

August 10, 2022

Krsnaa Diagnostics Limited: Update on Material Event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Term Loans	22.00	22.00	[ICRA]A (Stable)
Cash Credit	30.00	30.00	[ICRA]A1
Bank Guarantee	33.00	33.00	[ICRA]A1
Total	85.00	85.00	

*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). Further, on August 2, 2022, the company issued a statement to the stock exchange in response to a media article related to allegations on undisclosed income during the IT Department search. Krsnaa has denied the allegation and stated it is not backed by any regulatory documents. As per the management, further analysis is continuing, on which the company is cooperating with the IT Department.

ICRA understands from the management that there is no impact on the company's operations currently or its banking channels. 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, and take 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 303.8 crore as on June 30, 2022.

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

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology for Diagnostic Service Providers
Parent/Group Support	NA
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 Extraordinary General Meeting held on April 25, 2021, the company was converted into the public limited company, "Krsnaa Diagnostics Limited".

Krsnaa is a 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. Krsnaa provides quality diagnostic services at affordable rates with a focus on the Public-Private-Partnership model. Since its inception, the company has served more than 23 million patients.

The company operates a teleradiology hub in Pune, Maharashtra, with a team of more than 190 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 also allows Krsnaa to serve patients in remote locations where diagnostic facilities are limited.

Key financial indicators (audited)

Krsnaa	FY2020	FY2021	FY2022
Operating income (Rs. crore)	258.4	396.5	455.5
PAT (Rs. crore)	-112.0	184.9	68.4
OPBDIT/OI (%)	24.3%	23.8%	28.9%
PAT/OI (%)	-43.3%	46.6%	15.0%
Total outside liabilities/Tangible net worth (times)	0.8	1.6	0.3
Total debt/OPBDIT (times)	3.8	2.6	0.3
Interest coverage (times)	2.5	3.6	7.1

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; All ratios are as per ICRA calculations

Source: Company and ICRA Research

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2023)		Chronology of rating history for the past 3 years				
		Amount Rated (Rs. crore)	Amount outstanding as of Mar 31, 2022 (Rs. crore)	Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021	Date & Rating in FY2020	
				Aug 10, 2022	Jan 14, 2022	--	--	
1	Term Loans	Long Term	22.0	20.5	[ICRA]A (Stable)	[ICRA]A (Stable)	--	--
2	Cash Credit	Short Term	30.0	--	[ICRA]A1	[ICRA]A1	--	--
3	Bank Guarantee	Short Term	33.0	--	[ICRA]A1	[ICRA]A1	--	--

Complexity level of the rated instruments

Instrument	Complexity Indicator
Term Loans	Simple
Cash Credit	Simple
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 analysing 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 are available on ICRA's website: www.icra.in

Annexure I: Instrument details

ISIN No	Instrument Name	Date of Issuance	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loans	Jan 2021	7.75%	FY2027	22.00	[ICRA]A (Stable)
NA	Cash Credit	-	7.75%	-	30.00	[ICRA]A1
NA	Bank Guarantee	-	1.50%	-	33.00	[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	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 FY2022 auditors report

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