



## Rating Rationale

18 Oct 2024

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

Brickwork Ratings reaffirms the ratings for the bank loan facilities amounting to Rs. 260.00 Crs and Non-Convertible Debentures amounting to Rs. 138.34 Crs of Talwalkars Healthclubs Ltd based on the best available information, as the issuer did not cooperate.

#### Particulars:

Facility/ Instrument**	Previous Amount (Rs. Crs)	Present Amount (Rs. Crs)	Previous Rating (October 20, 2023)	Present Rating#
NCDs	25.00	<b>25.00</b>	BWR D Continues to be in ISSUER NOT COOPERATING*/ Reaffirmed	<b>BWR D Continues to be in ISSUER NOT COOPERATING*/ Reaffirmed</b>
NCDs	8.34	<b>8.34</b>		
NCDs	25.00	<b>25.00</b>		
NCDs	30.00	<b>30.00</b>		
NCDs Proposed	50.00	<b>50.00</b>		
<b>TOTAL (A)</b>	<b>138.34</b>	<b>138.34</b>		
Term Loan	210.00	<b>210.00</b>	BWR D Continues to be in ISSUER NOT COOPERATING*/ Reaffirmed	<b>BWR D Continues to be in ISSUER NOT COOPERATING*/ Reaffirmed</b>
Term Loan - Proposed	50.00	<b>50.00</b>		
<b>TOTAL (B)</b>	<b>260.00</b>	<b>260.00</b>		
<b>GRAND TOTAL (A+B)</b>	<b>398.34</b>	<b>398.34</b>	<b>(Rupees Three Hundred Ninety Eight Crores and Thirty Four Lakhs Only)</b>	

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

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

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

#### RATING ACTION/OUTLOOK/NATURE OF NON-COOPERATION

The annual surveillance of the company is due for review on 20th October 2024. BWR followed up with the company via email dated 4th Oct 24, 3rd Oct 24, 7th Oct 24 and 9th Oct 24 for providing the required information for the review of the ratings, the Company has not provided the required information for the review of the ratings. Hence in the absence of appropriate information (Financial results, future projections, liquidity & facility utilization levels), BWR is unable to assess the issuer's financial/ business performance and its ability to service the debt obligations.



The lenders/investors may note to exercise due caution while using the above rating which mentions "Issuer Not Cooperating" since the rating lack any projections or forward-looking component as it is arrived at based on the best available information without any management/banker's interaction.

**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. Users of the credit rating should therefore take into account the possible deterioration in the credit quality of the rated entity arising from its non-transparency and withholding of information required for a review of the rating reflecting weak corporate governance.

**KEY FINANCIAL INDICATORS [As Available with BWR]**

Please refer to the following link for the previous detailed rationale that captures the Key financial drivers and their Description and liquidity Position. Rating Sensitivities, Key Financial Indicators. [View Previous Document](#)

**COMPANY PROFILE (Information as available with BWR)**

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Consumer Services	Leisure Services	Wellness

Talwalkars Healthclubs Ltd (Formerly Talwalkars Lifestyles Limited) (hereinafter referred to as ‘THCL’ or ‘the Company’) was co-promoted in 2003 by the Talwalkar family and the Gawande family. It was running fitness centres under Talwalkar Brand and 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, on 28 March 2018, Talwalkars Better Value Fitness Ltd (TBVFL) was demerged into two companies Talwalkar Better Value Fitness Ltd (TBVFL) & Talwalkars Lifestyles Limited. whose name was subsequently changed to Talwalkars Healthclubs Limited (THCL).

The Company has been admitted to NCLT and it has ordered the commencement of a corporate insolvency resolution process of the Talwalkars Healthclubs Ltd on 30th June, 2022. Further, Mr. Gajesh Labhchand Jain was appointed as the Resolution Professional (RP). Thereafter, the National Company Law Tribunal has passed an order stating the initiation of a liquidation process of the Company dated 27th Feb 2023. Further, on 5th Aug 24, there is an order for auction of the Company dated 4th Sept 24.

**NON-COOPERATION WITH PREVIUOUS CRA:** It has no active outstanding ratings with any other CRAs and has o/s ratings with CARE rated as ‘D’ under the ‘ISSUER NOT COOPERATING’ category.



**KEY COVENANTS OF INSTRUMENT/FACILITY RATED:**

The issued NCDs has a coupon rate between 9.50% to 11.75% p.a. payable on an annual basis till maturity. As per DT confirmation, the Company has defaulted on interest payment of the NCDs and the Company has been admitted into NCLT. For the bank loan facilities, the terms of sanction include standard covenants normally stipulated for such facilities.

**Rating History for the last three years (including withdrawn/suspended ratings)**

Sr. No.	Facilities	Tenure	Present Amount Rated (₹ Crs)	Current Rating 2024	Rating History		
					2023	2022	2021
1	Term Loans	Long Term	210.00	BWR D Continues to be in ISSUER NOT COOPERATING*/Reaffirmed	BWR D Continues to be in ISSUER NOT COOPERATING*/Reaffirmed (20 October)	BWR D Continues to be in ISSUER NOT COOPERATING*/Reaffirmed (14 October)	BWR D ISSUER NOT COOPERATING*/ Reaffirmed (08 October)
2	Term Loan - Proposed	Long Term	50.00				
2	NCD INE627Z07024	Long Term	25.00				
2	NCD INE502K07047	Long Term	8.34				
3	NCD INE502K07104	Long Term	25.00				
4	NCD INE502K07112	Long Term	30.00				
6	NCD-Proposed	Long Term	50.00				
	<b>Total</b>		<b>398.34</b>	<b>(Rupees Three Hundred Ninety-Eight Crores and Thirty-Four Lakhs Only)</b>			

\* Issuer did not cooperate, based on the best available information

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Service Sector](#)
- [Default Recognition and Default Curing Period](#)
- [What Constitutes Non-Cooperation](#)

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**ANNEXURE I**  
**Details of Bank Facilities rated by BWR**

SI No.	Name of the Bank	Type of Facilities	Long Term (Rs. Crs)	Short Term (Rs, Crs)	Total (Rs. Crs)	Complexity
1	Axis Bank	Term Loan	58.55	-	58.55	Simple
2	South Indian Bank	Term Loan	52.85	-	52.85	Simple
3	Indian Bank	Term Loan	59.16	-	59.16	Simple
4	Hero Fincop Limited	Term Loan	39.44	-	39.44	Simple
5	Proposed	Term Loan	50.00	-	50.00	Simple
<b>Total</b>					<b>260.00</b>	

**ANNEXURE II**  
**INSTRUMENT (NCDs) DETAILS**

Borrowing Type	Issue Date	Outstanding Amount (Rs. Crs)	ISIN	Coupon Rate %	Maturity Date	Put/Call Option	Complexity
NCD	20/07/2018	25.00	INE627Z 07024	9.50% p.a., payable annually	17/07/2025	Yes	Complex
NCD	25/04/2014	8.34	INE502K 07047	11.75% p.a., payable annually	25/04/2020	Yes	Complex
NCD	03/01/2017	25.00	INE502K 07104	9.60% p.a., payable annually	03/01/2023	Yes	Complex
NCD	11/04/2017	30.00	INE502K 07112	9.60% p.a., payable annually	11/04/2023	Yes	Complex
NCD	Proposed	50.00			Proposed	-	-
<b>Total</b>		<b>138.34</b>					



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