

Krsnaa Diagnostics | BUY

Strong 2Q, Rajasthan contract to add incremental value

Krsnaa's 2Q revenue/EBITDA/PAT grew 11%/20% /22% YoY, which was In-line/+11%/+14% vs our estimates. The EBITDA margins came in at 28.7%, up 221bps YoY, and, beat our estimates by 228bps. Retail and Rajasthan wins are the key positive takeaways from the quarter. On the Retail front, revenue grew 11x YoY led by the B2C segment, thus bringing the company a step closer to realising its retail aspirations. The Rajasthan contract is all set to materialise with operationalization of the first 10 labs in November, followed by another 25 labs and 500 collection centres by December. 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. 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 value the company at 22x its Sep'27 EPS to arrive a TP of INR 1,072. Maintain Buy.

- **Rajasthan- Assets' operationalization from 3Q:** The Rajasthan project is progressing as planned. The company will operationalize 10 labs in November, followed by another 25 labs and 500 collection centres by December. The remaining 152 labs and 1,100 collection centres are targeted to be commissioned by Q4. There was no financial impact from the Rajasthan project in Q2, as both revenues and costs will start flowing in from Q3.
- **Retail business- To contribute 8-10% to revenues, breakeven by FY26 end:** The retail pathology business (RPL) is expected to scale meaningfully over the next few years. The company is targeting RPL to contribute 8–10% of overall revenues by the end of FY26 and 15–20% by FY27. Over the longer term, retail could account for 40% of total revenues in the next five years. Growth is being driven by AI-enabled processes and an improved value proposition, which is supporting a faster ramp-up. PPP facilities and operational synergies are expected to help accelerate retail expansion. Although opex remains elevated during the scale-up phase, costs are expected to trend lower as volumes build. The retail business is not yet breakeven, but management expects it to break even by the end of the year.
- **Receivable days- impacted by new policies:** Receivable days currently stand at about 150 days, and the company is working to bring this down to nearly 100 days. A change in central government guidelines has temporarily impacted collection timelines. Around INR500mn of receivables have already been cleared, and the remaining elevated levels are also expected to be recovered, supporting the company's track record of zero bad debts. Floods in Himachal and Punjab have affected both receivable recovery and operational performance in the impacted regions.
- **MH- Asset setup on track:** In Maharashtra, the MRI installations are progressing, with 10 units nearing completion and another 5 planned. In addition, several tenders are currently in the pipeline at different stages of evaluation and execution, supporting continued expansion visibility.
- **Revised CGHS rate- Benchmark for new tenders:** The recent CGHS pricing benefits provided to hospitals do not currently apply to Krsnaa's operations. For new tenders, the revised CGHS rates will be used as benchmarks, but existing tenders will continue to operate at the older contracted rates.



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,072
Upside/(Downside)	37.5%
Previous Price Target	1,127
Change	-4.9%

Key Data – KRSNAA IN

Current Market Price	INR779
Market cap (bn)	INR25.3/US\$0.3
Free Float	55%
Shares in issue (mn)	31.4
Diluted share (mn)	32.4
3-mon avg daily val (mn)	INR59.1/US\$0.7
52-week range	1,044/626
Sensex/Nifty	83,535/25,574
INR/US\$	88.7

Price Performance

%	1M	6M	12M
Absolute	-5.5	10.5	-17.0
Relative*	-6.7	5.1	-21.1

* To the BSE Sensex

Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	6,196	7,172	7,999	10,770	12,943
Sales Growth (%)	27.2	15.7	11.5	34.6	20.2
EBITDA	1,443	1,901	2,216	2,881	3,508
EBITDA Margin (%)	23.3	26.5	27.7	26.8	27.1
Adjusted Net Profit	569	776	901	1,363	1,793
Diluted EPS (INR)	18.1	24.0	27.8	42.1	55.4
Diluted EPS Growth (%)	-8.4	32.3	16.1	51.3	31.5
ROIC (%)	9.0	9.4	9.2	11.3	14.6
ROE (%)	7.3	9.2	9.7	13.1	15.0
P/E (x)	43.0	32.5	28.0	18.5	14.1
P/B (x)	3.0	2.9	2.6	2.3	2.0
EV/EBITDA (x)	16.4	12.8	11.7	8.6	6.6
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 10/Nov/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1. The stock is trading below its LTA



Source: Bloomberg, JM Financial

Exhibit 2. 2QFY26 review

Krsnaa - P&L (INR mn)	2QFY25A	2QFY26A	% YoY	2QFY26E	% Delta vs JMFe	1QFY26A	% QoQ
Total Revenue	1,863	2,060	11%	2,055	0%	1,930	7%
COGS	449	481	7%	500	-4%	474	2%
Gross Profit	1,414	1,578	12%	1,555	2%	1,456	8%
% of revenue	75.9%	76.6%	73 bps	75.7%	96 bps	75.4%	120 bps
Staff Cost	351	354	1%	370	-4%	356	0%
Other expenses	570	633	11%	650	-3%	586	8%
EBITDA	494	592	20%	535	11%	514	15%
EBITDA margin (%)	26.5%	28.7%	221 bps	26.0%	268 bps	26.6%	208 bps
Other Income	46	42	-9%	44	-5%	40	6%
Finance Cost	64	82		68		63	
Depreciation	222	236		230		216	
PBT	254	316	24%	281	12%	274	15%
Exceptional Items							
Tax	58	76		71		69	
Tax Rate (%)	22.9%	24.1%		25.3%		25.2%	
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)	196	239	22%	210	14%	205	17%

Krsnaa - Cost margins	2QFY25A	2QFY26A	% YoY	2QFY26A	% Delta vs JMFe	1QFY26A	% QoQ
COGS/sales	24.1%	23.4%	-73 bps	24.3%	-96 bps	24.6%	-120 bps
Staff cost/sales	18.8%	17.2%	-163 bps	18.0%	-82 bps	18.4%	-124 bps
Other expenditure/sales	30.6%	30.7%	15 bps	31.6%	-91 bps	30.4%	36 bps

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	6,196	7,172	7,999	10,770	12,943
Sales Growth	27.2%	15.7%	11.5%	34.6%	20.2%
Other Operating Income	0	0	0	0	0
Total Revenue	6,196	7,172	7,999	10,770	12,943
Cost of Goods Sold/Op. Exp	1,410	1,693	1,928	2,574	3,055
Personnel Cost	1,115	1,368	1,480	1,976	2,369
Other Expenses	2,228	2,210	2,376	3,339	4,012
EBITDA	1,443	1,901	2,216	2,881	3,508
EBITDA Margin	23.3%	26.5%	27.7%	26.8%	27.1%
EBITDA Growth	18.0%	31.8%	16.5%	30.0%	21.7%
Depn. & Amort.	745	883	998	1,189	1,285
EBIT	697	1,018	1,218	1,692	2,222
Other Income	168	255	246	376	396
Finance Cost	165	247	262	249	227
PBT before Excep. & Forex	701	1,027	1,202	1,818	2,391
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	701	1,027	1,202	1,818	2,391
Taxes	132	251	300	454	598
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	569	776	901	1,363	1,793
Adjusted Net Profit	569	776	901	1,363	1,793
Net Margin	9.2%	10.8%	11.3%	12.7%	13.9%
Diluted Share Cap. (mn)	31.4	32.4	32.4	32.4	32.4
Diluted EPS (INR)	18.1	24.0	27.8	42.1	55.4
Diluted EPS Growth	-8.4%	32.3%	16.1%	51.3%	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	1,202	1,818	2,391
Depn. & Amort.	745	883	998	1,189	1,285
Net Interest Exp. / Inc. (-)	13	94	16	-126	-169
Inc (-) / Dec in WCap.	-968	-934	178	-232	-580
Others	-59	3	0	0	0
Taxes Paid	-188	-199	-300	-454	-598
Operating Cash Flow	243	873	2,093	2,195	2,330
Capex	-1,939	-1,266	-3,750	-1,200	-1,200
Free Cash Flow	-1,695	-393	-1,657	995	1,130
Inc (-) / Dec in Investments	537	254	0	0	0
Others	113	328	246	376	396
Investing Cash Flow	-1,289	-684	-3,504	-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	-1,923	871	1,048
Opening Cash Balance	227	23	38	-1,916	-1,080
Closing Cash Balance	1,752	997	-1,239	-399	614

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	8,098	8,828	9,729	11,093	12,886
Share Capital	161	161	162	162	162
Reserves & Surplus	7,937	8,666	9,567	10,931	12,724
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	11,707	12,820	14,364
Net Fixed Assets	6,570	6,733	9,486	9,497	9,411
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	4,239	5,428	6,713
Capital WIP	98	30	30	30	30
Investments	3	315	347	382	420
Current Assets	5,130	5,734	3,646	5,088	6,981
Inventories	358	295	329	443	532
Sundry Debtors	1,763	2,777	2,411	2,656	3,191
Cash & Bank Balances	1,752	684	-1,270	-434	576
Loans & Advances	0	0	0	0	0
Other Current Assets	1,257	1,977	2,177	2,423	2,681
Current Liab. & Prov.	1,859	1,727	1,771	2,145	2,448
Current Liabilities	1,047	1,208	1,247	1,615	1,911
Provisions & Others	812	519	524	531	537
Net Current Assets	3,271	4,007	1,874	2,942	4,533
Total - Assets	9,844	11,055	11,707	12,821	14,364

Source: Company, JM Financial

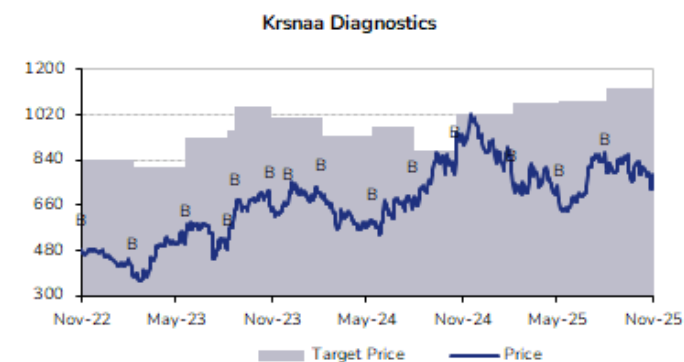
Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	9.2%	10.8%	11.3%	12.7%	13.9%
Asset Turnover (x)	0.7	0.7	0.7	0.9	0.9
Leverage Factor (x)	1.2	1.3	1.3	1.2	1.2
RoE	7.3%	9.2%	9.7%	13.1%	15.0%
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	257.9	272.6	300.4	342.5	397.8
ROIC	9.0%	9.4%	9.2%	11.3%	14.6%
ROE	7.3%	9.2%	9.7%	13.1%	15.0%
Net Debt/Equity (x)	-0.1	0.0	0.2	0.0	-0.1
P/E (x)	43.0	32.5	28.0	18.5	14.1
P/B (x)	3.0	2.9	2.6	2.3	2.0
EV/EBITDA (x)	16.4	12.8	11.7	8.6	6.6
EV/Sales (x)	3.8	3.4	3.2	2.3	1.8
Debtor days	104	141	110	90	90
Inventory days	21	15	15	15	15
Creditor days	63	67	62	61	62

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
12-Aug-25	Buy	1,127	4.9

Recommendation History



APPENDIX I

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Corporate Identity Number: U67100MH2017PLC296081

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return $\geq$ 15% over the next twelve months.
ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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