

October 28, 2024

VLCC Health Care Limited: Update on material event

Summary of ratings outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long-term-Fund-based/ Term Loan	126.10	126.10	[ICRA]BBB+ (Stable)
Short-term-Fund-based/ Non fund Based	59.50	59.50	[ICRA]A2
Long-term- Unallocated	0.40	0.40	[ICRA]BBB+ (Stable)
Total	186.00	186.00	

*Instrument details are provided in Annexure-1

Rationale

Material Event

VLCC Health Care Limited (VLHC) has shared its FY2024 consolidated audited financials on October 17, 2023. In FY2024, VLHC reported an operating income of Rs. 965.6 crore with an operating profit margin (OPM) of 13.9%, as against 23.0% in FY2023.

Impact of Material Event

ICRA has noted the weakening in the group's OPM during FY2024 against provisional estimates as well as FY2023. This led to moderation in the debt metrics of the company. ICRA has been engaging with the company to understand the reasons for the same as well as the outlook for the company. ICRA will continue to monitor the developments and assess the company's credit profile once clarity emerges on the same.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of VLCC Health Care Limited. As on March 31, 2024, the company had two subsidiaries, which are all enlisted in Annexure-2

About the company

Incorporated in October 1996, VLCC Health Care Limited (VLHC) provides beauty, slimming, fitness and health services across domestic and international geographies and sells beauty/personal care products.

VLCC's operations, at a group level, can be broadly divided into three categories, namely wellness (slimming and beauty), education and personal care products (product-sales). While the domestic wellness and education (vocational training courses) businesses are housed under VLCC HC, the international wellness operations are under VLHC's subsidiary, VLCC International Inc. (VLCC International). The personal care products business (manufacturing and sales) is mainly carried out under another

subsidiary, VLCC Personal Care Limited. VLCC International, in turn, operates through ~25 subsidiaries and step-down subsidiaries as on March 31, 2024.

In June 2023, VLHC acquired men's grooming brand, Ustraa, from 'Happily Unmarried Private Limited' (HUMPL) for a total consideration of Rs.192 crore to venture into men's grooming vertical.

Key financial indicators (audited)

Consolidated	FY2023	FY2024
Operating income	807.2	965.6
PAT	-60.3	-40.6
OPBDIT/OI	23.7%	13.9%
PAT/OI	-7.5%	-4.2%
Total outside liabilities/Tangible net worth (times)	1.3	1.6
Total debt/OPBDIT (times)	1.2	3.2
Interest coverage (times)	3.8	2.2

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2025)				Chronology of rating history for the past 3 years							
				FY2025		FY2024		FY2023		FY2022	
Instrument	Type	Amount Rated (Rs Crore)	Oct 28, 2024	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based-Term Loan	Long Term	126.10	[ICRA]BBB+ (Stable)	23-Jul-24	[ICRA]BBB+ (Stable)	-	-	09-Feb-23	[ICRA]BBB+ (Stable)	30-Nov-21	[ICRA]BBB- (Stable)
				31-May-24	[ICRA]BBB+ (Stable)						
Fund Based/Non-fund Based	Short Term	59.50	[ICRA]A2	23-Jul-24	[ICRA]A2	-	-	09-Feb-23	[ICRA]A2	30-Nov-21	[ICRA]A3
				31-May-24	[ICRA]A2						
Unallocated	Long Term	0.40	[ICRA]BBB+ (Stable)	23-Jul-24	[ICRA]BBB+ (Stable)	-	-	09-Feb-23	[ICRA]BBB+ (Stable)	30-Nov-21	[ICRA]BBB- (Stable)
				31-May-24	[ICRA]BBB+ (Stable)						

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term-Fund based/Term Loan	Simple
Short-term-Fund based/Non-fund Based	Simple
Unallocated Limits	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [Click Here](#)

Annexure-I: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Term loan	22-02-2024	NA	22-03-2031	126.10	[ICRA]BBB+ (Stable)
NA	Fund-based/Non-fund Based	-	NA	-	59.50	[ICRA]A2
NA	Unallocated Limits	-	NA	-	0.40	[ICRA]BBB+ (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure-II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
VLCC Health Care Limited	Holding company	Full consolidation
VLCC Personal Care Limited	100%	Full consolidation
VLCC International Inc.	100%	Full consolidation

Source: Company

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