



Indian Diagnostic Industry

**Expansion in test volumes to support
11-13% revenue growth for ICRA's
sample set companies in FY2026**

APRIL 2025





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Structural drivers such as improving health awareness and preventive testing, higher insurance penetration, and increasing incidence of non-communicable diseases have contributed to robust footfalls for ICRA's sample set companies.

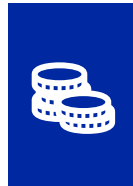
With some easing of price-led competition, most industry players have not taken price hikes in the current fiscal, impacting realisation growth to an extent.



- The diagnostic test volumes for ICRA's sample set¹ companies are expected to grow by 9-11% in FY2026 with continued focus on higher penetration in non-urban areas and increasing demand for bundled packages amid increasing preference towards organised diagnostic chains. With minimal growth in realisations, ICRA forecasts the revenue growth to be 11-13% in FY2026.



- ICRA's sample set companies witnessed a healthy YoY expansion of 15% in 9M FY2025 supported by higher footfalls (+8%) and 4.3% rise in number of tests per patient even as realisations were flat. Benefitting from this, the sample set companies may witness a YoY growth of 15-16% in revenues in FY2025, after increasing by 11.5% in FY2024.



- The operating profit margin (OPM) of ICRA's sample set companies is expected to contract slightly to 27-28% in FY2026 from an estimated 28-29% in FY2025 owing to the recent depreciation of INR against the USD, which will impact the cost of imported reagents by 0.2-0.5% and losses incurred at new centres until they ramp up to optimal utilisation levels. The 100-130 bps expansion in OPM in FY2025 is supported by robust volume growth and continued traction in margin-accretive bundled packages.



- Increasing investments in artificial intelligence (AI) and digital transformation to increase diagnostic accuracy, improve efficiencies and provide personalised services to patients are expected to support business prospects for organised, players, going forward.



- The credit profile of ICRA's sample set companies is anticipated 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, which comprise ~40% of the organised Indian diagnostic industry



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