



TM

SYSTEMATIX INSTITUTIONAL EQUITIES

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Institutional Equities

Krsnaa Diagnostics

10 November 2025

RESULT UPDATE

Sector: Healthcare Rating: BUY

CMP: Rs 781 Target Price: Rs 949

Stock Info

Sensex/Nifty	83,535/25,574
Bloomberg	KRSNAA IN
Equity shares	32.3mn
52-wk High/Low	Rs 1,042/628
Face value	Rs 5
M-Cap	Rs 25.3bn/ USD 0.3bn

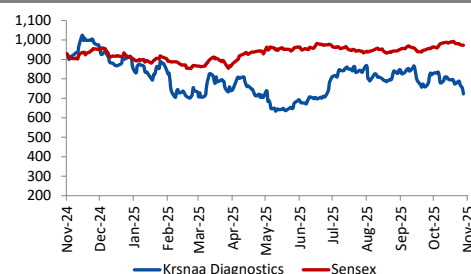
Financial Snapshot (Rs mn)

Y/E March	FY25	FY26E	FY27E
Sales	7,172	8,425	12,325
Gross profit	5,479	6,440	9,305
Gross Margin %	76.4	76.4	75.5
EBITDA	1,901	2,312	3,143
Margin %	26.5	27.4	25.5
PAT	776	907	1,328
EPS	24.1	28.2	41.2
DPS(Rs)	2.57	-	-
ROCE(%)	10.9	13.6	17.9
P/E(x)	34.6	29.6	20.2
EV/EBITDA (x)	18.5	14.8	12.6

Shareholding pattern (%)

	Mar-25	Jun-25	Sep-25
Promoter	27.24	27.11	27.11
FII	3.55	3.40	3.66
DII	14.26	14.24	14.96
Others	54.95	55.25	54.27

Stock Performance (1-year)



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Revenue Growth subdued, but B2C gaining momentum

Krsnaa Diagnostics' (KRSNAA IN) Q2FY26 Revenue (Rs 2,060 mn; up 11% YoY) and Net Income (Rs 239 mn; up 22% YoY) were below our expectations, while EBITDA (Rs 592 mn; up 20% YoY) was in line with our estimates. Revenue growth was subdued owing to older PPP contracts ending, muted volume mix and seasonal/regional disruptions, while the next leg of growth (Rajasthan tender and B2C ramp up) is yet to fully kick in. Retail (B2C) revenue ramped up well on a YoY basis contributing to 8% of overall revenues in 1HFY26. KRSNAA remains on track to end FY26 with a retail run-rate of ~Rs 250 mn/quarter and achieve breakeven by 4QFY26, laying the foundation for sustained margin expansion. Receivables during the quarter increased due to payment system transitions and regional disruptions, but collections have resumed and management expects DSO to normalize to ~100 days by FY26 end. KRSNAA's revenue expansion should meaningfully accelerate in FY27 led by incremental contribution from 32 new MRI/CT scan centres, commercialization of the Rajasthan tender (peak potential of Rs. 3,000mn) and continued growth in B2C revenue. We retain our forecasts and maintain BUY with a PT of Rs. 949 based on 23x FY27E EPS.

Q2FY26 earnings highlights

Krsnaa reported 2QFY26 revenue of Rs 2,060 mn, up 10.5% YoY and 6.7% QoQ. EBITDA stood at Rs 592 mn, up 19.7% YoY and 15.1% QoQ. EBITDA margin stood at 28.7%, up 221 bps YoY and 208 bps QoQ. PAT stood at Rs 239 mn, up 22.1% YoY and 16.7% QoQ. PAT margin stood at 11.6%, up 110 bps YoY and 99 Bps QoQ.

Q2FY26 earnings call highlights

Key Developments:

- The company continues to operate one of the largest radiology networks in India, now with 200+ CT/MRI centers deployed/under implementation, and conducts 10mn+ scans annually.
- Operational focus led to improvement in radiology utilization, faster installation & commissioning, lower downtime, and higher productivity per center.
- Receivables increased to ~150 days due to central government payment process transition and flood-related delays in Punjab & Himachal; however, collections have begun improving with Rs. 500+mn collected post-quarter. Target to bring DSO down to ~100 days by FY26-end.
- Company maintains zero bad debt history; temporary suspension of select centers only where required.
- Strong cost discipline, manpower planning, and technology automation driving operating leverage and sustained margin outlook.

Retail venture:

- Retail revenue grew ~60% QoQ and now contributes ~8% of 1HFY26 revenues (vs ~1% last year).

- Retail network expanded to 2,800+ touchpoints within a year via asset-light model (franchises/KRC/home collection) supplemented by select COCO centers.
- Focus markets include Maharashtra, Punjab, Assam, and Odisha, leveraging PPP hubs to boost logistics efficiency.
- Retail not yet breakeven; breakeven expected at ~Rs. 250 mn quarterly run-rate, targeted by 4QFY26.
- Medium-term retail revenue share expected at 8–10% in FY26 and 15–20% in FY27; long-term ambition 40–50% of total revenues.
- Company is building preventive/wellness offerings and tech-enabled patient pathways, and accelerating B2B2C partnerships (corporates, insurers, hospitals).

Rajasthan tender:

- Execution on track for India's largest PPP diagnostic project:
 - ✓ **10 labs** to go live in **Nov 2025**
 - ✓ **25 labs + 500+ collection centers** by **Dec 2025**
 - ✓ Remaining **152 labs + ~1,100 collection centers** by **Q4 FY26**.
- Revenue contribution expected **from 4QFY26, with full-year impact in FY27**.
- Project expected to meaningfully boost scale and accelerate nationwide retail presence alongside PPP rollout.

Maharashtra tender

- **~15 MRI centers** under implementation; **~10 MRI centers ready** and awaiting inauguration by authorities.

Capex

- FY26 capex (excluding Rajasthan) estimated at **Rs. 1,500–1,700 mn**, with **Rs. 800 mn incurred** so far.
- Capex funded through internal accruals and **deferred vendor financing** (20–25% upfront, balance as capital creditors).
- Rajasthan project capex to be funded via optimal mix of debt + internal cash; **no equity raise planned as of now**.

EBITDA

- EBITDA improved to **29%**, supported by scale, higher radiology utilization, and automation-driven efficiencies.
- Management expects to **sustain healthy margin levels** going forward.

Exhibit 1: Quarterly Performance

Particulars (Rs mn)	2QFY25	1QFY26	2QFY26	YoY (%)	QoQ (%)	FY24	FY25	YoY (%)
Revenues	1,863	1,930	2,060	10.5	6.7	6,196	7,172	15.7
Cost of Revenues	449	474	481	7.2	1.5	1,410	1,693	20.0
% of revenue	24.1	24.6	23.4	(73) bps	(120) bps	22.8	23.6	84 bps
Staff Costs	351	356	354	1.0	(0.5)	1,115	1,368	22.7
% of revenue	18.8	18.4	17.2	(163) bps	(124) bps	18.0	19.1	108 bps
Other expense	570	586	633	11.1	8.0	2,229	2,210	(0.8)
% of revenue	30.6	30.4	30.7	15 bps	36 bps	36.0	30.8	(515) bps
EBITDA	494	514	592	19.7	15.1	1,442	1,901	31.8
EBITDA margin (%)	26.5	26.6	28.7	221 bps	208 bps	23.3	26.5	323 bps
Other income	46	40	42	(9.2)	5.6	168	255	52.0
Interest costs	64	63	82	28.2	30.0	165	247	49.5
Depreciation	222	216	236	6.2	9.0	745	883	18.5
Profit before tax	0	0	0	NA	NA	0		NA
Tax rate	254	274	316	24.2	15.1	700	1,027	46.7
Tax rate(%)	58	69	76	31.1	10.3	132	251	90.4
Profit for the period	22.9	25.2	24.1	127 bps	(104) bps	18.8	24.4	561 bps
Profit Margin	196	205	239	22.1	16.7	568	776	36.5

Source: Company, Systematix Institutional Research

Exhibit 2: Margin Summary

Particulars (%)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Gross Margin	77%	78%	74%	75%	76%	77%	78%	75%	77%
EBITDA Margin	20%	24%	26%	25%	27%	26%	28%	27%	29%
EBIT Margin	8%	10%	15%	12%	15%	13%	17%	15%	17%
PAT Margin	7%	8%	11%	11%	11%	11%	11%	11%	12%

Source: Company, Systematix Institutional Research

Exhibit 3: Actual vs Estimates

Particulars (Rs mn)	Actuals	Systematix	Var(%)	Cons.	Var(%)
Net sales	2,060	2,236	(7.9)	2,106	(2.2)
EBITDA	592	593	(0.2)	561	5.4
Margin (%)	28.7	26.5	220 bps	26.6	208 bps
PAT	239	265	(9.7)	234	2.3
Margin (%)	11.6	11.9	(23) bps	11.1	51 bps

Source: Company, Systematix Institutional Research

FINANCIALS

Profit & Loss Statement

YE: Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Net Revenues	4,871	6,196	7,172	8,425	12,325
YoY gr. (%)	7%	27%	16%	17%	46%
Cost of Goods Sold	742	1,410	1,693	1,985	3,020
Gross Profit	4,129	4,786	5,479	6,440	9,305
Margin (%)	84.8%	77.2%	76.4%	76.4%	75.5%
Employee Cost	746	1,115	1,368	1,517	2,219
Other Expenses	2,161	2,229	2,210	2,612	3,944
EBITDA	1,223	1,442.5	1,901	2,312	3,143
YoY gr. (%)	-7.0%	17.9%	31.8%	21.6%	35.9%
Margin (%)	25%	23%	27%	27%	25%
Depreciation & Amortization	538	745	883	926	1,118
EBIT	685	697	1,018	1,386	2,025
Margin (%)	14%	11%	14%	16%	16%
Net Interest	77	165	247	263	263
Other Income	194	168	255	87	9
Exceptional Items	-	-	-	-	-
Profit Before Tax	802	700	1,027	1,210	1,771
Margin (%)	16%	11%	14%	14%	14%
Total Tax	181	132	251	302	443
Effective tax rate (%)	23%	19%	24%	25%	25%
Minority Interest & Share of Loss					
from Associates	-	-	-	-	-
Profit after tax	621	568.4	776	907	1,328
EPS	19	17.7	24.1	28.2	41.2
YoY gr. (%)	-16%	-8%	37%	17%	46%

Source: Company, Systematix Institutional Research

Cash Flow

YE: Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
PBT	802	700	1,027	1,210	1,771
Depreciation	538	745	883	926	1,118
Interest	-82	13	94	4	-15
Others	-8	-59	3	-	-
Working capital	-356	-968	-934	813	-645
Direct tax	-131	-188	-199	-302	-443
Net cash from Op. activities	763	243	873	2,650	1,787
Net Capital expenditures	-1,347	-1,930	-1,117	-3,496	-750
Others	258	641	121	259	278
Net Cash from Invt. activities	-1,089	-1,289	-996	-3,237	-472
Issue of share cap. / premium	-	-	-	-	-
Debt changes	-91	-55	130	-	-
Dividend paid	-78	-86	-81	-	-
Others	-162	983	-370	-263	-263
Net cash from Fin. activities	-331	842	-321	-263	-263
Net change in cash	-657	-204	-444	-850	1,051

Source: Company, Systematix Institutional Research

Balance Sheet

YE: Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	157	161	161	161	161
Reserves & Surplus (Ex OCI)	7,230	7,937	8,666	9,574	10,902
Net Worth	7,387	8,098	8,828	9,735	11,063
Short term debt	82	1,179	1,564	1,564	1,564
Long term debt	243	419	472	472	472
Trade payables	621	823	971	1,154	1,688
Other Provisions					
Other liabilities	766	1,200	982	982	982
Total Liabilities	9,099	11,719	12,816	13,906	15,768
Net block	4,707	6,472	6,704	9,274	8,906
CWIP	255	98	30	30	30
Other Non-current asset	1,877	934	1,622	1,622	1,622
Investments	3	3	315	315	315
Cash and Cash Equivalents	1,088	1,752	684	-166	885
Debtors	731	1,763	2,777	2,077	3,039
Inventories	251	358	295	346	507
Other current asset	188	339	388	407	464
Total Assets	9,099	11,719	12,816	13,906	15,768

Source: Company, Systematix Institutional Research

Ratios

YE: Mar	FY23	FY24	FY25	FY26E	FY27E
Per Share(Rs)					
EPS	19.3	17.7	24.1	28.2	41.2
CEPS	36.9	41.8	52.8	58.4	77.9
BVPS	230.3	252.8	276.0	304.9	347.2
DPS	2.4	2.7	2.6	-	-
Return Ratio(%)					
RoCE	9%	8%	11%	14%	18%
RoE	9%	7%	9%	10%	13%
Balance Sheet					
Net Debt : Equity (x)	-0.1	-0.0	0.2	0.2	0.1
Net Working Capital (Days)	9.7	48.8	86.5	73.0	46.3
Valuation(x)					
PER	43.2	47.2	34.6	29.6	20.2
EV/EBITDA	17.4	21.3	18.5	14.8	12.6
EV/Sales	5.0	5.4	4.3	3.9	3.4
Receivables (days)	49.1	73.5	115.5	105.2	75.8
Inventory (days)	12.8	17.9	16.6	13.9	12.6
Payables (days)	52.2	42.5	45.7	46.0	42.1

Source: Company, Systematix Institutional Research

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