidance that we have for next year, similar breakdown for that?

Alok Jagnani: So, we have seen 9% revenue growth in the financial year, FY24 versus FY23 and the revenue, if you see the split, our franchisee revenue has grown by around 31% whereas our partnership revenue has gone by around 23%, this is excluding API and B2G. We are expecting in FY25, the mid teen growth is degrowth that is between 15% and 18% growth is expected.

Rahul Guha: And see overall sample growth for the year would be, I think, roughly about 2%, but this should not be considered that then all our growth has come from price. Actually, what you should consider is we had a very high-volume contract with MCGM which is the Mumbai BMC which was at a very low revenue per sample. That contract ended last year, so actually the volumes came out of that, but our franchise and partnerships business covered up for that. So, it is actually the mix of business shifting that has given us the revenue growth, not a price increase.

Shubh Shah: Second, can you explain the provisions, what are the provisions for this year?

Alok Jagnani: So, provision for receivables, you are talking about here. So, in the current financial year, we have provided around Rs. 8.7 crores of provisions against the receivable that is mainly on account of two accounts. One is on the government accounts; we have provided around Rs. 2.5 crores of provisions for the receivables which is doubtful and another provisions has been taken against the international business as well. We have taken around Rs. 6 crores provision. And still that amount we are litigating, and things are going to be all stable, then we will see, but mainly this Rs. 8.7 crore provision pertains to B2G business where we have provided and Rs. 6 crores pertains to international gulf base.

Shubh Shah: And also, are you planning to take some additional marketing or advertising cost?

Rahul Guha: No. So, the marketing and business promotion cost, what is current year model is going to remain the same for the next financial. No additional.

Shubh Shah: And this financial letter, those costs mostly pertain to?

Rahul Guha: This cost means in the current financial year, the cost increase in the other expenses mainly pertain to business promotions, marketing spends on Her Check, JAANCH and other branding what we have done. And that reflect in our revenue also, the revenue growth what we have seen.

Moderator: Thank you. The next question is from the line of Jainam Shah, Individual Investor. Please go ahead.

Jainam Shah: So, I wanted to ask that the interim dividend of Rs. 18 was declared in April and the dividend of Rs. 18 that you declared today, are those both dividends same or different as in the total dividend is 18+18 or just Rs. 18?

Rahul Guha: So, interim dividend has been declared last year that pertained to the financial year FY23, not pertain to the current financial year and subsequently the amount of interim dividend was the final dividend has been approved in AGM. Now, coming to the current financial year, we have proposed the Rs. 18 dividend subject to approval of shareholders in AGM. There is no linkage on that.

Jainam Shah: And also, I just wanted to know about the growth strategy in FY25 guideline for the FY25?

Nitin Chugh: See the growth strategy is that we will divide it into two parts, right. One is your core franchise business. I think the core strategy will be like Rahul said, to go deeper into the country, right, expand our network, expand in cities and in geographies where we are not very strong today. And secondly on the partnership side, the main focus will be on getting bigger accounts on board, specifically focusing on our insurance play with the help of Y2H, I think we can make a lot of inroads in the insurance business with having both pathology and ECG. So, these two areas will be our core focus.

Jainam Shah: And also can you tell me about margin guidelines, EBITDA margin guideline?

Alok Jagnani: So, margins are going to be more or less same sort we are expecting in the next financial year also. It is going to be between 25% and 50%.

Rahul Guha: See, margins will remain flat. You must remember we are investing in a few areas, right. We are investing in Tanzania where currently the lab is set up and the revenue will take some time to scale up. We are also investing in Think Health and scaling it up, so there will be some costs that we will incur to scale up these businesses. The four businesses will of course give us operating leverage, but that operating leverage we will reinvest in some of these new initiatives.

Moderator: Thank you. Next question is from the line of Neeraj from Prospero Tree Financial. Please go ahead.

Neeraj: Actually, our promoters are still pledged and recently we did a fund raise so why the promoters are not pledging the shares actually it gives a very bad impression that promoters shares are pledged and recently we have done a fund raise as well so why the promoters are not unpledged the shares?

Rahul Guha: See, I am the MD and CEO of Thyrocare. I am not the promoter, so it will be difficult for me to comment on this question.

Moderator: Thank you. Next question is from the line of Abdul Kader Puranwala from ICICI Securities. Please go ahead.

Abdulkader Puranwala: Just on this promotion cost what you guys incurred in this particular quarter and for the full year, are you calling about that number or what you spend this quarter and for the full year?

Rahul Guha: It will be there in the detailed financials, but Alok you can give some rough numbers on that. See, I will just give you a background of what these marketing costs are. These are largely promotion costs that we do to promote JAANCH and many of the other new packages. So, they are of three nature. One is some kind of schemes and gift that we use to our franchisees to promote the new brand. The second is we invest on a few celebrity and doctor promotions where they help us talk about the new products or specific packages that have been released for the festival. And the last is, we do incur some cost with our large franchisees to effectively have a set of franchise meets at the end of the year to discuss strategy and get their inputs on how we can grow the business. So, the marketing cost is largely in these three buckets and that is where we are investing. The exact number, maybe Alok can get back to you.

Alok Jagnani: So, the incremental numbers approximately is going to be between Rs. 8 and Rs. 10 crores we have spent on multiple projects including **(Inaudible) 45.01**, including promoting JAANCH, the Hitech branding and multiple other marketing.

Abdulkader Puranwala: So, this Rs. 8 to Rs. 10 crores used for the full year fiscal FY24, right?

Rahul Guha: Yes, for FY24.

Abdulkader Puranwala: So, about the 25%-27% EBITDA margin guidance for next year, so this 25%-27%, we are talking about the reported EBITDA or the normalized EBITDA?

Rahul Guha: Our normalized EBITDA overall as a company is roughly 28%, we expect to hold it in that range. The reported EBITDA is 24%. That will actually go up because the ESOP charges as Alok has shared in the beginning of the call starts to substantially go down, so the number we look at internally as management is the normalized EBITDA. We expect to hold it between the 28% and 29% range.

Moderator: Thank you very much. Ladies and gentlemen, we will take that as the last question. I will now hand the conference over to Mr. Rahul Guha for closing comments.

Rahul Guha: Thank you everyone for joining us and spending the time with us this evening. As always, we continue to remain focused on our strategy, which is to be the most affordable, good quality diagnostic testing partner for anyone in the healthcare business and we continue to execute on this strategy. We have been investing in improving our quality, improving our reach and ensuring our turnaround time is as close to best in class and we have made substantial progress on all of this. I thank you all for your support in this journey. With that, I will hand over to Pratik for closing comments.

Pratik Hire: Thank you all. On behalf of Thyrocare Technologies that concludes this conference. We thank you all for joining us. Over to you, Neerav.

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