

Press Release

MGS Infotech Research and Solutions Private Limited (MGSIRSPL)

March 03, 2020



Rating Reaffirmed and assigned

Total Bank Facilities Rated*	Rs.45.00 Cr. (Enhanced from Rs.35.00 crore)
Long Term Rating	ACUITE B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has reaffirmed and assigned the long-term rating of '**ACUITE B**' (**read as ACUITE B**) on the Rs. 45.00 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

Acuité 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, supplying, and trading of LPG cylinders and transport business.

Acuité 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 10th January 2020, the amount of project completed was Rs.38.32 crore i.e. 48% 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

MGSIRSPL'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

Acuité believes that MGSIRSPL 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-52.htm>
- Entities in service sector - <https://www.acuite.in/view-rating-criteria-50.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

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

Rating History (Up to last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
31-Dec-2019	Term Loan	Long Term	35.00	ACUITE B/Stable (Assigned)

***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	31-10-2019	Not Applicable	31-03-2030	35.00	ACUITE B/Stable (Reaffirmed)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE B/Stable (Assigned)

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About Acuité Ratings & Research:

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