

Health & Glow Private Limited (Revised)

August 01, 2023

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	80.00	CARE BBB- (RWD)	Placed on 'Rating Watch with Developing Implications'

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Bright Star Investments Private Limited, through itself and its acquisition of Arko Enterprises Private Limited, has acquired full stake in Health and Glow Private Limited (HGPL) on July 11, 2023.

As per the company's management, the strategy for the business with the current shareholders are under discussion. In the meantime, rating has been placed under 'Rating watch with developing implications' and will be resolved once the strategy and guidance for the company by the new shareholders are ready.

The rating continues to positively factor in the well-established presence and brand recognition of 'Health & Glow'(H&G) outlets with a diversified product portfolio in the healthcare and beauty segment and its asset-light business model. The business has been gradually recovering after it was impacted during FY21 and FY22 amid COVID-19.

These rating strengths are partially offset by the continued net losses as a result of the continuation of losses from e-commerce division and costs associated with the opening of new stores and write-offs of fixed assets on the closure of stores. The rating also continues to factor in the intense competition from organised and unorganised players as well as the e-commerce segment and the modest net worth base of the company.

The detailed press release on HGPL is available here: [click here](#)

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Continued support from the promoters for liquidity and to maintain total debt (TD; including lease liabilities)/profit before depreciation, interest, and taxes (PBDIT) less than 2.5x.

Negative factors

- Lack of continued financial support from the promoter in case of liquidity mismatch and aggressive debt-funded capex resulting in a deterioration of the overall liquidity profile.

Analytical approach: Standalone

Outlook: Not applicable

Liquidity: Adequate

The company derived financial flexibility from being part of the strong promoter group who had been infusing funds in the past. The continuation of the same from the existing shareholders will be critical for the company's prospects considering the company may continue to incur losses in the near term.

Applicable criteria

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Criteria on Assigning 'Outlook' or 'Rating Watch' to credit ratings](#)

[Retail](#)

[Policy on Withdrawal of Ratings](#)

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Consumer Services	Retailing	Speciality Retail

HGPL operates 172 'Health & Glow' stores (March 2022: 162 stores) under the healthcare and beauty-care segment with a total retail space of 1.55 lakh sq ft across India as on September 30, 2022. As on July 11, 2023, Bright Star Investments Private Limited, an investment arm of Radhakishan Damani, acquired 100% shareholding in the company.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	210.75	351.38
PBILDT	0.90	23.75
PAT	-51.00	-38.88
Overall gearing (times)	NM	NM
Interest coverage (times)	0.05	1.04

A: Audited UA: Unaudited; NM: Not Meaningful. Note: The above results are the latest financial results available.

Status of non-cooperation with previous CRA: None

Any other information: Not applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of the various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	March 2025	15.00	CARE BBB-(RWD)
Fund-based - LT-Working Capital Limits	-	-	-	-	65.00	CARE BBB-(RWD)

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Working Capital Limits	LT	65.00	CARE BBB-(RWD)	-	1)CARE BBB-; Stable (21-Nov-22)	1)CARE BBB-; Negative (03-Jan-22)	1)CARE BBB-; Negative (07-Jan-21) 2)CARE BBB-; Negative (19-May-20)
2	Fund-based - LT-Term Loan	LT	15.00	CARE BBB-(RWD)	-	1)CARE BBB-; Stable (21-Nov-22)	-	-

*Long term/Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not applicable**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT-Working Capital Limits	Simple

Annexure-5: Lender detailsTo view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

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About us:

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