



## Rating Rationale

Talwalkars Better Value Fitness Ltd

9 Oct 2019

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

### 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 C	BWR D Downgraded
NCDs	INE502K07096	08/07/16	08/07/21	9.85%	30.00	30.00	BWR C	BWR D Downgraded
NCDs	INE502K07120	25/10/17	25/10/24	9.50%	50.00	50.00	BWR C	BWR D Downgraded
				<b>Total</b>	<b>105.00</b>	<b>105.00</b>	<b>INR One Hundred and Five Crores Only</b>	

### BLR Particulars

Facility	Previous Amount(Rs.)	Current Amount(Rs.)	Tenure	Previous Rating	Present Rating*
<b>Fund Based</b>					
Term Loan	83.90	83.90	Long Term	BWR D	BWR D Reaffirmed
<b>Total Limits</b>	<b>83.90</b>	<b>83.90</b>	<b>INR Eighty Three Crores and Ninety Lakhs</b>		

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

### Rationale/Description of Key Rating Drivers/Rating sensitivities:

The revision in rating of Talwalkars Better Value Fitness Ltd (TBVFL) follows recent defaults by the company in servicing of its interest payment on NCDs and Bank Loans as notified by the company to the Bombay Stock Exchange on 04th October 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 NCDs and bank term loans as notified by the company on the Bombay Stock Exchange on 04 October 2019.



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

The market capitalization of the company has significantly reduced severely affecting the financial flexibility of the company. The market capitalization of the company reduced from approximately Rs.172.70 crores on 24th June 2019 to Rs.9.18 crores on 07th October 2019. This has resulted in potential impairment in the ability of promoters to infuse additional capital through share pledges due to significant reduction in the share price as already majority of its promoter's shares are 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(Oct 2019)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	Aug 2019 <sup>^</sup>	July 2019 <sup>^^</sup>	October 2018 <sup>^^^</sup>
1.	Term Loans	Long Term	83.90	BWR D Reaffirmed	BWR D	BWR A+ (Stable)	BWR AA (Stable)
2.	NCD-INE502K07138	Long Term	105.00	BWR D Downgraded	BWR C	BWR A+ (Stable)	BWR AA (Stable)
3.	NCD-INE502K07096	Long Term	105.00	BWR D Downgraded	BWR C	BWR A+ (Stable)	BWR AA (Stable)
4.	NCD-INE502K07120	Long Term	105.00	BWR D Downgraded	BWR C	BWR A+ (Stable)	BWR AA (Stable)
	Total		188.90	₹ One Hundred Eighty Eight Crores and Ninety Lakhs Only			

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

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

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

**COMPLEXITY LEVELS OF THE INSTRUMENTS**

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

**Hyperlink/Reference to applicable Criteria**

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

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