Talwalkars Lifestyles Limited

Regd Office: 801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai – 400026.
CIN: U93090MH2016PLC280127; Tel.: 022-6612 6300; Fax: 022-6612 6363
email: investor@talwalkars.net website: www.talwalkarslifestyles.com

Date: 12th July, 2018

To,
National Stock Exchange of India Ltd.
Exchange Plaza,Plot No. C/1, G Block, BKC,
Bandra (East), Mumbai - 400051.

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

Dear Sir,

Re: **Talwalkars Lifestyles Limited; Scrip Symbol: TALWGYM; Scrip Code: 541545**
Sub: **Furnishing Updates on the Financial Results for the quarter ended 31st March, 2018**

We are enclosing herewith the updates on the Financial Results for the quarter ended as on 31st March, 2018.

Kindly take the same on records and acknowledge the receipt of the same.

Thanking You.

Yours faithfully,
For **Talwalkars Lifestyles Limited**

Gayatri Valan Prasad
Company Secretary & Compliance Officer



Talwalkars
Spreading fitness since 1932

TALWALKARS

LIFESTYLES LIMITED*

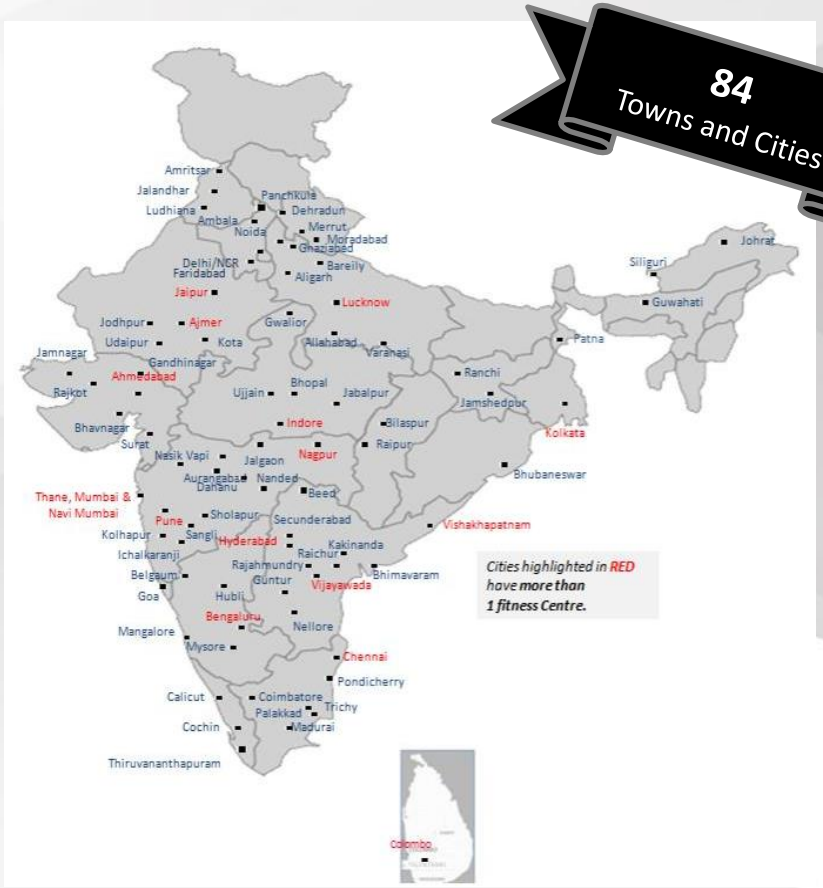
ANNUAL AND QUARTERLY PRESENTATION 12th JULY **2018**

*Applied for change of name to **Talwalkars Gyms Ltd**

EXECUTIVE SUMMARY

Founded in 1932, it is today one of the largest fitness chain across India.

- Fitness centers in total are spread across 200+ branches across 84 cities in India & SriLanka with over 2,00,000+ members.
- One of the largest chain of fitness centres across India-Srilanka.
- The Company got listed on BSE in the year May 2010 and its market cap. is approximately INR 7,343 Mn (as on 31st March, 2018).
- It is the only listed proxy of India's fitness sector since the year 2010 and has recently got demerged to focus on core gym service offerings to its consumers.
- The company imparts world-class gymming experience backed by professional trainers in its different format of Fitness centres which are Talwalkars Premium Gyms, Talwalkars Gyms, HiFi centers, Power World Gyms and Snap Fitness through both owned and franchise models.



Above map is not to scale and not intended to mean the political map of India and Sri Lanka

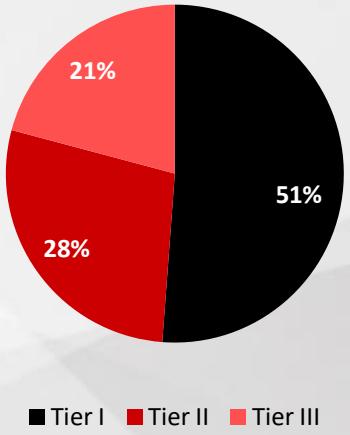
OUR FOOTPRINT

Fitness Centers as on 31st March, 2018

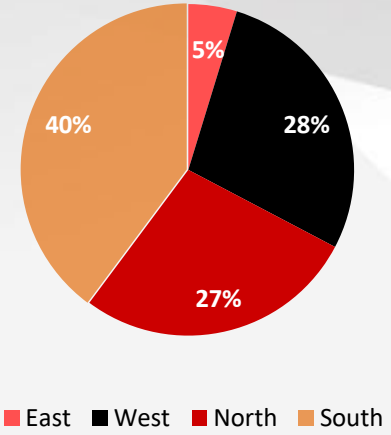
Format	No. of Fitness Centers
Owned	
Talwalkars	**103**
Power World Gym	**60***
Subsidiaries/ Associates	
Talwalkars	**9**
PWG Srilanka	**40#**
Franchise	
Talwalkars	**14**
HiFi	**25**
Total	**251**

*20 gyms soft launched in India
#16 gyms soft launched in Sri Lanka

Demographic Distribution in India



Regional Distribution in India



KEY STRENGTHS

Healthy Revenue growth with high Margin profile and low gearing ratio.

One of the largest fitness chains in India and Sri Lanka.

Highly under penetrated market, leaving a huge scope for the company's growth.

Promoters with 6 decades of experience in Gym business.



Strong customer retention track record.

Established PAN India presence.

The only company with multiple gym models.

Focus on core Gymming.

Expansion through organic and Inorganic forms.

Facts pertaining to Demerger

Gym company +Lifestyle company

This is the **inflection** point in our business We **segregated** our company across two businesses

A shareholder with one Talwalkars share got **one share** in the resultant company

Gym Company riding singular will **enhance value** in a significant way

Gym company

Resultant Company

Our fused pre-merger identity

Gyms business

Incidence of lifestyle diseases on the rise • Organised fitness gyms relatively underpenetrated • Considerable growth potential • Seismic shift from fitness to wellness • Value added services incorporated

High-margin gym business generated surplus cash • Cash reserves enabled incubation of the lifestyle business

Conclusion: right business, right place, right time – but integrated structure or a Company ahead of its time?



BACKGROUND


A brief Background
We started with the gym-driven business
We incubated the Lifestyle business
The incubation is over with the demerger
The demerger is intended to unlock value
Right businesses + Right point + Right structure

Demerger to unleash value

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Enhance scale; explore different gym formats; reach different geographies (within and outside India)

Enhancing top-line; Ploughing accruals into asset building; Long term growth, sustainability and enhancing returns.

Free cash Flow Positive ;
Enhanced RoCE ;
Lower Debt Equity

Rediscovery of all fundamentals



CHRONOLOGY OF EVENTS : LISTING OF THE GYM BUSINESS

	DATE	EVENT
1	November 24, 2016	Board 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. Outcome of this Board Meeting is submitted to Stock Exchanges on the same day.
2	December 8, 2016	Company applied to Bombay Stock Exchange and National Stock Exchange for their approval on the 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 along with all the required annexures
3	January 7, 2017	Company filed with the Bombay Stock Exchange and National Stock Exchange, no complaints report from the shareholders either directly or through the Stock Exchanges
4	February 8, 2017	Both the Exchanges granted their 'No adverse Observation Letter'.
5	February 15, 2017	Company applied to National Company Law Tribunal for its direction to convene the Court Convened Meeting
6	March 9, 2017	The National Company Law Tribunal passed an order to convene the shareholders court/ Tribunal Convened Meeting for Talwalkars Better Value Fitness Limited and Talwalkars Lifestyles Limited
7	March 14, 2017	Board Meeting was convened to approve the Notice for the Shareholders court/ Tribunal Convened Meeting
8	March 27, 2017	An Advertisement was printed about the Meeting of Shareholders of TBVF and TLL to be convened as per the directions of National Company Law Tribunal

CHRONOLOGY OF EVENTS : LISTING OF THE GYM BUSINESS

	DATE	EVENT
9	March 16 – 24, 2017	Notice of Shareholders Court Convened Meeting was sent to various regulatory authorities viz ➢ BSE ➢ NSE ➢ INCOME TAX ➢ RBI ➢ REGIONAL DIRECTOR ➢ SEBI
10	March 16 - 24, 2017	Notice was sent to the creditors
11	March 25, 2017	TBVF published on its website (www.talwalkars.net), under the Investor relation tab, Corporate presentation March 2017 and elaborated on Rationale for demerger, its mechanism and structure post the scheme.
12	April 27, 2017	TBVF Shareholders meeting was convened in which the shareholders granted their approval on the 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. The resolution was passed with 99.99% of overwhelming majority.
13	April 27, 2017	TLL Shareholders meeting was convened in which the shareholders granted their approval on the 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. The resolution was passed with 100% of overwhelming majority.
14	April 27, 2017	Approval from the shareholders of both TBVF and TLL was sought through postal ballot also.

CHRONOLOGY OF EVENTS : LISTING OF THE GYM BUSINESS

	DATE	EVENT
15	April 27, 2017	Outcome of shareholders court/ Tribunal convened meeting was sent to the stock exchanges.
16	June 23, 2017	Admission of petition by National Company Law Tribunal for the 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.
17	July 12, 2017	Hearing with the National Company Law Tribunal
18	August 2017	Annual Report of the company for the year 2016-17 contained all the relevant facts, strategies and outlook of the company post demerger.
19	August 17, 2017	Notice to Regional Director of the admission of TBVF and TLL petition at National Company Law Tribunal for hearing on the Scheme of Arrangement.
20	September 17, 2017	Released quarterly earnings presentation (Q1-FY18) on stock exchanges and companies website emphasising on updates and structure post demerger.
21	November 2017	TBVFL published on its website (www.talwalkars.net), under the Investor relation tab, Corporate presentation November 2017 and elaborated on Rationale for demerger, its mechanism and structure post the scheme.
22	December 12, 2017	Updated through Quarterly Earnings presentation Q2 FY 18 on National Company Law Tribunalhearing, that was published on stock exchanges and company website.
23	December 21, 2017	Final hearing at the National Company Law Tribunal on the Scheme of Arrangement
24	December 21, 2017	NCLT passed the final order approving the 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. NCLT approved the entire scheme of Demerger and ordered that the replacement of names from TBVF to TLL and vice-versa be taken up by the Company independently via ROC approvals

CHRONOLOGY OF EVENTS : LISTING OF THE GYM BUSINESS

	DATE	EVENT
25	December 22, 2017	Intimation was immediately sent to BSE and NSE about passing of an approval order by NCLT
26	December 22, 2017	Complete Order passed by NCLT was available on the NCLT website. https://nclt.gov.in/content/mumbai-bench Including the fact that NCLT approved the entire scheme of Demerger and ordered that the replacement of names from TBVF to TLL and vice-versa be taken up by the Company independently via ROC approvals
27	February 8, 2018	Received the certified true copy of the NCLT order
28	February 9, 2018	Earnings Conference call Q3 FY18, management discussed and updated the participants with then on going demerger process. The conference call transcript remains available on company's website. (www.talwalkars.net)
29	February 20, 2018	Filed the NCLT order with Registrar of Companies in form INC-28
30	February 23, 2018	Intimation was sent to BSE and NSE about the effective date of filing the NCLT order with ROC which includes the fact that NCLT approved the entire scheme of Demerger and ordered that the replacement of names from TBVF to TLL and vice-versa be taken up by the Company independently via ROC approvals. Effective date is the date on which the order is filed with ROC.
31	March, 2018	Increased the authorised capital of TLL (gym business) from Rs. 1 lakh to Rs. 32 crores
32	March, 2018	TBVFL published on its website (www.talwalkars.net), under the Investor relation tab, Corporate presentation March 2018 and elaborated on Rationale for demerger and its mechanism.
33	March 6, 2018	Form INC-28 is approved by Registrar of Companies.

CHRONOLOGY OF EVENTS : LISTING OF THE GYM BUSINESS

	DATE	EVENT
34	March 16, 2018	We set a record date for determining the shareholders of TBVF who are eligible to get the shares of TLL (gym business) Intimation of record date was sent to depositories (NSDL and CDSL) and stock exchanges.
35	March 20, 2018	**Synopsis of Demerger Scheme was filed with the Stock Exchanges. This includes the fact that NCLT approved the entire scheme of Demerger and ordered that the replacement of names from TBVF to TLL and vice-versa be taken up by the Company independently via ROC approvals**
36	March 26, 2018	Cost of acquisition bifurcated between TBVF and TLL filed with the Exchanges.
37	March 28, 2018	Record date as determined and intimated to the stock exchanges
38	March 28, 2018	Clarification on the cost of acquisition along with the synopsis of the Demerger Scheme was filed with Stock Exchanges though not a statutory compliance but only for the sake of good corporate governance.
39	March 29, 2018	Allotment of shares vide board resolution at the meeting of Talwalkars Lifestyles Limited(gym business)
40	April 5, 2018	Credit of TLL shares by NDSL and CDSL to the respective Demat accounts of the Beneficial owners.
41	April 6, 2018	Filed the listing application with both the Exchanges to list Talwalkars Lifestyles Limited (gym business)on the exchanges.
42	April 19, 2018	We received the NSE In-principle Approval for listing of 31004856 Equity shares
43	May 4,2018	We received the BSE In-principle Approval for listing of 31004856 Equity shares
44	May 7, 2018	We have submitted these In-Principle approvals to SEBI and we are currently co-ordinating to obtain the final approval, subsequent to which the shares of Talwalkars Lifestyles Limited (gym business) would be listed on NSE and BSE.

CHRONOLOGY OF EVENTS : LISTING OF THE GYM BUSINESS

	DATE	EVENT
45	June 20, 2018	We received letter confirming Relaxation of Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957 from SEBI.
46	June 23, 2018 – June 24, 2018	Newspaper Advertisement published in Free Press Journal, Nav Bharat and Nav Shakti.
47	June 25, 2018	We submitted application for final listing and trading approval to admit the shares for dealing in both the stock exchanges.
48	June 27, 2018	We received final listing and trading approval from both the stock exchanges.
49	June 29, 2018	**Talwalkars Lifestyles Limited shares listed and admitted to dealings on both the stock exchanges.**





Demerger Approval

Demerger Scheme was filed with the Stock Exchanges on 20th March 2018. The company applied to NCLT for change of name to avoid confusion. NCLT ordered that the change of name to be done separately post listing.

The Record Date

- The Gym Business Spun Off from the existing Talwalkars Better Value Fitness Ltd. as per the Ratio of Cost of Acquisition (71.04% of cost of acquisition of equity of the combined entity)
- The Gym Business applied for listing as " **Talwalkars Lifestyles Ltd**."

Post Listing Scenario

- The Gym Business was listed on 29th June 2018.
  Further the company applied for name change on 12th July 2018 and post the requisite approvals the company would be renamed to
  "Talwalkars Gyms Ltd"

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OUR GYM BUSINESS

QUARTERLY UPDATE & FINANCIALS



Applied for change of name to

Talwalkars Gyms Ltd

UPDATES FOR THE QUARTER -MAR18

The company soft launched 20 additional PWG Gyms in India

Added 4 Gyms in Sri Lanka under Power World Gym brand

Additionally soft launched 16 Gyms in Sri Lanka under Power World Gym brand

The company is scouting for locations in Top 12 cities in India to add gyms

Company formed a team dedicated to scout locations under Snap Brand, based on market survey and expertise.

RESULT UPDATE

Consolidated Results

(INR In mn)

Particulars	Quarter ended 31.03.2018 (Audited)	Quarter ended 31.03.2017 (Audited)	▲	Year ended 31.3.2018 (Audited)	Year ended 31.3.2017 (Audited)	▲
Revenues	**765**	**702**	**9%**	**2,471**	**2,253**	**10%**
EBITDA	**535**	**471**	**14%**	**1,513**	**1,282**	**18%**
PAT	**247**	**211**	**17%**	**693**	**574**	**21%**

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Consolidated Income Statement

	Quarter ended			Year ended		
Particulars (INR mn)	**Mar-18**	**Mar-17**	**Q-o-Q**	**Mar-18**	**Mar-17**	**Y-o-Y**
Income from Operations	765	702	9%	2,471	2,253	10%
Other Operating Income	12	-12		121	19	
Total	**776**	**691**	**12%**	**2,592**	**2,272**	**14%**
Expenditure						
Personal Cost	76	64	19%	356	335	6%
Other Exp	165	156	6%	723	655	10%
Total	241	220	9%	1,079	990	9%
EBITDA	**535**	**471**	**14%**	**1,513**	**1,282**	**18%**
Depreciation	76	91	-17%	303	302	0%
EBIT	459	379	21%	1,211	979	24%
Interest	32	25	27%	167	114	46%
EBT before exceptional Items	427	354	21%	1,044	866	21%
Exceptional Items	1	-4		(1)	4	
PBT	428	350	22%	1,045	862	21%
Tax	183	151	21%	356	306	16%
PAT before Minority Interest	245	199	23%	689	556	24%
Share of Associates	7	16		13	29	
Minority Interest	5	5		9	11	
PAT after Minority Interest	**247**	**211**	**12%**	**693**	**574**	**21%**

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Consolidated Balance Sheet

Particulars (INR in Mn)	Year Ended	
	Mar-18	Mar-17
EQUITY AND LIABILITIES		
Shareholders' Funds	4,342	3,303
Minority Interest	25	36
Long Term Borrowings	3,006	2,799
Other Non-current Liabilities	125	65
Current Liabilities	888	508
Total Equity & Liabilities	**8,386**	**6,711**
ASSETS		
Fixed Assets	4,140	3,339
Non-current investment	967	580
Long-term loans and advance	1442	1329
Other non-current Assets	208	275
Total Non-current Assets	**6,757**	**5,523**
Current Investments	75	0
Inventories	133	0
Trade Receivable	139	22
Cash & Bank Balance	448	427
Loans	398	374
Short-term loans and advances	164	219
Other Current Assets	273	146
Total Current Assets	**1,629**	**1,188**
Total Assets	**8,386**	**6,711**

The **health** of this business in FY18

Rs.2,471Mn
Net Income from Operation

58.37%
EBITDA Margin

26.73%
PAT Margin

Rs.22.36
Earnings Per Share

0.69
Debt - Equity Ratio

17.67%
RoCE (EBIT/Average Capital Employed*)



*Total Capital Employed = Total Assets- Current Liabilities

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INCREASE IN NETWORTH

The Net worth of the Company has increased on the back of the strong profits thus helping in maintaining Debt equity ratio and generating healthy cash flows .

DEBT EQUITY REDUCED

The company was able to reduce Debt Equity ratio to 0.69 (FY18) from 0.85 (FY17) which is expected to have salutary impact on financials of the company.

ENHANCE RoCE

- The company has enhanced the return ratios specifically RoCE through optimising operating efficiencies by evolving its model and marketing strategies.
- The Company with its umbrella of brands- Talwalkars gyms , PWG, franchise based Snap and HiFi is clearly set to strengthen the financial health of the Company .
- This has enabled the company garner good return ratios and asset turnover ratio .

LONG TERM BORROWING

•The Company has reduced interest rate to 8.65% as per the current MCLR rates.

Strong Financials

Rating AA from Care & Brickworks
AA- from ICRA

ROI @8.65%

The Company on the back of its strong financials and ratings has managed to raise funds but is also cautiously working towards keeping its finance cost at lower levels .

FINANCE COST AND CAPITALISATION

- During the year the company added 20 Gyms in India and further soft launched 20gyms.
- To the extent interest cost on funds borrowed incurred till date of opening of new gyms have been capitalised
- L

Particulars	Rs . In Mn
Finance cost	328
Less: Income from investments/ loans	(126)
Less: Interest capitalised for gyms open du the year for preop period	(35)
Interest P/L	**167**

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USEFUL LIFE OF THE ASSETS:

Assets	Useful Life (yrs)
Computers	3-6
Plant & Machinery	10-12
Furniture & Fixtures (including Leasehold Improvements)	6-10
Vehicle	6-8
Office Equipments	4-7
Trademark, Copyrights and business and commercial rights and other intangibles.	7-10


Gym
Company
Riding
Secular
Applied for change of name to
Talwalkars Gyms Ltd

Post-demerger overview



Enhancing RoCE

Cash flow positive;

Superior unit economics with higher EBITDA margins

Expansion in line with Cash profit limits

Prudential Debt Equity Ratio

On the journey to enhance value and expand landscapes

Value of alliances

- Established an overseas presence for the first time through the acquisition of Power World Gym (PWG),the biggest health and fitness player in Sri Lanka. The Company was successful in replicating this model in India
- Alliance with Growfitter enabling to tap growing online sales and strengthen existing online presence
- Acquired stake in Inshape Health and Fitnez Private Limited to consolidate Chennai leadership
- The Company in July, 2017 announced a tie-up with Snap Fitness Inc., one of the largest gym chain in the world for exclusive master franchise rights across six Asian countries.


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One-stop fitness solution
Applied for change of name to
Talwalkars Gyms Ltd

DIVERSIFIED BUSINESS MODEL



Talwalkars Gym

Basic membership

- Personal training
- Steam and Massage
- Value-added services
- Apt for Metros, Tier I & Tier II

Premium format gyms

Large format gyms

- Steam and Massage
- Highly personalized training
- All value added service
- Apt for upscale Metro locations and Tier I cities.

HiFi

Functional format gyms

- Franchise Model
- Apt for Tier II, III and IV cities, catchment areas of Metro cities

PWG Gyms

Gyms in Sri Lanka and India

- Low capex and low opex
- Mass target audience
- No-frills
- Apt for Tier II cities and peripheral areas in Metros.

Snap Franchise gyms

Gyms in South Asia

- Master Franchise Model
- Apt for Tier I & II cities
- Six Asian countries- Bangladesh, Sri Lanka, Malaysia, Thailand, Singapore and Vietnam

TALWALKARS GYMS



Year Started

Since Inception

Total Centers

118

Target Locations

Metro, Tier 1 & Tier II

Area Sq.ft.

5,000-6,000

Capacity of Members

1,100-1,350

Format

Owned, Franchised & Subsidiaries

Rollout Time

16 Weeks

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Talwalkars Gym

Number of Gyms	118
Typical Area Layout (Sq.Ft.)	5,000-6,000
Capacity of Members	1,100-1,350
Revenue (1st year)	Rs.16-18Mn
Capex	Rs 33.5Mn
RoCE	16-20%

- Commenced Business with this format that today enabled Talwalkars to be synonymous with Gym in India.
- Apt for Metros, Tier I & II cities targeting the upper middle class.
- Ultra modern gym, with imported equipment, fully air-conditioned and highly trained & dedicated staff.
- Includes value added services.

●Resilient and adaptable business model ● Attractive foot print ● Ownership driven model with growth opportunities

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UNIQUENESS OF TALWALKARS GYM

- ✓ The company has three models of setting up Talwalkars gyms: Owned, Franchised and through Subsidiary company.
- ✓ In the owned model, the company bears the Capex and Opex of the gym. Under the franchised model, the company supports to its franchisee partners with set-up of the gym, equipments, staffing, etc.
- ✓ To sweat asset optimally included Value Added Services within its gyms

Capex (Rs In Mn)	
Deposits For The Property	3
Air-conditioning	2.1
Generator Sets	1.4
Health Club Equipments	14
Interiors & Office Equipments	13
Total Capex	33.5

Opex (%)	
Rent	12-13%
Electricity	9-10%
Personnel	22-24%
Marketing Expenses	2%
Admin & HO Cost	5-6%
EBITDA Margins	45-50%
RoCE	**16-20%**

TALWALKARS PREMIUM GYMS



Year Started	Total Centers	Target Locations	Area Sq.ft.	Capacity of Members
2015	8	Metro, Tier 1	8,000-12,000	1,800-2,200

Format	Rollout Time
Owned	20 Weeks

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Talwalkars Premium

Number of Gyms	8
Typical Area Layout (Sq. Ft.)	6,000-12,000
Capacity of Members	1,800-2,200
Revenue (1st year)	Rs.24-26Mn
Capex	Rs 60Mn
RoCE	15-17%

- Set new Benchmarks through premium format centres.
- Apt for upscale locations in Metros and Tier I cities targeting the affluent class.
- Separate cardio sections and a dedicated strength and weight training zone.
- Highly personalised services including value added services and additional services like WiFi, Juice and Snack Bar, Valet services etc.

●Leading fitness brand in India ● Differentiated premium with full service offerings ● Experienced Management Team

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UNIQUENESS OF PREMIUM TALWALKARS

✓Superior member experience and full fledged training and support.

✓Internationally qualified fitness trainers and dedicated nutrition experts customize programs to help members achieve their fitness goals

Capex (INR Mn)	
Deposits For The Property	4
Air-conditioning	4
Generator Sets	2
Health Club Equipments	28
Interiors & Office Equipments	22
Total Capex	60

Opex (%)	
Rent	10-12%
Electricity	8-9%
Personnel	21-24%
Marketing Expenses	3-4%
Admin & HO Cost	4%
EBITDA Margins	47-54%
RoCE	***15-17%***

TALWALKARS HI FI



Year Started
2015

Total Centers
25

Target Locations
Tier III & Tier IV

Area Sq.ft.
2,500-2,800

Capacity of Members
550-650

Format
Franchised

Rollout Time
10 Weeks

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HiFi

Number of Gyms	25
Typical Area Layout (Sq. Ft.)	2,500-2,800
Typical Capacity of Members	650-700
Revenue (1st year)	Rs.8.5-9Mn
Capex	Rs 12.5 Mn
RoCE	16-18%

- Making Fitness accessible in remote locations of India.
- Compact and affordable franchise formats.
- Tier II, III, and IV cities and even catchment areas of metro cities.
- 100% Franchise model.
- To tap markets, which can be started with a very low investment.
- Upfront Royalty plus percentage of topline.

●Multiple Growth Opportunities ● In remote Locations ● Franchise model with upfront royalty and minimum investment



UNIQUENESS OF HI FI

- ✓ Hi Fi model is located largely in remote locations like Ichalkaranji, Bhimavaram, Pallakad, Pondicherry etc
- ✓ These centers are created to increase the reach to untapped markets, which can be started with a very low investment.
- ✓ Hi Fi helps the members to remain healthy and fit with imported equipment's and well-qualified trainers.

Capex (In Mn)	
Deposits For The Property	0.6
Air-conditioning	0.6
Generator Sets	1
Health Club Equipments	5.5
Interiors & Office Equipments	2.8
Upfront Royalty	2
Total Capex	12.5

Opex (%)	
Rent	12-13%
Electricity	11-12%
Personnel	25-26%
Marketing Expenses	4-5%
Admin & HO Cost	13-14%
EBITDA Margins	30-35%
RoCE	***16-18%***

POWER WORLD GYMS



Year Started

Sri Lanka: 2016

India: 2017

Total Centers

Sri Lanka: 40*

India: 60#

Target Locations

Peripheral areas of Metro

Area Sq.ft.

4,000-5,000

Capacity of Members

1,300-1,500

Format

Sri Lanka: Associate

India: Owned

Rollout Time

12 Weeks

*20 gyms soft launched in India
#16 gyms soft launched in Sri Lanka

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PWG Gyms India

Number of Gyms	60
Typical Area Layout (Sq. Ft.)	4,000-5,000
Typical Capacity of Members	1,300-1,500
Revenue (1st year)	Rs.9-11Mn
RoCE	23-25%

- After its succesful endeavour in Sri Lanka, Talwalkars was successful in bringing PWG model in India.
- The company rolled out 20 Owned Gyms across, Bengaluru on a single day and later went on to repeat the same in Delhi with 10 Gyms.
- Positioned strategically to target consumption class.
- Fully equipped with imported equipments and modern techniques. It introduced circuit training programs which help in rapid weight loss in an economical and sustainable way.
- **Soft Launched 20 gyms in Bangalore.**
- **Now #2 Brand in Gyms across India**

●City centric approach● Accelerated Payback ●Occupancy rate higher than peers ●Low Capex ● Controlled Opex

POWER WORLD FITNESS CENTRES









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PWG Gyms Sri Lanka

Number of Gyms	40
Typical Area Layout (Sq. Ft.)	3,750- 4,000
Typical Capacity of Members	1,300-1,500
Revenue (1st year)	Rs.9-11Mn
RoCE	23-25%

- Entered into a strategic partnership by acquiring 49.5% in 2015 with PWG –Sri Lankan Gym Chain.
- Best rates with Modern equipment.
- Right Mix of Low Capex and Opex Gyms.
- This model enables moderating gym expenditure, accelerating break even point and enhancing long term profitability.
- **4gyms launched and 16 gyms soft launched during current year.**
- **Now #1 Brand in Gyms across Sri Lanka**

●Cluster oriented growth rapid expansion ● Faster Payback ● Lower Debt Equity ● Occupancy rate higher than peers









UNIQUENESS OF PWG MODEL

- ✓ Gym Hall space bigger
- ✓ Wet Area / shower area is smaller
- ✓ Operating cost is much lower, thus enables enhancing the ROCE
- ✓ No frills gym
- ✓ Rents are significantly lower and cost of staff is concentrated

Capex (In Mn)	
Deposits For The Property	1.8
Air-Coolers	1
Generator Sets	1
Health Club Equipments	11.8
Interiors & Office Equipments	10.4
Total Capex	25

Opex (%)	
Rent	8-10%
Electricity	4-5%
Personnel	11-15%
Marketing Expenses	2%
Admin & HO Cost	4-5%
EBITDA Margins	63-71%
RoCE	**23-25%**

Unleashing the strength to expand rapidly through PWG model

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Snap Franchise

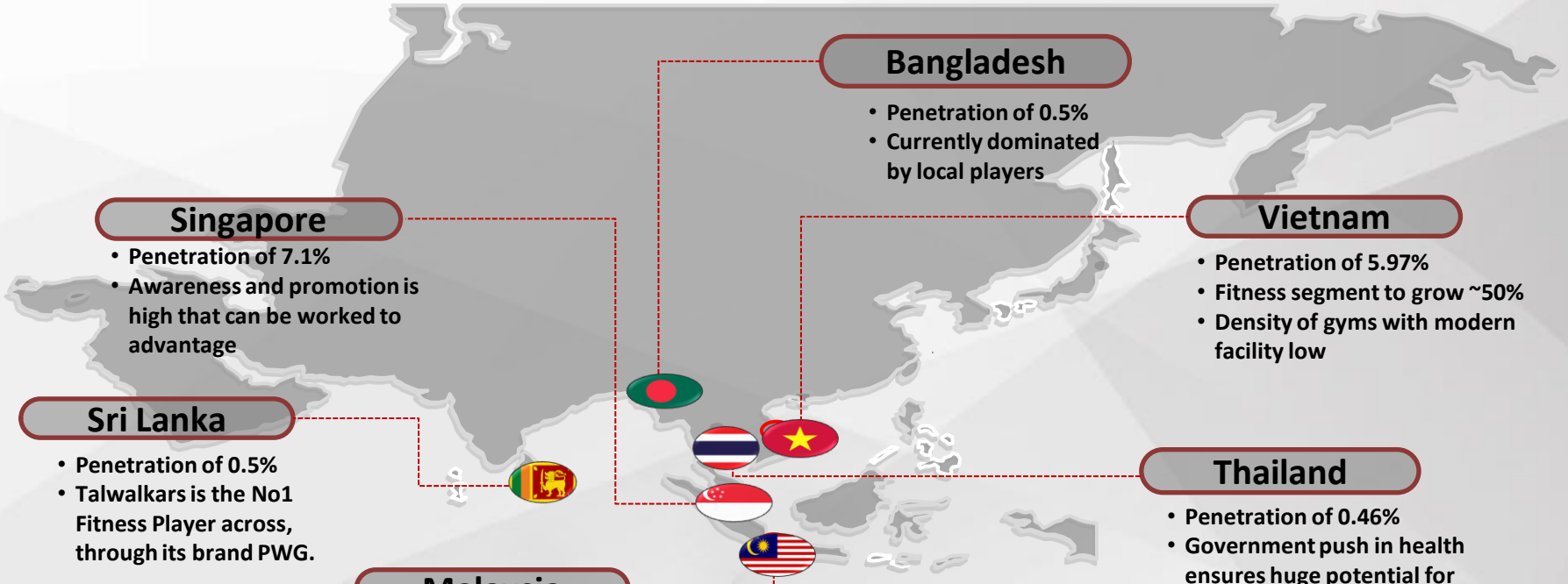
- Talwalkars announced a tie up with Snap Fitness Inc., one of the largest gym chains in the world.
- Exclusive master franchise for Snap Fitness in Singapore, Malaysia, Vietnam, Thailand, Sri Lanka and Bangladesh.
- Snap Fitness, headquartered in Minneapolis, is a recognized global leader in the fitness industry.
- Founded in 2003 by Peter Taunton, who has over 30 years of fitness industry experience. With 2,500 clubs open or in development in 24 countries, Snap Fitness is the world's premier 24/7 fitness franchise.
- With similar economies six countries have low penetration rates
- The company plans to utilise this opportunity to unleash its experience along with international brand recall of snap to enhance scalability across geographies.
- Cautionary approach In opening Snap franchise in 6 Asian countries with Proper market survey and our expertise
- The Company is not partnering with the Force Fitness – Indian Snap franchise.

● Robust business model ● Streamlined operations ● Value-added Franchise services ●Competitive edge

Year Started	Format	Target Locations	Area Sq.ft.	Capacity of Members
2018	Franchised	South East Asia	4,000-5,000	800-1,000

Wider spread to enhance viability and value in countries with similar economies

Entering into six countries with Snap Franchise



Bangladesh

- Penetration of 0.5%
- Currently dominated by local players

Singapore

- Penetration of 7.1%
- Awareness and promotion is high that can be worked to advantage

Vietnam

- Penetration of 5.97%
- Fitness segment to grow ~50%
- Density of gyms with modern facility low

Sri Lanka

- Penetration of 0.5%
- Talwalkars is the No1 Fitness Player across, through its brand PWG.

Thailand

- Penetration of 0.46%
- Government push in health ensures huge potential for fitness

Malaysia

- Penetration of 0.83%
- Most Obese nation in Asia;
- Current growth in Fitness market is high

Gym Penetration rate in UK and US is as high as 14-18%(2016) which was around 2% in 1980's. Penetration rates in India today is as low as 0.13%

-Source: Health Data.org : http://bit.ly/2hwu48o
IHRSA Asia Pacific Health Club Report 2015.

Above map is not to scale and not intended to mean political map of Asia



● Evolution of our Gyms ● Streamlined operations ● Digitally ready ●Low Capex model ●Franchise model

HOW TALWALKARS EVOLVED

Earlier Gym Model:

Average Gym Size: 3,000- 3,500 sq.ft

Gents Shower & Locker Area 500 sq.ft	Shower Area / Shower Area / WC/ Toilet	Ladies Shower & Locker Area 500 sq.ft	Shower Area / Shower Area / Toilet	Directors Cabin 150 sq.ft	Conference Room 150 sq.ft	Reception Area 200 sq.ft
Gym Hall 1,300 sqft	**Cardio Section** 5-6 Treadmills 2 Ellipticals 2 Cycles	**Strength Section** Strength - Indian and Imported Free Weight - Indian Equipments		Measurement Room 150 Sq.ft / Nutrition Section 150 sq.ft		

Present Gym Model:

Average Gym Size : 5,000- 6,000 sq.ft

Gents Shower & Locker Area 800 sq.ft; Steam / Massage	Shower / Shower / Shower / Toilet / WC	Ladies Shower & Locker Area 800 sq.ft; Steam / Massage	Shower / Shower / Shower / Toilet / Toilet	Directors Cabin / Conference Room 100 Sqft; Staff Area 100 -150 Sqft	VAS Section 100 -150 sq.ft; Int. Audit Section 100 Sqft; VAS 100 Sqft	Reception Area and Sittng Area 200sq.ft
Gym Hall 2200 sqft	**Cardio Section** 8 Treadmills 3 Ellipticals 3 Cycles	**Strength Section** Fully Imported			Accounts Dept 100 sq.ft; VAS 200 sqft	Nutrition 100 sq.ft; Measurement Rm 100 sq.ft; Group X 300 Sq.ft

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Revenue Analysis: **Urge to increase Revenues and Same Store Sales growth :**

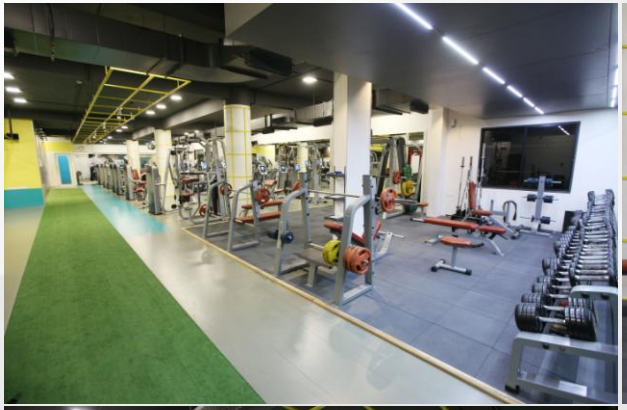
- The gym company over the years has evolved from being a single brand to multi-brand model
- On its journey towards encompassing **all the classes of people and price points under one model it introduced brands like Power World Gyms**
- Each gym brand evolved own strategy for getting customer referrals and soft skills
- Initiatives taken both online and offline to understand customer trend and adapt
- For optimally using space in Talwalkars Gym we provided Value Added Services as a component
- The company has a dedicated marketing and sales team who visualize and execute strategies to increase Same Store Sales Growth of the company
- As a part of online marketing & Sales strategy the company has implemented penetrative ways to increase its revenue and target online portals with high conversion

--------Higher revenue model incorporation enabled us to enhance ROCE/ROE--------

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----------Revamped and Renovated our gyms to cater to customer trend----------













INCREASING DIGITAL PRESENCE

Talwalkars has tapped the market through online portals Growfitter and Fitternity

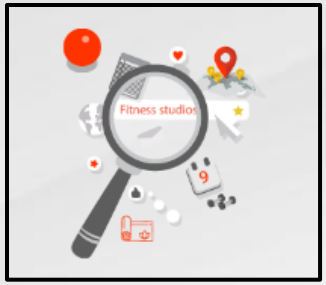
- Growfitter is your one stop shop for all fitness services across your city.
- India's largest health & fitness discovery portal claims to list 10000+ fitness centre Pan India across 14 cities. https://www.growfitter.com
- **Talwalkars acquired 19% stake in this Company.**

- Fitternity is India's largest fitness discovery and booking platform.
- With Fitternity, you can discover & experience various fitness forms by taking unlimited trials. Fitness memberships with lowest price guarantee & best offers with online payments & EMI.
- Fitternity enables fitness journeys at over 12,000+ fitness centers with 15+ fitness forms across Mumbai, Delhi, Gurgaon, Noida, Bangalore, Pune, Ahmedabad and Hyderabad.

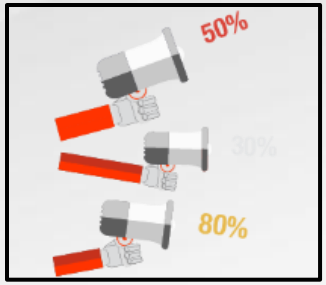
How Does it Work ?



OneStop Solution for Health & Fitness



Search Nearby Fitness Centers



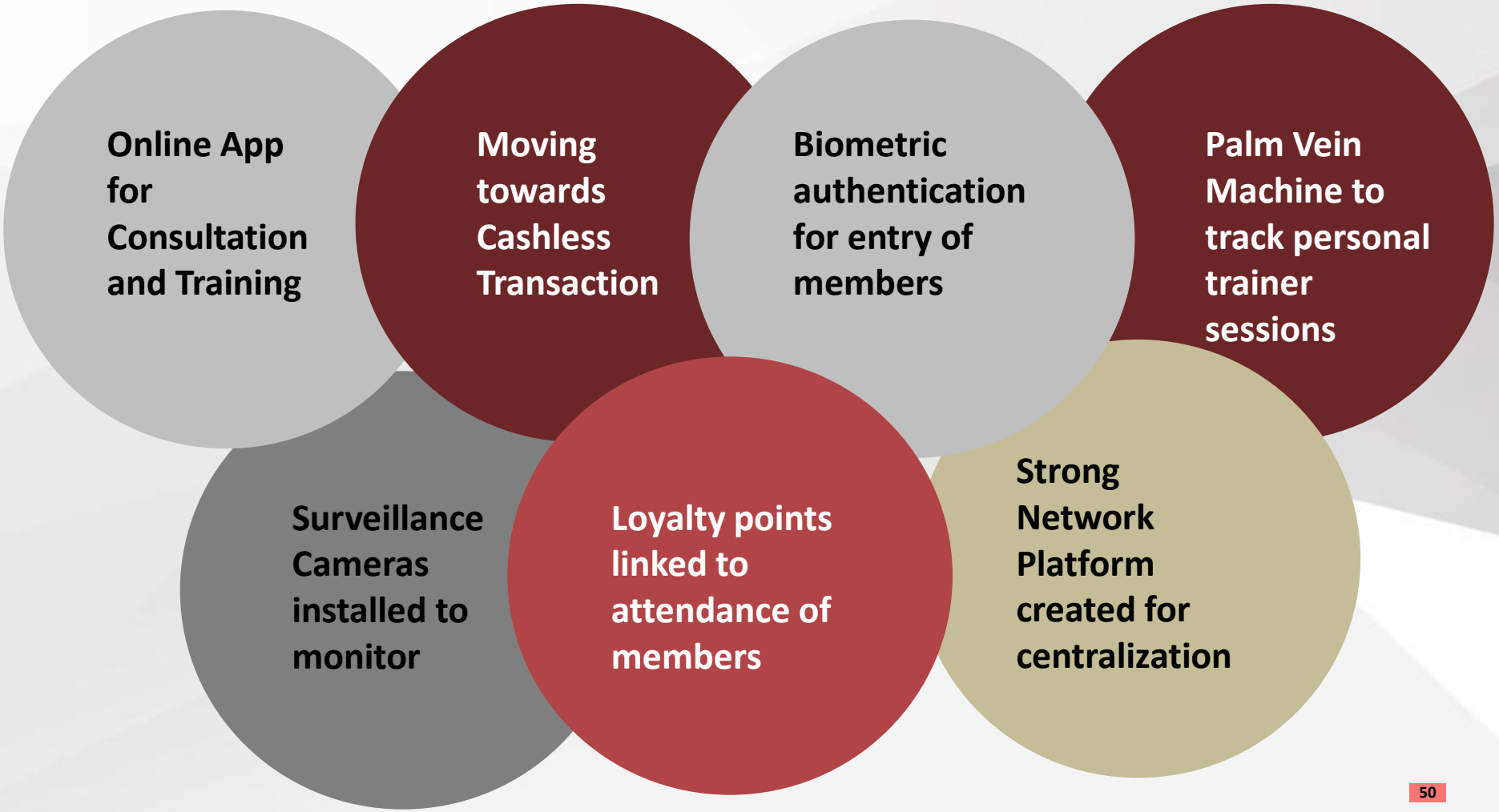
Get the Best Deals



Buy Membership

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Reduced pilferage facilitates continuous monitoring, generates critical analytical reports saves time and avoids data duplication enhances customer



ONLINE PRESENCE AND DIGITAL INITIATIVES

1) Facebook Lead generation:
We received overwhelming response via Facebook Digital Leads ads resulting into conversion.

2) Facebook Posts: Our Posts reached to 30K People organically.

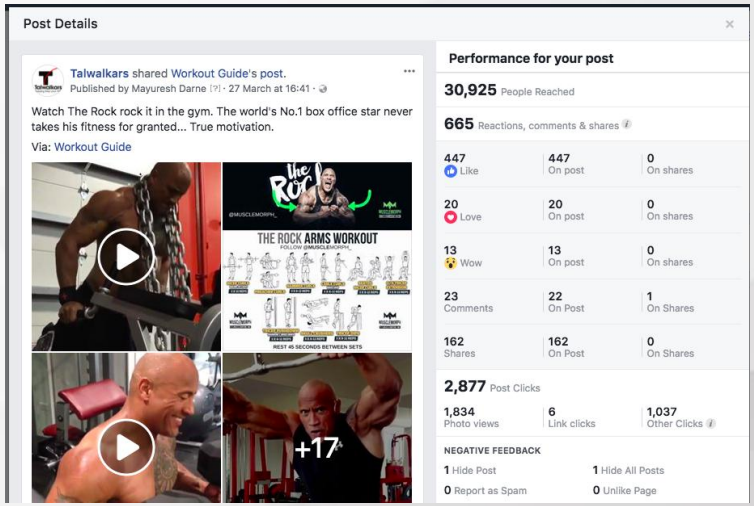
3) Cross promotion on the Facebook page with 95 big FM

4) Our video Posts reached to 40K People organically.

5) Women's day special post reached to 16k people organically

6) PR posts on social media has increased significantly

7) Cross promotional offer on Mobikwik generated superior response





OPERATIONAL EFFICIENCIES

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Reducing Cost: Our clear strategy then and now remains to increase operational efficiencies and enhancing return ratios.

Employee Cost: Employee cost aligned more towards variable component –

I. **Concept of "Rooming Training":** The Company uses cluster approach while opening PWG gyms for eg : In Bangalore on a single day , the company launched 20 gyms

II. The company trained all the employees from the managers to the trainers under one roof for 3-4 months . This results in concentrated and controlled staff cost.

Rent Cost :

I. **Last three years reduction of rent in ~40-45gyms** Being an anchor tenant has enabled the company to renegotiate its rental agreements bringing down the rental.

II. **Rental arrangements were renegotiated to get best cost effective deals** for eg: Gym in Kolkata (~27%↓), Hyderabad (~34% ↓) and North East (~28% ↓)

III. Further the company has been able to contract new locations at lower rentals than the average rentals in metros

Power Cost: Efficient and effective usage of electricity – Inverter with AC installed to conserve and save electricity; Employees are incentivized if the energy cost is efficiently and effectively used

Gyms opportunity response:

Tectonic Shift in Capex

Particulars	Talwalkars	PWG India
Typical Area (Sq.ft.)	5,000- 6,000	4,000- 5,000
Capex (Rs in Mn)	33.5	25
Revenue (Rs. in Mn)	16-18	9-11
EBITDA (%)	45-50%	63-71%
ROCE (%)	16-20%	23%-25%

- **PWG model has bought down the Capex intensity from ~Rs.33.5Mn to ~Rs.25Mn per gym allowing us to open a higher number of gyms within the same Capex cycle.**
- Talwalkars intends to capitalise on PWGs competence in moderating the gym expenditure, accelerating break even point and enhancing long term profitability.

- Targeting Top 12 cities of India and achieve leadership position in the fitness industry with a significance expansion across Asia.

Gyms opportunity response :

Franchising

- The company opted franchising to enhance viability and add value in the business
- The company included Hifi model in its revenue stream to tap potential in the remote location
- Sealed the Master franchise in 6 Asian countries to unleash the potential of growing fitness culture
- This model will significantly accelerate ROCE



Enhancing RoCE

REVENUE GROWTH:

Online and Offline strategy to auger revenues; **Enhancing Same Store Sales Growth**; Increasing footfalls; Combining competition focus areas with Personal Training & Value Added Services

COST EFFICIENCIES:

Expenses calibrated; Interest Cost of the company tightly controlled ; Rent less than 15% of Revenues; Controlled employee cost and electricity expense

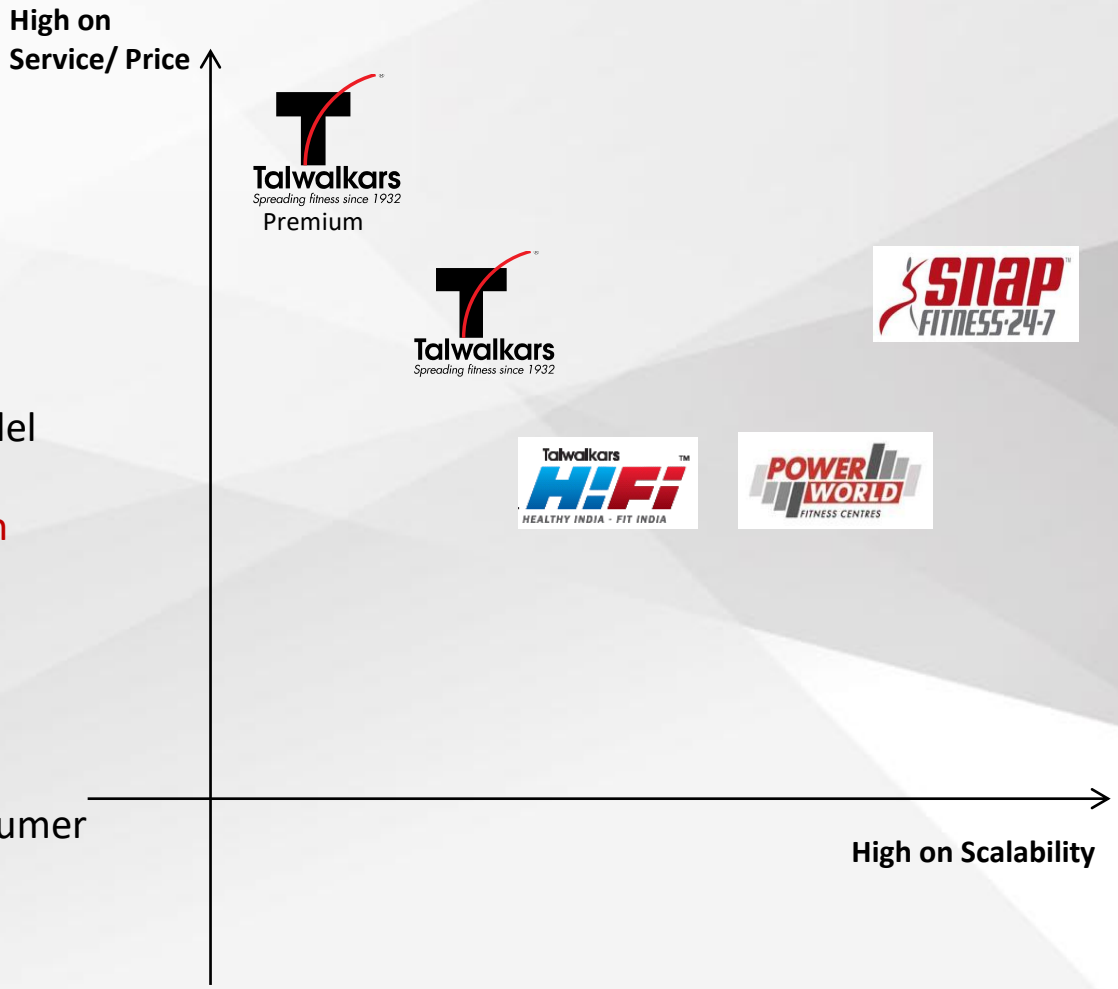
CASH FLOW POSITIVE:

Improve Rating; Lowered Debt/Equity to 0.69; Long & extensive depreciation policy; No Capex involved in Franchise; Capex to be within Cashflows; **Enhancing RoCE**;

Multi Brand Strategy

In a fragmented fitness market, multi model formats help maintain robust RoCE

- Allowing scalability
- Maximizing member density
- Continuous member engagement
- Easy accessibility
- Allows select scale up asset light model
- High Brand penetration and retention
- Covering all price points
- Separate team for each format
- Each brand catering to different consumer preferences



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Highlights for 2017-18

- Preferential allotment to infuse Rs41.38crores of capital and increase promoters stake to 37.36%
- Expansion of PWG model in India (from 20 to 60)
- Capex and opex reduced (PWG-inspired)
- Enhanced profitability (RoCE, ROE and asset: turnover ratio)
- The core gym business got demerged from the combined entity to focus on core competence
- The company welcomed implementation of GST enabling one tax structure thereby streamlining and availing input tax credit on all sales and purchases.
- The Networth of the Company has increased on the back of the strong profits thus helping in maintaining Debt equity ratio and generating healthy cash flows .



OUR BRANDS AND GROWTH AGENDA





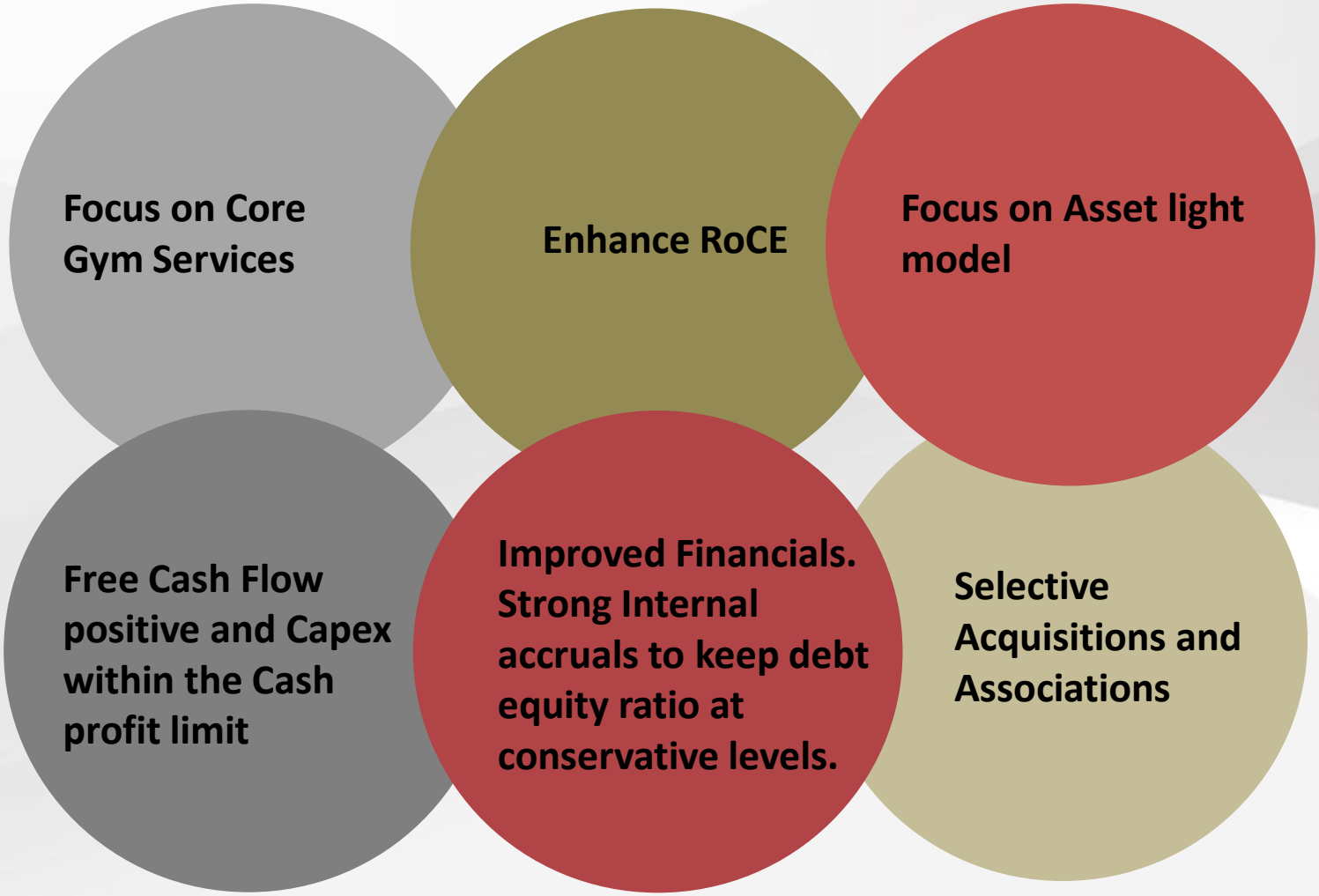




- Increasing footfalls in Talwalkars and PWG brand gyms by growing rapidly in Top 10-12 cities
- PWG brand in Sri Lanka to add 20 + gyms in the forthcoming year
- Expanding landscapes in remote locations across India with HiFi Franchise
- The company has identified locations across Sri Lanka and Vietnam for housing its first gym under brand Snap

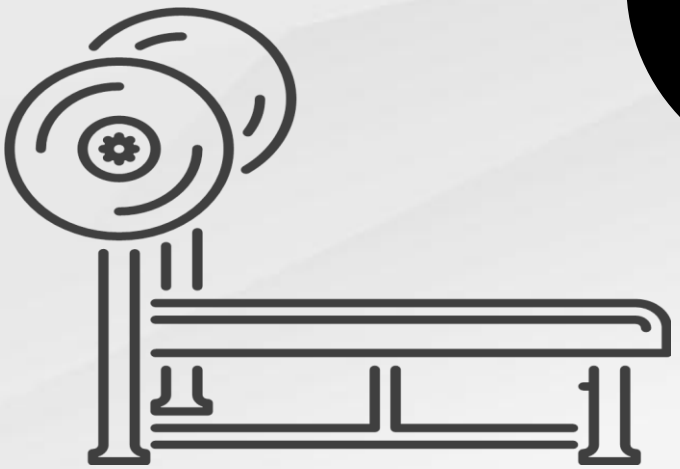
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The company in the future will invest in Capex within its cash profit limits and will keep Debt Equity ratio at conservative levels



Roadmap for the next two-three years

- Adding 30-35 centers per year
- Having presence in 100 towns
- Being No 1 Player in top 10 cities of India
- Enhancing RoCE
- Increase market share
- Debt Equity ratio low



OUR GOALS

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1 Concentrating on core gyming

- Consolidating its leadership position in India.
- Gym Segment is cash flow positive and thus is self sustained and well poised for future growth.

2 Expanding across geographies

- Emerge as a strong player in Asia.
- Expand both organically and inorganically through acquisitions or strategic tie-ups.
- Plans to add 30-35 gyms per annum.

3 Improved Financials

- Strong Internal accruals to keep Debt equity ratio low.
- Good credit rating to secure cheap funds for longer tenor.

4 Simplified business Post Demerger

- Robust return ratios.
- Plough accruals into asset building.

OUTLOOK

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Vision	Mission	Strategy
To maintain the position of being the largest fitness chains in South East Asia.	Healthy Revenue growth with high Margin profile and low gearing ratio.	Build in steps to improve operating efficiencies and return ratios

Objectives

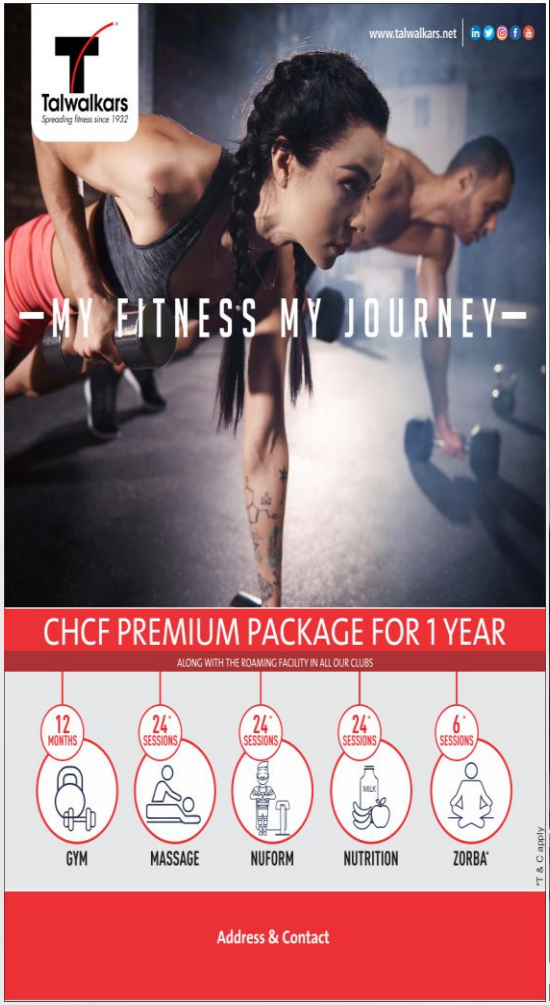
Free Cash Flow Positive

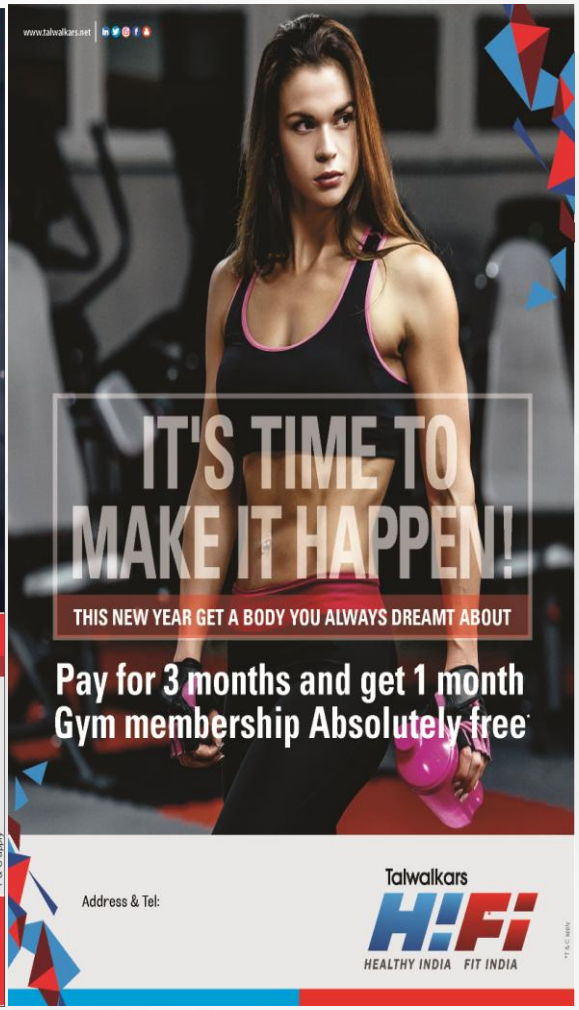
Enhancing ROCE /ROE

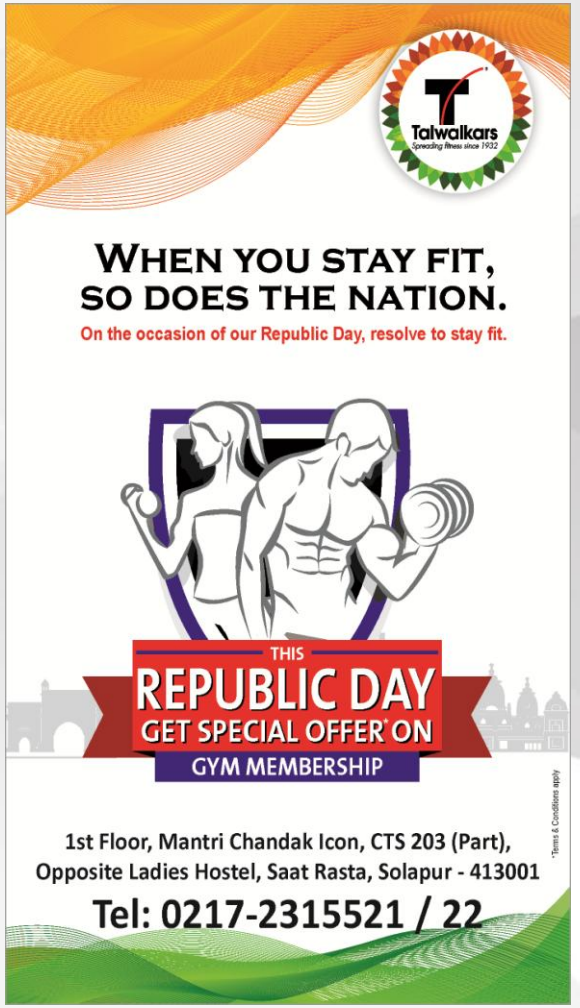
- Conservative Debt Equity Ratio; Maintain and improve Ratings
- Cost control measures
- Enhance shareholders value

F	O	C	U	S
Facilitate Expansion in Line with Capex	Renovate and Revamp the gym	Concentrate on core competency	Penetrate in Untapped areas	Capitalising on Synergies- Mergers and Acquisition

KEY MARKETING HIGHLIGHTS AND OFFERS FOR THE QUARTER







KEY MARKETING HIGHLIGHTS AND OFFERS FOR THE QUARTER

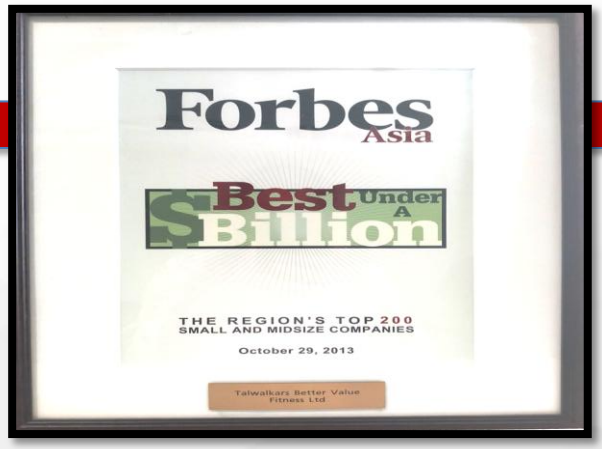






AWARDS AND ACCOLADES

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