

Krsnaa Diagnostics | BUY

Weak 1Q; Rajasthan tender revives outlook

Krsnaa's 1Q revenue/EBITDA/PAT grew 13%/20% /14% YoY, which was 6%/8%/15% miss on our estimates. The EBITDA margins came in at 26.6%, up 157bps YoY, but, missed our estimates by 70bps. Retail and Rajasthan wins are the key positive takeaways from the quarter. On the Retail front, revenue grew 8x YoY led by the B2C segment, thus bringing the company a step closer to realising its retail aspirations. This strong Retail growth was enabled by a 7x YoY growth in the number of touch points. During the quarter, the much awaited Rajasthan NHM contract finally materialised. This is a 5 year contract, with revenue meaningful revenue materialization anticipated from FY27, and will be amongst the largest PPP diagnostics projects in India. To factor in the same, we have revised our future estimates upwards. Krsnaa is one of the most uniquely placed amongst its peer set of listed players, leveraging the PPP infra to offer services at a fraction of the competitor's prices. We believe the ramp-up of Retail segment, execution of Rajasthan NHM project and future tender wins will enable the revenue, EBITDA and PAT to grow at a CAGR of 24%, 24% and 34% over FY25-28, respectively. This makes Krsnaa one of the fastest growing diagnostics player in the Indian listed space. We continue to value the company at 24x its June'27 EPS to arrive a TP of INR 1,127. Maintain Buy.

- **Key metrics:** The YoY growth was driven by sustained momentum in both radiology and pathology. With the Himachal and Karnataka receivables starting to come in, the receivable days are at ~120. The company reported a 3% YoY increase in number of tests performed, however, 1QFY25 included the BMC contract and thus making the growth seem muted. On a YoY basis, there is 134% increase in number of Pathology labs and 41% increase in number of Radiology labs. In 1Q, Krsnaa established 75 new centers.
- **Retail:** On a YoY basis, the Retail revenue grew 7.9x, now contributing 6% to the topline (vs 1% in 1QFY25). The growth was enabled a 6.7x growth in the number of touchpoints, now at 2,414 vs 362 in 1QFY25. The composition of Retail too has developed on a positive note, with B2C now contributing 66% to the segmental mix (vs 10% in 1QFY25).
- **Rajasthan:** The much awaited National Health Mission (NHM) tender finally materialised. Under the same, Krsnaa will be establishing 42 state-of-the-art Mother Labs, 135 Satellite Labs, and over 1,300+ Collection Centers. All targeted for operation by FY26, with meaningful revenue materialising for FY27. The tender is of 5 year in duration from commercialization and the management guided for an annual INR 3-3.5bn top-line contribution from the same. This will primarily be a pathology project and is one of the largest and most comprehensive PPP diagnostic project even undertaken in India. The estimated CAPEX for the project will range between INR 2-2.5bn.
- **Future growth strategy:** The company reiterated its strategy of – aggressively pursuing high-potential tenders across multiple states, expanding into new geographies through both PPP & fast-growing retail vertical, and strengthening pipeline to sustain momentum.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	6,196	7,172	8,220	11,275	13,539
Sales Growth (%)	27.2	15.7	14.6	37.2	20.1
EBITDA	1,443	1,901	2,129	2,943	3,588
EBITDA Margin (%)	23.3	26.5	25.9	26.1	26.5
Adjusted Net Profit	569	776	802	1,410	1,853
Diluted EPS (INR)	18.1	24.0	24.8	43.5	57.2
Diluted EPS Growth (%)	-8.4	32.3	3.3	75.8	31.5
ROIC (%)	9.0	9.4	7.9	11.8	15.1
ROE (%)	7.3	9.2	8.7	13.6	15.5
P/E (x)	44.4	33.6	32.5	18.5	14.1
P/B (x)	3.1	2.9	2.7	2.4	2.0
EV/EBITDA (x)	16.9	13.2	12.6	8.7	6.7
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 12/Aug/2025



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,127
Upside/(Downside)	40.2%
Previous Price Target	1,074
Change	4.9%

Key Data – KRSNAA IN

Current Market Price	INR804
Market cap (bn)	INR26.1/US\$0.3
Free Float	56%
Shares in issue (mn)	31.4
Diluted share (mn)	32.4
3-mon avg daily val (mn)	INR92.2/US\$1.1
52-week range	1,044/626
Sensex/Nifty	80,236/24,487
INR/US\$	87.7

Price Performance

%	1M	6M	12M
Absolute	-1.1	-3.3	16.8
Relative*	1.7	-8.2	14.9

* To the BSE Sensex

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■ Financial Highlights:

- Revenue at INR 1.9bn (-6% vs JMFe) and is +13% YoY
- Gross Profit of INR 1.5bn, +14% YoY, with gross margin at 75.4%% (-181bps vs JMFe; +63bps YoY)
- EBITDA at INR 514mn (-8% vs JMFe) and is +20% YoY
- EBITDA Margin at 26.6% (-67bps vs JMFe) and is +157bps YoY
- PAT at INR 205mn (-14% vs JMFe) and is +14% YoY

- **Our view:** The much awaited Rajasthan NHM tender finally materialised during the 1Q, providing much visibility into the future growth. Given its scale, the management has guided for an INR 3-3.5bn annual revenue contribution from this tender, with meaningful contributions to start from FY27 onwards. Thus, we have increased our revenue estimates for FY27 and FY28, with the growth to flow through to EBITDA level. However, on account of this new tender win, we are reducing the EBITDA estimates for FY26 as these new centers will take time to ramp-up. Further, the expected depreciation drag on PAT margin for FY26 is much higher than our initial estimates, as the parallel revenue will start contributing from next year. Thereby, we have reduced our FY26 EPS estimates. To summarize, we continue to be positive on the company with expected FY25-28 CAGR of 24%/24%/34% across revenue/EBITDA/PAT. Thus, we continue to value the company at 24x its June'27 EPS to arrive at a TP of INR 1,127.

Exhibit 1. Valuation Chart



Source: Bloomberg

Exhibit 2. 1QFY26 Review

Krsnaa - P&L (INR mn)	1QFY25A	1QFY26A	% YoY	1QFY26E	% Delta vs JMFe	4QFY25A	% QoQ
Total Revenue	1,702	1,930	13%	2,043	-6%	1,861	4%
COGS	429	474	11%	465	2%	415	14%
Gross Profit	1,273	1,456	14%	1,578	-8%	1,445	1%
% of revenue	74.8%	75.4%	63 bps	77.2%	-181 bps	77.7%	-225 bps
Staff Cost	331	356	8%	365	-3%	328	8%
Other expenses	516	586	14%	655	-11%	588	0%
EBITDA	427	514	20%	558	-8%	530	-3%
EBITDA margin (%)	25.1%	26.6%	157 bps	27.3%	-67 bps	28.5%	-184 bps
Other Income	73	40	-46%	50	-21%	44	-10%
Finance Cost	53	63		65		68	
Depreciation	215	216		220		220	
PBT	232	274	18%	323	-15%	286	-4%
Exceptional Items							
Tax	53	69		85		79	
Tax Rate (%)	22.8%	25.2%		26.3%		27.7%	
Minority Interest	0.00	0.00		0.00		0.00	
Share of profit for equity accounted investees	0.00	0.00		0.00		0.00	
PAT (Reported)	179	205	14%	238	-14%	207	-1%

Krsnaa - Cost margins	1QFY25A	1QFY26A	% YoY	1QFY26A	% Delta vs JMFe	4QFY25A	% QoQ
COGS/sales	25.2%	24.6%	-63 bps	22.8%	181 bps	22.3%	225 bps
Staff cost/sales	19.4%	18.4%	-100 bps	17.9%	56 bps	17.6%	81 bps
Other expenditure/sales	30.3%	30.4%	6 bps	32.1%	-170 bps	31.6%	-122 bps

Source: Company, JM Financial

Exhibit 3. Change in estimates

(INR mn)	FY26E			FY27E			FY28E			
	Old	New	change %	Old	New	change %	Old	New	growth	change %
Total operating revenue	8,582	8,220	-4.2%	10,343	11,275	9.0%	12,367	13,539	20%	9.5%
EBITDA	2,291	2,129	-7.1%	2,751	2,943	7.0%	3,265	3,588	22%	9.9%
PAT	1,057	802	-24.1%	1,362	1,410	3.5%	1,710	1,853	31%	8.4%
EPS (INR)	33	25	-24.0%	42	44	3.4%	53	57	31.5%	8.4%

Source: JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	6,196	7,172	8,220	11,275	13,539
Sales Growth	27.2%	15.7%	14.6%	37.2%	20.1%
Other Operating Income	0	0	0	0	0
Total Revenue	6,196	7,172	8,220	11,275	13,539
Cost of Goods Sold/Op. Exp	1,410	1,693	1,989	2,706	3,249
Personnel Cost	1,115	1,368	1,537	2,097	2,505
Other Expenses	2,228	2,210	2,565	3,529	4,197
EBITDA	1,443	1,901	2,129	2,943	3,588
EBITDA Margin	23.3%	26.5%	25.9%	26.1%	26.5%
EBITDA Growth	18.0%	31.8%	12.0%	38.2%	21.9%
Depn. & Amort.	745	883	1,093	1,189	1,285
EBIT	697	1,018	1,036	1,754	2,303
Other Income	168	255	296	376	396
Finance Cost	165	247	262	249	227
PBT before Excep. & Forex	701	1,027	1,069	1,880	2,471
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	701	1,027	1,069	1,880	2,471
Taxes	132	251	267	470	618
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	569	776	802	1,410	1,853
Adjusted Net Profit	569	776	802	1,410	1,853
Net Margin	9.2%	10.8%	9.8%	12.5%	13.7%
Diluted Share Cap. (mn)	31.4	32.4	32.4	32.4	32.4
Diluted EPS (INR)	18.1	24.0	24.8	43.5	57.2
Diluted EPS Growth	-8.4%	32.3%	3.3%	75.8%	31.5%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	700	1,027	1,069	1,880	2,471
Depn. & Amort.	745	883	1,093	1,189	1,285
Net Interest Exp. / Inc. (-)	13	94	-34	-126	-169
Inc (-) / Dec in WCap.	-968	-934	126	-271	-596
Others	-59	3	0	0	0
Taxes Paid	-188	-199	-267	-470	-618
Operating Cash Flow	243	873	1,988	2,202	2,374
Capex	-1,939	-1,266	-3,750	-1,200	-1,200
Free Cash Flow	-1,695	-393	-1,762	1,002	1,174
Inc (-) / Dec in Investments	537	254	0	0	0
Others	113	328	296	376	396
Investing Cash Flow	-1,289	-684	-3,454	-824	-804
Inc / Dec (-) in Capital	232	0	0	0	0
Dividend + Tax thereon	-86	-81	0	0	0
Inc / Dec (-) in Loans	902	588	-250	-250	-250
Others	-206	-370	-262	-249	-227
Financing Cash Flow	842	138	-511	-499	-477
Inc / Dec (-) in Cash	-203	327	-1,978	879	1,092
Opening Cash Balance	227	23	38	-1,972	-1,128
Closing Cash Balance	1,752	997	-1,294	-447	610

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	8,098	8,828	9,630	11,039	12,893
Share Capital	161	161	162	162	162
Reserves & Surplus	7,937	8,666	9,468	10,878	12,731
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	1,598	2,035	1,785	1,535	1,285
Def. Tax Liab. / Assets (-)	148	193	193	193	193
Total - Equity & Liab.	9,844	11,056	11,607	12,767	14,371
Net Fixed Assets	6,570	6,733	9,390	9,401	9,316
Gross Fixed Assets	8,805	9,915	13,665	14,865	16,065
Intangible Assets	24	29	29	29	29
Less: Depn. & Amort.	2,358	3,241	4,334	5,524	6,809
Capital WIP	98	30	30	30	30
Investments	3	315	347	382	420
Current Assets	5,130	5,734	3,669	5,192	7,157
Inventories	358	295	338	463	556
Sundry Debtors	1,763	2,777	2,477	2,780	3,338
Cash & Bank Balances	1,752	684	-1,326	-482	572
Loans & Advances	0	0	0	0	0
Other Current Assets	1,257	1,977	2,180	2,431	2,690
Current Liab. & Prov.	1,859	1,727	1,799	2,207	2,522
Current Liabilities	1,047	1,208	1,274	1,677	1,985
Provisions & Others	812	519	524	531	537
Net Current Assets	3,271	4,007	1,871	2,985	4,635
Total - Assets	9,844	11,055	11,608	12,768	14,371

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	9.2%	10.8%	9.8%	12.5%	13.7%
Asset Turnover (x)	0.7	0.7	0.7	0.9	1.0
Leverage Factor (x)	1.2	1.3	1.3	1.2	1.2
RoE	7.3%	9.2%	8.7%	13.6%	15.5%

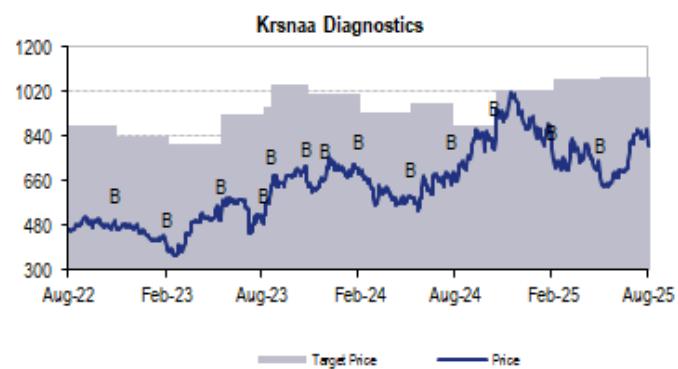
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	257.9	272.6	297.3	340.8	398.1
ROIC	9.0%	9.4%	7.9%	11.8%	15.1%
ROE	7.3%	9.2%	8.7%	13.6%	15.5%
Net Debt/Equity (x)	-0.1	0.0	0.2	0.1	-0.1
P/E (x)	44.4	33.6	32.5	18.5	14.1
P/B (x)	3.1	2.9	2.7	2.4	2.0
EV/EBITDA (x)	16.9	13.2	12.6	8.7	6.7
EV/Sales (x)	3.9	3.5	3.3	2.3	1.8
Debtor days	104	141	110	90	90
Inventory days	21	15	15	15	15
Creditor days	63	67	61	61	61

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
4-Jul-22	Buy	930	
7-Aug-22	Buy	885	-4.8
10-Nov-22	Buy	840	-5.1
15-Feb-23	Buy	810	-3.6
29-May-23	Buy	930	14.8
17-Aug-23	Buy	960	3.2
1-Sep-23	Buy	1,050	9.4
6-Nov-23	Buy	1,010	-3.8
11-Dec-23	Buy	1,010	0.0
13-Feb-24	Buy	935	-7.4
21-May-24	Buy	970	3.7
8-Aug-24	Buy	880	-9.3
28-Oct-24	Buy	1,026	16.6
14-Feb-25	Buy	1,070	4.3
14-May-25	Buy	1,074	0.4

Recommendation History



APPENDIX I

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