

Press Release

MGS Infotech Research and Solutions Private Limited (MGSIRSPL)

December 31, 2019

Rating Assigned



Total Bank Facilities Rated*	Rs.35.00 Cr.
Long Term Rating	ACUITE B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuite has assigned the long-term rating of '**ACUITE B**' (read as **ACUITE B**) on the Rs. 35.00 crore bank facilities of MGS Infotech Research and Solutions Private Limited. The outlook is 'Stable'.

Faridabad based MGS Infotech Research and Solutions Private Limited was incorporated in 2004 promoted by Dr. Pankaj batra, Dr. Deepak Gandhi, Dr. Shalini Gandhi, Mr. Ramesh Kumar Batra and Mr. Chandan Batra. Company is engaged into running a hospital under the name of "Batra Hospital". The hospital is currently under construction and expected to commence its operation from October, 2020.

Analytical Approach

Acuite has considered the standalone business and financial risk profile of MGSIRSPL to arrive at the rating.

Key Rating Drivers

Strengths

• Experienced management

MGS Infotech Research and Solutions Private Limited was incorporated as a private company in 2004. It is promoted by Dr. Pankaj Batra, Dr. Deepak Gandhi, Dr. Shalini Gandhi, Mr. Ramesh Kumar Batra and Mr. Chandan Batra. Promoter Dr. Pankaj Batra, Dr. Deepak Gandhi and Dr. Shalini Gandhi have significant amount of experience in the medical industry.

The company is fall under the group, name as R.K.Batra Group which consist of 7 other companies headed by Mr. Ramesh Kumar Batra. The group is mainly into manufacturing, suppling, and trading of LPG cylinders and transport business.

Acuite believes that the extensive experience of the promoters in the healthcare industry is likely to benefit MGSIRSPL over the medium term.

Weaknesses

• Nascent stage of operations

The company is yet to commence its commercial operation and the same is expected to start from October, 2020. As on 31st march 2019, the amount of project completed was Rs.34.69 crore i.e. 45% of the cost of the project. The company's ability to scale up its business will remain a key rating sensitivity factor

• Competitive industry

The hospital faces intense competition from several players in the city from small players apart from large players. Also, continuous investment (both on working capital as well as medical equipment) will be required on an on-going basis for venturing into new specialty services, while maintaining the cash flows to service its loan obligations.

Rating Sensitivity Factor

- Timely completion of the project and commencement of operation within the estimated time.

Material Covenants

None

Liquidity position: Stretched

MGSIR SPL's liquidity is stretched considering the nascent stage of operation, significant requirement of funds to complete the construction of the proposed hospital facility and the absence of financial closure.

Outlook: Stable

Acuite believes that MGSIR SPL will maintain a 'Stable' outlook and benefit over the medium term from the experience of its promoters. The outlook may be revised to 'Positive' in case of the timely completion of the project. Conversely, the outlook may be revised to 'Negative' in case of sub-optimal utilization of the capacity or lower than expected revenue realization leading to pressure on its financial risk profile, particularly its liquidity.

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Entities in service sector - <https://www.acuite.in/view-rating-criteria-8.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.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. Crore)	Ratings/Outlook
Term loan	Not Applicable	Not Applicable	Not Applicable	35.00	ACUITE B/Stable (Assigned)

Contacts

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About Acuite Ratings & Research:

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