

Indian Diagnostic Industry

Competitive pressures to moderate revenue growth momentum for Indian diagnostic industry in FY2025

MARCH 2024



Highlights

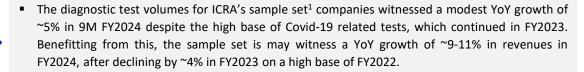




ICRA's sample set companies are expected to witness revenue growth of ~9-11% in FY2024 on the back of an increase in both volumes and realisations. The OPM is also expected to see a 100-130 bps improvement in FY2024 owing to price hikes and increase in scale of operations, resulting in operating leverage benefits.

Bundling opportunities in the higherend specialty tests, penetration into under-served markets and expected volume growth will drive earnings growth in FY2025.







ICRA expects YoY growth of 6-7% in test volumes for its sample set in FY2025 with increased focus on bundled wellness packages and expanding geographic presence in tier II, III cities amid increasing preferences towards organised diagnostic chains. Due to intense competition, resulting in muted realisation growth, the revenue growth is likely at 7-9% in FY2025.



In FY2024, the operating profit margin (OPM) of ICRA's sample set is expected to improve by 100-130 bps YoY to 26-28% supported by improved volumes, price hikes and more demand for bundled packages, which generate relatively higher margins. The OPM is expected to remain stable at 26-28% in FY2025 supported by healthy growth in revenues and certain cost optimisation measures, particularly digitisation.



• Investments in digital platforms to attract and retain patient footfalls via asset-light franchisee models, increasing home collection volumes and focus on specialised tests, which are expected to support business prospects for organised, players, going forward.



The credit profile of ICRA's sample set is expected to remain healthy with sizeable free cash balances, moderate debt-funded capital expenditure (capex) plans and minimal reliance on working capital borrowings.

¹ ICRA's sample set companies include five listed companies, namely, Dr Lal Pathlabs Limited, Krsnaa Diagnostics Limited, Metropolis Healthcare Limited, Thyrocare Technologies Limited and Vijaya Diagnostic Centre Limited



Name	Designation	Email	Contact Number
Shamsher Dewan	Group Head	shamsherd@icraindia.com	0124 – 4545 328
Kinjal Shah	Co-Group Head	kinjal.shah@icraindia.com	022 – 6114 3442
Mythri Macherla	Sector Head	mythri.macherla@icraindia.com	022 – 6114 3435
Nishant Misra	Senior Analyst	nishant.misra@icraindia.com	0124 - 4545 862

















ICRA Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Neha Agarwal	Head – Research Sales	neha.agarwal@icraindia.com	022-61693338
Rohit Gupta	Head Business Development - Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development - Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vipin Saboo	Head Business Development – Corporate Sector - West & East	vipin.saboo@icraindia.com	022-61693348
Shivam Bhatia	Head Business Development – Corporate Sector - North & South	shivam.bhatia@icraindia.com	0124-4545803
Naznin Prodhani	Head – Media & Communications	communications@icraindia.com	0124-4545860



















© Copyright, 2024 ICRA Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



Thank You!

