ArihantCapital Generating Wealth

Q1FY27 Result Update
14th Aug 2026

Krsnaa Diagnostics Ltd.

Rajasthan ramps, retail scales, margins set to follow

CMP: INR 575

Rating: BUY

Target Price: INR 717

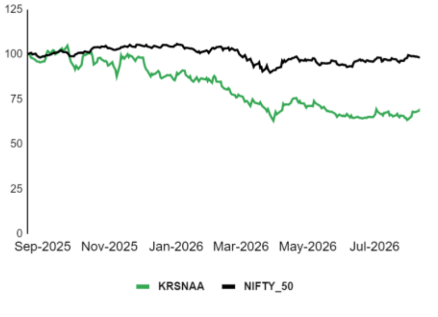
Stock Info	
BSE	543328
NSE	KRSNAA
Bloomberg	KRSNAA:IN
Sector	Healthcare
Face Value (INR)	5
Equity Capital (INR Mn)	435
Mkt Cap (INR Mn)	18,660
52w H/L (INR)	894/502
Avg Yearly Vol (in 000')	88

Shareholding Pattern %
(As on July 2026)

Promoters	27.11
Public & Others	72.89

Stock Performance (%)	1m	6m	12m
Krsnaa Diagnostics	4.78	-13.69	-30.63
Nifty	1.22	-5.13	-2.05

Krsnaa Diagnostics Vs Nifty



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Krsnaa Diagnostics delivered a strong start to FY27, with revenue growth accelerating to 22% YoY (INR 2,355 mn vs. INR 1,930 mn in Q1FY26), aided by the go-live of the Rajasthan pathology network and new MRI center commissioning, alongside continued retail scale-up. While consolidated margins remain under pressure from Rajasthan's upfront manpower and logistics build-out (~4,000 personnel onboarded), management guided to sequential margin recovery through the year as Rajasthan revenue doubles in Q2 and the retail arm (Krsnaa RPL) turns EBITDA-positive, positioning the company for a stronger, more profitable FY27 trajectory.

Rajasthan PPP Ramp-Up and Retail Scale-Up to Drive Growth Visibility and Margin Expansion: Krsnaa Diagnostics reported Q1FY27 revenue of INR 2,355 mn, up ~22% YoY, with like-to-like (existing/mature) business growing ~12% YoY — underscoring that growth is not solely reliant on new project wins but also on utilization of already-built infrastructure. The Rajasthan PPP project has transitioned from implementation to operational phase, with 31 mother labs, 62 hub labs and 1,228 collection centers live as of quarter-end; revenue booked was ~INR 260 mn in Q1, guided to double in Q2 and settle into a steady-state annual range of INR 1500–1750 mn as centers mature. Retail (Krsnaa RPL) continued its scale-up, growing 64% YoY to INR 193 mn and contributing ~8–9% of group revenue (vs. ~1% a year ago), with patient count up 75% YoY and test volumes up 47% YoY; FY27 retail contribution is targeted at 10–15% of group revenue. New wins during the quarter included the Himachal Pradesh CT project (expanding footprint from 12 to 34 centers on a predominantly cash-paying model with 10-year revenue visibility) and the Apulki Hospital, Pune exclusive diagnostic rights partnership spanning radiology, pathology, oncology and cardiology over a 30+ year platform.

Margin Trajectory and Working Capital to Drive Return Expansion: Profitability remained under near-term pressure as EBITDA (before CSR & ESOP) grew a modest 12% YoY to INR 588 mn, with margin contracting 221 bps YoY to 25.0%, while PAT fell 19% YoY to INR 166 mn (margin down 360 bps to 7.0%), impacted by sharply higher finance costs (INR 148 mn vs. INR 63 mn) tied to ongoing capex. Management characterized the margin drag as structural and transient — front-loaded fixed costs on new projects operating below peak utilization — rather than a sign of core pricing or competitive pressure, with like-to-like margins stable. The upfront cost of Rajasthan's manpower and logistics build-out was the primary driver of compression this quarter and has been largely absorbed within Q1. On receivables, collections are improving: Himachal Pradesh disbursements have started flowing post government fund allocation, and Karnataka recovery is expected by Q2FY27 aided by recent ministry-level engagement; all other state projects remain on track. Management guided to a return to double-digit EBITDA margins by year-end as Rajasthan utilization matures and RPL breaks even.

Outlook: Rajasthan PPP continues to exemplify Krsnaa's leadership in public-private partnerships, now transitioning from a cost center to a scalable revenue platform as utilization builds through FY27. The retail network, leveraging the PPP backbone for cost-efficient logistics and brand equity, remains on track toward EBITDA breakeven by Q2 and a larger share of group revenue by year-end. With radiology footprint expanding toward 200+ CT/MRI centers, pathology network scaling 6x YoY in reference labs, and receivable recoveries progressing across key states, **management remains guided toward double-digit EBITDA margins and steady-state Rajasthan revenue of INR 1,500–1,750 mn annually, reinforcing Krsnaa's positioning as a long-duration diagnostics infrastructure play with multiyear optionality across PPP, retail and integrated radiology-pathology services. We maintain our "BUY" rating, valuing FY28 EPS of INR 38 at 19x, arriving at a target price of INR 717.**

Financial Performance

Summary (INR Mn)	FY24	FY25	FY26	FY27E	FY28E
Net Sales	6,196	7,172	7,728	9,702	11,797
EBIDTA	1,442	1,901	2,119	2,620	3,244
Net Profit	568	776	1,015	932	1,219
Diluted EPS	17.60	24.03	31.43	28.85	37.74
P/E (x)	32.67	23.92	18.29	19.93	15.24
EV/EBIDTA (x)	12.79	9.65	9.33	7.55	5.84
P/BV (x)	2.29	2.10	1.91	1.73	1.55
ROE (%)	7.02	8.79	10.35	8.68	10.19
Debt/Equity (x)	0.05	0.05	0.48	0.43	0.38

Source: Arihant Research, Company Filings

Q1FY27 Financial Snapshot

Krsnaa Diagnostics-P&L (INR mn)	Q1FY27	Q1FY26	% YoY	Q4FY26	% QoQ
Total Revenue	**2,355**	**1,930**	**22.1%**	**1,926**	**22.3%**
COGS	502	474	5.8%	444	13.1%
Gross Profit	1,853	1,456	27.3%	1,482	25.0%
Gross Margin	78.7%	75.4%	327bps	77.0%	173bps
Staff Cost	361	356	1.4%	333	8.1%
Other expenses	913	586	55.8%	600	52.2%
EBITDA	**580**	**514**	**12.8%**	**549**	**5.7%**
EBITDA margin (%)	24.6%	26.6%	-202bps	28.5%	-388bps
Other Income	72	40	83.4%	315	-77.0%
Finance Cost	148	63	135.5%	121	22.8%
Depreciation	280	216	29.2%	226	23.8%
PBT	224	274	-18.2%	517	-56.6%
Exceptional Items					
Tax	59	69	-14.1%	100	-40.6%
Tax Rate (%)	26.4%	25.2%	5.0%	19.3%	36.9%
Minority Interest					
PAT (Reported)	**165**	**205**	**-19.5%**	**417**	**-60.4%**
PAT margin (%)	7.0%	10.6%	-362bps	21.7%	-1466bps
Diluted EPS (INR)	**2.38**	**2.96**	**-0.20**	**6.03**	**-0.60**

Source: Arihant Research, Company Filings

Q1 FY27 Financial Performance

krsnaa DIAGNOSTICS LET'S DO GOOD..

Particulars	Q1 FY27	Q1 FY26	Growth
Revenue	2,355	1,930	22%
EBIDTA	588	524	12%
EBIDTA Margin	25%	27%	(221 bps)
PAT	166	205	(19%)
PAT Margin	7%	11%	(360 bps)

Particulars	Q1 FY27	Q1 FY26	Growth
No. of Test Performed (Mn)	16.1	15.8	2%
No. of Patient Served (Mn)	5.1	5.0	2%
NABL Accreditation (Pathology lab)	54	54	-
NABH Accreditation (Radiology Centre)	66	31	113%

The moderation in margins is primarily a function of the upfront fixed cost base of Rajasthan laboratories, equipment, manpower and logistics being carried ahead of full utilisation.

Source: Arihant Research, Company Filings

Q1FY27 Concall Highlights

Outlook: Rajasthan PPP (Public-Private Partnership) revenue is guided at INR 1,000–1,500 mn for FY27 on a conservative basis (vs. the earlier stated aspiration of INR 2000–2500 mn which management still holds as an upside case). Management expects the quarterly run-rate to double in Q2 from the ~INR 260 mn booked in Q1, settling into a steady-state range of INR 1500–1750 mn as centers ramp. Krsnaa RPL (retail arm) is guided to turn EBITDA-positive by Q2 FY27, having narrowed its EBITDA drag meaningfully versus prior quarters. Consolidated margins are expected to improve sequentially through the year, with management guiding to a return to double-digit EBITDA margins by year-end as Rajasthan utilization matures and RPL breaks even. Retail revenue contribution to group revenue is targeted at 10–15% for FY27, up from ~8–9% in Q1. Himachal Pradesh receivables have started flowing post government fund allocation; Karnataka recovery is expected by Q2 FY27, aided by recent ministry-level management.

Revenue & Growth Drivers: Revenue from operations came in at INR 2355 mn in Q1 FY27 versus INR 1,930 mn in Q1 FY26, up 22% YoY. Management flagged that like-to-like (existing/mature) business grew approximately 12% YoY, underscoring that growth is not solely dependent on new project wins but also on utilization of already-built infrastructure. Volume growth was driven mainly by capacity additions - the Rajasthan pathology rollout and new MRI center commissioning in radiology - while value growth was driven by new retail footfalls and repeat-cycle patients. Number of tests performed rose modestly to 16.1 mn from 15.8 mn (+2% YoY), and patients served rose to 5.1 mn from 5.0 mn (+2% YoY) - management noted PPP volume ramp-up in underserved geographies does not track industry-wide volume trends on a like-for-like basis.

Rajasthan PPP Project - Execution Update: The project has moved from implementation phase to go-live/operational phase, with the network substantially operationalized across the state. As of quarter-end, Rajasthan had 31 mother labs, 62 hub labs, and 1,228 collection centers operational. Rajasthan revenue booked in Q1 was approximately INR 260 mn; management flagged this will scale as centers mature, doubling by Q2 and normalizing toward a steady-state annual range of INR 1500–1750 mn. The upfront cost of onboarding ~4,000 manpower in Rajasthan along with logistics build-out ahead of full revenue realization was the primary driver of margin compression this quarter; this cost has been largely absorbed within Q1.

New Project Wins & Strategic Partnerships: Krsnaa was awarded the Himachal Pradesh CT project, expanding its footprint from 12 to 34 CT centers statewide - the state where the company began its PPP journey ~12 years ago. The award is predominantly a cash-paying (non-government-funded) model, strengthening revenue visibility in HP for the next 10 years, extending the company's total presence in the state to ~25 years. Apulki Hospital, Pune has commenced operations under an exclusive diagnostic rights partnership spanning radiology and pathology, including oncology and cardiology super-specialty segments, providing a 30+ year revenue platform. Management indicated further PPP projects are in the pipeline and should materialize in coming quarters as an additional growth engine.

Retail Business (Krsnaa RPL) - The Second Growth EngineRetail revenue grew to INR 193 mn in Q1 FY27 from INR 118 mn in Q1 FY26, up 64% YoY, contributing approximately 9% of group revenue per CFO commentary. Retail patient count grew 75% YoY to 0.21 mn, and retail test volumes grew 47% YoY to 0.47 mn. Revenue per patient moderated slightly to INR 931 from INR 950, reflecting a deliberate affordability-first pricing strategy. Management reiterated that customer acquisition costs remain structurally lower than pure-play retail peers because the retail business piggybacks on existing labs, radiologists, pathologists, logistics and technology. Krsnaa RPL remained EBITDA-negative in Q1 due to ground-fleet deployment costs across five states, but the drag has narrowed substantially versus prior quarters; breakeven is guided for Q2 FY27. FY27 retail contribution to group revenue is targeted at 10–15%.

Radiology & Pathology Network Update: Radiology footprint stands at 200+ CT/MRI centers on order-book completion, with current Q1 FY27 counts of 149 CT (+4 YoY) and 42 MRI (+2 YoY), plus 1,516 teleradiology centers (+15 YoY) - positioning Krsnaa as one of Asia's largest radiology players, despite the Tamil Nadu MRI contract discontinuation. Of the 70-MRI-center pipeline order book, 8 MRI centers in Maharashtra were inaugurated and operationalized during the quarter; the balance is expected to go live by end of Q3 FY27. Pathology network scaled to 37 reference labs (up 6x YoY), 175 satellite labs (+54% YoY), and 8,400+ patient touch points (+143% YoY), driven by Rajasthan and strategic alliances. The radiology-to-pathology revenue mix shifted to roughly 41:59 this quarter, versus a historical ~48–50% radiology contribution - the shift reflects the outsized scale of the Rajasthan pathology ramp-up and the staggered, still-maturing utilization of newly operationalized MRI centers, rather than any underlying weakness in radiology, which management said continues to grow quarter-on-quarter on a like-to-like basis.

Quality & Accreditation: Krsnaa added 12 new NABH accreditations in Q1, taking cumulative accreditations across NABL, CAP and ACR to 124 per management commentary (slide data shows 66 NABH-accredited centers and 54 NABL-accredited labs, totaling 120, or 2.3x the nearest tracked peer). The company holds India's 1st ACR-accredited company status, India's 1st NABH-accredited teleradiology hub, and India's 1st CAP-accredited lab at a government facility.

Margins & Cost Structure: EBITDA (before CSR & ESOP) - INR 588 mn (+12% YoY); margin contracted 221 bps YoY to 25.0% (vs. 27.2% in Q1 FY26). PAT: INR 166 mn (-19% YoY); margin contracted 360 bps YoY to 7.0% (vs. 10.6% in Q1 FY26), heavily impacted by higher finance costs (INR 148 mn vs. INR 63 mn) from ongoing capex build-outs. Margin Compression Cause: Management emphasized the drag is structural- driven by front-loaded fixed costs (equipment, logistics, staffing) on new projects operating below peak utilization- rather than core pricing/competitive pressures. Core/like-to-like margins remain stable. Cost Drivers & Nomenclature: Fees to Hospitals & Others: Surged to INR 406 mn (17% of revenue) from INR 154 mn (8%) in Q1 FY26. Management clarified this primarily reflects revenue-sharing with local operating partners for Rajasthan/Manipur rollouts, not hospital fees. Employee Expenses: Controlled at 15% of revenue (vs. 18% YoY) due to late-Q1 Rajasthan onboarding (~4k headcount) and partner-driven manpower; future hiring will track revenue growth. Margin Outlook: Management expects margin drag to abate QoQ as Rajasthan revenues double in Q2 and RPL turns EBITDA-positive, targeting a return to double-digit PAT margins by year-end.

Receivables - HP, Karnataka, Maharashtra: Himachal Pradesh: State government has approved funds and disbursements have started flowing. Karnataka: Recovery is below expectation but progressing; assurances have been received from the state ministry, with collection expected by Q2 FY27, aided by a recent change in ministry leadership. Aside from HP, Karnataka and a portion of Maharashtra, all other state projects are reported to be on track on collections.

New Product Pipeline: Management flagged an upcoming first-of-its-kind India launch combining preventive diagnostics with financial protection, alongside continued investment in AI across consumer engagement, X-ray/CT-MRI reporting, and business analytics (automated image analysis, AI-assisted teleradiology reporting, digital pathology interpretation).

Source: Arihant Research, Company Filings

Q1FY27 Financials

Profit & Loss Statement (INR, Mn)	FY24	FY25	FY26	FY27E	FY28E
Revenues	**6,196**	**7,172**	**7,728**	**9,702**	**11,797**
% Growth	*27.2%*	*15.7%*	*7.8%*	*25.5%*	*21.6%*
Gross Profit	4,786	5,479	5,937	7,422	9,025
Gross Profit Margin %	*77.2%*	*76.4%*	*76.8%*	*76.5%*	*76.5%*
Employee Costs	1,115	1,368	1,405	1,795	2,123
Operating & Other Expenses	3,343	3,578	3,819	4,802	5,781
EBITDA	**1,442**	**1,901**	**2,119**	**2,620**	**3,244**
EBITDA Margin %	**23.3%**	**26.5%**	**27.4%**	**27.0%**	**27.5%**
Depreciation	745	883	905	1,138	1,258
Other Income	168	255	434	443	451
EBIT	**697**	**1,018**	**1,214**	**1,481**	**1,987**
Finance Cost	165	247	344	726	872
Exceptional Items	-	-	-	-	-
PBT	700	1,027	1,304	1,197	1,566
Income Tax	132	251	289	266	348
PAT	**568**	**776**	**1,015**	**932**	**1,219**
PAT Margin %	***9.2%***	***10.8%***	***13.1%***	***9.6%***	***10.3%***

Balance Sheet (INR, Mn)	FY24	FY25	FY26	FY27E	FY28E
ASSETS					
Inventories	358	295	267	335	407
Trade Receivables	1,763	2,777	2,955	3,695	4,493
Cash & Bank Balance	535	684	3,607	3,422	4,201
Other Current Assets	1,555	388	555	616	682
Plant, Property & Equipments	6,447	6,674	6,516	7,622	7,865
Other Non-Current Assets	1,060	1,997	4,337	3,297	2,777
Total Assets	**11,719**	**12,816**	**18,237**	**18,987**	**20,424**
EQUITY AND LIABILITIES					
Equity Share Capital	161	161	162	161	161
Other Equity	7,937	8,666	9,642	10,574	11,793
Net Worth	**8,098**	**8,828**	**9,804**	**10,736**	**11,954**
Borrowings	419	472	4,683	4,633	4,583
Other Non-Current Liabilities	388	463	998	998	998
Trade Payables	823	971	632	797	970
Other Current Liabilities	1,991	2,083	2,120	1,823	1,919
Total Equity & Liabilities	**11,719**	**12,816**	**18,237**	**18,987**	**20,424**

Source: Arihant Research, Company Filings

Cash Flow (INR, Mn)	FY24	FY25	FY26	FY27E	FY28E
PBT	700	1,027	1,304	**1,197**	**1,566**
Operating Profit before WC Change	**1,399**	**1,929**	**2,307**	**2,798**	**3,410**
Operating Profit after WC Changes	431	1,317	3,026	**2,094**	**2,649**
Tax Paid	(188)	(74)	(276)	**(266)**	**264**
Cash Flow from Operating Acctivitie	**243**	**1,243**	**2,750**	**1,828**	**2,913**
Cash Flow from Investing Activities	**(1,289)**	**(1,038)**	**(1,947)**	**(1,236)**	**(1,215)**
Cash Flow from Financing Activities	**842**	**(530)**	**2,120**	**(777)**	**(921)**
Net Change in Cash & Cash Equivale	(203)	(324)	2,923	(185)	778
Opening Cash & Cash Equivalents	227	24	(301)	2,622	2,437
Closing Cash & Cash Equivalents	**535**	**685**	**3,607**	**3,422**	**4,201**

Key Ratios	FY24	FY25	FY26	FY27E	FY28E
Per Share (INR)					
EPS	17.6	24.0	31.4	28.8	37.7
BVPS	250.8	273.4	301.7	332.5	370.2
Valuation (x)					
P/E	32.7	23.9	18.3	19.9	15.2
P/BV	2.3	2.1	1.9	1.7	1.6
EV/EBITDA	12.8	9.7	9.3	7.5	5.8
Return Ratios (%)					
Gross Margin	77.2%	76.4%	76.8%	76.5%	76.5%
EBITDA Margin	6.3%	18.4%	21.4%	21.4%	121.4%
PAT Margin	9.2%	10.8%	13.1%	9.6%	10.3%
NOPAT Margin	9.1%	10.7%	12.2%	11.9%	13.1%
ROE	7.0%	8.8%	10.4%	8.7%	10.2%
ROCE	6.7%	8.3%	7.0%	6.1%	7.4%
Leverage Ratio					
Total D/E	0.05	0.05	0.48	0.43	0.38
Turnover Ratios					
Asset Turnover	0.6	0.6	0.5	0.5	0.6
Receivable Days	104	141	140	139	139
Inventory Days	21	15	13	13	13
Payable Days	48	49	30	30	30

Source: Arihant Research, Company Filings

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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