Krsnaa Diagnostics

6 February 2026

Revenue Growth subdued, but B2C gaining momentum

RESULT UPDATE	
Sector: Healthcare	**Rating: BUY**
CMP: Rs 701	**Target Price: Rs 1,056**

Stock Info

Sensex/Nifty	83,580/25,694
Bloomberg	KRSNAA IN
Equity shares	32.3mn
52-wk High/Low	Rs 898/628
Face value	Rs 5
M-Cap	Rs 22.9bn/ USD 0.2bn

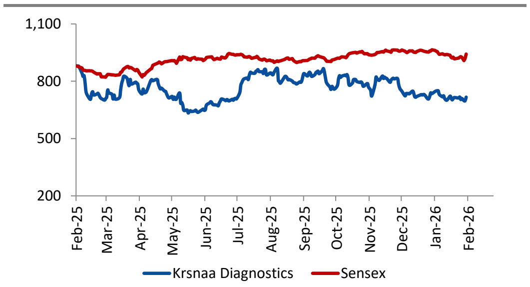
Financial Snapshot (Rs mn)

Y/E March	FY26E	FY27E	FY28E
Sales	8,035	10,044	12,053
Gross profit	6,174	7,633	9,124
Gross Margin %	76.8	76.0	75.7
EBITDA	2,157	2,662	3,218
Margin %	26.9	26.5	26.7
PAT	807	1,057	1,479
EPS	25.1	32.8	45.9
DPS(Rs)	-	-	-
ROCE(%)	11.5	12.8	15.3
P/E(x)	33.2	25.4	18.1
EV/EBITDA (x)	11.2	10.5	8.2

Shareholding pattern (%)

	Jun-25	Sep-25	Dec-25
Promoter	27.11	27.11	27.11
FII	3.40	3.66	4.17
DII	14.24	14.96	13.85
Others	55.25	54.27	54.86

Stock Performance (1-year)



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Krsnaa Diagnostics' (KRSNAA IN) Q3FY26 Revenue (Rs 1,812 mn; up 3.8% YoY) and Net Income (Rs 154 mn; down 20.7% YoY) were below our expectations owing to slowdown in execution at certain centers. The revenue contribution from South and East zone witnessed a material decline on a YoY basis. Owing to extended receivable collection cycle and significant capex needs (Rajasthan tender) the company took disciplined actions to improve working capital efficiency, which translated into a recovery of Rs. 1300mn in receivables during the quarter. The EBITDA margins were inline, despite the weakness in revenue growth. Contribution from retail business is trending favorably and touched 10% of group revenue during the quarter (8% in Q3FY26). Gross margins expanded 100bps QoQ, potentially led by higher retail contribution. With execution of Rajasthan tender expected to begin shortly, we should expect accelerated revenue growth going forward. We tweak our estimate and roll forward to FY28E. We retain buy with a revised price target of Rs. 1056 based on 23x FY28E EPS. We forecast 22.48 % Revenue / 22.13% EBITDA /35.37% PAT CAGR over FY26-28E.

Q3FY26 earnings highlights

Krsnaa Diagnostics reported Revenue at Rs 1,812 mn in 3QFY26, up 3.8% on a YoY basis and down 12% on a QoQ basis. EBITDA stood at Rs 465 mn in 3QFY26, up 3.2% on a YoY basis and down 21.4% on a QoQ basis. EBITDA margin for 3QFY26 was 25.7%, down 17 bps on a YoY basis and down 306 bps on a QoQ basis.PAT stood at Rs 154 mn in 3QFY26, down 20.7% on a YoY basis and down 35.7% on a QoQ basis.PAT margin for 3QFY26 was 8.5%, down 263 bps on a YoY basis and down 312 bps on a QoQ basis.

Q3FY26 earnings call highlights

- Q3 was typically seasonally weak and revenue was also hit by halting of operations due pending government dues.

Rajasthan Expansion:

- Rajasthan pathology project is in the final phase of execution, with most costs already incurred.
- Revenue contribution is expected to meaningfully pick up from FY'27, as centres stabilise.
- Pathology mix is expected to rise towards ~65% as Rajasthan scales up over the medium term.

Collections & Working Capital

- ₹130 cr of government receivables were collected during the period, with an additional ~₹100 cr improvement YoY.
- Improvement in collections has helped ease working capital stress.

Investors are advised to refer disclosures made at the end of the research report.

Radiology Business

- Consolidated business mix remains balanced at ~50% radiology and ~50% pathology.
- Radiology assets continue to have long useful life (MRI ~40 years; CT ~8–10 years).
- Maharashtra radiology PPP is under execution; revenue expected to start once approvals are in place, probably by next quarter.
- ~10 MRI installations are nearing completion.

Retail / B2C Expansion

- Retail revenues have scaled sharply, growing ~8x YoY from a low base.
- Retail now contributes ~10% of overall revenue, supported by a ~7% QoQ increase in touchpoints.
- B2B share has reduced to ~34% from ~90% earlier, indicating a gradual mix shift.

Hospital Foray (Apulki Healthcare)

- Entered hospital segment via PPP-based cancer and cardiac care model, marking a strategic expansion beyond diagnostics into integrated tertiary care.
- Expected to contribute ~200 Mn revenue after a mature level of 2-3 years.
- Pune hospital (150 beds) is operational; approvals in place for 4 additional hospitals (~600 beds).
- Long-term plan includes ~10 hospitals (~2,000+ beds) and 15+ PET-CT installations.

Order Book & PPP Strategy

- Rajasthan remains the largest project focus area.
- PPP bidding remains selective, prioritising scale and return visibility over aggressive expansion.

Exhibit 1: Quarterly Performance

Particulars (Rs mn)	3QFY25	2QFY26	3QFY26	YoY (%)	QoQ (%)	FY24	FY25	YoY (%)
Revenue from operations	**1,745**	**2,060**	**1,812**	***3.8***	***(12.0)***	**6,196**	**7,172**	***15.7***
Raw Material Costs	399	481	391	*(2.0)*	*(18.8)*	1,410	1,693	*20.0*
% of revenue	*22.9*	*23.4*	*21.6*	*(129) bps*	*(179) bps*	*22.8*	*23.6*	*84 bps*
Staff costs	359	354	362	*0.9*	*2.3*	1,115	1,368	*22.7*
% of revenue	*20.6*	*17.2*	*20.0*	*(57) bps*	*279 bps*	*18.0*	*19.1*	*108 bps*
Other expenses	537	633	594	*10.7*	*(6.1)*	2,229	2,210	*(0.8)*
% of revenue	*30.8*	*30.7*	*32.8*	*203 bps*	*206 bps*	*36.0*	*30.8*	*(515) bps*
EBITDA	**451**	**592**	**465**	***3.2***	***(21.4)***	**1,442**	**1,901**	***31.8***
EBITDA margin (%)	***25.8***	***28.7***	***25.7***	***(17) bps***	***(306) bps***	***23.3***	***26.5***	***323 bps***
Other income	92	42	38	*(58.9)*	*(8.9)*	168	255	*52.0*
Interest costs	61	82	78	*27.2*	*(4.8)*	165	247	*49.5*
Depreciation	227	236	227	*(0.0)*	*(3.8)*	745	883	*18.5*
Exceptional Items	0	0	0	*NA*	*NA*	0		*NA*
PBT	**255**	**316**	**198**	***(22.3)***	***(37.2)***	**700**	**1,027**	***46.7***
Tax	61	76	44	*(27.4)*	*(42.2)*	132	251	*90.4*
Tax rate (%)	*23.8*	*24.1*	*22.2*	*(157) bps*	*(191) bps*	*18.8*	*24.4*	*561 bps*
PAT	**194**	**239**	**154**	***(20.7)***	***(35.7)***	**568**	**776**	***36.5***
PAT Margin (%)	***11.1***	***11.6***	***8.5***	***(263) bps***	***(312) bps***	***9.2***	***10.8***	***165 bps***

Source: Company, Systematix Research

Exhibit 2: Margin Summary

Particulars (%)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Gross Margin	78%	74%	75%	76%	77%	78%	75%	77%	78%
EBITDA Margin	24%	26%	25%	27%	26%	28%	27%	29%	26%
EBIT Margin	10%	15%	12%	15%	13%	17%	15%	17%	13%
PAT Margin	8%	11%	11%	11%	11%	11%	11%	12%	8%

Source: Company, Systematix Research

Exhibit 3: Change in estimates

Particulars (Rs mn)	New estimates		Old estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Net sales	8,035	10,044	8,425	12,325	*(4.6)*	*(18.5)*
EBITDA	2,157	2,662	2,312	3,143	*(6.7)*	*(15.3)*
Margin (%)	27	27	27	25	*(15) bps*	*150 bps*
PAT	807	1,057	907	1,328	*(11.0)*	*(20.4)*
Margin (%)	*10.0*	*10.5*	*10.8*	*10.8*	*(76) bps*	*(28) bps*
EPS	25.1	32.8	28.2	41.2	*(11.1)*	*(20.3)*

Source: Company, Systematix Research

Exhibit 4: Actual vs Estimates

Particulars (Rs mn)	Actuals	Systematix	Var(%)	Cons.	Var(%)
Net sales	1,812	2,007	*(9.7)*	2,086	*(13.1)*
EBITDA	465	502	*(7.4)*	550	*(15.5)*
Margin (%)	*25.7*	*25.0*	*65 bps*	*26.4*	*(72) bps*
PAT	154	171	*(9.9)*	214	*(27.9)*
Margin (%)	*8.5*	*8.5*	*(2) bps*	*10.2*	*(174) bps*

Source: Company, Systematix Research

FINANCIALS

Profit & Loss Statement

YE: Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenues	**6,196**	**7,172**	**8,035**	**10,044**	**12,053**
YoY gr. (%)	27%	16%	12%	25%	20%
Cost of Goods Sold	1,410	1,693	1,860	2,411	2,929
Gross Profit	4,786	5,479	6,174	7,633	9,124
Margin (%)	77.2%	76.4%	76.8%	76.0%	75.7%
Employee Cost	1,115	1,368	1,518	1,808	2,170
Other Expenses	1,574	1,603	1,875	2,411	2,893
Fees to hospitals and others	655	607	624	753	844
EBITDA	**1,442**	**1,901**	**2,157**	**2,662**	**3,218**
YoY gr. (%)	17.9%	31.8%	13.5%	23.4%	20.9%
Margin (%)	23%	27%	27%	27%	27%
Depreciation & Amortization	745	883	926	1,118	1,178
EBIT	697	1,018	1,231	1,543	2,040
Margin (%)	11%	14%	15%	15%	17%
Net Interest	165	247	313	242	242
Other Income	168	255	157	108	174
Exceptional Items	-	-	-	-	-
Profit Before Tax	700	1,027	1,076	1,409	1,971
Margin (%)	11%	14%	13%	14%	16%
Total Tax	132	251	269	352	493
Effective tax rate (%)	19%	24%	25%	25%	25%
Minority Interest & Share of Loss from Associates	-	-	-	-	-
Profit after tax	568.4	776	807	1,057	1,479
EPS	17.7	24.1	25.1	32.8	45.9
YoY gr. (%)	-8%	37%	4%	31%	40%

Source: Company, Systematix Research

Balance Sheet

YE: Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	161	161	161	161	161
Reserves & Surplus (Ex OCI)	7,937	8,666	9,473	10,530	12,008
Net Worth	**8,098**	**8,828**	**9,635**	**10,691**	**12,170**
Short term debt	1,179	1,564	1,564	1,564	1,564
Long term debt	419	472	1,472	1,472	1,472
Trade payables	823	971	1,101	1,376	1,651
Other Provisions					
Other liabilities	1,200	982	982	982	982
Total Liabilities	**11,719**	**12,816**	**14,752**	**16,084**	**17,838**
Net block	6,472	6,704	9,274	8,906	29
CWIP	98	30	30	30	30
Other Non-current asset	934	1,622	1,622	1,622	1,622
Investments	3	315	315	315	315
Cash and Cash Equivalents	1,752	684	798	1,891	11,914
Debtors	1,763	2,777	1,981	2,477	2,972
Inventories	358	295	330	413	495
Other current asset	339	388	401	430	460
Total Assets	**11,719**	**12,816**	**14,752**	**16,084**	**17,838**

Source: Company, Systematix Research

Cash Flow

YE: Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT	700	1,027	1,076	1,409	1,971
Depreciation	745	883	926	1,118	1,178
Interest	13	94	54	-35	-56
Others	-59	3	-	-	-
Working capital	-968	-934	878	-332	-332
Direct tax	-188	-199	-269	-352	-493
Net cash from Op. activities	**243**	**873**	**2,664**	**1,807**	**2,268**
Net Capital expenditures	-1,930	-1,117	-3,496	-750	7,698
Others	641	121	259	278	299
Net Cash from Invt. activities	**-1,289**	**-996**	**-3,237**	**-472**	**7,997**
Issue of share cap. / premium	-	-	-	-	-
Debt changes	-55	130	1,000	-	-
Dividend paid	-86	-81	-	-	-
Others	983	-370	-313	-242	-242
Net cash from Fin. activities	**842**	**-321**	**687**	**-242**	**-242**
Net change in cash	**-204**	**-444**	**114**	**1,093**	**10,023**

Source: Company, Systematix Research

Ratios

YE: Mar	FY24	FY25	FY26E	FY27E	FY28E
Per Share(Rs)					
EPS	17.7	24.1	25.1	32.8	45.9
CEPS	41.8	52.8	55.2	69.3	84.6
BVPS	252.8	276.0	301.7	335.3	382.4
DPS	2.7	2.6	-	-	-
Return Ratio(%)					
RoCE	8%	11%	12%	13%	15%
RoE	7%	9%	9%	10%	13%
Balance Sheet					
Net Debt : Equity (x)	-0.0	0.2	0.2	0.1	-0.7
Net Working Capital (Days)	48.8	86.5	75.2	49.5	50.4
Valuation(x)					
PER	47.2	34.6	33.2	25.4	18.1
EV/EBITDA	12.8	12.7	11.2	10.5	8.2
EV/Sales	5.4	4.3	3.9	3.6	2.8
Receivables (days)	73.5	115.5	108.1	81.0	82.5
Inventory (days)	17.9	16.6	14.2	13.5	13.7
Payables (days)	42.5	45.7	47.1	45.0	45.8

Source: Company, Systematix Research

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