

Press Release

A One Diagnostic Centre

May 10, 2018

Rating Downgraded



Total Bank Facilities Rated*	Rs. 5.65 Cr.
Long Term Rating	SMERA D (Downgrade from SMERA B/Stable)

* Refer Annexure for details

Rating Rationale

SMERA has downgraded long-term rating to '**SMERA D**' (**read as SMERA D**) on the Rs.5.65 crore bank facilities of A One Diagnostic Centre.

The downgrade is in view of delays in servicing the debt obligation on account of stretched liquidity position.

A One Diagnostic Centre (AODC), a partnership firm engaged in providing medical diagnostic services 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 have commenced from July, 2017.

Key Rating Drivers

Strengths

- **Experienced management**

AODC is promoted by Dr. Ajmer Singh, Mr. Gurlal Singh, Dr. Harvinder Singh, Mr. Surjit Singh and Mr. Shaminder Singh who have over two decades of experience in healthcare industry.

Weaknesses

- **Delays in repayment of term loan**

The rating reflects delays in servicing of debt obligations by AODC on account of stretched liquidity position.

- **Nascent stage of operations**

AODC was established in 2016 and commenced commercial operations in July, 2017. The firm registered operating income of Rs.1.32 crore in FY2018 (Provisional).

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

AODC is expected to face competitive pressures from nearby hospitals and diagnostic centres.

Analytical Approach:

SMERA has considered the standalone business and financial risk profiles of AODC to arrive at the rating.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	0.00	0.00	0.00
EBITDA	Rs. Cr.	0.00	0.00	0.00
PAT	Rs. Cr.	-0.06	0.00	0.00
EBITDA Margin	(%)	0.00	0.00	0.00
PAT Margin	(%)	0.00	0.00	0.00
ROCE	(%)	0.00	0.00	0.00
Total Debt/Tangible Net Worth	Times	1.97	0.00	0.00
PBDIT/Interest	Times	0.00	0.00	0.00
Total Debt/PBDIT	Times	0.00	0.00	0.00
Gross Current Assets (Days)	Days	0	0.00	0.00

Any other information:

SMERA is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

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

Note on complexity levels of the rated instrument:

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
14-Jun-2017	Proposed Long Term Loan	Long Term	5.65	SMERA B / Stable

*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	5.45	SMERA D
Overdraft	Not Applicable	Not Applicable	Not Applicable	0.20	SMERA D

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