

Press Release

14 June, 2017

A One Diagnostic Centre

Rating Assigned

Total Bank Facilities Rated *	Rs. 5.65 Cr.
Long Term Rating	SMERA B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B**' (read as **SMERA B**) on the Rs. 5.65 crore bank facilities of A One Diagnostic Centre. The outlook is '**Stable**'.

A One Diagnostic Centre (ADC), a partnership firm plans to set up a medical diagnostic centre at Faridkot, Punjab. The firm is led by Dr. Ajmer Singh, Mr. Gurlal Singh, Dr. Harvinder Singh, Mr. Surjit Singh and Mr. Shaminder Singh. The commercial operations are expected to commence from FY2018.

Key Rating Drivers

Strengths

- **Experienced management**

ADC is supported by the extensive experience of the management in the healthcare industry.

Weaknesses

- **Lack of operating track record and exposure to project risk**

The rating is constrained by the lack of operating track-record of the firm. SMERA believes that ADC is exposed to both implementation and financing risk for the ongoing construction of the diagnostic centre. The bank facilities are yet to be sanctioned and any unfavourable terms of sanction can adversely impact its debt servicing abilities. Further, significant delays in commencement of commercial operations shall require refinancing efforts by the partners.

- **Competition from hospitals and other diagnostic centres**

ADC is expected to face competitive pressures from nearby hospitals and diagnostic centres. Currently, ADC is yet to enter into tie-ups with insurance companies and other hospitals. SMERA believes that ADC's ability to develop relationships with such organisations shall be critical in ensuring adequate offtake and sustainably grow its operating income.

Analytical Approach

SMERA has taken a standalone view of the rated entity.

Outlook: Stable

SMERA believes that ADC will maintain a 'Stable' outlook over the medium term on account of its experienced management. The outlook may revised to 'Positive' in case of higher than expected capacity utilisation coupled with improvement in gearing. Conversely, the outlook may be revised to 'Negative' in case of delays in completion of the project and/or lack of timely infusion of capital by partners.

About the Rated Entity - Key Financials

A One Diagnostic Centre (ADC), a partnership firm was established in 2016 by Dr. Ajmer Singh, Mr. Gurlal Singh, Dr. Harvinder Singh and others. The firm is setting up a diagnostic centre at Faridkot, Punjab.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Entities In Services Sector - <https://www.smera.in/criteria-services.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Proposed	Not Applicable	Not Applicable	Not Applicable	5.65	SMERA B/Stable

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ABOUT SMERA

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