



## Rating Rationale

Talwalkars Better Value Fitness Ltd

2Aug 2019

**Brickwork Ratings downgrades the ratings of Bank Loan Facilities of ₹. 83.90 Crores of Talwalkars Better Value Fitness Ltd to BWR D on account of default in payment of interest on bank loans of the company and downgrades the NCD rating amounting to ₹.105.00 to BWR C on account of default on Bank Loan.**

## BLR Particulars

Facility	Previous Amount(Rs.)	Current Amount(Rs.)	Tenure	Previous Rating	Present Rating*
<b>Fund Based</b>					
Term Loan	85.09	83.90	Long Term	BWR A+ (Pronounced as BWR Single A Plus ) (Stable)	BWR D Downgraded
Total Limits	85.09	83.90	INR Eighty Three Crores and Ninety Lakhs		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

## NCD Particulars

Instrument	ISIN Particulars	Issue Date	Maturity Date	Coupon	Previous Amount (₹ Crs)	Present Amount (₹ Crs)	Previous Rating	Present Rating*
NCDs	INE502K07138	04/10/18	04/10/25	9.50%	25.00	25.00	BWR A+ (Pronounced as BWR Single A Plus ) (Stable)	BWR C Downgraded
NCDs	INE502K07096	08/07/16	08/07/21	9.85%	30.00	30.00	BWR A+ (Pronounced as BWR Single A Plus ) (Stable)	BWR C Downgraded
NCDs	INE502K07120	25/10/17	25/10/24	9.50%	50.00	50.00	BWR A+ (Pronounced as BWR Single A Plus ) (Stable)	BWR C Downgraded
				Total	105.00	105.00	INR One Hundred and Five Crores Only	



The revision in rating of NCD is owing to the company defaulting on the Bank Loan which are downgraded to BWR D and thereby increasing the possibility of default on NCDs.

### **Rating Downgrade**

The revision in rating of Talwalkars Better Value Fitness Ltd (TBVFL) follows recent default by the company in servicing of its interest payment on bank term loans as on 31st July 2019 as notified by the company to the Bombay Stock Exchange on 01st August 2019. The rating also factors reduced financial flexibility on account of significant reduction in market capitalisation.

### **Description of Key Rating Drivers**

#### ***Delay in Servicing of Debt Obligations by the company:***

There is deterioration in the liquidity profile of the company as envisaged by the recent default on payment of its interest obligations on bank term loans on 31st July 2019 as notified by the company on the Bombay Stock Exchange on 01 August 2019.

#### ***Significant Reduction in Market Capitalization***

The market capitalization of the company is reduced from approximately Rs172.70 crores On 24th June 2019 to Rs.53.17 crores on 01st August 2019 severely affecting the financial flexibility of the company resulting in potential impairment in the ability of promoters to infuse capital with majority of its promoter's shares pledged.

### **About the Company**

TBVFL was co-promoted in 2003 by the Talwalkar family and the Gawande family. Talwalkar Better Value Fitness Limited (TBVFL) was running fitness centres under Talwalkar Brand. The history of the brand "Talwalkar" can be traced back to 1932 when the first gym was set up by the late Mr. Vishnu Talwalkar in Mumbai. Subsequently, TBVFL was demerged into two companies Talwalkar Better Value Fitness Ltd (TBVFL) & Talwalkars Lifestyles Limited whose name was changed to Talwalkars Healthclubs Limited (THL).

A brief profile of both TBVFL and THL (The Group Company) is given below:

#### **Talwalkar Better Value Fitness Limited :**

The company offers various lifestyle activities such as Nuform, aerobics, Zorba -the yoga, spa, massage, zumba programmes , Dr. Mickey Mehta programmes and diet and weight loss programmes like Reduce. This company will be soon renamed to Talwalkars Lifestyles Limited to reflect the actual nature of the businesses.

### **TBVFL-Key Financial Indicators**

Key Parameters	Units	2019	2018
Result Type		Audited (Abridged) (TBVFL)	Audited (TBVFL)
Operating Revenue	₹ Cr	112.60	57.53
EBITDA	₹ Cr	52.00	38.56
PAT	₹ Cr	14.50	8.78
Tangible Net worth	₹ Cr	236.68	207.34
Total Debt/Tangible Net worth	Times	1.09	0.93
Current Ratio	Times	1.77	5.94

Performance of the Group Company (Talwalkars Healthclubs Limited-THL)

### **Talwalkars Healthclubs Limited (Formerly Talwalkars Lifestyles Limited)**

The company (as of March 31, 2018) operated 251 fitness centres across India and Sri Lanka under its varied ownership formats, including owned, subsidiary, franchise as well as under associates focusing on Gym business. This company will be soon renamed to Talwalkars Gyms Limited to reflect the actual nature of the businesses.

### **THL-Key Financial Indicators**

Key Parameters	Units	2019	2018
Result Type		Audited (Abridged) (THL)	Audited (THL)
Operating Revenue	₹ Cr	285.70	247.09
EBITDA	₹ Cr	146.60	139.34
PAT	₹ Cr	73.45	70.14
Tangible Net worth	₹ Cr	504.40	436.69
Total Debt/Tangible Net worth	Times	0.86	0.69
Current Ratio	Times	1.41	1.83

**Rating History for the last three years**

S.No	Instrument /Facility	Current Rating(Aug 2019)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	July 2019 <sup>^</sup>	October 2018 <sup>^^</sup>	March 2018 <sup>^^^</sup>
	Term Loans	Long Term	83.90	BWR D Downgraded	BWR A+ (Pronounced as BWR Single A Plus) (Stable) Downgraded	BWR AA (Pronounced as BWR Double A) (Stable)	BWR AA (Pronounced as BWR Double A) (Credit Watch with Developing Implications)
	NCD	Long Term	105.00	BWR C Downgraded	BWR A+ (Pronounced as BWR Single A Plus) (Stable) Downgraded	BWR AA (Pronounced as BWR Double A) (Stable)	BWR AA (Pronounced as BWR Double A) (Credit Watch with Developing Implications)
	<b>Total</b>		<b>188.90</b>		<b>₹ One Hundred Eighty Eight Crores and Ninety Lakhs Only</b>		

<sup>^</sup>Amount Rs.188.90 Crs.

<sup>^^</sup>Amount Rs.190.09 Crs.

<sup>^^^</sup>Amount Rs.523.07 Crs.

**Annexure: List of Subsidiaries Consolidated with Talwalkars Better Value Fitness Limited**

Sr.No.	Name
1	DLL Talwalkars Club Private Limited
2	Talwalkars Club Systems Private Limited
3	Medastouch Private Limited
4	Rushzone Wellness Private Limited
5	First Nutri Weight Loss Private Limited



## Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Services Sector](#)

For any other criteria obtain hyperlinks from website

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### About Brickwork Ratings

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