

Press Release

SPETZ Health and Wellbeing Private Limited

April 01, 2021



Rating Assigned

Total Bank Facilities Rated*	Rs. 3.50 cr.
Long Term Rating	ACUITE AA(CE)/Outlook: Stable (Assigned)

* Refer Annexure for details

Rating Rationale

Acuité has reaffirmed the long term rating of '**ACUITE AA**' (**read as ACUITE double A**) on the Rs. 3.50 crore bank facilities of SPETZ Health and Wellbeing Private Limited (SHPL). The outlook is '**Stable**'.

Acuité has assigned the rating based on the credit enhancement in the form of Standby Letter of Credit (SBLC) issued to Doha Bank, Mumbai to secure these facilities availed by SHPL. The facilities of Rs. 3.50 crore are fully secured by SBLC from Doha Bank, Qatar. Current SBLC is valid till 11th April, 2022.

About the company

SPETZ Health and Wellbeing Private Limited (SHPL) based of Gurgaon, Haryana incorporated in October 2018. The company is ISO 27001 certified. The company is engaged in running Mobile Healthcare Platform ~ Doctor 24x7. Doctor 24x7 is a Tele-consultation application to connect with licensed, experienced and qualified big city Doctors / Experts instantly, 24 hours, 7 days a week. It facilitates instant access to consult qualified well known doctors and experts over the call for medical advice and cure. The company is promoted by Traktion Solutions Private Limited, Zerone Technologies Private Limited (ZTPL) and Spotcheck Health and Wellness Services Private Limited, each holding 33.33 percent stake in the company.

About the Doha Bank

Doha Bank is a global commercial bank headquartered in Qatar. The branch offices are located at Dubai, Kuwait, Abu Dhabi, India with representative offices in Japan, China, Singapore, Hong Kong and other countries. For CY2020, the bank reported operating income of QAR 2,937.11 million and profit of QAR 703.02 million. Further, the total assets of the bank stood at QAR 1,03,540.27 million and total equity of QAR 13,795 million as on December 31, 2020.

Standalone (Unsupported) Rating

ACUITE B+

Analytical Approach

Acuité has considered credit enhancement in the form of SBLC from Doha Bank while arriving at the credit enhanced rating. Any change in the credit profile of the SBLC issuing bank will be a key rating sensitivity. Further, Acuité has considered the standalone business and financial risk profiles of SHPL to arrive at the unsupported rating.

Key Rating Drivers

Strengths

• Bank facilities secured by SBLC from Doha Bank

The bank facilities of SHPL comprise overdraft of Rs. 3.50 crore which are fully secured by an SBLC from Doha Bank Qatar. The SBLC from Doha Bank are valid till April 11, 2022 and covers more than 110 percent of bank facility rated. The SBLC are renewed on an annual basis. The rating assumes that these SBLCs will be renewed in a timely manner so as to cover the lending bank's exposure till the maturity of the facilities. Further, credit profile of SBLC issuing bank i.e. Doha Bank will be a key rating sensitivity.

- **Experience management, strong parentage and reputed clientele**

The company is promoted by Traktion Solutions Private Limited, Zerone Technologies Private Limited (ZTPL) and Spotcheck Health and Wellness Services Private Limited each holding 33.33 percent stake in the company. All the companies have strong presence in healthcare and informational technology products. ZTPL is a wholly-owned subsidiary of Qatar based Zerone Technology Security Service WLL, which is part of the Al Sulaiman Holdings. The Al Sulaiman Holdings group was established in 1986 in Qatar with interests in diversified industries including luxury retail, jewellery, tourism & hospitality, trading, manufacturing industrial services among others. The group has presence in several countries including UAE, Saudi Arabia, Bahrain, Jordan, India, Malaysia, Nigeria, Italy and USA.

Further, Al Sulaiman Holdings is promoted by Mr. Nasser Sulaiman Al Haider, Chairman and facilities of SHPL are also covered by personal guarantee of the promoter. The day-to-day operations are managed by Directors, Mr. Aloke Malik, Mr. Vasudevan Krishnamoorthy, Mr. Chetan Mathur, Mr. Rahul Mathur, Dr. Manoj Menon to name a few who possess extensive experience in the Healthcare, wellness and IT infrastructure industry. Mr. Vasudevan Krishnamoorthy is the group CEO for Al Sulaiman Holdings. The operations are well supported by second line of management. The company has been able to maintain healthy relationships with reputed clientele like PWC, ITC (Food Division), Tata Sky Broadband, Happiest mind Technologies, Make my trip, and Aditya Birla group to name few. Acuité believes that SHPL will continue to benefit from its experienced management and its established relationships with its reputed clientele.

Weaknesses

- **Nascent scale of operations**

SPETZ Health and Wellbeing Private Limited (SHPL) was incorporated and started its operations since October, 2018. The company has limited track record and Mobile Healthcare Platform ~ Doctor 24x7 is yet to penetrate in the market. Currently, the operating income of SHPL stood modest at Rs. 0.60 crore in FY2020 as against Rs.0.02 crore in FY2019. Further, the company has booked a revenue of Rs. 0.72 crore till February 2021. The EBITDA stood negative at Rs. 2.26 crores in FY2020 as against negative EBITDA of Rs.1.02 crores in FY2019. The net loss of company stood at Rs. 1.92 crore in FY2020 as against loss of Rs.0.80 crores in FY2019. The modest performance is marked by initial stage of operations and limited target audience as company only caters to corporates. Going forward, operations are expected to improve as requirement for tele medical consultancy due to pandemic has increased the demand. Further, the company is planning to start B2C services from April 2021, which will help company to achieve expected scale and margins going forward.

- **Exposed to intense competition**

The company is exposed to intense competition well established domestic and also global players in mobile based healthcare platform industry. SHPL, limited track record of operations resulting in moderate market penetration will lead to intense competition from the established and similar players like Practo, Medibrandox, Mfine and Doctor For Me. Acuité believes that though SHPL, with its diversified service and vertical mix along with deeper client mining will be able to register healthy revenue growth over the medium term. Though it will remain exposed to intense competition from its peers in the industry.

Liquidity position: Stretched

The company has stretched liquidity marked by negative net cash accruals due to initial stage of operations. There are no long term maturing debt obligations. The company generated negative cash accruals of Rs. 1.84 crore for FY2020 as against no long term debt obligations for FY2020. The company maintains unencumbered cash and bank balances of Rs. 0.03 crore as on March 31, 2020. The current ratio of SHPL stood low at 0.29 times as on March 31, 2020. The working capital facility remains fully utilised for last six month ending February 2021. The current working capital requirement is managed by overdraft facility of Doha bank and support by parent company in the form of unsecured loans.

Rating Sensitivities

- Any further deterioration in working capital management
- Credit profile of issuing banks for SBLC

Material Covenants

None

Outlook: Stable

Acuité believes that the outlook for the facilities of SHPL will remain 'Stable' over the medium term as the SBLC shall be rolled over from time to time to cover limits with Doha Bank (Mumbai) on a continuous basis. The outlook may be revised to 'Positive' in case of significant improvement in credit profiles of the guaranteeing bank and higher than expected performance of SHPL. Conversely, the outlook may be revised to 'Negative' in case of substantial decline in credit quality of Doha Bank or deterioration in overall business and financial risk profile of SHPL.

About the Rated Entity - Key Financials

	Unit	FY20 (Actual)	FY19 (Actual)
Operating Income	Rs. Cr.	0.60	0.02
PAT	Rs. Cr.	(1.92)	(0.80)
PAT Margin	(%)	(320.10)	(3,566.53)
Total Debt/Tangible Net Worth	Times	(0.99)	(1.15)
PBDIT/Interest	Times	(9.15)	(42.51)

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>
- Explicit Credit Enhancements - <https://www.acuite.in/view-rating-criteria-49.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.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
Overdraft	Not Applicable	Not Applicable	Not Applicable	3.50	ACUITE AA(CE)/Stable (Assigned)

Contacts

Analytical	Rating Desk
Aditya Gupta Vice President Tel: 022-49294041 aditya.gupta@acuite.in	Varsha Bist Senior Manager - Rating Desk Tel: 022-49294011 rating.desk@acuite.in
Rupesh Patel Senior Analyst - Rating Operations Tel: 022-49294044 rupesh.patel@acuite.in	

About Acuité Ratings & Research:

Acuité Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 8,383 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité, Acuité's rating scale and its definitions.