



## India

**ADD** (no change)

Consensus ratings\*: Buy 3 Hold 0 Sell 0

Current price: Rs769  
 Target price:  Rs1,010  
 Previous target: Rs1,010  
 Up/downside: 31.3%  
 InCred Research / Consensus: 5.2%

Reuters: THYO.NS  
 Bloomberg: THYROCAR IN  
 Market cap: US\$477m  
 Rs40,763m  
 Average daily turnover: US\$0.8m  
 Rs71.0m  
 Current shares o/s: 53.0m  
 Free float: 28.9%

\*Source: Bloomberg

**Key changes in this note**

- Cut FY26F EPS by 3%.
- Stock inclusion in high conviction ideas list.
- Introduce FY27F estimates and roll forward our valuation.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	4.6	(2.4)	16.6
Relative (%)	1.9	(7.2)	7.4

Major shareholders	% held
Promoters	71.1
Nippon India Small Cap Fund	6.7
ICICI Prudential Pharma Healthcare	4.2

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# Thyrocare Technologies Ltd.

## Strong performance; beat on margin front

- Robust 4QFY25 performance which beat expectations led by volume. The topline grew by 21% YoY and margin was up 1,100bp YoY.
- Acquisition strategy to continue in FY26F as well with a dedicated allocation of Rs150-200m. Tanzania in a nascent stage but doubling revenue each quarter.
- Cut FY26F EPS by 3% due to the revised tax rate. Maintain ADD rating on the stock with a TP of Rs1,010 and included it in our high conviction ideas list.

**All-round performance beat**

The 4QFY25 performance of Thyrocare Technologies (Thyrocare) beat our/Bloomberg consensus estimates. Revenue growth at 21% YoY/13% QoQ (our estimate of 16%) was mostly volume-led (sample growth of 15% YoY). Realization growth (revenue/sample) during the quarter was 6%. The radiology business growth slowed (7% YoY vs. double-digit growth in the last four quarters), but radiology business margin improvement (+300bp QoQ at 20.5%) offset the same. The EBITDA margin (~35%) improvement was significant at 1,100bp YoY due to gross margin improvement (~400bp), operating leverage benefit (~200bp), and reduced provisioning (~400bp). NHL, with the recent substantial price hike, has reached a sustainable gross margin level (~80%). Thyrocare expects to outperform the pathology industry by growing at a mid-teen rate (even on a high base) and maintain the FY25 EBITDA margin level (30.7%).

**Acquisition strategy to fill the gap**

In FY25, Thyrocare spent Rs113m for the acquisition of Polo Labs and Vimta Labs with an aim to expand the footprint in North India, and Andhra Pradesh & Telangana, respectively. These acquisitions have started contributing to the performance; inorganic growth during 4Q was 2%. Thyrocare's strategic acquisition spree is expected to continue in FY26F as well. It is focusing on acquisitions in Gujarat, Rajasthan and the northeast region for which it has allocated Rs150-200m.

**International business – Tanzania still in a nascent stage**

Thyrocare's international venture in Tanzania is still in a nascent stage. The lab has partnered with 150+ healthcare facilities (vs. 100+ in 3QFY25). The business is doubling revenue every quarter and in 4Q it garnered a revenue of Rs6m vs. Rs3.5m in 3QFY25.

**Maintain ADD rating with unchanged target price of Rs1,010**

We have introduced FY27F estimates and rolled forward our valuation to the same period. We have marginally reduced FY26F EPS by 3% to reflect the revised tax rate. The stock is currently trading near SD-1 valuation, offering a suitable entry point. We maintain ADD rating on the stock with an unchanged target price of Rs1,010 and included it in our high conviction ideas list. Any slowdown in volume is a downside risk.

Financial Summary	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
Revenue (Rsm)	5,267	5,719	6,874	7,817	8,768
Operating EBITDA (Rsm)	1,390	1,526	2,111	2,427	2,771
Net Profit (Rsm)	645	707	915	1,137	1,463
Core EPS (Rs)	14.8	15.4	19.7	24.3	28.7
Core EPS Growth	(55.6%)	4.6%	27.7%	23.3%	18.2%
FD Core P/E (x)	52.08	49.81	39.01	31.66	26.76
DPS (Rs)	18.0	18.0	21.0	21.0	21.0
Dividend Yield	2.34%	2.34%	2.73%	2.73%	2.73%
EV/EBITDA (x)	28.24	25.69	18.41	16.08	13.96
P/FCFE (x)	48.81	44.79	31.49	32.73	26.12
Net Gearing	(28.2%)	(29.4%)	(35.1%)	(33.9%)	(39.2%)
P/BV (x)	7.63	7.74	7.46	7.44	7.01
ROE	14.8%	15.4%	19.5%	23.5%	27.0%
% Change In Core EPS Estimates				(2.53%)	(1.24%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 1: Financial summary**

(Rs m)	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	Y-o-Y (%)	Q-o-Q (%)
Revenue	1,359	1,349	1,480	1,347	1,543	1,569	1,774	1,660	1,872	21%	13%
Consumption of raw materials	418	381	436	384	466	455	510	452	495	6%	10%
as % of sales	30.7%	28.2%	29.5%	28.5%	30.2%	29.0%	28.7%	27.2%	26.4%		
Employee costs	218	222	235	233	237	260	270	274	259	9%	-6%
as % of sales	16.1%	16.4%	15.9%	17.3%	15.3%	16.6%	15.2%	16.5%	13.8%		
Other expenditure	412	344	398	384	473	401	486	439	465	-2%	6%
as % of sales	30.3%	25.5%	26.9%	28.5%	30.7%	25.5%	27.4%	26.5%	24.9%		
EBITDA	311	402	411	347	367	453	508	495	653	78%	32%
Margin (%)	22.9%	29.8%	27.7%	25.7%	23.8%	28.9%	28.6%	29.8%	34.9%		
Depreciation	108	98	107	135	131	114	131	171	138		
Other income	37	10	22	27	35	36	26	40	46		
Interest	7	9	11	11	11	10	8	6	7		
PBT	234	305	315	229	260	366	396	358	554	113%	55%
Total tax	48	77	79	52	57	96	104	90	256		
Tax rate (%)	20.3%	25.1%	25.2%	22.6%	22.0%	26.2%	26.2%	25.0%	46.2%		
PAT before MI	186	228	235	177	203	270	292	269	298	47%	11%
Minority interest (MI)	3	1	4	7	4	-1	0	-2	-6		
Adj. PAT before extraordinary items	189	229	239	184	207	269	292	267	292	41%	9%
Extraordinary expenses	-65	-57	-35	-31	-29	-27	-25	-77	-76		
Reported PAT	125	172	203	153	178	242	267	190	216	21%	13%
No. of shares	53	53	53	53	53	53	53	53	53		
EPS	3.6	4.3	4.5	3.5	3.9	5.1	5.5	5.0	5.5		

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 2: Margin break-up**

(in %)	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	Y-o-Y (bp)	Q-o-Q (bp)
Gross	69%	72%	71%	71%	70%	71%	71%	73%	74%	376	78
EBITDA	23%	30%	28%	26%	24%	29%	29%	30%	35%	1109	507
Adj. PAT	14%	17%	16%	14%	13%	17%	16%	16%	16%	218	-51
Effective tax rate	20%	25%	25%	23%	22%	26%	26%	25%	46%	2425	2120

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 3: Revenue break-up**

(Rs m)	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	Y-o-Y (%)	Q-o-Q (%)
Diagnostic testing services	1,232	1,219	1,368	1,224	1,411	1,432	1,619	1,519	1,727	22%	14%
% total revenue	91.3%	90.4%	92.4%	90.9%	91.5%	91.3%	91.3%	91.5%	92.3%		
Imaging services	111	113	117	119	128	130	142	134	137	7%	2%
% total revenue	8.2%	8.4%	7.9%	8.8%	8.3%	8.3%	8.0%	8.1%	7.3%		
Others	6	17	-5	5	4	7	13	7	8	108%	13%
Total revenue	1,349	1,349	1,480	1,347	1,543	1,569	1,774	1,660	1,872	21%	13%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 4: Actuals versus estimates (Rs m)**

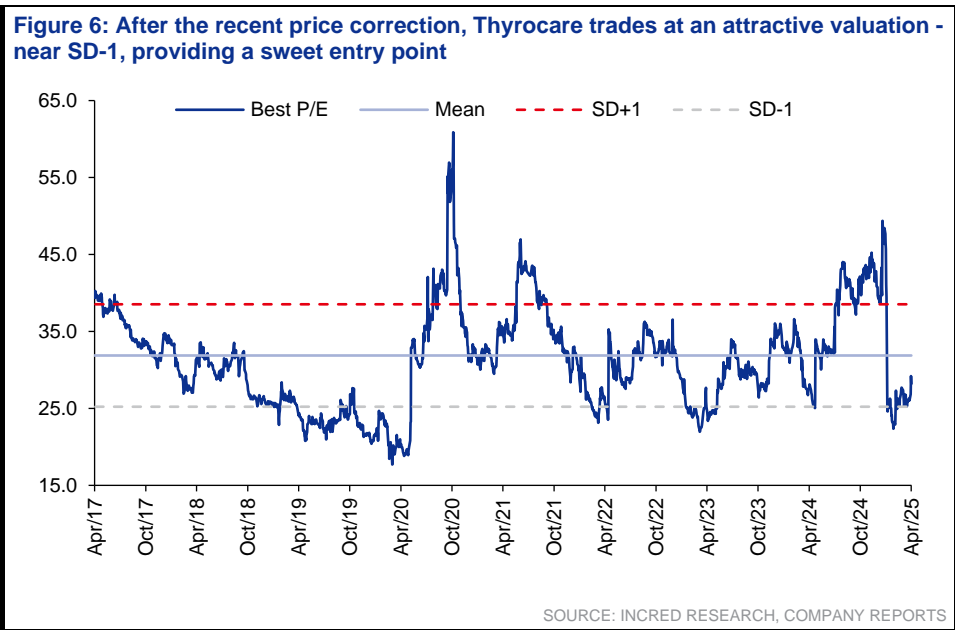
	Actuals	Incred Estimates	Variance (%)	Bloomberg Estimates	Variance (%)
Revenue	1,872	1,789	4.6	1,846	1.4
EBITDA	653	507	28.8	441	48.2
Margin (%)	34.9	28.3		23.9	
Adj. PAT	292	272	7.4	236	23.6

SOURCE: INCRED RESEARCH, COMPANY REPORTS

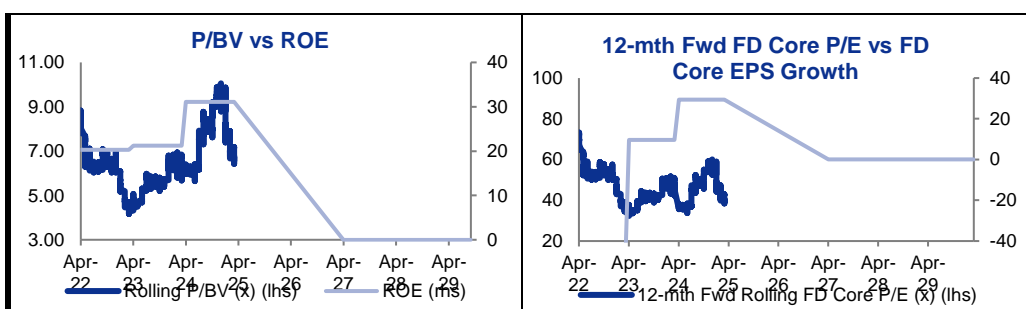
**Figure 5: Our revised earnings estimates (Rs m)**

Particulars	FY26F		
	Old	New	% change
Revenue	7,732	7,817	1.1
EBITDA	2,246	2,427	8.0
Margin	29.1%	31.0%	
PAT	1,176	1,137	(3.3)

SOURCE: INCRED RESEARCH, COMPANY REPORTS



## BY THE NUMBERS



### Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
<b>Total Net Revenues</b>	<b>5,267</b>	<b>5,719</b>	<b>6,874</b>	<b>7,817</b>	<b>8,768</b>
<b>Gross Profit</b>	<b>3,634</b>	<b>4,052</b>	<b>4,963</b>	<b>5,628</b>	<b>6,357</b>
<b>Operating EBITDA</b>	<b>1,390</b>	<b>1,526</b>	<b>2,111</b>	<b>2,427</b>	<b>2,771</b>
Depreciation And Amortisation	(387)	(470)	(553)	(610)	(675)
<b>Operating EBIT</b>	<b>1,003</b>	<b>1,056</b>	<b>1,558</b>	<b>1,817</b>	<b>2,096</b>
Financial Income/(Expense)	(24)	(42)	(31)	(40)	(45)
Pretax Income/(Loss) from Assoc.	13	17	(7)	(15)	(15)
Non-Operating Income/(Expense)	84	94	148	130	150
<b>Profit Before Tax (pre-EI)</b>	<b>1,076</b>	<b>1,125</b>	<b>1,669</b>	<b>1,892</b>	<b>2,186</b>
Exceptional Items	(189)	(152)	(207)	(221)	(85)
<b>Pre-tax Profit</b>	<b>887</b>	<b>972</b>	<b>1,462</b>	<b>1,671</b>	<b>2,101</b>
Taxation	(242)	(265)	(547)	(534)	(638)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>645</b>	<b>707</b>	<b>915</b>	<b>1,137</b>	<b>1,463</b>
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>645</b>	<b>707</b>	<b>915</b>	<b>1,137</b>	<b>1,463</b>
Recurring Net Profit	782	818	1,045	1,287	1,522
<b>Fully Diluted Recurring Net Profit</b>	<b>782</b>	<b>818</b>	<b>1,045</b>	<b>1,287</b>	<b>1,522</b>

### Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
<b>EBITDA</b>	<b>1,390</b>	<b>1,526</b>	<b>2,111</b>	<b>2,427</b>	<b>2,771</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	58	302	(125)	(294)	(214)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
<b>Other Operating Cashflow</b>	<b>(105)</b>	<b>(58)</b>	<b>100</b>	<b>120</b>	<b>120</b>
Net Interest (Paid)/Received	(24)	(42)	(31)	(40)	(45)
Tax Paid	(26)	(51)	17	(418)	(673)
<b>Cashflow From Operations</b>	<b>1,293</b>	<b>1,676</b>	<b>2,072</b>	<b>1,795</b>	<b>1,959</b>
Capex	(416)	(609)	(449)	(350)	(400)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments			(113)	(200)	
<b>Other Investing Cashflow</b>	<b>26</b>	<b>(304)</b>	<b></b>	<b></b>	<b></b>
<b>Cash Flow From Investing</b>	<b>(390)</b>	<b>(913)</b>	<b>(562)</b>	<b>(550)</b>	<b>(400)</b>
Debt Raised/(repaid)	(68)	147	(216)		
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(794)	(953)	(953)	(1,112)	(1,112)
Preferred Dividends					
<b>Other Financing Cashflow</b>	<b></b>	<b>(42)</b>	<b></b>	<b></b>	<b></b>
<b>Cash Flow From Financing</b>	<b>(862)</b>	<b>(848)</b>	<b>(1,169)</b>	<b>(1,112)</b>	<b>(1,112)</b>
Total Cash Generated	41	(85)	341	133	447
<b>Free Cashflow To Equity</b>	<b>835</b>	<b>910</b>	<b>1,294</b>	<b>1,245</b>	<b>1,559</b>
<b>Free Cashflow To Firm</b>	<b>927</b>	<b>805</b>	<b>1,541</b>	<b>1,285</b>	<b>1,604</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## BY THE NUMBERS...cont'd

### Balance Sheet

(Rs mn)	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
Total Cash And Equivalents	1,508	1,766	1,918	1,930	2,428
Total Debtors	851	435	730	782	964
Inventories	277	475	465	704	877
Total Other Current Assets	94	109	263	313	263
<b>Total Current Assets</b>	<b>2,729</b>	<b>2,785</b>	<b>3,377</b>	<b>3,728</b>	<b>4,532</b>
Fixed Assets	1,952	2,044	1,983	1,723	1,448
Total Investments	221	256	242	242	242
Intangible Assets	1,003	1,040	1,131	1,131	1,131
Total Other Non-Current Assets	422	313	195	195	195
<b>Total Non-current Assets</b>	<b>3,598</b>	<b>3,654</b>	<b>3,550</b>	<b>3,290</b>	<b>3,015</b>
Short-term Debt		107			
Current Portion of Long-Term Debt					
Total Creditors	240	401	762	758	702
Other Current Liabilities	459	307	456	506	655
<b>Total Current Liabilities</b>	<b>699</b>	<b>815</b>	<b>1,218</b>	<b>1,264</b>	<b>1,357</b>
Total Long-term Debt		109			
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	276	238	239	239	239
<b>Total Non-current Liabilities</b>	<b>276</b>	<b>347</b>	<b>239</b>	<b>239</b>	<b>239</b>
Total Provisions					
<b>Total Liabilities</b>	<b>975</b>	<b>1,163</b>	<b>1,457</b>	<b>1,503</b>	<b>1,595</b>
Shareholders Equity	5,343	5,268	5,468	5,477	5,813
Minority Interests	9	9	3	218	383
<b>Total Equity</b>	<b>5,352</b>	<b>5,276</b>	<b>5,471</b>	<b>5,695</b>	<b>6,196</b>

### Key Ratios

	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
Revenue Growth	(10.6%)	8.6%	20.2%	13.7%	12.2%
Operating EBITDA Growth	(40.8%)	9.8%	38.3%	15.0%	14.2%
Operating EBITDA Margin	26.4%	26.7%	30.7%	31.0%	31.6%
Net Cash Per Share (Rs)	28.46	29.27	36.20	36.46	45.84
BVPS (Rs)	100.85	99.43	103.17	103.44	109.78
Gross Interest Cover	42.66	25.15	51.08	45.41	46.58
Effective Tax Rate	27.3%	27.3%	37.4%	32.0%	30.4%
Net Dividend Payout Ratio	88.5%	84.7%	66.7%	58.8%	50.9%
Accounts Receivables Days	61.79	41.04	30.92	35.29	36.35
Inventory Days	58.36	82.32	89.84	97.47	119.61
Accounts Payables Days	45.35	70.18	111.10	126.78	110.51
ROIC (%)	26.3%	27.1%	42.0%	51.2%	58.5%
ROCE (%)	18.9%	19.5%	28.4%	32.5%	35.3%
Return On Average Assets	17.8%	18.3%	25.4%	27.7%	30.6%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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## Recommendation Framework

### Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

### Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

### Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.