



Rating Rationale

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

9 Oct 2020

Brickwork Ratings reaffirms the ratings for the NCD ratings amounting to ₹.138.34 and of Bank Loan Facilities of ₹. 260.00 Crores at BWR D based on best available information, as the issuer did not cooperate.

NCD Particulars

Instrument	ISIN Particulars	Issue Date	Maturity Date	Coupon	Previous Amount (₹ Crores)	Present Amount (₹ Crores)	Previous Rating	Review Rating*
NCDs	INE502K07047	25/04/14	25/04/20	11.75%	8.34	8.34	BWR D	BWR D Issuer Not Cooperating* Reaffirmed
NCDs	INE502K07104	03/01/17	03/01/23	9.60%	25.00	25.00	BWR D	BWR D Issuer Not Cooperating* Reaffirmed
NCDs	INE502K07112	11/04/17	11/04/23	9.60%	30.00	30.00	BWR D	BWR D Issuer Not Cooperating* Reaffirmed
NCDs	INE627Z07024	20/07/18	17/07/25	9.50%	25.00	25.00	BWR D	BWR D Issuer Not Cooperating* Reaffirmed
NCDs	Proposed				50.00	50.00	BWR D	BWR D Issuer Not Cooperating* Reaffirmed
NCDs				Total	138.34	138.34	INR One Hundred and Thirty Eight Crores and Thirty Four Lakhs Only.	

BLR Particulars

Facility	Previous Amount(Rs.)	Current Amount(Rs.)	Tenure	Previous Rating	Review Rating*
Fund Based					
Term Loan	210.00	210.00	Long Term	BWR D	BWR D Issuer Not Cooperating* Reaffirmed
Term Loan (Proposed)	50.00	50.00	Long Term	BWR D	BWR D Issuer Not Cooperating* Reaffirmed
Total Limits	260.00	260.00	INR Two Hundred and Sixty Crores Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

* Issuer did not cooperate, based on best available information.

Details of Bank facilities/NCD/Bonds/Commercial Paper is provided in Annexure-I

RATING ACTION/NATURE OF NON-COOPERATION

For surveillance of the rating BWR took up with the issuer to provide required information over emails dated 30.07.2020, 12.08.2020, 18.08.2020, 07.09.2020, 16.09.2020, 28.09.2020 and phone calls. Despite the best efforts of BWR to get at least the minimum required information for a review, the entity has not provided the same. In the absence of adequate information from the company, BWR is unable to assess the company's financial performance and maintain a valid rating.

LIMITATIONS OF THE RATING

Information availability risk is a key factor in the assessment of credit risk as generally, noncooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress.

THL-Key Financial Indicators [As Available with BWR]

Key Parameters	Units	2019	2018
		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

TBVFL-Key Financial Indicators[As Available with BWR]

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

About the Company [As Available with BWR]

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 is given below:

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.

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.

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY:CARE Ratings has migrated ratings of Talwalkars Healthclubs Limited to CARE D Issuer not cooperating on 27th July 2020 with the reasons that despite repeated requests, the Company has not provided the requisite information for monitoring the ratings to the agency.

Rating History for the last three years [Including withdrawn and suspended ratings]

S.No	Instrument /Facility	Current Rating (Oct 2020)			Rating History			
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	Oct 2019 [^]	Aug 2019 [^]	Jul 2019 ^{^^}	September 2018 ^{^^^}
1.	Term Loan	Long Term	260.00	BWR D Issuer Not Cooperating Reaffirmed	BWR D Reaffirmed	BWR D	BWR AA- (Stable)	BWR AA (Stable)
2.	NCD-INE502K07047	Long Term	8.34	BWR D Issuer Not Cooperating Reaffirmed	BWR D Downgraded	BWR C	BWR AA- (Stable)	BWR AA (Stable)
3.	NCD-INE502K07104	Long Term	25.00	BWR D Issuer Not Cooperating Reaffirmed	BWR D Downgraded	BWR C	BWR AA- (Stable)	BWR AA (Stable)
4.	NCD-INE502K07112	Long Term	30.00	BWR D Issuer Not Cooperating Reaffirmed	BWR D Downgraded	BWR C	BWR AA- (Stable)	BWR AA (Stable)
5.	NCD-INE627Z07024	Long Term	25.00	BWR D Issuer Not Cooperating Reaffirmed	BWR D Downgraded	BWR C	BWR AA- (Stable)	BWR AA (Stable)
6.	NCD-Proposed	Long Term	50.00	BWR D Issuer Not Cooperating Reaffirmed	BWR D Downgraded	BWR C	BWR AA- (Stable)	BWR AA (Stable)
	Total		398.34		₹ Three Hundred Ninety Eight Crores and Thirty Four Lakhs Only			

[^]Amount Rs.398.34 crs

^{^^}Amount Rs.398.34 crs

^{^^^}Amount Rs.504.65 crs

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [What Constitutes Non-Cooperation](#)
- [Default Recognition and Post Default Curing Period](#)
- [Services Sector](#)

Analytical Contacts	Investor and Media Relations
<p>Shashank Joshi Ratings Analyst D : +91 22 6745 6667 B :+91 22 2831 1426, +91 22 2831 1439 shashank.j@brickworkratings.com</p> <p>Balkrishna Piparaiya Senior Director - Ratings B :+91 80 4040 9940 piparaiya.bk@brickworkratings.com</p>	<p>Liena Thakur Assistant Vice President - Corporate Communications +91 84339 94686 liena.t@brickworkratings.com</p>

ANNEXURE I

Talwalkars Healthclubs Limited Details of Bank Facilities rated by BWR

Sl.No.	Name of the Bank	Type of Facilities	Long Term [₹ Cr]	Short Term [₹ Cr]	Total [₹ Cr]
1.	Axis Bank	Term Loan	58.55	-	58.55
2.	South Indian Bank	Term Loan	52.85	-	52.85
3.	Indian Bank	Term Loan	59.16	-	59.16
4.	Hero Fincorp Limited	Term Loan	39.44	-	39.44
5.	Proposed	Term Loan	50.00	-	50.00
TOTAL					260.00

Total Rupees Two Hundred and Sixty Crores only.

ANNEXURE II

INSTRUMENT (NCD/Bonds/CP) DETAILS

Instrument	Issue Date	Amount in ₹ Cr	Coupon Rate	Maturity Date	ISIN Particulars
NCD	25/04/14	8.34	11.75%	25/04/20	INE502K07047
NCD	03/01/17	25.00	9.60%	03/01/23	INE502K07104
NCD	11/04/17	30.00	9.60%	11/04/23	INE502K07112
NCD	20/07/18	25.00	9.50%	17/07/25	INE627Z07024
NCD	Proposed	50.00			Proposed
	Total	138.34			

Total Rupees One Hundred and Thirty Eight Crores and Thirty Four Lakhs Only.

ANNEXURE III

List of entities consolidated

Sr.No.	Name	% Shareholding
1	Aspire Fitness Private Limited	50.00%
2	Talwalkars Better Value Fitness (Singapore) Pte. Ltd.	100.00%
3	Power World Gyms Limited	49.50%
4	PWG Fitness Private limited (Srilanka)	100.00%
5	Tall Wall Trading Private Limited	100.00%



For print and digital media The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

About Brickwork Ratings : Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI], offers credit ratings of Bank Loan, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has rated over 11,400 medium and large corporates and financial institutions' instruments. BWR has also rated NGOs, Educational Institutions, Hospitals, Real Estate Developers, Urban Local Bodies and Municipal Corporations. BWR has Canara Bank, a leading public sector bank, as one of the promoters and strategic partners. BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.