June 29, 2026

Krsnaa Diagnostics Limited: Ratings reaffirmed, rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term-Fund-based- Term loan	6.88	62.15	[ICRA]A (Stable); Reaffirmed/ Assigned for enhanced amount
Long-term-Fund-based- Cash credit	105.00	104.45	[ICRA]A (Stable); Reaffirmed
Short-term-Non-fund based- Bank guarantee	112.00	137.55	[ICRA]A1; Reaffirmed/ Assigned for enhanced amount
Total	**223.88**	**304.15**	

**Instrument details are provided in Annexure II*

Rationale

The reaffirmation of ratings considers Krsnaa Diagnostic Limited's (KDL) established market position in the public-private partnership (PPP) diagnostic services segment and extensive experience of the promoter in the healthcare industry. The ratings also factor in KDL's healthy bid-win ratio for Government tenders. Besides, long contract tenure of 3-12 years (including renewal clauses) and captive patient footfalls (from the partnered hospitals) ensure strong revenue visibility for the company. Further, ICRA notes that the company is expanding its geographical presence with new contract wins in states like Rajasthan, Jharkhand, Maharashtra and Odisha. The ratings also continue to consider KDL's strong financial risk profile, characterised by healthy operating profit margins and a comfortable liquidity position.

KDL's operating profit margins (OPM) improved to 27.4% in FY2026 from 26.5% in FY2025, supported by operating leverage benefits with the company registering an 8% revenue growth in FY2026. With some of the newly launched centres attaining operational stability through recent quarters, OPM has seen an improving trend over the past two fiscals. While the upfront fixed costs towards incremental employees against gradual ramp up in revenues from the ongoing Rajasthan project may result in some margin pressure for 1-2 quarters post commencement of the project, the company is expected to see a ramp up in the scale of operations, resulting in a gradual improvement in profitability, going forward.

The ratings also consider KDL's high debtor days with a major part of its debtors being receivables from various Government entities. KDL's receivable days stood at 140 as of March 31, 2026, and remained comparable with receivables position as on March 31, 2025, on account of delays in receiving payments from Government counterparties. The movement in working capital intensity will remain a key monitorable, going forward. The ratings also factor in the competition from regional and established players, however, KDL's established position in the PPP segment mitigates the competitive pressure to a certain extent. Any sizeable acquisitions by KDL and their impact, if any, on the company's credit profile will be evaluated on a case-by-case basis.

ICRA also takes note of the capital-intensive nature of KDL's operations with capex plans of over Rs. 350 crore per annum in FY2026-FY2027 towards commissioning the Rajasthan project as well as setting up new centres across other states. However, KDL is expected to partially fund the same through funds raised from non-convertible debentures (NCDs) and deferred credit from original equipment manufacturers (OEMs) over the near-to-medium term. Going forward, the company is likely to incur further capex to expand its footprint based on the receipt and successful execution of new contracts. This continues to cap the return on capital employed (RoCE; 13.4% in FY2026) for the company to a certain extent. Amid this, timely ramp-up of operations in the new centres will remain a key monitorable. Sizeable debt-funded capex (largely funded through NCDs from Asian Development Bank / ADB) and stretched receivables, resulting in higher requirement of working capital borrowings, led to a substantial rise in KDL's gross debt (including OEM financing) from Rs. 248.5 crore in March 2025 to Rs. 636.7 crore in

March 2026, which has had a bearing on KDL's debt metrics. The same is reflected by the gearing level which increased to 0.6 times in March 2026 from 0.3 times in March 2025, and TD/OPBITDA which increased to 3.0 times in March 2026 from 1.3 times in March 2025. While TD/OPBITDA as on March 31, 2026, remained higher than the negative rating trigger for the entity (and expected to remain higher through FY2027), a gradual improvement in the same is envisaged over the near to medium term, supported by steady expansion expected in OPBITDA post the rollout of Rajasthan project in the present fiscal (FY2027). Moreover, robust net worth position continues to extend support to KDL's capital structure.

The Stable outlook on the long-term rating reflects ICRA's expectation that the company will benefit from its strong market position in the PPP segment and its strong financial profile. The expanding network of diagnostics centres through addition of large-scale projects like Rajasthan is expected to support a healthy revenue growth momentum over the medium term, with focus on increasing the revenue share from retail business likely to support margin profile in the long run.

Key rating drivers and their description

Credit strengths

Established market position in PPP diagnostic segment and extensive experience of promoter – KDL's promoter has over 15 years of experience in the healthcare diagnostics industry. The company has an established market position in the PPP segment with over 6,614 diagnostic centres (4,762 pathology collection centres, 147 processing labs, 1,515 tele-reporting centres and 190 CT/MRI centres) across 18 states and Union Territories in India as of March 2026. KDL also has tie-ups with private hospitals. KDL's strong market position in the PPP segment with gradual addition of new centres are expected to support KDL's business prospects, going forward. ICRA also notes KDL's entry into the retail diagnostics space in FY2025, with the company deriving around 8% of its revenues in FY2026 from retail business, and expected to see a gradual increase in the revenue share from this business, going forward.

Expanding scale of operations in line with the growth initiatives undertaken by the company, operating profit margins remain healthy – KDL witnessed a moderate revenue growth of around 8% in FY2026, with the expanding network of diagnostic centres across India supporting the revenue growth momentum over the past 3-4 years. That said, deferment of a few projects into FY2027 due to operational issues faced by the Government counterparties restricted the revenue growth momentum to an extent in FY2026. KDL's OPM has been improving, from 23.3% (FY2024) to 26.5% (FY2025) and further to 27.4% (FY2026), aided by operating leverage benefits in line with the expanding scale of operations. The company is expected to maintain a steady revenue growth momentum over the near to medium term, supported by incremental revenues from newly launched projects, rollout of Rajasthan project in the present fiscal (FY2027), and increasing revenue share envisaged from the retail business.

Healthy bid-win ratio in the PPP segment; longer tenure contracts with annual price escalations – The company has contracts ranging between 3 and 12 years (including renewal clauses). Additionally, the PPP contracts have an embedded price escalation clause (mandating yearly price increases of 3-7%), which is expected to support the realisation levels, going forward. The company witnessed a healthy bid-win ratio through the past, and the same is expected to remain healthy, backed by its strong market position. Besides a captive customer base from hospitals, this ensures revenue visibility for the company in the medium term.

Diversification of geographical presence with newly awarded contracts – The company operates 6,614 diagnostic centres across 18 states and Union Territories in India (as of March 2026), with 42-44% of its revenues coming from northern India (which also includes North-East India) in FY2025 and FY2026. KDL's geographical diversification is expected to further improve, going forward, as new centres have been recently opened in Madhya Pradesh, Orissa, Punjab, Himachal Pradesh, Uttar Pradesh, Maharashtra, Tripura, Chandigarh and Delhi, and it has won new contracts in states like Rajasthan and Jharkhand.

Credit challenges

Capital intensive nature of operations with sizeable expansion plans; impact of ongoing capex on margins will be a key credit monitorable – The company's capital-intensive nature of operations and sizeable outlay towards establishing new centres over the last three years has had a bearing on the company's RoCE (12.1% in FY2025 and 13.4% in FY2026 compared to 17.5% in FY2022). Further, the company is expected to incur capex of over Rs. 350 crore in FY2027, mainly towards the upcoming Rajasthan project. Further, future capex would be based on new contract wins, backed by its established track record with a healthy bid-win ratio. Consequently, the ramp-up of operations in the new centres (including the Rajasthan project) will remain a key monitorable for improvement in RoCE levels. Although the ongoing capex is relatively high, ICRA draws comfort from the anticipated healthy accruals from the business over the medium term. OEM financing for procuring medical equipment for the new centres is also expected to spread out the cash outflow towards the said network expansion, providing some comfort to the liquidity profile.

High debtor collection cycle due to Government receivables – The company derives around 85% of its revenues (9M FY2026) from the PPP segment. As payment timelines of the Government receivables tend to be high, KDL's debtors holding period remained at 140 days as of March 31, 2026 (141 days as of March 31, 2025). Stretched receivables from two states, Himachal Pradesh and Karnataka have primarily resulted in such elongated receivables position in the recent past, although the active efforts undertaken by the company to receive funds from these states are expected to gradually improve the receivables position, going forward. The company's ability to contain its receivables position to further limit its dependence on working capital borrowings remains a key monitorable.

Leveraged capital structure due to sizeable debt-funded capex – With KDL opting to fund its capex outlay for the Rajasthan project through NCDs worth Rs. 430 crore, accompanied by a rise in the quantum of OEM financing as the company continued its expansion journey, KDL's capital structure has become leveraged, with the gross debt increasing sizeably, from Rs. 248.5 crore in March 2025, to Rs. 636.7 crore in March 2026. With this, TD/OPBITDA remained high, at 3.0 times as on March 31, 2026 (PY[1]: 1.3 times). Nevertheless, it is to be noted that the increase in leverage follows the company's expansion phase, with incremental revenue generation from the projects being undertaken expected to provide support to the business profile over the medium term. Moreover, competitive cost of funding and staggered repayment schedule for the NCD programme provides comfort to the liquidity profile to an extent.

Fragmented industry with competition from national and regional players – The diagnostics industry is highly fragmented with standalone centres, established regional and national players. In terms of the PPP segment, the company faces competition from regional as well as national players. However, given the established market position of the company with a robust track record and a healthy bid-win ratio, the competitive pressure is mitigated to a certain extent. Services offered at much lower rates vis-à-vis private peers also provide KDL with cost advantage to a large extent.

Environmental and Social Risks

Environmental considerations: The company does not face any major physical climate risk. However, it is exposed to environmental laws and regulations pertaining to handling, transportation and disposal of medical specimens, infectious and hazardous waste along with radioactive exposure during imaging procedures. Accordingly, KDL has a moderate exposure to environmental risk.

Social considerations: Exposure to social risks is moderate for KDL. Social risks include exposure to legal matters and meeting compliance requirements, given the importance of services being provided. Further, regulatory interventions such as price control measures, if any, could impact the earnings of the company and the broader industry.

Liquidity position: Adequate

KDL's liquidity profile is adequate, characterised by cash and liquid investments of around Rs. 360 crore and buffer in the form of undrawn working capital lines which stood at around Rs. 130 crore as of March 31, 2026. The average working capital utilisation remained moderate at around 74% over the past 12-month period ending in April 2026. KDL has sizeable debt repayment obligations of Rs. 60-100 crore per annum over the medium term, which are expected to be met by cash accruals. Going forward, ICRA believes that KDL's capex requirements will be met from its existing cash reserves and internal accruals,

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[1] Previous year

along with external borrowings and OEM financing. Healthy cash generation of Rs. 140-160 crore per annum over the near-to-medium term is expected to extend further support to the liquidity profile of KDL, going forward.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if the company is able to demonstrate a sustained improvement in profitability and the working capital cycle as it scales up its operations.

Negative factors – Pressure could arise from deterioration in revenue, margins, working capital intensity or increase in leverage position. Specific trigger for a rating downgrade could be Total Debt / OPBIDTA more than 2.3 times on a sustained basis.

Analytical approach

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

About the company

Originally incorporated as Krsna Diagnostics Private Limited in December 2010, KDL 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. KDL 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 tele-radiology 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 improves the turnaround time for diagnostic test reports. In addition, it allows KDL to serve patients in remote locations where diagnostic facilities are limited. The company has also ventured into the retail diagnostics space, wherein it offers diagnostic services directly to the end consumers.

Key financial indicators (audited)

KDL (Consolidated)	FY2025	FY2026
Operating income (OI)	717.2	772.8
PAT	77.6	101.5
OPBDIT/OI	26.5%	27.4%
PAT/OI	10.8%	13.1%
Total outside liabilities/Tangible net worth (times)	0.4	0.9
Total debt/OPBDIT (times)	1.3	3.0
Interest coverage (times)	7.7	6.2

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

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

	Current rating (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs crore)	Jun 29, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based-Cash credit	Long Term	104.45	[ICRA]A (Stable)	Apr 09, 2025	[ICRA]A (Stable)	Apr 12, 2024	[ICRA]A (Stable)	Feb 29, 2024	[ICRA]A (Stable)
Fund-based-Term loan	Long Term	62.15	[ICRA]A (Stable)	Apr 09, 2025	[ICRA]A (Stable)	Apr 12, 2024	[ICRA]A (Stable)	Feb 29, 2024	[ICRA]A (Stable)
Non-fund based-Bank guarantee	Short Term	137.55	[ICRA]A1	Apr 09, 2025	[ICRA]A1	Apr 12, 2024	[ICRA]A1	Feb 29, 2024	[ICRA]A1
Fund-based-Cash credit	Short Term	-	-	-	-	-	-	Feb 29, 2024	[ICRA]A1

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments fall under regulatory purview of various Financial Sector Regulators (FSRs) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ($)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

($) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under regulatory purview of various FSRs as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutal Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSR other than SEBI.

Complexity level of the rated instruments

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

Annexure II: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	**Term Loan 1**	Apr 2023	7.75%	May 2032	29.34	[ICRA]A (Stable)
NA	**Term Loan 2**	Apr 2023	7.75%	Dec 2030	18.50	[ICRA]A (Stable)
NA	**Term Loan 3**	Apr 2024	7.85%	Oct 2032	14.31	[ICRA]A (Stable)
NA	**Long Term - Fund based - Cash Credit**	NA	NA	NA	104.45	[ICRA]A (Stable)
NA	**Short Term - Non-fund based - Bank Guarantee**	NA	NA	NA	137.55	[ICRA]A1

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure III: List of entities considered for consolidated analysis

Company Name	KDL Ownership	Consolidation Approach
KDPL Diagnostics (Amritsar) Private Limited	100.00%	Full Consolidation
KDPL Diagnostics (Bathinda) Private Limited	100.00%	Full Consolidation
KDPL Diagnostics (Jalandhar) Private Limited	100.00%	Full Consolidation
KDPL Diagnostics (Ludhiana) Private Limited	100.00%	Full Consolidation
KDPL Diagnostics (Patiala) Private Limited	100.00%	Full Consolidation
KDPL Diagnostics (SAS Nagar) Private Limited	100.00%	Full Consolidation
Krsnaa Diagnostics (Mohali) Private Limited	100.00%	Full Consolidation
Krsnaa Retail Private Limited	100.00%	Full Consolidation

Source: *Company results FY2026*

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