

April 12, 2024

Krsnaa Diagnostics Limited: Update on Material Event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long-term – Fund-based – Term Loan	13.75	13.75	[ICRA]A (Stable)
Long-term – Fund-based – Cash Credit	35.00	35.00	[ICRA]A (Stable)
Short-term – Non-fund based – Bank Guarantee	135.40	135.40	[ICRA]A1
Total	184.15	184.15	

*Instrument details are provided in Annexure-1

Rationale

On July 29, 2022, the Income Tax (IT) Department conducted search proceedings at the corporate office and other premises of Krsnaa Diagnostics Limited (Krsnaa/the company). In continuation with the same, on April 1, 2024, the company issued a statement to the stock exchange, intimating that it has received assessment and demand orders for FY2022, resulting in a tax demand of Rs. 19.63 crore, including interest. ICRA understands that the company is in the process of appealing against the the aforementioned order before the relevant appellate/ judicial forums.

ICRA has noted the said developments, and the ratings remain unchanged at [ICRA]A (Stable)/[ICRA]A1. ICRA will continue to monitor the developments in this regard and possible impact on the credit risk profile of the company, if any, taking an appropriate rating action, as and when required. ICRA notes that the company's liquidity position continues to remain strong with cash and liquid investments of ~Rs. 225 crore as on September 30, 2023.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology – Diagnostic Service Providers
Parent/Group support	Not applicable
Consolidation/Standalone	ICRA has considered the consolidated financials of Krsnaa, along with its subsidiaries for arriving at the ratings.

About the company

Originally incorporated as 'Krsna Diagnostics Private Limited' in December 2010, the company was renamed as 'Krsnaa Diagnostics Private Limited' in 2015. Pursuant to a special resolution passed in the EGM held on April 25, 2021, the company was converted into the public limited company, 'Krsnaa Diagnostics Limited'.

Krsnaa is a differentiated diagnostic service provider in India. It provides a range of technology-enabled diagnostic services such as imaging (including radiology), pathology/clinical laboratory and tele-radiology services to public and private hospitals, medical colleges, and community health centres across India.

The company operates a teleradiology hub in Pune with a team of over 240 radiologists. This addresses the shortage of full-time doctors and staff in the diagnostic industry, and considerably increases the turnaround time for diagnostic test reports. In addition, it allows Krsnaa to serve patients in remote locations where diagnostic facilities are limited.

Key financial indicators (audited)

KDL Consolidated	FY2022	FY2023	H1 FY2024*	9M FY2024*
Operating income	455.5	487.1	295.0	453.4
PAT	68.4	62.1	25.1	38.1
OPBDIT/OI	28.9%	25.1%	21.4%	22.2%
PAT/OI	15.0%	12.8%	8.5%	8.4%
Total outside liabilities/Tangible net worth (times)	0.3	0.2	0.4	NA
Total debt/OPBDIT (times)	0.5	0.6	1.1	NA
Interest coverage (times)	7.1	15.9	12.6	11.0

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. Crore; NA: Not applicable

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2025)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Amount outstanding as of Sep 30, 2023 (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023		Date & rating in FY2022	
				Apr 12, 2024	Feb 29, 2024	Jan 02, 2023	Aug 10, 2022	Jan 14, 2022	
1 Fund Based Term loan	Long-term	13.75	13.75	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)	
2 Fund based - Cash credit	Short-term	-	-	-	-	[ICRA]A1	[ICRA]A1	[ICRA]A1	
3 Non-fund based – Bank Guarantee	Short-term	135.40	118.27	[ICRA]A1	[ICRA]A1	[ICRA]A1	[ICRA]A1	[ICRA]A1	
4 Fund based - Cash credit	Long-term	35.00	31.11	[ICRA]A (Stable)	[ICRA]A (Stable)	-	-	-	

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long Term - Fund-Based - Term Loan	Simple
Long Term - Fund based - Cash Credit	Simple
Short Term - Non-fund based - Bank Guarantee	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [Click Here](#)

Annexure-I: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Long Term - Fund-Based - Term Loan	Jan 2021	8.25%	FY2026	13.75	[ICRA]A (Stable)
NA	Long Term - Fund based - Cash Credit	NA	8.00%-8.35%	NA	35.00	[ICRA]A (Stable)
NA	Short Term - Non-fund based - Bank Guarantee	NA	NA	NA	135.40	[ICRA]A1

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure-II: List of entities considered for consolidated analysis

Company Name	KDL Ownership	Consolidation Approach
KDPL Diagnostics (Amritsar) Private Limited	99.99%	Full Consolidation
KDPL Diagnostics (Bathinda) Private Limited	99.99%	Full Consolidation
KDPL Diagnostics (Jalandhar) Private Limited	99.99%	Full Consolidation
KDPL Diagnostics (Ludhiana) Private Limited	99.99%	Full Consolidation
KDPL Diagnostics (Patiala) Private Limited	99.99%	Full Consolidation
KDPL Diagnostics (SAS Nagar) Private Limited	99.99%	Full Consolidation
Krsnaa Diagnostics (Mohali) Private Limited	99.99%	Full Consolidation

Source company annual report FY2023

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