



Krsnaa Diagnostics



IPO Analysis by



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IPO DETAILS

Issue Period	4-Aug-2021 to 6-Aug-2021
Issue Size	Initial Public offer of Rs. 400 Crore as fresh issue and and an offer for sale of 85,25,520 equity shares by by existing shareholder; 75% of the offer size has been reserved for qualified institutional buyers , 15% for non-institutional bidders , and 10% for retail investors .
Issue Size	Fresh Issue ~ Rs. 400 Crore Existing Shareholder ~ Rs. 813 Crore Total ~ Rs. 1,213 Crore
Price Range	Rs. 933 - 954

IPO Open Date	Aug 4, 2021
IPO Close Date	Aug 6, 2021
Basis of Allotment Date	Aug 11, 2021
Initiation of Refunds	Aug 12, 2021
Credit of Shares to Demat Account	Aug 13, 2021
IPO Listing Date	Aug 17, 2021

Object of the issue

Particulars

1. Krsnaa Diagnostics will utilise net proceeds from the fresh issue for establishing diagnostics centres in Punjab, Karnataka, Himachal Pradesh and Maharashtra, repayment of borrowings, and general corporate purposes.
2. The company will not receive funds from the offer for sale as the money will go to selling shareholders.

Retail Investor

Maximum and Minimum bidding

	Lots	Shares	Amount (Cut-off)
Minimum	1	15	₹ 14,310
Maximum	13	195	₹ 1,85,445

SHAREHOLDING PATTERN

No.	Name of the Shareholder	No. of Equity Shares held	Percentage of the pre-Offer Equity Share capital (%)
1.	Rajendra Mutha	8,029,920	29.53
2.	Phi Capital	6,368,040	23.42
3.	Somerset	4,454,284	16.38
4.	Kitara	4,454,284	16.38
5.	Krsna Diagnostics (Mumbai) Private Limited	567,756	2.09
6.	Techjivaa Software Private Limited	548,830	2.02
7.	Revathi Sanjay Pandhare jointly with Nimisha Sanjay Pandhare	360,224	1.32
8.	Anand Chhajed	300,236	1.10
9.	Sachin Dhoka	300,236	1.10
10.	Narayan Chighalikar	300,236	1.10
11.	Suvidh Bantia	300,236	1.10
12.	Pallavi Bhatevara	300,236	1.10
	Total	26,284,518	96.66

Source: RHP

- Promoter Rajendra Mutha holds a 29.53% stake in the company.
- Promoter and promoter group's shareholding currently stands at 31.62%.
- Among major investors, Phi Capital holds 23.42% stake
- Somerset holds 16.38% and
- Kitara 16.38% holds stake.

MANAGEMENT PROFILE



Pallavi Bhatevara

Pallavi is the MD of the company. With 8 yrs of experience in the field of diagnostic services, she looks after expansion and growth of the company



Yash Mutha

Yash is the Executive Director of the company. He is a Chartered Accountant with over 15+ years of experience working with the Big Four audit firms and industry. He has worked with Credit Suisse as well as other MNC companies.



Shivananda Rao K

Shivananda is the Chief Operating Officer of the company. He has overall experience of 23 years in healthcare and hospitality industry.

FINANCIAL HIGHLIGHTS

Krsnaa Diagnostics is the fastest growing diagnostic chain in India on multiple parameters including operating income, operating profit before depreciation, interest and tax (OPBDIT) and profit after tax.

It has demonstrated consistent growth in terms of revenues and adjusted EBITDA over the years. Its net revenue from operations increased at a CAGR of 37.65 percent during FY19-FY21.

In the last three fiscals, it has not incurred any write-offs and has not had any bad debts. It has consistently generated positive cash flows from operating activities.

The company has reported a profit of Rs 184.93 crore in FY21 against a loss of Rs 111.95 crore in FY20 and a loss of Rs 58.06 crore in FY19.

RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS

(in ₹ million, unless otherwise stated)

Particulars	For the Fiscal ended March 31, 2021	For the Fiscal ended March 31, 2020	For the Fiscal ended March 31, 2019
1. Income			
Revenue from Operations	3,964.56	2,584.27	2,092.35
Gain on fair value movement of compulsory convertible preference shares	2,527.84	-	-
Other Income	122.36	129.52	50.80
Total Income	6,614.76	2,713.79	2,143.15
2. Expenses			
Cost of material consumed	837.47	277.23	173.36
Employee benefits expense	295.86	231.34	183.04
Finance costs	259.40	246.64	195.69
Depreciation and Amortisation Expense	374.39	324.11	256.40
Fees to hospitals and others	1,082.02	755.32	623.24
Loss on fair value movement of compulsory convertible preference shares	-	1,770.31	955.19
Other Expenses	811.10	692.16	533.49
Total Expenses	3,660.24	4,297.11	2,920.41
3. Profit/(Loss) Before Tax (1)-(2)	2,954.52	(1,583.32)	(777.26)
4. Tax (Expenses)/ Benefits			
- Current Tax	76.47	21.87	39.22
- Deferred Tax	1,028.76	(485.68)	(235.91)
Total Tax (Expense)/ Benefits	1,105.23	(463.81)	(196.69)
5. Profit/(Loss) for the period / year (3)-(4)	1,849.29	(1,119.51)	(580.57)

Source: RHP | 10 Million = Rs 1 Crore

BUSINESS PROFILE

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

The company has an extensive network of integrated diagnostic centres across India primarily in non-metro and lower-tier cities and towns. As of June 2021, it operated 1,823 diagnostic centres offering radiology and pathology services in 13 states across India.

Since its inception, it has served more than 2.3 crore patients. As of June 2021, it had a team of 190 radiologists, 30 pathologists, eight microbiologists and more than 2,800 qualified professionals including clinicians, technicians and operators.

The company focuses on the public-private partnership (PPP) diagnostics segment and has the largest presence in the diagnostic PPP segment. As of June 2021, it has deployed 1,797 diagnostic centres pursuant to PPP agreements with public health agencies. In addition to the PPP segment, it has been growing collaboration with private healthcare providers to operate diagnostic centres within their facilities and has operated 26 such diagnostic centres.

STRENGTHS AND STRATEGIES OF THE COMPANY

STRENGTHS

Unique and scaled diagnostics company. Krsnaa brand is associated with providing quality and reliable healthcare services at affordable prices

Extensive footprint across India with a robust infrastructure. Operations across radiology and pathology provide it with diversified sources of revenue.

Scalable and agile business model with an efficient cost structure. Ability to maintain cost competitiveness through operating leverage.

Experienced promoters and management team supported by a strong employee base

STRATEGIES

Expand the network of diagnostic centres and services within India and in particular increase presence in geographies where it is currently present.

Enhance capabilities in specialized diagnostic services such as molecular diagnostics and genomics. Increase touchpoints and engagement with customers through various digital and technology initiatives.

Increase branding and marketing initiatives to promote the Krsnaa brand further. Continue to improve profitability and efficiency;

Augment growth by pursuing selective acquisitions and strategic alliances.

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