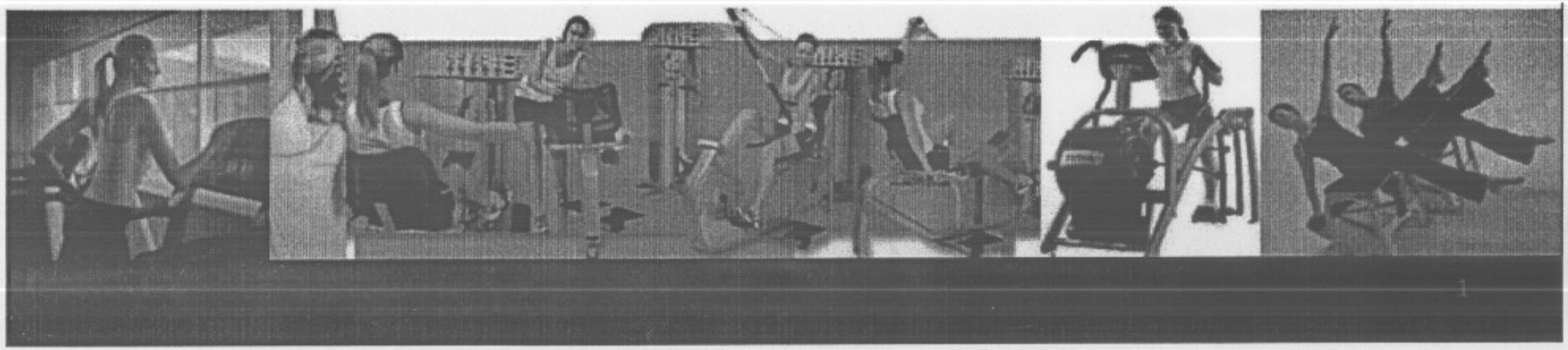


Talwalkars
Spreading fitness

TALWALKARS BETTER VALUE FITNESS LTD

Quarterly Update(Q4 FY 2011-12) and FY 2011-12

22ND May 2012



DISCUSSION SUMMARY

1. TALWALKARS (TBVF) – ABOUT US
2. CURRENT QUARTER HIGHLIGHTS
3. BUSINESS STRATEGY
4. MARKETING INITIATIVES
5. RESULT UPDATE - QUARTER 4 and FY 2011-12
6. OUTLOOK

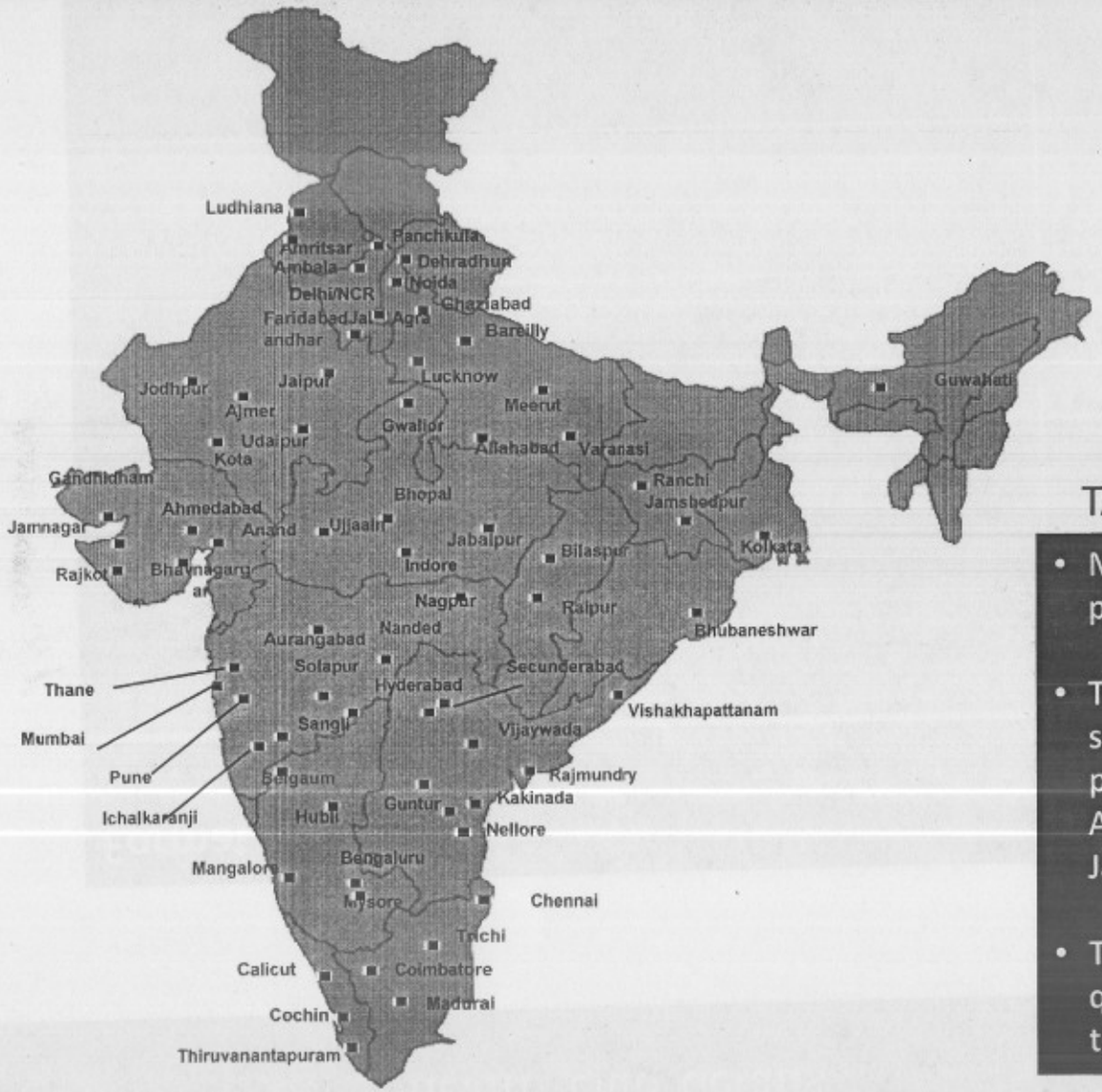
DISCUSSION SUMMARY

1. TALWALKARS (TBVF) – ABOUT US
2. CURRENT QUARTER HIGHLIGHTS
3. BUSINESS STRATEGY
4. MARKETING INITIATIVES
5. RESULT UPDATE - QUARTER 4 and FY 2011-12
6. OUTLOOK

ABOUT US – overview

- Pioneer in the Fitness Industry – India's largest fitness brand Talwalkars & HI FI with 128 health clubs across 68 cities serving over 1,25,000 members.
- Talwalkars Better Value Fitness (TBVF) is the only listed Fitness & Wellness Company on the Indian bourses.
- In India TBVF is the largest health club operating chain with Pan-India presence, second largest health club chain in Asia and is present in top 20 chains in world in the owned health clubs category .
- TBVF holds highest market share in the organised health club market in India (approx. 10%).
- TBVF has broaden its scope from being a gym player to a fitness player by introducing Nu Form Gym studios with a focus on weight loss.
- TBVF has a state of the art 25000 sq. ft. residential training academy through which it produces quality Talwalkars trainers.
- TBVF is proud to be listed in "Business Today 500 "- November 2011 issue.
- Consistent financial performance; achieved 7Yr CAGR(FY'06-12) of 52.36% in Income from Operations, 55.46% in EBITDA & 80.04% in PAT
- Talwalkars being the market leader in the Indian Fitness Industry, it is a provider of total health and fitness solutions ranging from weight loss consultation to nutrition counselling and behaviour modification.

ABOUT US – pan-India brand, and presence



Note – Cities in Red indicate more than 1 health club

Present in 68 cities and 18 states with 128 health clubs and a member base of more than 1,25,000.

TALWALKAR MODEL VALIDATION

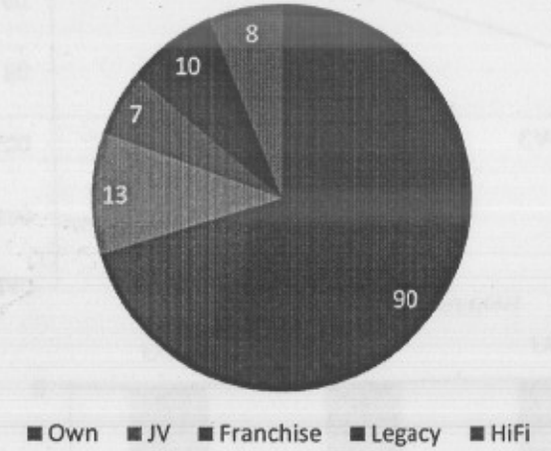
- Most of the Organized Chains have presence limited to Tier I Cities .
- Talwalkars has demonstrated the scalability of health clubs by establishing presence in smaller towns of India like Anand, Gandhinagar, Ichalkaranji, Ranchi, Jamshedpur, etc.
- Talwalkars will further continue to bring quality fitness at affordable prices across the country.

ABOUT US – health club details

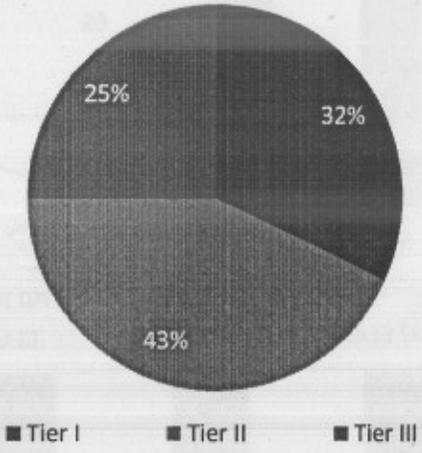
Format	No. of Health clubs
Talwalkars – Own	90
Talwalkars –JV	13
Legacy	10
Talwalkars –Franchise	7
Hi- Fi	8

ABOUT US – acceptance across India

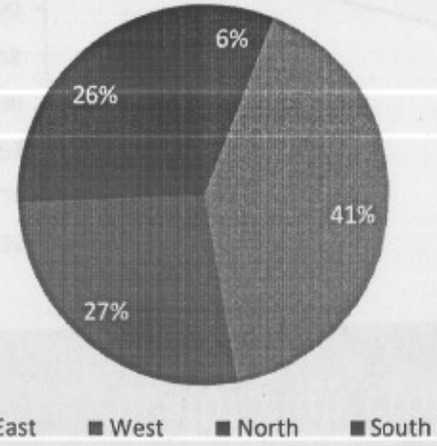
TOTAL NO. OF HEALTH CLUBS



TIER DISTRIBUTION

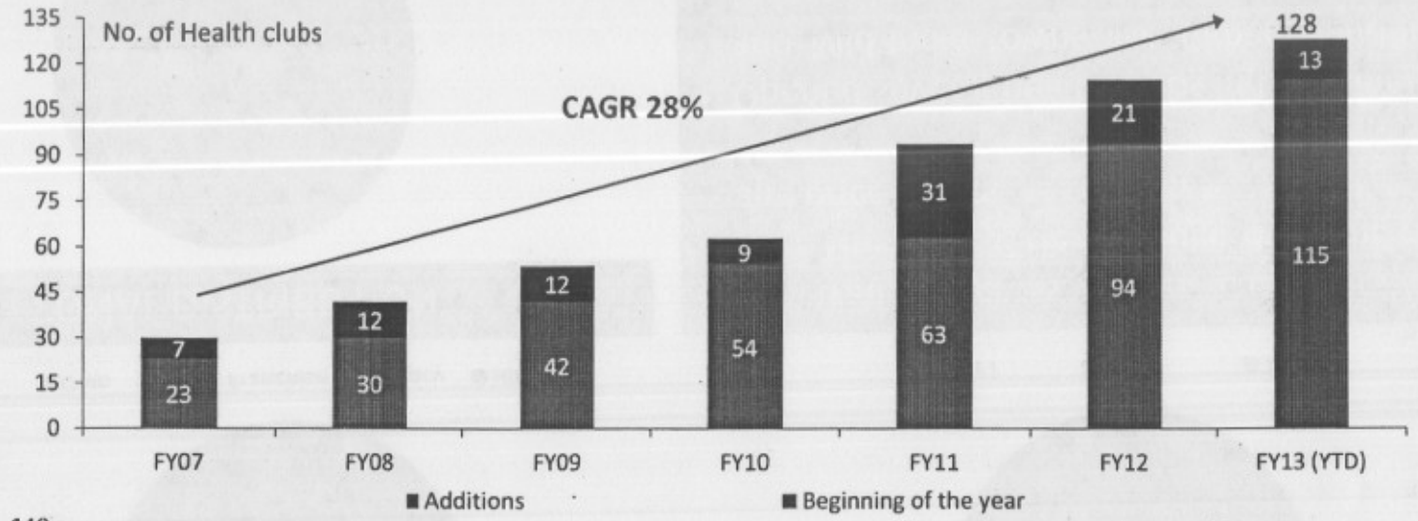


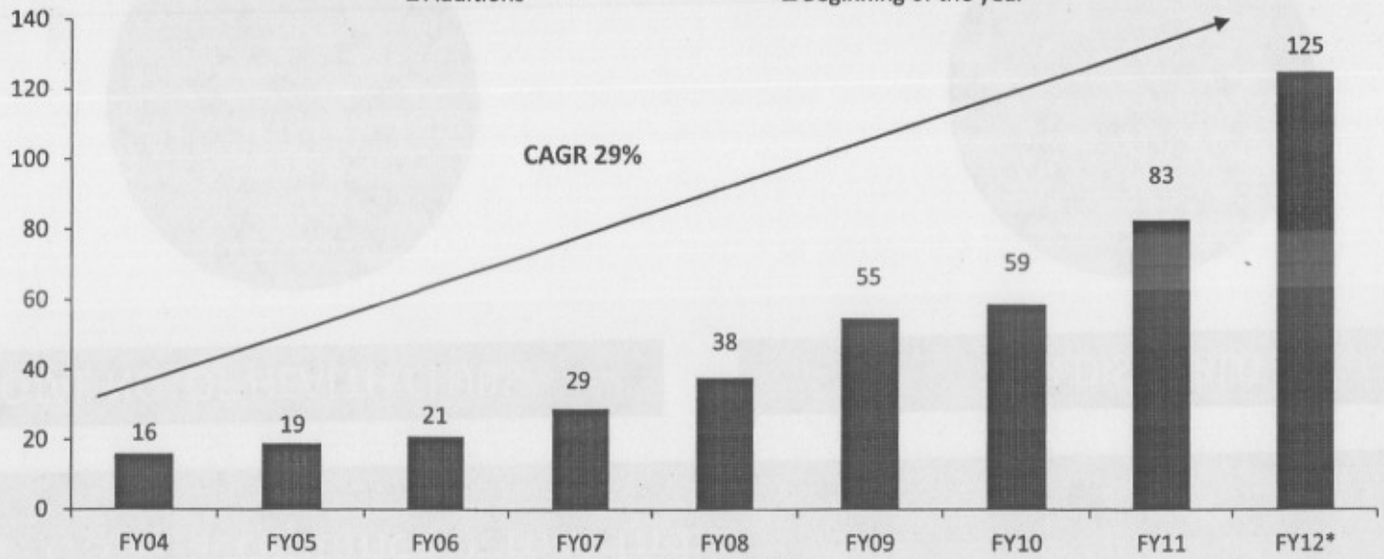
ZONAL DISTRIBUTION



- Penetration across Target customers spread over Tier I,II,III Cities through different formats and price points.
- Opened several health clubs in the Mini-metros and Mid-India towns like Ajmer, Gandhidham, Indore, Jamshedpur, and many more, and the response has been ahead of our expectation.

ABOUT US – health club growth, membership growth





** No. of members till date*

ABOUT US – strengths

CONSISTENCY

- Across all locations the health club experience remains uniform with similar equipments and Infrastructure.
- Brand Identity ensures quality in both health club experience and member numbers.

QUALITY

- World Class Equipments from reputed international manufacturer, viz., Precor, Matrix, Hoist etc.
- In House Training ensures quality of the Trainers and improves the Resource pool for rapid expansion.

TRAINED MANPOWER

- Talwalkars has its own 25000 sq ft residential training academy in Thane, Mumbai which gives training to existing and newly recruited trainers.
- The course duration typically ranges from 30-35 days.
- In-house project management team
- Critical to scaling up business.

ABOUT US – key differentiators

Market Leadership: TBVF is one of the largest fitness chain in India with a pan- India presence. Brand Talwalkars is present at 128 locations spread across 68 cities in 18 states ,serving over 1,25,000 members. The newly launched HIFI format will hasten our penetration in to the smaller markets of the country.

Brand Equity: The brand is over 80 years old and has strong recall. This factor along with personalized services and competitive pricing helps in customer retention and breaking the competitive clutter of the industry, dominated by unorganized sector.

Promoters' Experience and Expertise: Company has benefited from the diverse expertise of its Promoters. While the Talwalkars Group has several decades of experience in the health and fitness industry, the Gawande Group has vast experience in several are as of business management including finance marketing and legal.

Diverse service offering: TBVF has broadened its scope from Fitness to Fitness, Wellness and Slimming segment . Nu Form Gym studios is one of the Initiatives with a focus on Weight Loss and Slimming Activity. Also Apart from the standard facilities in the Health club, TBVF has introduces several Value added offerings such as Spa, Aerobics, Personal Training etc.

Quality and Consistent health club experience: The company assures a uniform health club experience for its patrons, across all its locations in the country, including world-class equipments and consistent quality of the trainers . The in-house Academy provides tremendous competitive advantage in an industry , with shortage of quality fitness trainers.

DISCUSSION SUMMARY

1. TALWALKARS (TBVF) – ABOUT US
2. CURRENT QUARTER HIGHLIGHTS
3. BUSINESS STRATEGY
4. MARKETING INITIATIVES
5. RESULT UPDATE - QUARTER 4 and FY 2011-12
6. OUTLOOK

CURRENT QUARTER HIGHLIGHTS

- Total number of Health clubs increased from 113 in Q3 FY12 to 128 as on date with 15 health clubs added across towns such as Ambala, Ajmer, Anand, Bhavnagar, Indore, Korattur, Mumbai, Panchkula and Ranchi. Presence increased from 61 cities in Q3 FY12 to 68 cities as on date.
- Total number of Members increased to over 125000 as on date with strong demand seen in Tier 2-3 towns which have seen a significant trend of becoming members of Gym and Fitness Activity.
- **TBVF introduced its New offering – Nu Form Gym Studios**
  - Nu Form is a new category of Health and Fitness studios which focuses primarily on weight loss and caters to upwardly mobile and affluence class of audience.
  - Currently 6 Nu Form Studios are operational in Mumbai (Andheri, Bandra, Chembur and Vile Parle) and Thane (Panch Pakhdi and Pokhran road Vasantvihar).
- **Technology Update** - Front End Software has become operational across all the Health clubs. Installation, Learning and Understanding phase of the software is completed. The Customer Interface will greatly enhance the ability to understand Customer needs and thus respond to them in an faster manner.
- Training Academy has been further enhanced to innovate and introduce New Products and Offerings.
- **On-Ground Performance:** - The Talwalkars Gandhinagar health club and Nu Form studios, opened in April 2012 received a great response with 275 members enrolling in health club and about 140 members in Nu Form in less than one month of its inauguration.

DISCUSSION SUMMARY

1. TALWALKARS (TBVF) – ABOUT US
2. CURRENT QUARTER HIGHLIGHTS
3. **BUSINESS STRATEGY**
4. MARKETING INITIATIVES
5. RESULT UPDATE - QUARTER 4 and FY 2011-12
6. OUTLOOK

BUSINESS STRATEGY – high ROI, scale & low capex



EXPANSION STRATEGY DRIVEN TO MAXIMIZE ROIC

TYPE	OWNERSHIP	CAP-EX	ROIC IMPLICATION
Talwalkar	100%	Full	Neutral
Talwalkar - Subsidiary	51%	Half	Higher
HiFi	Nil	Nil	Highest

1. Franchise get full support from TBVF with regards to the set-up of gym, equipment, trainers etc. The company offers a turnkey solution to its franchise partners for setting up the health club.
2. The franchise agreement entered ensures quality supervision of gym equipment , trainers , ambience etc. by TBVF.

BUSINESS STRATEGY – subsidiary model

SUBSIDIARY MODEL

- Operate through Brand "TALWALKARS"
- Full Service health club spread over ~5000 sq ft.
- Target Customers – Tier 1,2 Cities

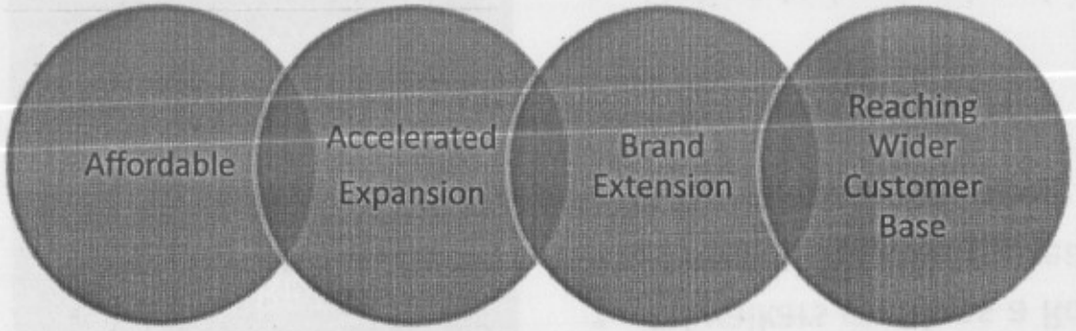
LOWER CAPEX, HIGHER RETURNS

- Low Capex due to 51% holdings in subsidiary health club
- Talwalkars receives a Royalty of 6% of Revenues for 1st 3 yrs which is 8% thereafter
- Faster BEP, Higher ROIC

BUYBACK OPTION

- Option to buyback subsidiary health club at any point of time @ 3.5x EV/EBITDA multiple

BUSINESS STRATEGY – Hi-Fi model



CAPEX FOR TALWALKAR	NIL
ROYALTY TO TBVF ON REVENUE	
Royalty for 1st 3 years (% of Revenue)	6%
ROYALTY THEREAFTER	8%
One time Income to TBVF	
One Time Upfront Royalty (Rs mn)	1
One Time Equipment Supply Charges (Rs mn)	1

LOWER CAPEX, AFFORDABLE

- A HI FI health club would typically be a no frills format health club of ~2500-2800sqft, smaller than the ~5000sqft full service Talwalkars health club and low on cap-ex.
- It is an affordable format rolled out on a Franchise or JV model in the Tier II & III cities.

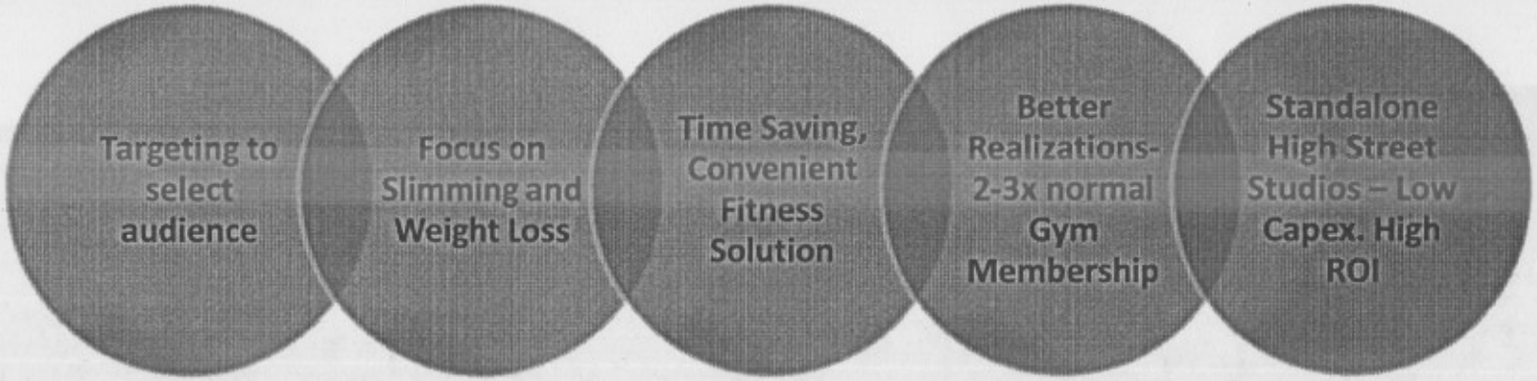
TARGET TIER II-III CITIES

- There are several Tier II/III cities and select suburbs in large cities where a full service Talwalkars health club would not be commercially viable.
- To tap this huge opportunity, the HIFI brand is being launched in cities like Porbander, Faridabad etc.

FASTER ROLL OUT ATTRACTIVE PRICING

- With a small sized format, HI FI health club can be rolled out in 8-10 weeks against 14- 16 weeks for a typical Talwalkars health club and it would be priced at 60% of its price points.

New Initiative - Nu Form Gym Studio

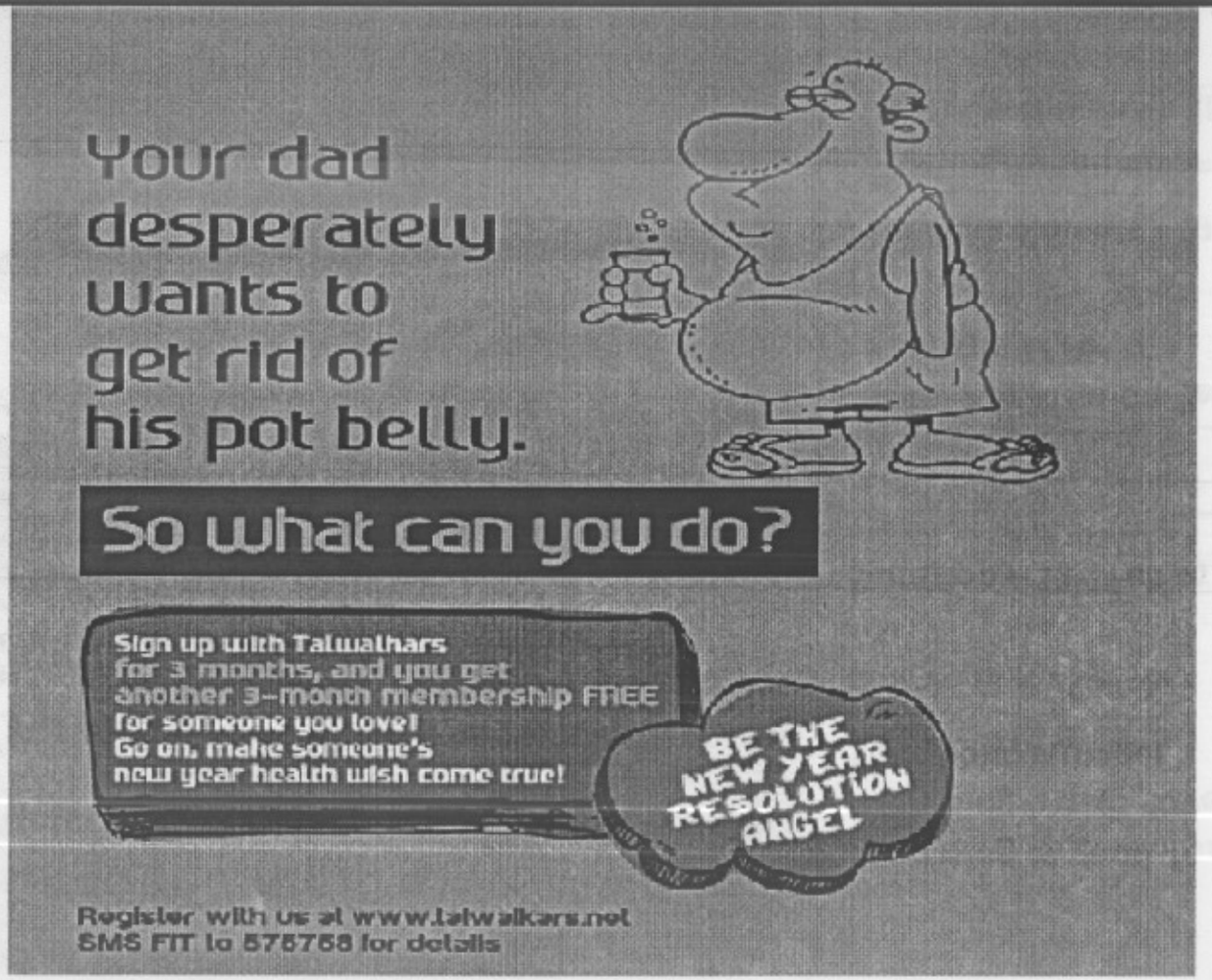


- Nu Form is an initiative towards our vision of moving from being a gym player to a fitness player. Nu Form Gym studios is a supplementary to our existing health club model with a focus on weight loss.
- **Target Customer Segment -** Nu-form is aimed to cater to potential customer that has avoided gyms due to shortage of time, health and aging issues. Mainly Targeted as Tier- 1 cities with focus on Upwardly mobile and Affluence class.
- **Nu Form –** Uses various technological tools for focussed weight loss including use of EMS, Diet program and others.
- **Easily Portable –** Enabling Talwalkars to offer a premier home service to clients who wish to work out from home or their workplace, can also be enjoyed as part of Personal Training.
- **Benefits -** Total fitness, Weight loss and fat removal, Enhanced muscle formulation and stimulation, Muscular strength and endurance.
- **Standalone High Street Studios -** Currently 6 Nu Form Studios are operational in Mumbai (Andheri, Bandra, Chembur and Vile Parle) and Thane (Panch Pakhdi and Pokhran road Vasantvihar).

DISCUSSION SUMMARY

1. TALWALKARS (TBVF) – ABOUT US
2. CURRENT QUARTER HIGHLIGHTS
3. BUSINESS STRATEGY
4. MARKETING INITIATIVES
5. RESULT UPDATE - QUARTER 4 and FY 2011-12
6. OUTLOOK

MARKETING – new year initiative



MARKETING – valentine offer



Exercising is good for Health, but exercising with love ones make your bond stronger.

Duration – 11th Feb to 17th Feb

Total Registration Received (Web + Sms) = 1776

New Enrolments = 197

Existing Enrolments = 90

Total Enrolments = 287

MARKETING – national marketing initiative

On Women's Day, Talwalkars offered a unique group discount, to salute the spirit of Womanhood.

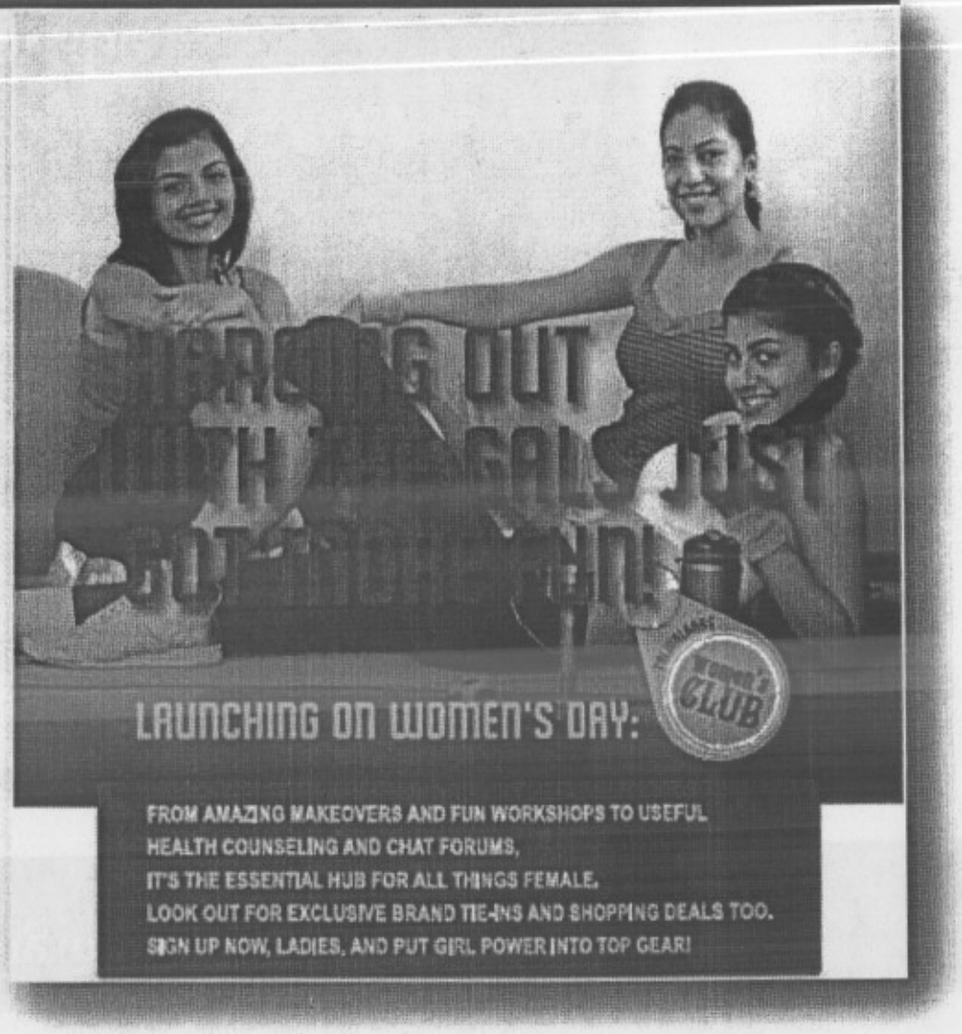


MARKETING – national marketing initiative

Talwalkars Women Club (TWC)

TWC is dedicated to all the women's (existing members + potential customers). In this club a women can regenerate their physical and mental energy. It's all about revitalizing and rejuvenating in a dynamic and way fun.

TWC is not just about exercising or fitness but TWC has lot more exciting events, workshop, expert's tips exclusive scheme, makeover and many more dedicated towards women



INITIATIVES– Internal communication

TBVF has internal organizational initiatives which motivates and enhances the participation of the employees and franchise partners

SCULPT- The Quarterly Newsletter

SCULPT is an initiative to provide an update on all the New Product/Service Offerings and various marketing initiatves to the employees and franchise partners



Sales Zonal Meet

The agenda of the Sales Zonal meet is to review the the sales and the targets achieved for the quarter and discuss the various marketing initiatives to be introduced. The last Quarter sales review meet was held at 6 locations - Ahmemdabad, Bengaluru , Delhi , Hyderabad , Mumbai and Pune.



Talwalkars Rewards and Recognition Program

Annually held program to reward and recognise the performance of the employees and franchise partners .This year it was held in Mumbai on 17th December at NSCI club.

DISCUSSION SUMMARY

1. TALWALKARS (TBVF) – ABOUT US
2. CURRENT QUARTER HIGHLIGHTS
3. BUSINESS STRATEGY
4. MARKETING INITIATIVES
5. **RESULT UPDATE - QUARTER 4 and FY 2011-12**
6. OUTLOOK

UNDERSTANDING FINANCIAL - seasonality

GIVEN THE NATURE OF OUR BUSINESS, THERE EXISTS A STRONG SEASONANILTY AND HENCE OUR NUMBERS SHOULD BE COMPARED ON A YoY BASIS, AND NOT SEQUENTIALLY TO DERIVE THE TRUE PICTURE

		REVENUE %	CHARACTERISTICS	
Q1	Apr - Jun	19%	SCHOOL VACATION, MONSOONS	↓
Q2	Jul - Sep	35%	TALWALKAR ANNUAL DISCOUNT SCHEME, A BIG DRAW	↑
Q3	Oct - Dec	18%	FESTIVALS: DIWALI, GANESH CHATURTI, PONGAL, NAVRATRI, DUSSERA, CHRISTMAS	↓
Q4	Jan - Mar	28%	NEW YEAR, NEW RESOULTION SEES UPTAKE IN MEMBERSHIP	↑

STANDALONE RESULTS – profit & loss (Q4 FY 11-12)

	Unaudited			
Particulars (₹ mn)	**Jan-Mar 2012**	**Oct-Dec 2011**	**Jan-Mar 2011**	**YoY%**
Income from Operations	307	201	254	21%
Other Income	4	2	7	-40%
Total	**311**	**203**	**261**	**19%**
Expenditure				
Personnel Cost	44	43	48	-8%
Admin & Other Exp	75	70	54	39%
Selling & Marketing Cost	6	1	2	153%
Service Tax Collected & Paid	28	18	23	20%
Total	**152**	**131**	**127**	**20%**
EBITDA	**159**	**72**	**134**	**18%**
Depreciation	26	28	20	32%
EBIT	133	44	114	16%
Interest	23	15	15	51%
PBT	**109**	**29**	**99**	**11%**
Tax	39	8	29	34%
PAT & before extraordinary Items	70	21	69	1%
PAT	**74**	**21**	**63**	**17%**

CONSOLIDATED RESULTS– profit & loss (Q4 FY 11-12)

	Unaudited			
Particulars (₹ mn)	**Jan-Mar 2012**	**Oct-Dec 2011**	**Jan-Mar 2011**	**YoY%**
Income from Operations	412	242	344	20%
Other Income	5	2	7	-24%
Total	**417**	**244**	**351**	**19%**
Expenditure				
Personnel Cost	56	53	57	-1%
Admin & Other Exp	109	81	112	-2%
Selling & Marketing Cost	8	1	4	122%
Service Tax Collected & Paid	30	22	32	-6%
Total	**203**	**157**	**204**	**0%**
EBITDA	**214**	**87**	**146**	**46%**
Depreciation	29	30	20	44%
EBIT	185	56	127	46%
Interest	28	17	16	80%
PBT	**157**	**40**	**111**	**41%**
Tax	45	16	35	26%
PAT & before extraordinary Items	112	23	75	49%
PAT before Minority Interest	**116**	**23**	**69**	**68%**
Minority Interest	20	1	3	
Net Profit After Minority Interest	**95**	**22**	**66**	**45%**

STANDALONE RESULTS – profit & loss (FY 11-12)

	Audited		
Particulars (₹ mn)	**FY 11-12**	**FY 10-11**	**YoY%**
Income from Operations	1,094	865	26%
Other Income	14	19	-25%
Total	**1,108**	**884**	**25%**
Expenditure			
Personnel Cost	211	177	19%
Admin & Other Exp	300	217	38%
Selling & Marketing Cost	33	27	21%
Service Tax Collected & Paid	99	79	26%
Total	**643**	**500**	**29%**
EBITDA	**465**	**384**	**21%**
Depreciation	109	83	31%
EBIT	355	300	18%
Interest	78	74	6%
PBT	**277**	**227**	**22%**
Tax	89	71	26%
PAT & before extraordinary Items	188	156	21%
PAT	**192**	**152**	**26%**

CONSOLIDATED RESULTS – profit & loss (FY 11-12)

	Audited		
Particulars (₹ mn)	**FY 11-12**	**FY 10-11**	**YoY%**
Income from Operations	1,305	1,023	28%
Other Income	16	21	-24%
Total	**1,321**	**1,043**	**27%**
Expenditure			
Personnel Cost	248	202	23%
Admin & Other Exp	362	291	24%
Selling & Marketing Cost	41	35	16%
Service Tax Collected & Paid	112	94	18%
Total	**763**	**622**	**23%**
EBITDA	559	421	33%
Depreciation	118	90	31%
EBIT	441	332	33%
Interest	91	86	6%
PBT	**350**	**246**	**42%**
Tax	104	74	41%
PAT & before extraordinary Items	245	172	43%
PAT	**249**	**168**	**48%**
Minority Interest	29	8	
Net Profit After Minority Interest	**221**	**160**	**38%**

CONSOLIDATED RESULTS – balance sheet(FY 2011-12)

	Audited	
Particulars (₹ mn)	**FY 11-12**	**FY 10-11**
EQUITY AND LIABILITIES		
Shareholders' Funds	1,441	1,256
Minority Interest	50	22
Capital Reserve on consolidation	2	2
Non-current Liabilities	1,455	1,185
Current Liabilities	427	360
TOTAL - EQUITY AND LIBILITIES	**3,376**	**2,825**
ASSETS		
Non-current assets		
Fixed Assets	2,576	2,060
Non-current investment	175	50
Long-term loans and advances	199	150
Total Non-current Assets	2,951	2,260
Current Assets		
Sundry Debtors	201	203
Cash & Bank Balance	200	292
Short-term loans and advances	24	34
Total Current Assets	426	565
TOTAL - ASSETS	**3,376**	**2,825**

RESULTS – financial highlights

- The consolidated revenue for Q4 has increased by 20% over Q4 - FY 10-11.

- The company has kept a bench strength of managerial personnel consisting of Nutritionist, dietitians, technical personnel, operations managers and training staff. With a view of controlling cost a part of this bench strength has been utilised during the current year in gyms and in the new weight loss format - Nu form. The company has also partly reformatted their incentive plan for employees resulting in lesser outflow of fixed expenses. It will also have a salutary impact in future. A combination of this has helped the company to keep tight control on personnel cost and reduced it on a per gym basis.

- A significant part of administration cost is central marketing, finance, operations and sales. Last year it also included a one time cost of putting into place a software up-gradation. Due to this the company has been able to increase the number of gyms with very little increase in administration cost (excluding software up-gradation cost incurred last year). This cost was incurred in Q4 FY 10-11 and Q2 FY 11-12 both by the company and its subsidiaries.

- The consolidated EBDITA to sales for Q4 FY 11-12 is 51% as against 42% for Q4 FY 10-11.One significant reason for increase in EBIDTA is the revenue from royalty received from franchise gyms . The operating EBIDTA without such royalty and upfront royalty is similar to last year.

RESULTS – financial highlights

- The Finance cost has increased due to commencement for project in the subsidiaries and new health clubs which were setup during the quarter. The revenue impact and cashflow of these new health clubs will be felt in subsequent years.

- The Consolidated PAT after Minority interest has gone up by 45% during the Q4 FY 11-12 over Q4 FY 10-11.

- The company continues to maintain a debt equity of less that 1:1. The company has properties which has current market values considerably higher than the book value. The company continues to keep treasury in bank fixed deposits and debt market mutual fund for about ₹ 20 cr.

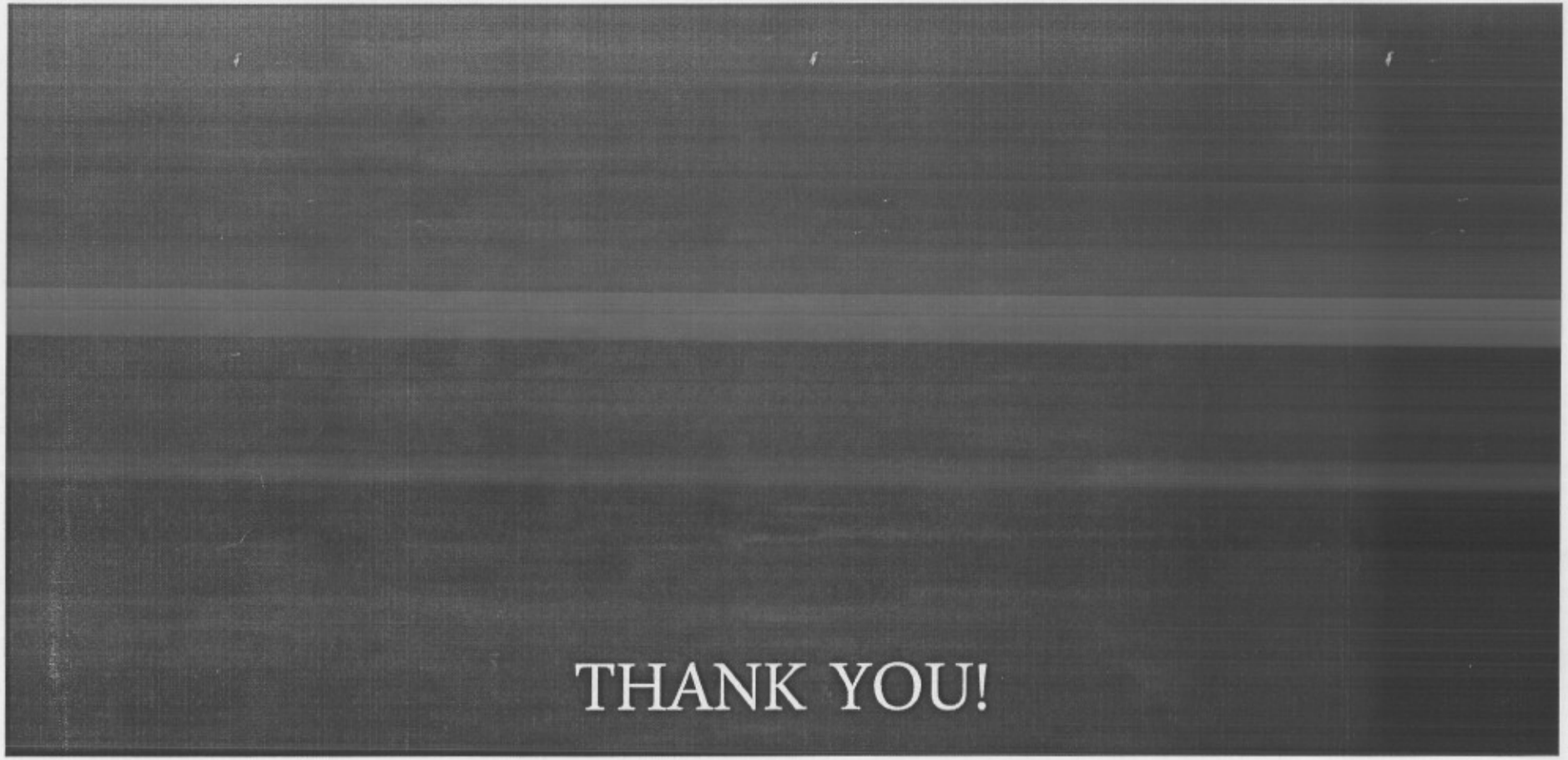
- The company from time to time gaps its project funding through short term overdraft taken against such fixed deposits and debt market mutual funds.

DISCUSSION SUMMARY

1. TALWALKARS (TBVF) – ABOUT US
2. CURRENT QUARTER HIGHLIGHTS
3. BUSINESS STRATEGY
4. MARKETING INITIATIVES
5. RESULT UPDATE - QUARTER 4 and FY 2011-12
6. OUTLOOK

OUTLOOK

- In the Health & Fitness Industry, TBVF continues to be the leader the Indian market with 128 health clubs across 68 cities.
- Strong Demand seen in Tier 2-Tier 3 towns with increasing awareness and inclination towards Gym and Fitness Activities.
- Increasing Focus on Optimizing Product offerings and introducing New Services to Leverage the Current Asset base and Customer portfolio.
- Expand offerings/ merchandising to reach a larger audience.
- The Company has shown a robust increase in Turnover and profitability on an annualized basis commensurate to its existing growth pattern. The Company expects to maintain the margins in the current year both at EBIDTA and PAT level.



FOR FURTHER INFORMATION, CONTACT

Anant Gawande, *Promoter and Director*
Talwalkar Better Value Fitness Limited
anantg@talwlakars.net
+919821042828

Prashant Desai, *Founder*
Seagull Value Consultants LLP
prashant@theseagull.in
+919820063106