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This report is a compilation of our analysis of Financial / Business performance “**Thyrocare Technologies Limited**” from an investment perspective

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Company Analysis: Thyrocare Technologies Limited

Posted on 5th October 2024

Overview

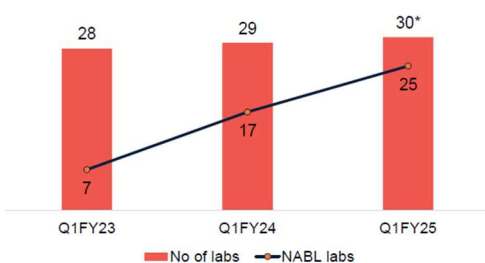
India spends around 3.5% of GDP on healthcare which is much lower than global averages. As the economy grows and per capita income rises, the spend on all type of healthcare services is rising. Diagnostics account for around 9% of healthcare spend and is expected to grow at 12-15% CAGR. The diagnostics space is benefiting from multiple tailwinds such as migration to the organized sector, rise in per capita income, awareness on health & fitness and lifestyle changes

Organized players which include multi-chain diagnostic companies such as Thyrocare and Lal path labs and hospitals account for 15% of the market. Single lab, mom and pop centres account for 48% and the rest is nursing homes and regional players.

Thyrocare Technologies Ltd was started by Dr Velumani in 1995, who grew the business to sales of 235 Crs till 2016, when it had an IPO. Dr Velumani sold his stake in 2021 to API holdings which operates in the online healthcare space. API holding owns Pharmeasy -online B2C pharmacy and Retailio which is a B2B business in the same space. It also provides diagnostic services through Thyrocare and Pharmeasy

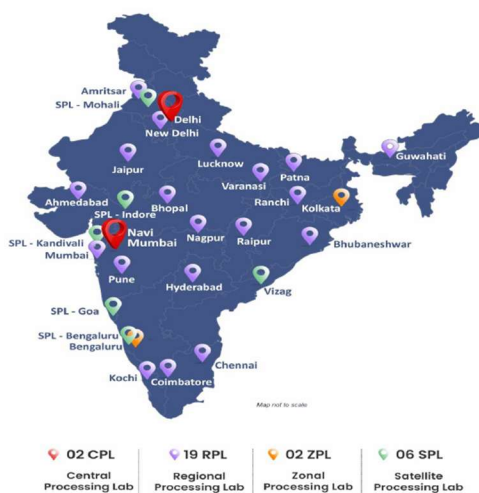
The company’s focus is on early detection and management of diseases through a wide array of medical diagnostic tests and profiles. Thyrocare operates a centralized, fully automated diagnostic testing laboratories and has regional processing laboratories across India

80% of our labs are now NABL accredited



NABL Labs (25)

- ▶ **West :** Navi Mumbai, Mumbai (Kurla), Pune, Raipur, Ahmedabad and Nagpur
- ▶ **East :** Kolkata, Bhubaneswar, Guwahati, Patna, Ranchi
- ▶ **North :** Bhopal, Jaipur, Delhi & covid lab, Gurgaon, Lucknow, Varanasi, Indore, Amritsar
- ▶ **South :** Bangalore, Coimbatore, Kochi, Chennai, Hyderabad



* We have 29 labs across PAN India and 1 lab in Tanzania as of June 30, 2024

Business Model and Operations

Thyrocare 's business model involves collecting and aggregating test samples from both individuals (B2C) and institutions (B2B). Tests are then conducted overnight, and results are delivered the next day online or via mail. It focuses on providing high-quality diagnostic services at affordable prices.

The company has a significant presence across India, with a service provider network that caters to even the remote areas. It has one of the fastest turnaround time of around 20 hrs.



In 2024, the company acquired Think Health Care, allowing it to expand into the pre-policy medical check-up segment. This move enables Thyrocare to offer ECG at-home services too

Business Opportunities and Strategies

- **Growing Demand for Diagnostic Services:** The Indian diagnostic services market is growing due to increasing healthcare awareness and an aging population. The market is anticipated to grow at a rate of 12-14% in the coming years
- **Expansion into New Verticals and Geographies:** The company plans to penetrate new verticals like hospitals, polyclinics, and IVF centers. Geographically, Thyrocare is increasing its presence in regions where it holds a smaller market share. It also has plans for international expansion, leveraging its experience in Tanzania.
- **Strategic Partnerships:** It is forming partnerships with entities such as pharmacies, online aggregators, health tech platforms, and insurance providers. It has been expanding these partnerships beyond Pharmeasy (parent company) and this sub-segment is now growing at 40% per annum

Growth Strategies

The company’s strategy is summarized below

Our strategy remains to be a B2B service provider with an affordable value driven model based on scale efficiencies



Thyrocare is well placed to leverage best of both worlds

Going forward - Key pillars of growth



- **Focus on B2B Business:** Thyrocare ‘s positioning itself as the B2B partner for diagnostic services companies across India. It is doing this via various public and private partnerships
- **Expanding Regional Processing Labs:** To minimize turnaround time and enhance service quality, Thyrocare has been expanding its network of regional processing labs. It has 30 labs across India, with plans to add more.
- **Strategic Acquisitions:** Thyrocare is actively pursuing acquisitions to broaden its service portfolio and market reach. It acquired Think Health Care which allows it to offer at-home ECG services and strengthen its presence in the pre-policy medical check-up segment. In the recent quarter the company acquired Polo labs with presence in Punjab, Haryana and Himachal Pradesh. It also acquired Vimta labs which has presence in various Tier 1 and metros across India.

- **Customer Acquisition through Partnerships:** Partnerships serve as a key channel for customer acquisition. Platforms like PharmEasy provides Thyrocare access to an existing customer base, enabling it to broaden its reach.

Competitive scenario

The Indian diagnostic market is highly competitive and fragmented. Key competitors can be categorized as follows:

- **Large, national diagnostic chains:** These companies, like Dr. Lal PathLabs Ltd, have a pan-India presence and extensive experience in the diagnostics field
- **Digital-only diagnostic players:** These companies focus on online platforms for booking tests and viewing reports. They often lack the extensive back-end infrastructure (labs, logistics) that Thyrocare possesses.
- **Traditional diagnostic players:** These companies have established physical presence but may lack the technology and scale of Thyrocare.
- **Other health-tech platforms:** While not solely focused on diagnostics, these companies may offer diagnostic services as part of a broader healthcare ecosystem.
- **Local, unbranded labs:** These smaller labs often lack the quality certifications (like NABL accreditation) and standardized processes.

Competitive Dynamics

- **Price sensitivity:** The Indian diagnostic market is characterized by high price sensitivity, especially in the hospital segment.
- **Online competition:** online aggregators backed by significant investment have intensified competition. Thyrocare is partnering with these platforms as a B2B provider and hence has lower risk from this channel

Financial performance

The company topline grew at 15% CAGR from 2016 to 2022. Operating profit grew at the same pace and Margins were maintained the same level of 40%. The company had an ROC of 20%+ during this period and free cash flow margin of 40%

There was a change of control in 2021 from the then promoter Dr Velumani to API holdings (Pharmeasy). The new management modified their strategy and started rationalizing the 8000+ franchise network via a tiered pricing to drive higher volumes with larger operators. As a result, topline growth has moderated to 3% in the last 3 years

The new management has also invested in manpower – Senior leadership, quality personnel and sales team to drive growth. As a result, operating margins dipped from an average of 40% to around 28% (including ESOP). The company has also invested 60Cr in modernizing its test equipment which has improved the through put and quality of results

Operating profit has stagnated over the last 5 years due to these investments. The investment phase is now reaching a steady state due to which operating margin is rising and is at 30%. Focus on the larger franchisees and B2B partnerships has driven the topline growth to 20%. The return on capital is also improving and risen from 15% in FY23 to 20%+ now

Management

Management change occurred in September 2021, when Pharmeasy parent (API Holding) acquired a controlling stake (71.22%) in Thyrocare Technologies Limited. This acquisition resulted in a change in promoters and subsequent appointment of a new management team. Prior to this, the key management figures included Dr. A. Velumani (Chairman & Managing Director) and Mr. A. Sundararaju (Director).

Following the acquisition, In May 2022, Mr. Rahul Guha was appointed as the Managing Director and Chief Executive Officer. Mr Rahul Guha has experience in the healthcare sector, having spent 17 years at Boston Consulting Group (BCG) where he led the Health Care & Life Sciences practice.

- **Capital Allocation Record** : Management has a good capital allocation record. The company has maintained an ROE of 15%+ as it has invested into the business by adding new personnel and equipment. It is also transitioning the business into a focused B2B model. The company has a high dividend payout ratio 100%+ in the last few years as it is an asset lite business
- **Compensation**: Management compensation at 5.4% of pre-tax profit appears to be reasonable
- **Shareholder communication**: appears adequate. Management communicates regularly with investors via annual report, quarterly updates and conference calls. On the conference calls, they are open about the prospects of the company
- **Accounting practices**: appear reasonable
- **Conflict of interest**: None. The likely conflict of interest could be with the parent company (API holdings) but as the businesses do not have an overlap, the risk is not high.

Positives

The company is targeting the wellness and preventive healthcare segments which has a very large addressable market. This market is expected to grow in high double digits over the next few years

It has a Multi-Lab Model and Pan-India Network to drive volume growth and economies of scale. The company has built a vast franchisee network across India, reaching over 8,000 active franchisees as of 2024. This network is crucial for expanding its reach, particularly in Tier 2 and Tier 3 cities.

The company is also using the same hub and spoke model to expand into international markets. It has recently opened a lab in Tanzania, Africa to expand in that market

The company has strong brand recognition including its sub-brand such as Aarogyam, which improves recall and customer pull in

The company is increasing its B2B Focus and Partnerships. This strategy will allow the company to leverage existing networks and reach a broader customer base without significant marketing investments

From a financial standpoint, the company has an asset lite model and generates an ROC of more than 50%. As a result, it can use its cash flow to invest in inorganic growth opportunities to acquire smaller diagnostic chains (as it is doing now)

Risks

- **Dependence on B2B Partnerships:** A large portion of Thyrocare's business is dependent on its partnerships with hospitals, doctors, and pharmacies for patient referrals and sample collections. The loss of key partnerships or changes in the terms of these agreements could significantly impact the company's revenue and profitability.
- **Competition and Pricing Pressure:** The Indian diagnostics market is highly competitive. Increased competition could lead to pricing pressure
- **Investment in New Business Lines:** The company's expansion into new areas, such as radiology, molecular imaging, and tuberculosis testing, has higher risk. These ventures require significant investments and may take time to become profitable. The company is expanding in Africa which will need time to scale up too
- **Promoter pledge :** API holding is the controlling shareholder with a 70% holding. The parent company took a loan of around 2500 Crs from Goldman Sachs against which they have pledged the entire thyrocare holding. This is seen as a risk by the market. I addressed it in the prior note here

Valuation/scenario analysis

We have the following range of scenarios for the company and corresponding range of valuations for the company for 2027

- Hypothesis 1: Management expects 18% CAGR growth and delivers 30-31% operating margin as in the past.
- Hypothesis 2: Management expects 20%+ CAGR growth. In the optimistic scenario, we are assuming operating margin to touch 32%+
- Hypothesis 3: Pessimistic scenario where management is not able to grow as per plan and grows at 10-12% growth. Also in this scenario, operating margin remains at the current level inspite of operating leverage

Current + Yr 3	H1	H2	H3
Sales	940	950	800
OPM	31%	32%	30%
NPM	20%	21%	19%
Net profit	190	200	150
PE	45	50	29
Mcap	8566	9975	4350
Mulitple	1.82	2.1	0.93

Conclusion

Thyrocare Technologies Ltd is an investment opportunity on India's growing healthcare sector. With healthcare expenditure expected to rise from 3.5% of GDP, the diagnostic services market is projected to grow at a 12-15% CAGR. As one of the organized players, Thyrocare can grow at a higher rate due to these factors

- Network and Operational Efficiency: The company operates a centralized diagnostic laboratory network with 30 regional processing labs and over 8,000 franchisees, ensuring fast turnaround times (~20 hours)
- Growth Initiatives: Thyrocare is expanding into verticals such as hospitals, polyclinics, and IVF centers, and entering regions where it had a smaller market share. Internationally, it is using its hub-and-spoke model to enter markets like Tanzania.
- B2B Partnerships: By forming alliances with pharmacies, online aggregators like PharmEasy, health tech platforms, and insurance providers, the company is acquiring customers while reducing marketing costs. These partnerships have led to a 40% annual growth in this sub-segment.
- Financial Performance and Asset-Light Model: The company has maintained operating margins around 40% and a return on capital over 20%. Recent investments in equipment and team expansion temporarily reduced margins to 28%, but profitability is improving as these investments stabilize. The asset-light business model generates free cash flow which will allow the management to do acquisitions

You can find the financials of the company at [Thyrocare Technologies Ltd Financial Results – Quarterly & Annual, Quarterly Trends, Annual Trends |BSE](#)

Q3- 2025 Results Analysis

Posted on 31st January 2025

The company reported a 23% year-on-year increase in total consolidated revenue. Pathology revenue grew by 24% year-on-year. Radiology revenue, which includes Pulse Hitech, saw a 13% year-on-year growth. Normalized EBDITA (Excluding ESOP) grew 42% for the quarter

The company is focused on a multi-pronged strategy including deepening its presence across India and expanding through strategic acquisitions. Following is the progress on various initiatives

- **Focus on Smaller Labs:** The company is focusing on opening smaller labs in partnership with franchises. This is expected to increase processing capabilities and drive higher franchise business growth.
- **Partnerships:** Thyrocare is expanding its footprint by engaging in pre-policy medical checkups and annual health checkups within the insurance sector. They are also working with major hospitals to ensure they have access to comprehensive diagnostic services.
- **Geographic Expansion:** The company is deepening its presence across India by expanding its franchise network. Additionally, the company has successfully partnered with over 50 healthcare facilities in Dar es Salaam, Tanzania, since beginning operations there in March 2024.
- **Menu Expansion:** There is a focus on enhancing menu expansion and visibility to grow the business.
- **Acquisitions:** The company completed the Vimta deal on October 11th, which will add approximately INR 30 crores of top line.
- **Franchise Growth:** The franchise business demonstrated a revenue growth of 14% year-on-year.

Overall management is executing as per the strategy and expects to grow high double digits in the diagnostics space which is higher than industry growth rate. As a result, the company is gaining market share too.

There is no change to the fair value and position size

Q4- 2025 Results Analysis

Posted on 19th May 2025

The company reported a 21% year-on-year increase in total consolidated revenue. Pathology revenue grew by 23% year-on-year. Radiology revenue, which includes Pulse Hitech, saw a 7% year-on-year growth. Normalized EBDITA (Excluding ESOP) grew 78% for the quarter

Our original thesis seems to be playing out

The company is focused on a multi-pronged strategy including deepening its presence across India and expanding through strategic acquisitions. Following is the progress on various initiatives

- **Focus on Smaller Labs:** The company is focusing on opening smaller labs in partnership with franchises. This is expected to increase processing capabilities and drive higher franchise business growth. There are 150,000+ small collection centers around the country and the company has access to 11,000 which provides a large headroom to grow
- **Partnerships:** Thyrocare is expanding its footprint by engaging in pre-policy medical checkups and annual health checkups within the insurance sector. They are also working with major hospitals to ensure they have access to comprehensive diagnostic services.
- **Geographic Expansion:** The company is deepening its presence across India by expanding its franchise network. Additionally, the company has successfully partnered with over 50 healthcare facilities in Dar es Salaam, Tanzania, since beginning operations there in March 2024.
- **Menu Expansion:** There is a focus on enhancing menu expansion and visibility to grow the business. The company plans to add allergy and genomics testing this year
- **Acquisitions:** The company completed the Vimta deal on October 11th, which will add approximately INR 30 crores of top line.
- **Franchise Growth:** The franchise business demonstrated a revenue growth of 22% year-on-year for FY25

Overall management is executing as per the strategy and expects to grow high double digits in the diagnostics space which is higher than industry growth rate. As a result, the company is gaining market share too.

There is no change to the fair value and position size

Q1- 2026 Results Analysis

Posted on 12th August 2025

The company reported a 23% year-on-year increase in total consolidated revenue. Pathology revenue grew by 25% year-on-year. Radiology revenue, which includes Pulse Hitech, saw a 6% year-on-year growth. Normalized EBDITA (Excluding ESOP) grew 42% for the quarter

Our original thesis seems to be playing out

The company is focused on a multi-pronged strategy including deepening its presence across India and expanding through strategic acquisitions. Following is the progress on various initiatives

Focus on Smaller Labs: The company is focusing on opening smaller labs in partnership with franchises (9551 franchises, 17% up). This is expected to increase processing capabilities and drive higher franchise business growth. There are 150,000+ small collection centers around the country and the company have access to 11,000 which provides a large headroom to grow. The company opened new regional lab at Bhagalpur, Bihar and two partner labs in Kashmir and Roorkee

Partnerships: Thyrocare is expanding its footprint by engaging in pre-policy medical checkups and annual health checkups within the insurance sector. They are also working with major hospitals to ensure they have access to comprehensive diagnostic services.

Geographic Expansion: The company is deepening its presence across India by expanding its franchise network. Additionally, the company has successfully partnered with over 50 healthcare facilities in Dar es Salaam, Tanzania, since beginning operations there in March 2024.

Menu Expansion: There is a focus on enhancing menu expansion and visibility to grow the business. The company plans to add allergy and genomics testing this year

Overall management is executing as per the strategy and expects to grow high double digits in the diagnostics space which is higher than industry growth rate. As a result, the company is gaining market share too.

There is no change to the fair value and position size

Q3- 2026 Results Analysis

Posted on 7th March 2026

The company reported an 18% year-on-year increase in total consolidated revenue (196cr). Pathology revenue grew by 20% year-on-year, while radiology revenue (including Pulse Hitech) declined by 7% year-on-year. Normalized EBITDA (excluding parent ESOP) grew 26% for the quarter (reported EBITDA +38% and PAT +47%)

The company remains focused on a multi-pronged strategy of deepening its presence across India and expanding through partnerships (and selective expansion outside India).

Following is the progress on various initiatives.

- Franchise/network expansion continues, with ~10,300 active quarterly franchisees (+12% YoY); however, reported franchise growth was impacted by a deliberate tightening of credit in the Vimta business. The company also commissioned two new labs (Davangere, Karnataka and Mandi, Himachal Pradesh), taking the network to 39 labs in India and 1 in Tanzania.
- Partnerships scaled further (partnership revenue +39% YoY; franchise revenue +12% YoY), driven by health-tech and insurance-led checkups (pre-policy checkups cited at +70% YoY). Menu expansion is progressing with in-house allergy panel testing and management indicated the genomics platform has been finalized.

Overall management continues to execute and reiterated a mid-teens long-term growth (franchise 12-15% with partnerships ~1.5x of that), rather than “high double digits” each quarter

You can see financials for the company at [Thyrocare Technologies Ltd Financial Results – Quarterly & Annual, Quarterly Trends, Annual Trends |BSE](#)

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