

Talwalkars Healthclubs Limited

May 13, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	280.74	CARE D; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category
Non-Convertible Debentures	25.00	CARE D; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category
Non-Convertible Debentures	63.34	CARE D; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category
Non-Convertible Debentures	25.00	CARE D; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category
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Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) had, vide its press release dated May 23, 2024, reaffirmed the rating of Talwalkars Healthclubs Limited (THL) under the 'issuer non-cooperating' category as THL had failed to provide information for monitoring of the rating as agreed to in its Rating Agreement. THL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and letter/email dated April 18, 2025, April 23, 2025 and April 28, 2025. In line with the extant SEBI guidelines, CARE Ratings has reviewed the rating on the basis of the best available information which, however, in CARE Ratings' opinion is not sufficient to arrive at a fair rating.

Analytical approach: Combined

Financials of THL and Talwalkars Better Value Fitness Limited (TBVFL) have been combined for analysis given the strong operational synergies along with common management.

Detailed description of key rating drivers:

As PR dated May 23, 2024, the following were the rating strengths and weaknesses.

Key weaknesses

Deteriorating debt coverage indicators; asset monetisation remains key rating monitorable: As on March 31, 2019 (UA), the total outstanding debt stood at Rs. ~759 crore an increase of 45.30%. The debt was primarily on account of to fund its various expansion plans, predominantly for the David Lloyd Club in Pune. Consequently, the debt coverage metrics also deteriorated. As of March 31, 2019 (UA), the interest coverage ratio stood at 4.99x as against 7.10x as of March 31, 2018. Similarly, overall gearing as well as total debt to gross cash accruals deteriorated to 1.05x and 5.33x as against 0.89x and 3.91x respectively. Furthermore, TBVFL (combined) has invested in other complementing ventures in the lifestyle segment such as 'Sarva'. As these investments are taking longer than expected to generate material returns, adjusting for the same (including goodwill), the overall gearing ratio as on March 31, 2019 stands at 1.57x as against 1.11x as on March 31, 2018. The management is looking to raise funds by the end of calendar year 2019 through various avenues such as sale of equity, sale of stake in joint ventures/associate companies and to monetise some of its gym properties by entering in a sale and lease back transaction to partially retire its debt. The ability of the company to timely raise funds and subsequent debt reduction is a key rating monitorable.

Reduced financial flexibility: The financial flexibility of TBVFL (combined) has reduced on account of significant reduction in market capitalisation along with increase in promoters' pledged shares. The promoters' stake pledged has increased to 76.11% (TBVFL) and 77.30% (THL) as on June 30, 2019. The ability of the promoters to reduce quantum of pledged shares continues to remain a key rating monitorable.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Relatively moderate scale of operations: TBVFL's scale of operations are moderate and seasonal in nature as second quarter and fourth quarter of the fiscal year together contribute almost 61% of its overall consolidated revenues in FY19. Hence, any adverse impact on the business in the peak season may adversely impact the profitability.

On-going significant capex towards existing line of business as well as towards newer business segments which have not generated returns in line with expectation: During FY19, on a combined basis, the company had incurred capex of Rs. 173.03 crore of which, Rs. 111.18 crore was for gym business and Rs. 61.84 crore was for the lifestyle business. The company's ability to improve its asset turnover and increasing turnover of higher value-added segment is crucial to improve its credit profile. Further, the company is setting up a club in Pune in collaboration with David Lloyd Leisure Limited which got delayed and is expected to start operation shortly. The performance in terms of member addition remains a rating sensitivity.

Key strengths

Long track record and extensive experience of the promoters in the fitness industry: TBVFL and THL, promoted jointly by the Talwalkar and Gawande families in 2003 has well-established track record of operating gyms/fitness centres of over a decade and half in the fitness industry with presence across the country. The brand "Talwalkars" is in existence since 1932. The promoters, Mr Madhukar Talwalkar and Mr Prashant Talwalkar, have more than four decades of experience in various segments/aspects of fitness industry.

Diversified product portfolio; albeit higher dependence on revenues from gym services: TBVFL (combined) have a diversified product portfolio offering multiple products spanning from basic gym services to aerobics, yoga, diet-based weight reduction programs, massage, spa, and health counselling. While the contribution from its value added services is increasing the company continues to derive major share of revenues from basic gym services across its outlets

Liquidity: Poor

There are ongoing delays in company's debt service obligations.

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Services	Leisure Services	Amusement Parks/ Other Recreation

Incorporated in 2003, Talwalkars Better Value Fitness Limited (TBVFL) was jointly promoted by Mr. Madhukar Talwalkar, Mr. Prashant Talwalkar and Mr. Anant Gawande. The company operates one of the leading fitness chains in India offering a wide range of services like weight loss, weight gain, and other fitness programs like body sculpting, shaping, general fitness, massage, spa and health counselling under the brand "Talwalkars". TBVFL (combined) operates gyms/fitness centre on three models viz directly managed gyms, franchisee route and subsidiary model (wherein TBVFL enters into an agreement with a master franchise, and TBVFL owns around 51% equity and the brand). TBVFL grew rapidly from operating 63 gyms/fitness centres as on March 31, 2010, to 272 gyms/fitness centres as on March 31, 2019.

TBVFL has split its operations into lifestyle business and gym business and form two separate entities in the following manner:

a) Lifestyle business: This business is housed under TBVFL. The business including various joint ventures/associate companies comprises of Nuform, Zumba Fitness, Mickey Mehta, Sarva (Yoga), Group X, Reduce, and sports club. As on March 31, 2019, there are 116 centers of Reduce, 80 centers of Nuform, 85 centers of Sarva Yoga and 19 centers of Mickey Mehta.

b) Gym Business: This business is housed under Talwalkar Healthclubs Limited (THL); erstwhile Talwalkars Lifestyle Limited (TLL).

The company is currently under liquidation under the Insolvency and Bankruptcy Code.

Brief Financials - Combined (₹ crore)	March 31, 2019 (UA*)	March 31, 2020 (A/UA)	March 31, 2021 (A/UA)	March 31, 2022 (A/UA)	March 31, 2023 (A/UA)	March 31, 2024 (A/UA)	March 31, 2025 (A/UA)
Total operating income	398.09	NA	NA	NA	NA	NA	NA
PBILDT	198.67	NA	NA	NA	NA	NA	NA
PAT	88.04	NA	NA	NA	NA	NA	NA
Overall gearing (times)	1.05	NA	NA	NA	NA	NA	NA
Interest coverage (times)	4.99	NA	NA	NA	NA	NA	NA

A: Audited UA: Unaudited; NA: Not available; Note: these are latest available financial results

*FY19 financial statements had been combined by CARE Ratings based on the abridged financial statements of TBVFL and THL disclosed by the company on the stock exchange.

Note: As the company is under liquidation, it has not filed its annual audited financial statements with MCA

Status of non-cooperation with previous CRA:

As per press release dated October 18, 2024 by Brickwork Ratings, rating of THL continues to remain at BWR D; ISSUER NOT COOPERATING as the entity's management has remained non-cooperative in sharing information.

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debentures-Non Convertible Debentures	INE627Z07024	20-Jul-2018	9.50	17-Jul-2025	25.00	CARE D; ISSUER NOT COOPERATING*
Debentures-Non Convertible Debentures	INE627Z07040	03-Oct-2018	9.50	03-Oct-2025	25.00	CARE D; ISSUER NOT COOPERATING*
Debentures-Non Convertible Debentures	INE627Z07032	20-Aug-2018	9.50	20-Aug-2025	25.00	CARE D; ISSUER NOT COOPERATING*
Debentures-Non Convertible Debentures	INE502K07047	25-Apr-2014	11.75	25-Apr-2020	8.34	CARE D; ISSUER NOT COOPERATING*
Debentures-Non Convertible Debentures	INE502K07104	03-Jan-2017	9.60	03-Jan-2023	25.00	CARE D; ISSUER NOT COOPERATING*
Debentures-Non Convertible Debentures	INE502K07112	11-Apr-2017	9.60	11-Apr-2023	30.00	CARE D; ISSUER NOT COOPERATING*
Debentures-Non Convertible Debentures	INE627Z07057	04-Dec-2018	9.50	04-Dec-2021	25.00	CARE D; ISSUER NOT COOPERATING*
Debentures-Non Convertible Debentures	-	09-Feb-2019	9.55	Proposed	25.00	CARE D; ISSUER NOT COOPERATING*
Fund-based-Long Term	-	-	-	March 2026	280.74	CARE D; ISSUER NOT COOPERATING*

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

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Date(s) and Rating(s) assigned in 2025-2026	Rating History		
		Type	Amount Outstanding (₹ crore)	Rating		Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Debentures-Non Convertible Debentures	LT	25.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (23-May-24)	1)CARE D; ISSUER NOT COOPERATING* (06-Jun-23)	1)CARE D; ISSUER NOT COOPERATING* (08-Jun-22)
2	Debentures-Non Convertible Debentures	LT	63.34	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (23-May-24)	1)CARE D; ISSUER NOT COOPERATING* (06-Jun-23)	1)CARE D; ISSUER NOT COOPERATING* (08-Jun-22)
3	Fund-based-Long Term	LT	280.74	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (23-May-24)	1)CARE D; ISSUER NOT COOPERATING* (06-Jun-23)	1)CARE D; ISSUER NOT COOPERATING* (08-Jun-22)
4	Debentures-Non Convertible Debentures	LT	25.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (23-May-24)	1)CARE D; ISSUER NOT COOPERATING* (06-Jun-23)	1)CARE D; ISSUER NOT COOPERATING* (08-Jun-22)
5	Debentures-Non Convertible Debentures	LT	25.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (23-May-24)	1)CARE D; ISSUER NOT COOPERATING* (06-Jun-23)	1)CARE D; ISSUER NOT COOPERATING* (08-Jun-22)
6	Debentures-Non Convertible Debentures	LT	25.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (23-May-24)	1)CARE D; ISSUER NOT COOPERATING* (06-Jun-23)	1)CARE D; ISSUER NOT COOPERATING* (08-Jun-22)
7	Debentures-Non Convertible Debentures	LT	25.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (23-May-24)	1)CARE D; ISSUER NOT COOPERATING* (06-Jun-23)	1)CARE D; ISSUER NOT COOPERATING* (08-Jun-22)

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

LT: Long term.

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non Convertible Debentures	Simple
2	Fund-based-Long Term	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Talwalkars Better Value Fitness Limited	Full	Operational and financial linkages

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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