Talwalkars Better Value Fitness Ltd.
Regd. Off.: 801/813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai 400 026.
Tel.: 6612 6300. Fax: 6612 6363. Website: www.talwalkars.net CIN: L92411MH2003PLC140134

Talwalkars™
Spreading fitness since 1932

Date: 28th November, 2016

To,
BSE Limited
Corporate Service Department
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.

To,
National Stock Exchange of India Ltd.
Exchange Plaza,Plot No. C/1,
G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai - 400 051.

Dear Sir,

Re: **Talwalkars Better Value Fitness Limited; Scrip Symbol: TALWALKARS; Scrip Code : 533200**
Sub: **Furnishing Update on Demerger**

We enclose herewith the update on Demerger, kindly take the same on record and acknowledge receipt of the same.

Thanking You.

Yours faithfully,
For **Talwalkars Better Value Fitness Limited**

TALWALKARS BETTER VALUE FITNESS LTD. MUMBAI

Avanti Sankav
Company Secretary & Compliance Officer

Encl: As Above



Talwalkars Better Value Fitness Limited

28th November, 2016

Demerger Proposal

Talwalkars
Spreading fitness in over 70 cities

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COMPANY SNAPSHOT

Talwalkars Better Value Fitness Limited, commonly known as Talwalkars, is one of India's most iconic and largest chain of health centres in India.

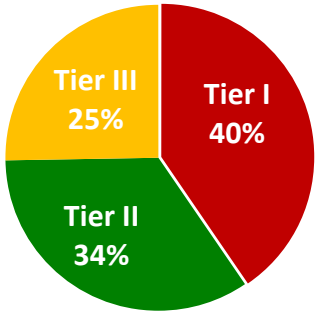
The health centers are spread across 198 branches across 85 cities in India and over 1,80,000 members, making it the market leaders in the organised gym market.

The company's fitness centres are offered in five different formats which are Talwalkars Gym, Talwalkars Premium Gym, HiFi, Power World Gym and Zorba Studios.

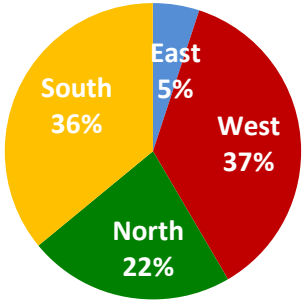
Apart from world-class gymming experience backed by professional trainers, its value added services include NuForm (time-efficient weight loss programme), Reduce (diet-based, easy diet programme), Transform (holistic fitness programme), Zumba® (aerobics and Latin dance-inspired fitness programme), Zorba (yoga), spa, massage and aerobics.

Format	No. of Fitness Centers
TALWALKARS:	
Owned	103
Subsidiary	9
Franchised	18
Zorba Studios	3
PWG:	
India- Owned	20
Sri Lanka- Co-ownership	20
HIFI	25
TOTAL	**198**

Demographic Distribution in India



Regional Distribution in India



REORGANISATION PROPOSAL

- The Board on 5th Nov, 2015 proposed to re-organise the existing business to address shareholder concerns.

- Post this, the company sought permission and advice from its creditors and legal counsels.

- The Company has since received in-principle nod for the proposed structure from its principal lender and the Board took on record the same on 10th Nov, 2016.

- Further, the Board has, subject to final approval of lenders, creditors, other stake-holders and applicable regulatory authorities, considered the restructuring plan for segregation of the businesses through a process which is most beneficial to the Company, its shareholders and lenders.

- The Board directed the management to complete the requisite documentation necessary to give effect to the above decision as also the procedures thereafter

- The process for preparation of documentation for the re-organisation scheme has been completed.

REORGANISATION PROPOSAL

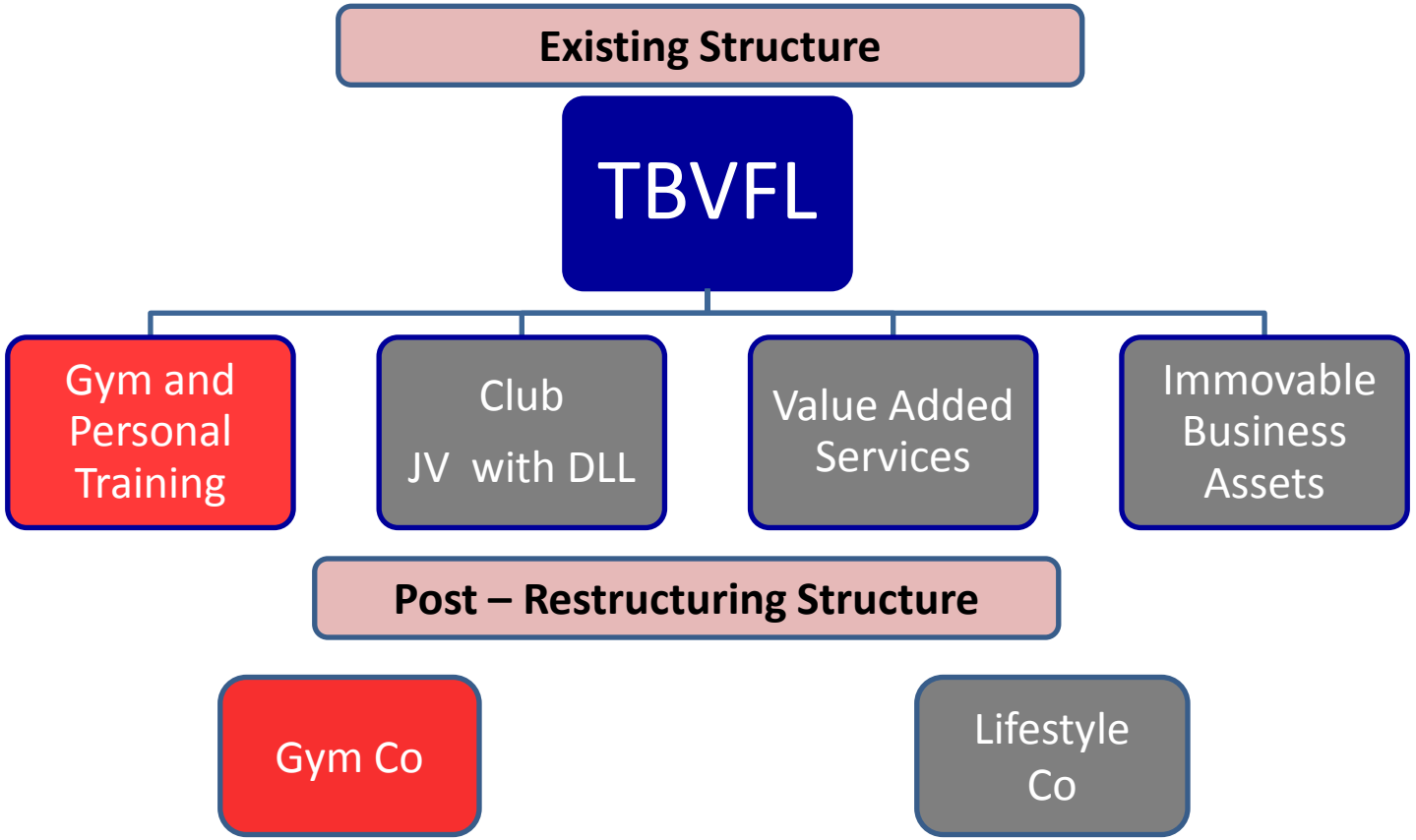
- Further to this , the Board on 24th November unanimously approved Scheme of Arrangement between Talwalkars Better Value Fitness Limited ('TBVFL' or the 'Demerged Company') and Talwalkars Lifestyles Limited ('TLL' or the 'Resulting Company') and their respective shareholders providing for the demerger of Gym Business of TBVFL to TLL.

- The Board took on record Report on recommendation of Share Entitlement Ratio submitted by M/s SSPA & Co. (Chartered Accountants)

- The Board also took on record the Fairness Opinion dated 24 November, 2016 issued by Inga Capital Pvt. Ltd. on the Report on recommendation of Share Entitlement Ratio of M/s SSPA & Co. (Chartered Accountants)

- The Company has filed the details required to be disclosed as per SEBI Circular on the Stock Exchanges

STRUCTURE



The Company is committed to complete the process of demerger in the shortest time

RATIONALE FOR DEMERGER

- In order to achieve better management and to have clear focus on business operations, the management of TBVFL has decided to demerge Gym Business, thereby transferring Gym Business of TBVFL to TLL, in the interests of maximizing overall shareholder value.

- This will also unlock the value of the Gym and the Lifestyle business as the potential for each of these segments is different even though the businesses complement each other.

	Gym Co	Lifestyle Co
Vision	Will continue to consolidate its leadership position in India and also expand and emerge as a strong player in Asia .	Will be positioned to cater to each and every segment of Lifestyle consumption.
Nature	Gym Segment is cash flow positive and thus is self sustained and well poised for future growth.	Non-Gym business was incubated in last 3-4 yrs and it has reached an inflection point where a self sustained and self growth model is possible
Confinements	Limited to gyms premises	Services can be provided at the door steps of corporate offices, residential premises, community halls or in standalone studios etc.

MECHANISM

- Company will be **demerged** in to two companies w.e.f 01.04.2016
  Gym Company
  Lifestyle company

- Both the Gym Co and the Lifestyle Co will be listed in NSE and BSE.

- Shareholders of TBVFL will **get equal number of shares in TLL** i.e in the ratio of 1:1 .

- To retain the brand value of TBVFL synonymous with gym, the name will swapped in such a way that the gym co i.e resultant company will regain the name as Talwalkars Better Value Fitness Limited [TBVFL] and the lifestyle company will be named as Talwalkars Lifestyles Limited.

- The process of demerger will carried as per the provisions Section 391 to 394 of Companies Act,1956 , subject to the approval of Bombay High Court .

- After the Scheme, coming into effect i.e upon receiving the order of the High Court and approvals and permissions of the other regulatories**, the securities of Talwalkars Lifestyles Limited and Talwalkars Better Value Fitness Limited will be listed on National Stock Exchange of India Limited and the BSE Limited.**

POST DEMERGER - TBVFL – GYM CO

- TBVFL will continue to hold the Gym business operated by the Company or through its subsidiaries and franchisees .
- The Gym Company will be into core gymming and will not venture into the wellness segment .
- TBVFL will continue consolidating **its leadership position in India and also expand and emerge as a strong player in Asia.**
- The Gym Company will expand both organically and inorganically through acquisitions or **strategic tie-ups.**
- The Company aims to increase its health centres from **198 gyms to 300 gyms** in next **3 years through its various formats**
- Separately, PWG SriLanka plans to inaugurate about 100 gyms across the length and breadth of Sri Lanka in next 3 years.

Shareholding Pattern	Existing	Post-demerger
Promoters	37.99%	37.99%
Public	62.01%	62.01%

TBVFL – BUSINESS STRATEGY

- Gym Segment is cash flow positive and thus is self sustained and well poised for future growth.

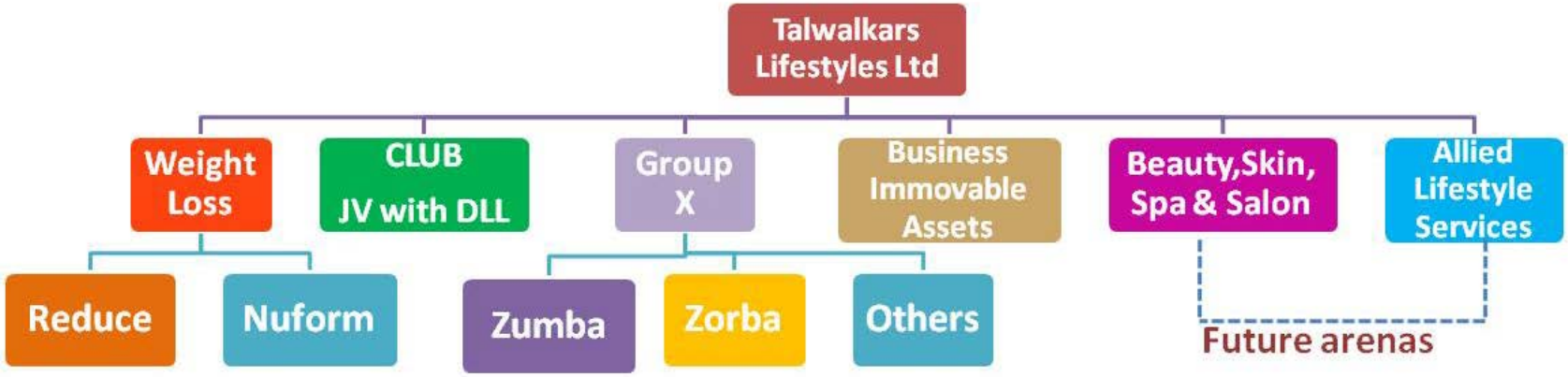
- Post the demerger the financial parameters will improve significantly.

- The Debt in this Company will reduce as debt for the property, club and for the other non- gym business will be transferred to the Lifestyle Company, thus improving the Debt Equity Ratio

- With consistent profitability and growth, the Company has been able **to raise equity as well as service debt and would like to achieve an ROCE and ROE in excess of 20% .**

- With the Company getting **AA rating** from ICRA and CARE, it was able to place debentures with Insurance Companies and other Institutions. This will help the Company to get cheap funds with longer tenor.

POST DEMERGER- TLL



- Talwalkars Lifestyles Ltd (TLL) will be positioned **to cater to each and every segment of Lifestyle consumption.**
- **The Wellness Industry is a sunrise sector** stands with high fragmentation, high market potential and healthy growth.
- TLL will aim to create a brand and be a **pioneer in the wellness sector with an organised approach**

Shareholding Pattern	Existing	Post-demerger
Promoters	100%	37.99%
Public	-	62.01%

TLL – BUSINESS STRATEGY

Reduce

- Use various distribution channels both online and offline to reach to audience
- Going Retail, Opening kiosks etc
- Improve and increase the range of products
- **Potential to grow to ~₹1000 mn revenue in 4-5 years .**

Merchandising

- Authorised distribution partner for all Zumba Merchandise with a variety of range in the fitness wear in Indian Market.
- Zumba Merchandise will be marketed across India to cash-in on the craze for the fitness program .
- **Potential to grow to ₹ 300-350 mn in 4-5 yrs**

Talwalkars Nuform

- Provide home based service
- Providing Services to Corporates
- Marketing and Advertising NUFORM nationally
- **Potential to grow to ₹ 500-600 mn in 4-5 yrs**

Group X Activities

zorba A RENAISSANCE STUDIO

- Target the unorganised yoga sector in India which is gaining rapid popularity. Yoga - $80bn market worldwide.
- Open standalone studios
- Tie-up with corporates , institutions and provide Home based services
- **Potential to grow to ₹ 400-450 mn in 4-5 yrs**

TLL – CLUB VENTURE

- The company announced its JV with David Lloyd Leisure (DLL) in the financial year 2016.
- David Lloyd Leisure Limited is Europe's leading premium sports, health and leisure club.
- Envisaged development of 7-10 clubs across India starting with Pune, Maharashtra.
- It has already acquired a land parcel for their first club.
- This club will be able to accommodate 4,500 families.
- As soon as regulatory and statutory permissions are received by David Lloyd Leisure, they will become an equal partner.
- The Company is awaiting the final clearances from Municipal and other authorities in Pune for the revised plans submitted to them.
- Separately the Company is making efforts to open a field/ marketing office in Pune at the earliest which will showcase and sell the club membership.



Club House Design

This is the proposed look of the club that is being sent to the municipal authorities for approvals.

FINANCIALS AS ON 31.3.2016

BALANCE SHEET AS ON 31.3.2016	Lifestyle Co	Gym Co
Shareholders Funds	1544	2588
Long Term Liabilities	1457	2069
Current Liabilities and Provisions	0	374
Total	**3001**	**5031**
Uses of Funds		
Fixed Assets	1962	2979
Cash Including Investments	450	750
Other Current Assets	335	318
Non Current Assets	253	983
Total	**3001**	**5031**

Ratios	TBVFL	Lifestyle	Gymco
Debt Equity	0.78	0.94	0.69
ROCE	12.22%	7.39%	15.10%
ROE	12.92%	9.81%	14.84%

Post Demerger , both these companies will endeavor to increase profitability and the return ratios to enhance the shareholders value .

PROFIT AND LOSS FOR FY16	Lifestyle	Gymco
Total Revenue	506	2043
Operating Cost	158	974
EBIDTA	348	1069
Profit After Tax	**151**	**384**

**The above financials are indicative and subject to the approval and changes if any of the Hon'ble High Court, stock exchanges and applicable regulatory authorities.*

DISCLAIMER

The views expressed here may contain information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of this information.

Any forward looking information in this presentation has been prepared on the basis of a number of assumptions which may prove to be incorrect. This presentation should not be relied upon as a recommendation or forecast by Talwalkars Better Value Fitness Limited.

This presentation may contain 'forward-looking statements' - that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as 'expects,' 'anticipates,' 'intends,' 'plans,' 'believes,' 'seeks,' or 'will.' Forward - looking statements by their nature address matters that are, to different degrees, uncertain.

For us, uncertainties arise from the behavior of financial markets and change in consumption patterns; from future integration of acquired businesses; and from numerous other matters of national, regional and global scale, including those of an environmental, climatic, natural, political, economic, business, competitive or regulatory nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements.

We do not undertake to update our forward-looking statements.

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