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: 7th May, 2016

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 Better Value Fitness Ltd.; Scrip Symbol: TALWALKARS; Scrip Code: 533200**
Sub: **Furnishing Corporate Presentation for Financial Year ended 31st March, 2016**

We are enclosing herewith the Corporate Presentation for Financial Year ended on 31st March, 2016.

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

Thanking You.

Yours faithfully,
For **Talwalkars Better Value Fitness Ltd.**

TALWALKARS BETTER VALUE FITNESS LTD. MUMBAI

Avanti Sankav
Company Secretary & Compliance Officer



TALWALKARS BETTER VALUE FITNESS LIMITED | Corporate Presentation – March 2016

9th May,2016

Talwalkars
Spreading fitness in over 70 cities

Discussion Points

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Indian Fitness Industry

Talwalkars
Spreading fitness in over 70 cities

Fitness & Slimming Market in 2012

₹60 bn

Fitness Services in 2012

₹30 bn

Growing @ 18-20%

₹ 720 bn
Indian Fitness Industry

3800 fitness clubs

Total Membership

~ 0.95 mn

1.27 bn
Population

Gym Penetration

0.13%

Highly underpenetrated and

Huge potential

Source : IHRSA Global Report 2015, Ficci-PWC Report 2013

International Market

Countries	Total Industry Revenue (USD in Mn)	Total #Clubs	Total # of member (mn)
China (Mainland),Taiwan, Hongkong	2,820	3,193	4.76
Brazil	2,442	31,809	7.95
India	669	3,800	0.95
Poland	492	2,500	1.00
Portugual	391	1,200	0.65
Egypt	210	936	0.50
Vietnam	27	2,325	0.14

India health clubs accounts only 2% of Global Market

India's population is 16% of the World Population

Brazil has 8 times more health clubs than India & is 1/6th of Indian Population

Source : IHRSA Global Report 2015

Changing Dynamics

Rising income levels & higher **non-discretionary spending**

Increase in lifestyle diseases

Consumer Aspiration to be associated with a **trusted Brand**

Rising young population

Urbanization and regional development

Increased Awareness

Source: PWC FICCI Report, August 2012 and September 2011

Talwalkar Legacy

1932 In business since 1932
Brand Talwalkars built over 80 years.
Leaders in fitness space in South-Asia today

2003 Joint Venture between the Talwalkar and the Better Value Group

2010 First Fitness Company to get Listed in the Indian Stock Exchanges
Raised ~INR 775 mn

2016 Largest Gym Chain in South Asia with 176 centers in 85 cities



Strong Brand **Growing Market**

Increased **Market Presence**

Strong **Financials**

Excellent **Execution skills**

Talwalkars in a Sweet Spot

Overview

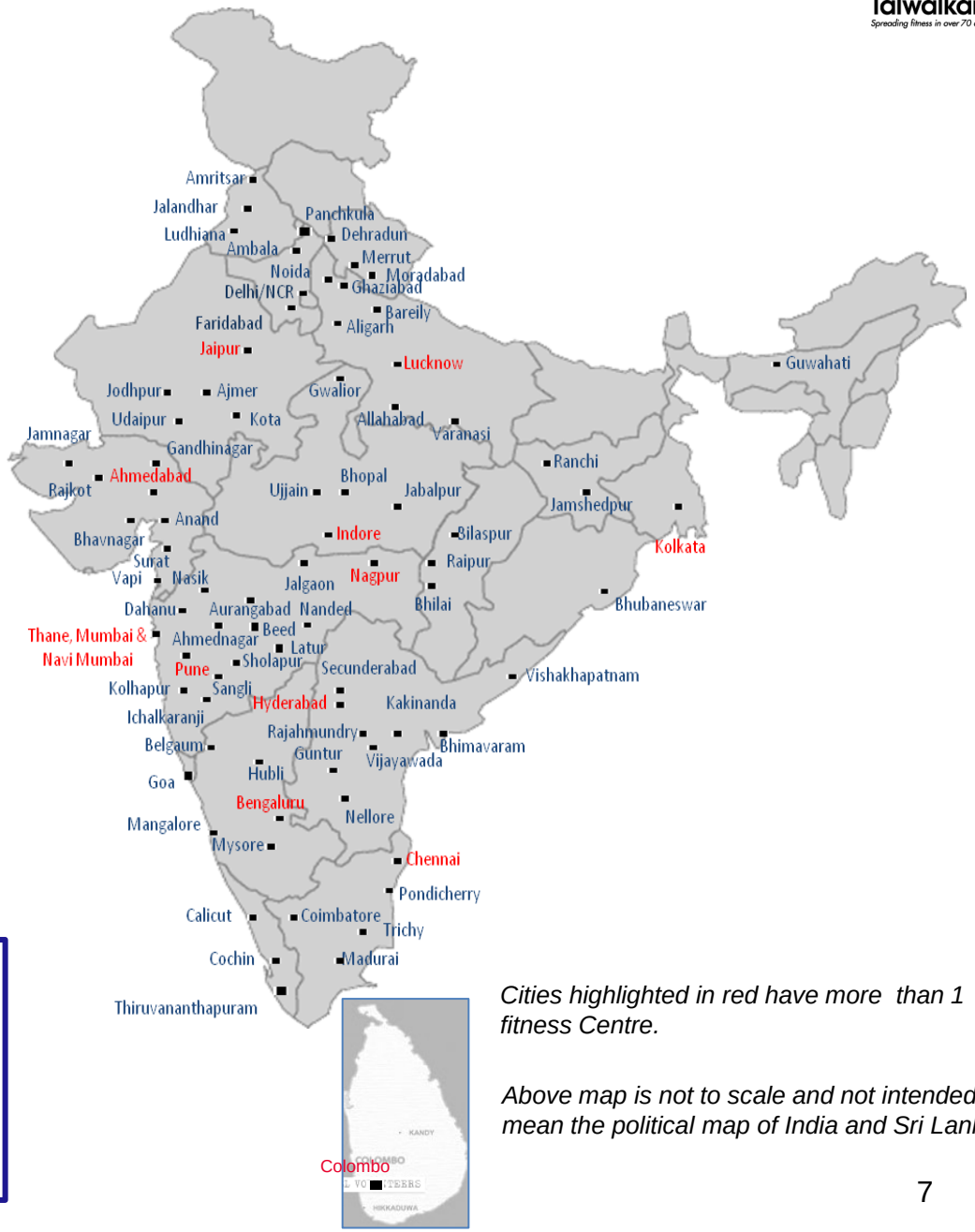
176
fitness centers

85
Towns and Cities

~ 2000
# of PEP trainers

~5000
# of Employees





Talwalkars is one of the largest fitness chain in India and SriLanka.

Cities highlighted in red have more than 1 fitness Centre.

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

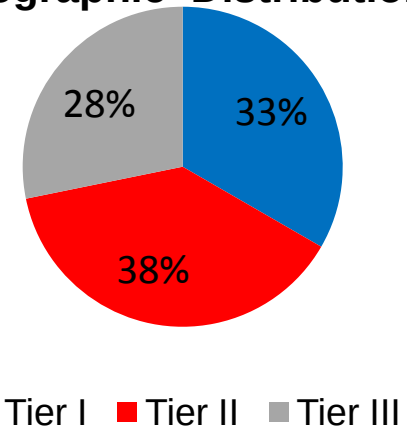
Footprint

Multi-format asset ownership

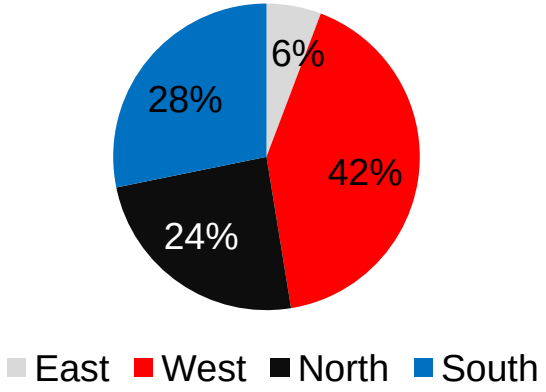
Talwalkars	Fitness Centers
Owned	96
Subsidiary and Associates	40
Franchise and licensed gyms	17
HiFi	23
TOTAL	**176**

**** Includes 20 gyms in Colombo, Srilanka***

Demographic Distribution



Regional Distribution



Expanding presence…

Subsidiaries, Acquisition

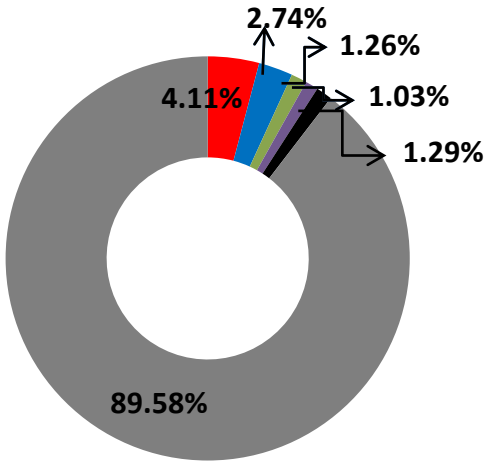
Franchisee Sub Brand..

Gym Rollout

Year	2010	2011	2012	2013	2014	2015	2016
Talwalkars	44	67	84	90	95	95	96
Nuform Studios				6	8	8	0
Subsidiaries	3	9	10	14	16	14	17
Zorba Studios							3
HIFI			4	12	17	18	23
Franchise	16	18	17	13	13	15	17
Associates							20
No. of centers	63	94	115	135	149	150	176

Market Leadership

Share in the Indian Fitness Industry



	Share in Organized Market	Number of Centers
TBVF	39.39%	156
Golds Gym	26.26%	104
Snap Fitness	12.12%	48
Fitness One	9.85%	39
Others	12.37%	49
Unoragnised		

Total number of health clubs in India: 3800

Source: IHRSA 2015 Global report, Company website as on 31st March,2016

**** Others includes Anytime Fitness : 19, Fitness First : 8; Curves : 2, Power house :20***

Strengthening Foothold

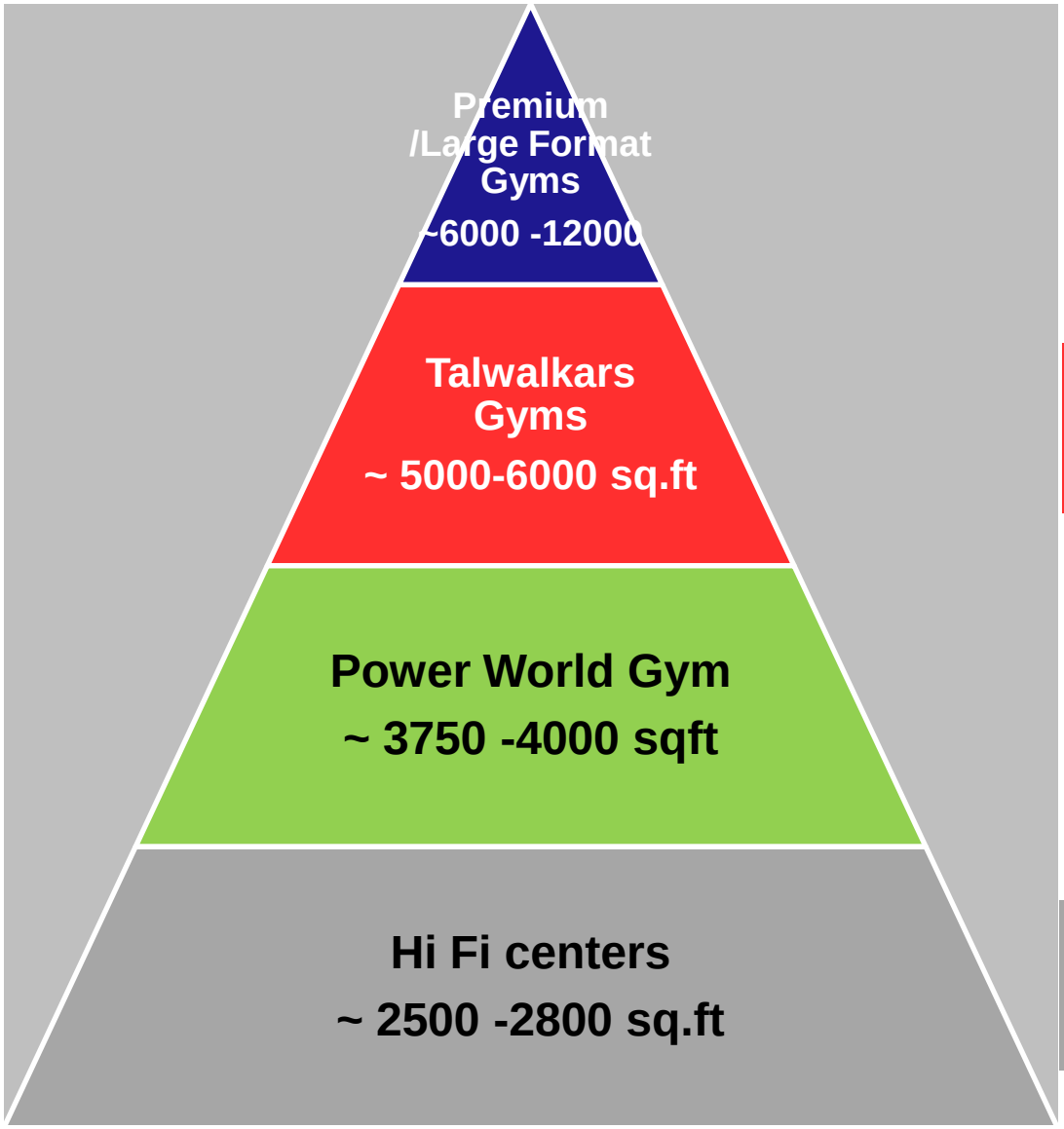
Locations	Talwalkars	Competitor 1	Competitor 2
Ahmedabad	5	-	-
Bangalore	5	28	11
Chennai	12	24	1
Delhi	1	13	10
Hyderabad	7	4	3
Indore	3	3	-
Jaipur	5	2	-
Kolkatta	4	5	3
Mumbai	26	20	10
Pune	12	9	7

No 1 Fitness player

No .2 Fitness Player

Talwalkars is amongst the top players in 8 out of 10 top cities in India

Business Model



- Dedicated cardio, strength and weight training zone
- Addn servives like Wi-fi, juice & snack bar, valet services …
- Target Locations : Premium areas of Metros and Tier 1

- Ownership or Franchise Route
- Target Locations: Metros , Tier 1 & 2

- Low Capex
- Target Locations : lower income areas in metros/mini metros

- Low capex
- Franchise Format
- Target Locations :Tier 2 , 3 & 4

Structure

FORMAT	TALWALKARS					PWG	Talwalkars HiFi
	Company Operated	Subsidiaries	Franchisee	Trademark Licensed	Premium		
Target Location	Metros, Tier 1 & Tier 2 cities	Metros, Tier 1 & Tier 2 cities	Metros, Tier 1 & Tier 2 cities	NA (Legacy Gyms)	Metros ,Tier 1	Sri Lanka	Tier 3 & 4 cities; congested areas of Metros, Tier 1 & 2
Typical Area Layout (sq. ft.)	5000-6000	5000-6000	5000-6000	5000-6000	6000-12000	3750-4000	2500-2800
Typical Capacity (# of Members)	1100-1350	1100-1350	1100-1350	1100-1350	1800-2200	800-1000	550-650
Ownership	100% Ownership	~51% Ownership	Franchisee	NA	100% Ownership	49.5% Ownership	Franchisee
Capex involved	Full	ltd to ownership	Nil	NA	Full	ltd to ownership	Nil
Typical rollout time (weeks)	~16	~16	~16	NA	18-20	11-12	8-10
Returns	Operating Profits	Consolidated	Upfront Fee + Share in Profits	Sharing of related Advertising Expenses	Operating Profits	Share of Associate	Upfront Fee + Share in Profits

TBVFL offers support to its franchisee partners including for the set-up of gym, equipment, staffing, etc.

TBVFL has the right to buy out its subsidiaries at 3.5x EV/EBITDA

The HiFi pays an upfront royalty of ₹2mn and an ongoing royalty of 6-8%.

Gym Model - Capex

Cap-ex (₹ in mn)	Premium Gym	TBVFL	PWG	HiFi
Deposit for the property	4	3	1	0.6
Air-conditioning	4	2.1		0.6
Generator set	2	1.4	1	0.6
Health club equipment	22	11.5	7	4.7
Interiors & Office Equipments	20	13	5.5	2.5
Upfront Royalty	0	0	0	2
Value Added Services	8	6	0.5	0
Total cap-ex	60	37	15	11
Typical roll out time	c.20 weeks	c.16 weeks	c.11-12 weeks	c.8-10 weeks

Gym Model – P and L

(₹mn)	Premium Gym	TBVFL	PWG	HiFi
Total Revenue				
Basic membership fee	70-76%	75-80%	100%	88-90%
Personal training	12-15%	10-12%	-	10-12%
Other value added services	12-15%	10-12%	-	
Expenses	**75-77%**	**67-73%**	**57-61%**	**56-63%**
Rent	12-13%	11-12%	7%	9-11%
Electricity	9%	8%	6%	8%
Personnel	27%	25-26%	21-22%	20-22%
Marketing expenses	4%	3-4%	3-4%	3-4%
Depreciation	18%	14-16%	15-16%	12-13%
Admin & HO cost	5-6%	6-7%	5-6%	4-5%
EBITDA	**41-43%**	**43-47%**	**55-58%**	**50-56%**
EBIT	**23-25%**	**27-33%**	**39-43%**	**37-44%**
Revenue of 1st year	~25mn	16-18mn	10mn	8.5-9mn

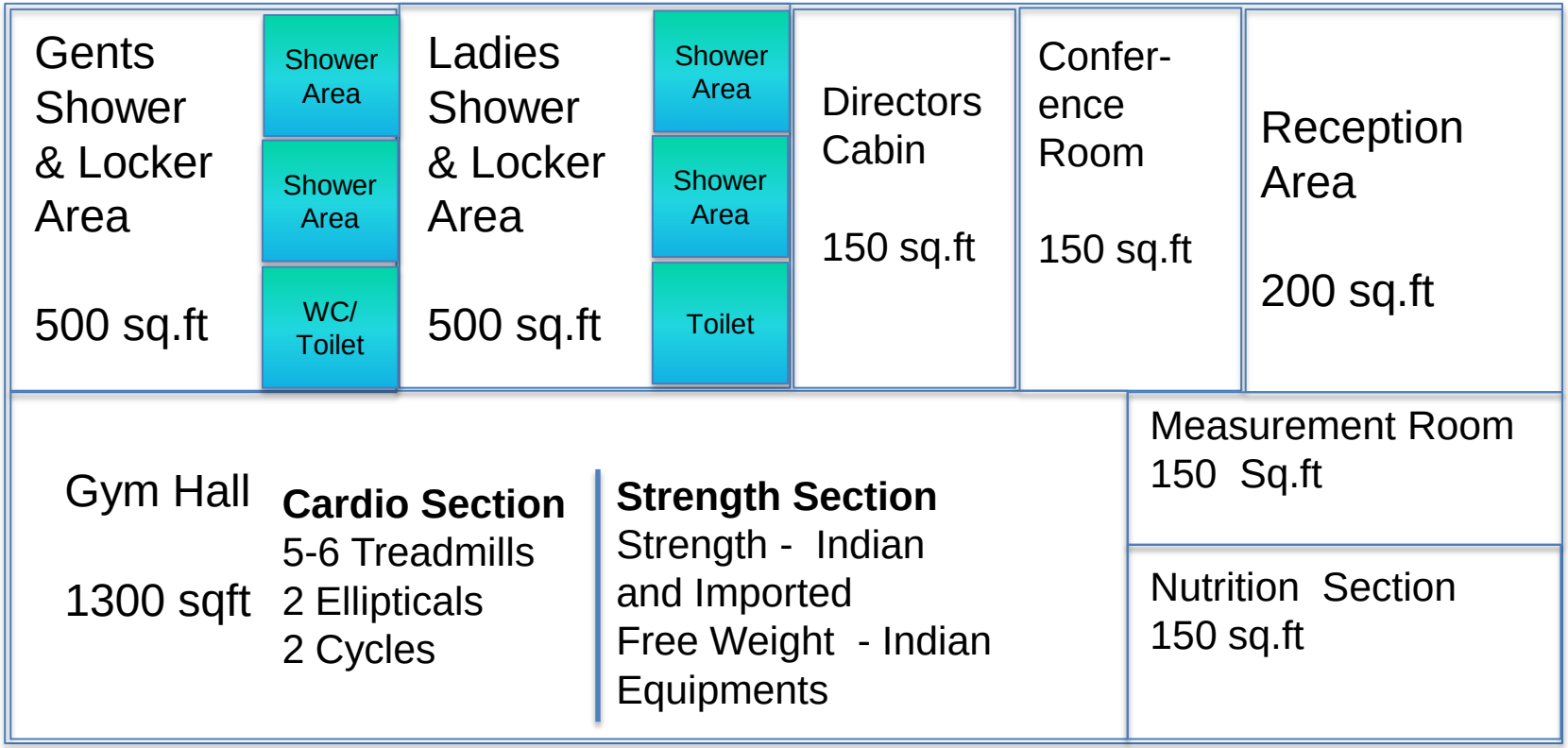
Long term lease for property. Rent increases 10-15% every 3yrs

Equipment are purchased against 3yr Letter of Credit charged at LIBOR + min charge.

Incentives account for 25-30% of the total personnel cost.

For equipment, the company has long term AMC/ warranty, buy-back arrangement with the supplier that helps to enhance the life of the asset

Earlier Gym Model

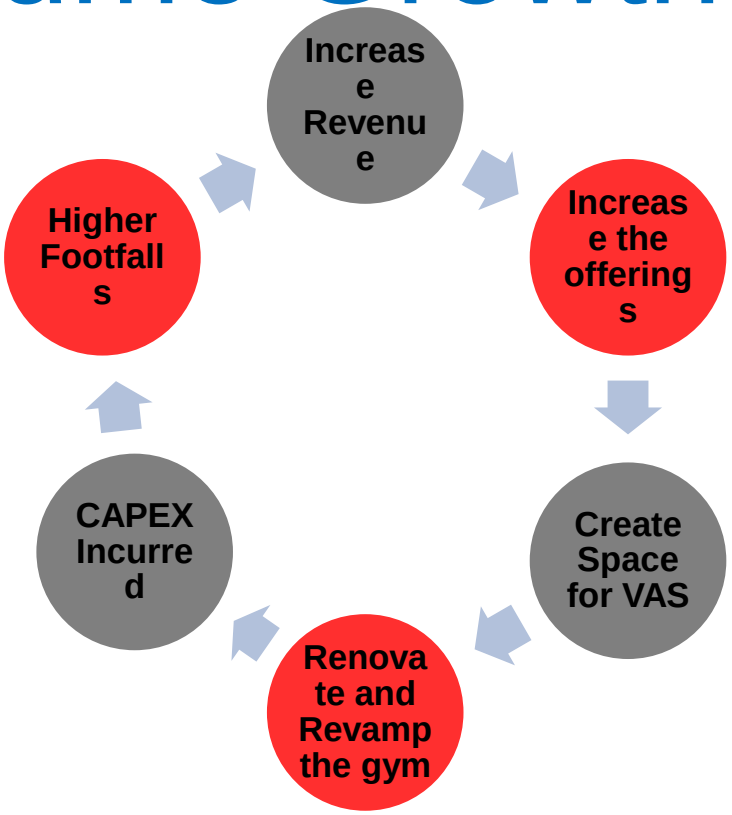


Average Gym Size : 3000- 3500 sq.ft

Capex Utilization

Added 88000 sqft in Existing Gyms	Air – Conditioned Wet Area	NUFORM & Reduce integrated in existing centers	Created Space for Group X Activity with Shower Area
Upgraded Gym Equipments	Upgraded to Air Conditioners with Invertors	Increased No. of Equipments to increase the economic life of assets	Added Generator Sets
Imported Steam Cabinets	New service Offerings	Upgraded to Systematic Software, controls and system	Enhanced per Sq.ft Revenue

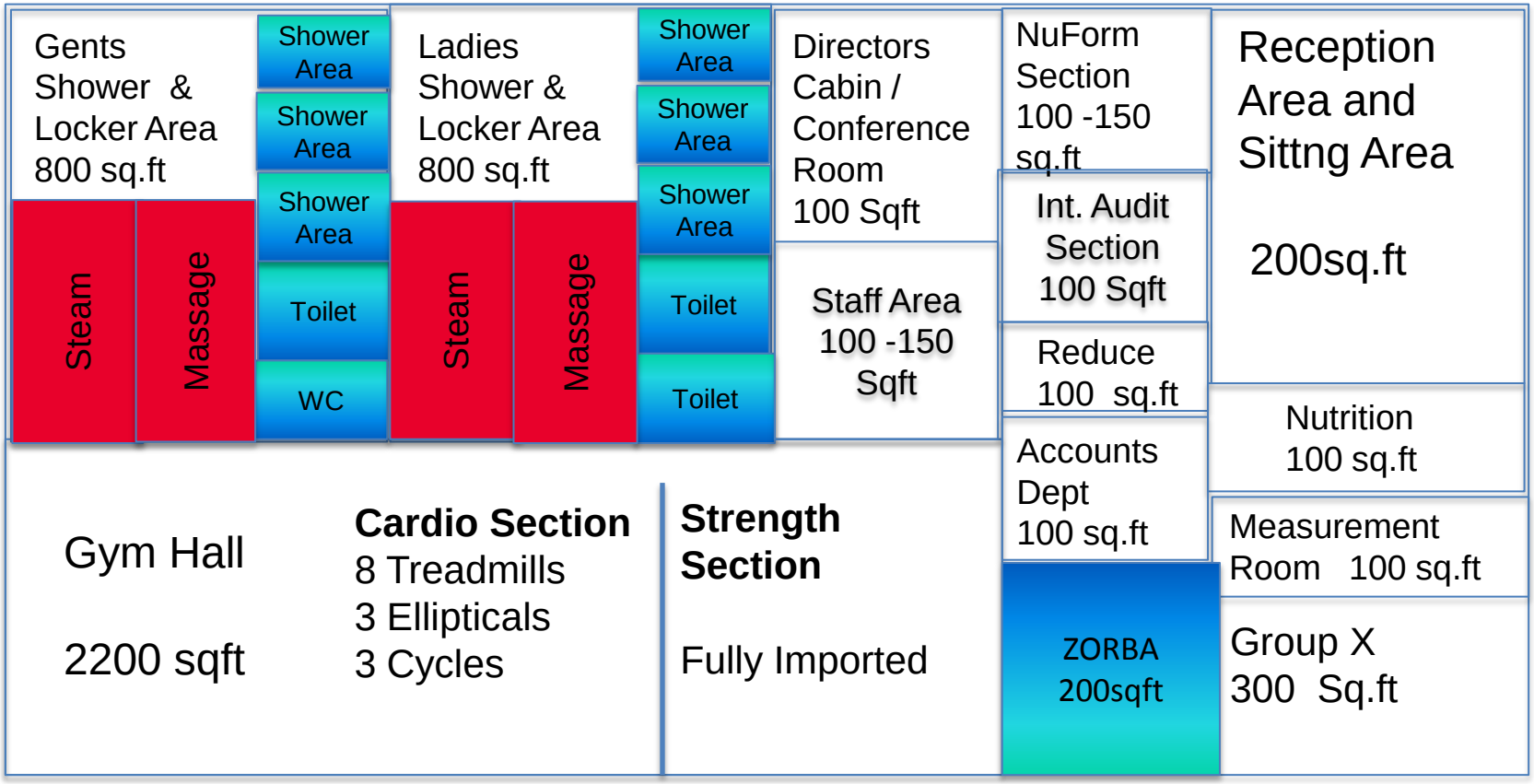
Value Volume Growth



Average Membership Realization has increased at a CAGR of 9% over FY13-16 with a volume CAGR of 4.6%. Operating margins of the company has also increased from 47% in FY 12 to 59.8% in FY 16.

The Company believes capex of ₹ 801 mn on gym renovation has helped to realize this growth. Some gyms over the last 5 years have been relocated. The Company believes that the capex cycle is behind and any incremental gym renovation will be in the range of ₹ 140- 180 mn.

Present Gym Model



Average Gym Size : 5000 - 6000 sq.ft

Gym Area

Talwalkars
Spreading fitness in over 70 cities



Actual Gym



Entrance


Reception


Reception


Gym Area


Consultation


Group X Area


Locker



Steam


Shower area

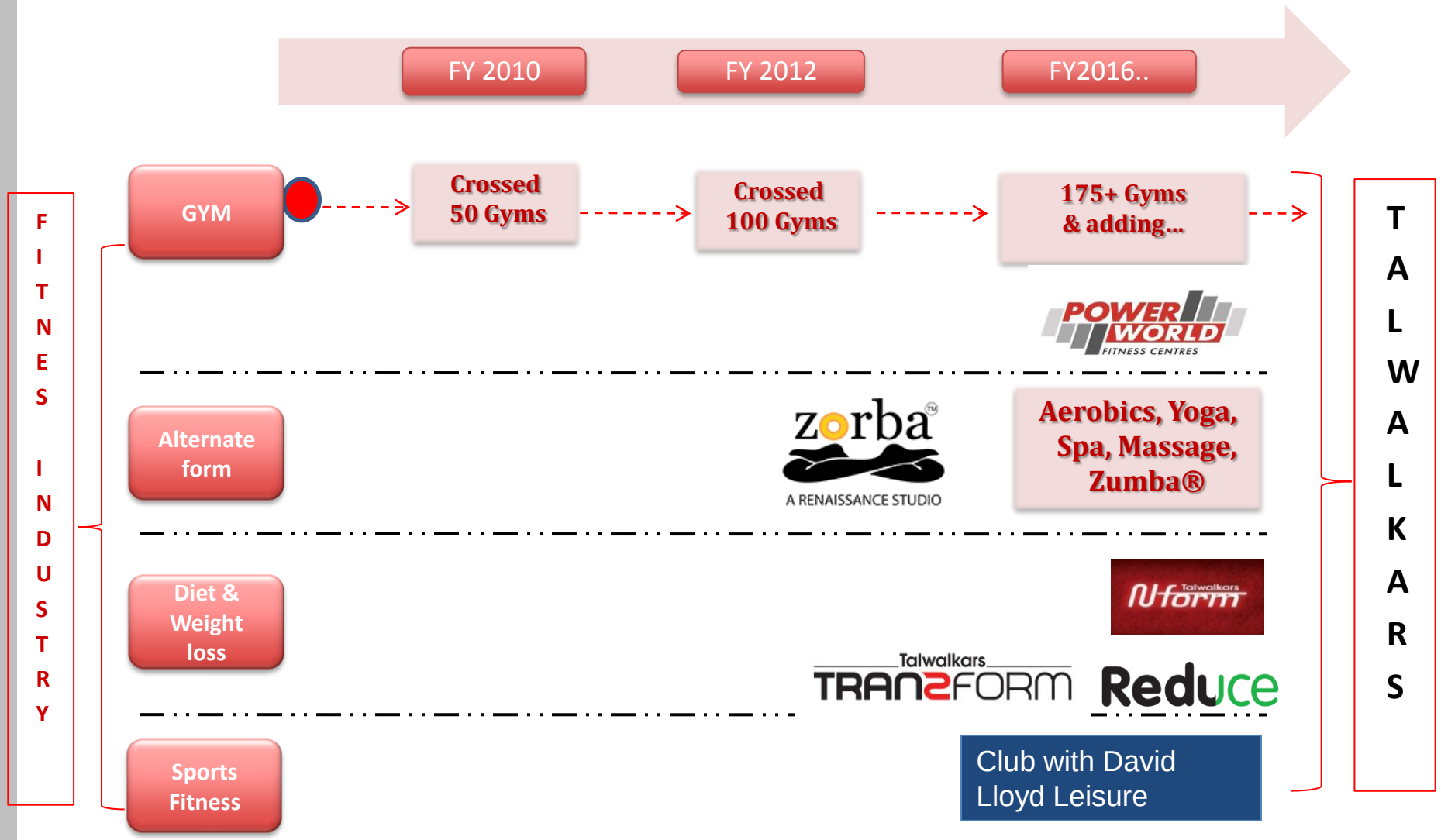
Comparison

Particulars	Earlier Gym Model	Present Gym Model
Period	2008-2011	2012 onwards
Space Utilized	3500-4200 sq.ft	5000-6000 sq.ft
Equipments	Indian and Imported	Imported and increased no. of Equipments
Free Floor space	No	Yes
Value Added Services	No	Yes
Shower Area	2 shower area + 1 WC/toilet	3 Shower Area + 1WC + 1 Toilet
Massage & Steam	No	Yes
Spa	No	In select Gyms
Wet Area	Non- Air Con	Air Con
Staff Area	No	Yes
Generator Set	In select Gyms	Yes
Air Conditioner	Ductable and Window Ac	Ductable AC with Invertors
Technology	No	Yes
Average USD Rate	₹45.82 (FY2009)	₹65.45(FY2016)

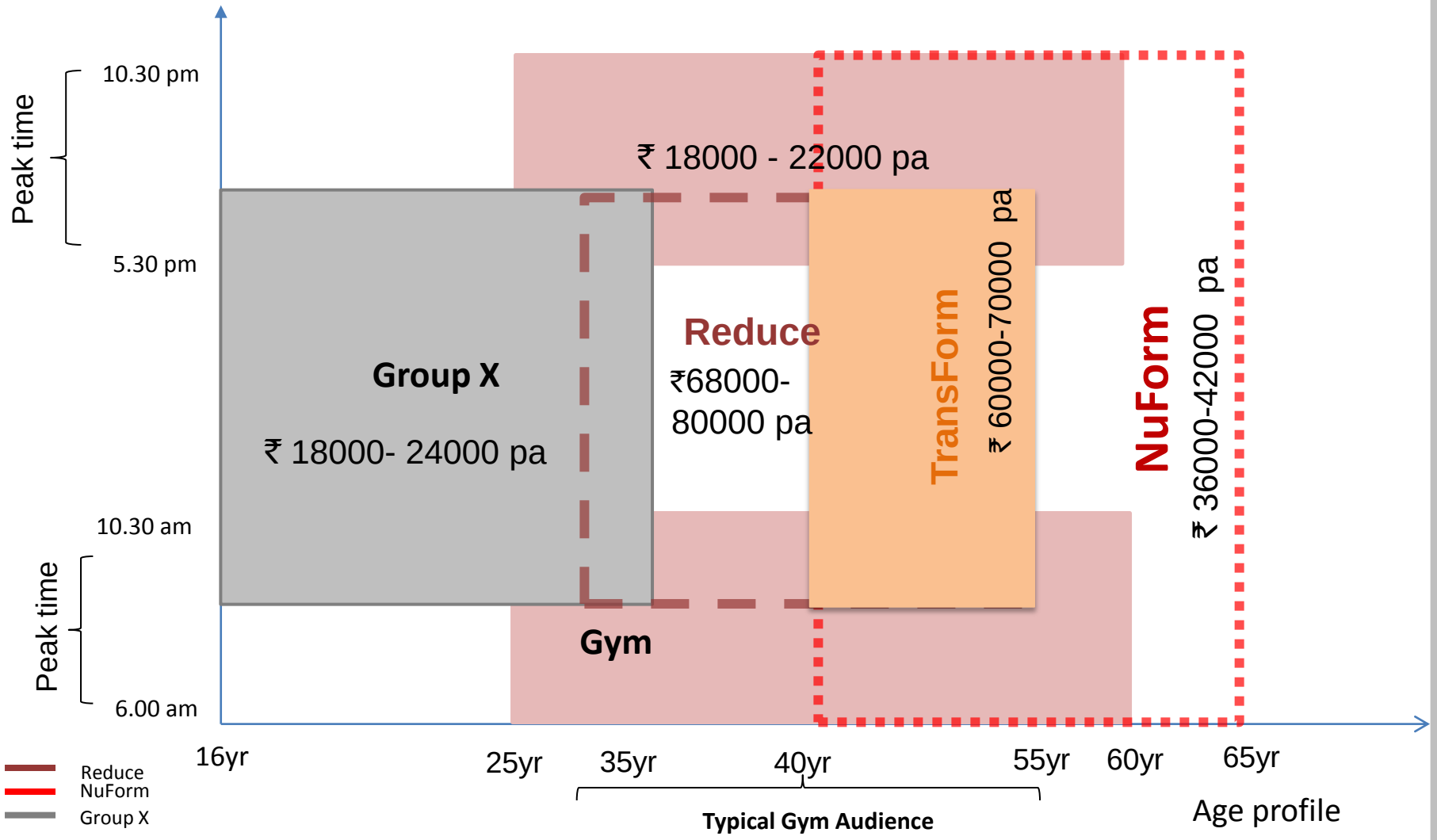
Talwalkars in Transformation

Particulars	Gym Company	Fitness Company	Wellness Company
Period	Pre 2010	2011-2015	2016 onwards
Presence	Limited presence in select States	Pan – India	India and Sri- Lanka
Services	Basic Gym Membership	Gym Membership + weight loss + aerobics + Nuform + Massage	Gym membership + +Reduce +Transform + Yoga + TRX +Spa + Club
ARPU	₹10000-12000	₹15000-18000	₹22000-30000
Personal Trainers	4-6 general trainers	8-10 PEP	12-14 PEP
Dieticians	0	In select gyms	In all centres
Equipments	Indian and Imported Mix	Imported	Imported and Latest technologies
Wet Area	Lockers + Shower Area	Lockers + Shower area + Basic Steam Facilites (in select gyms)	Lockers + Shower area + Imported Steam Facilites + Air con wet area
Offerings	Talwalkars	Talwalkars + HiFi	Talwalkars + HiFi + PWG + Zorba + Club
Contributions of VAS	6%	12-18%	>25%
Average USD Rate	₹45.82 (FY2009)	₹53.9 (FY2011-15)	₹65.45(FY2016)

Gyms and More



Enhancing Productivity



Premium/ Large Format Gym

- The Company has set new standards with the introduction of Premium /Large format fitness center in upscale localities in its existing portfolio
- These fitness centers are large gym formats with additional offerings of value added services like Transform , Reduce, Nuform , Group X Activities, TRX etc
- These centers are fully -equipped with cardio section and a dedicated strength and weight training zone
- 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
- These premium centers garner **30-40% more than the traditional ₹ 18,000 - 20,000 annual membership.**
- The Company has 8 premium /large format centers in its portfolio having invested ~ ₹ 380 mn in last 4years .

New Gyms, Subsidiaries and Hifi

- The Company has capitalised ₹ 1020 mn in opening 21 Talwalkar gyms with an average of ₹ 27- 30 mn per gym. This also includes certain amount of cost capitalised on 21 gyms which were opened at the fag end of the earlier financial year.

- These gyms are fully equipped gyms and contain all amenities of ultra modern gym including imported equipments, fully air conditioned and with highly trained and dedicated staff.

- The Company has also spent ~₹ 141 mn in the subsidiaries and Hi Fi gyms

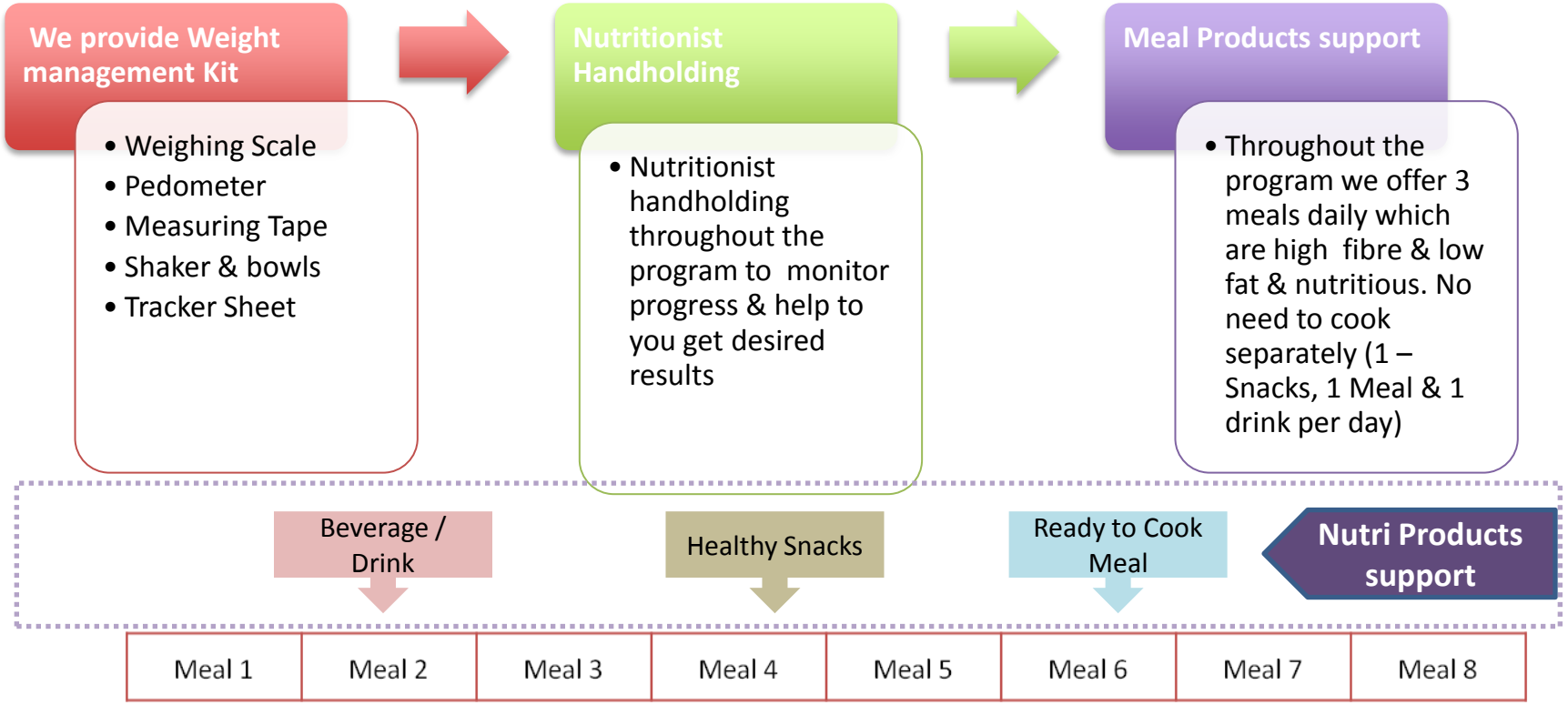
Personal Training

Particulars	Personal Training
Capex	-
Revenue/ centre	₹2.5-3mn
EBIDTA	60-65%
ROCE	NA
Pricing	₹28000-45000 /Annum

8-10% of the member base use the PT. The Company aims to take nos to ~20%

- Each Fitness Center has around 12-14 personal trainers guiding and engaging with the members
- The Company on an ongoing basis assesses and upgrades the skill sets of trainers.
- The Company has invested ~₹ 14 mn on onsite and online training over last 3 yrs
- The Company now has a dedicated team to provide periodic training to each gym across its centers in South Asia via online and onsite training . This will reduce the cost and utility of Training Academy
- Share of Personal Training for FY16 is ~11%.

Reduce



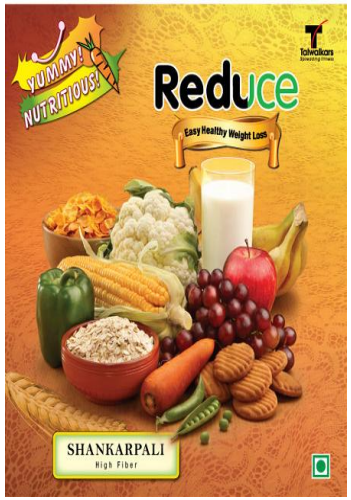
- Reduce is contributing **7 -10% of the gym revenue**
- "Reduce" products are also available for non gym members.**70 %** of the Reduce members are non –gym members. The idea is to convert these members to our regular gym member base.
- The Company has invested ~₹500 mn in integrating and creating space for Reduce in >100 centers along with some capex on product testing, product development and product logistics.

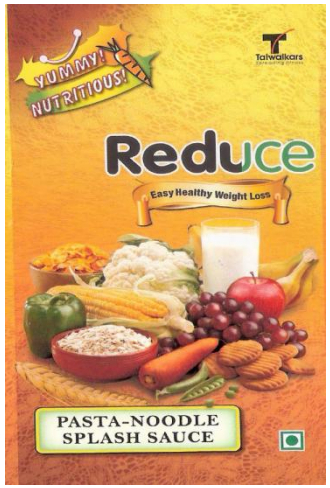
Reduce

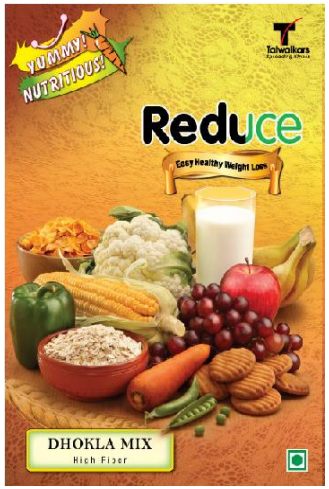
Going Forward

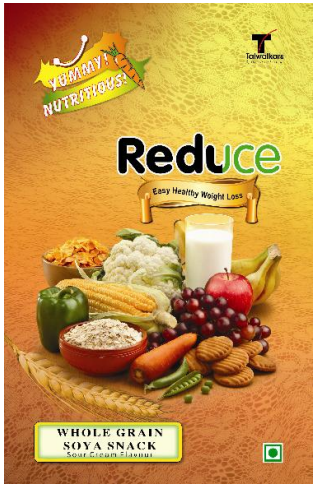
- Increase its presence across India
- Use various distribution channels both online and offline
- Improve and increase the range of products
- Reduce has the potential to grow to ~₹1000 mn revenue in 4-5 years .

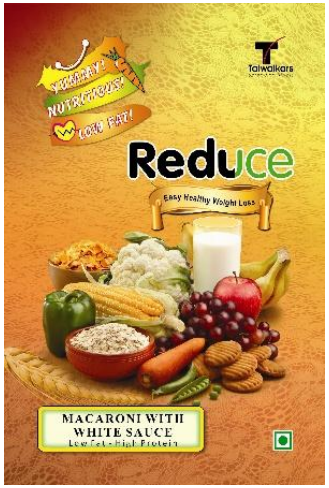
Reduce is available in 100 + centers











Nuform



MACHINE



VEST



UNIFORM





- Proven German technology introduced in India for the first time by Talwalkars
- Electrical Muscle Stimulation (EMS) training exercise that uses impulse current to increase fitness, tone muscles and helps reduce inches in just 20 minutes
- Nuform was intially introduced in the year 2013 in standalone centers .
- The standalone Nuform Studios were integrated within nearest existing fitness centers of the Company resulting in reduction of the operating cost

Body Street has 230 EMS studios across Germany , Austria and Switzerland

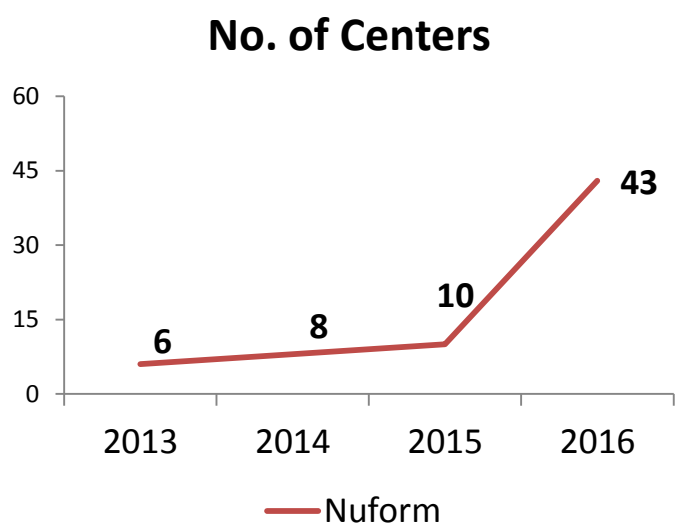
Nuform

Particulars	NuForm
Capex	₹ 4-5 mn
Area	150-200 sqft
Potential Revenue/ centre	₹ 3-4mn
EBIDTA	42-48%
ROCE	27-33%
Pricing	₹36000- 42000p.a

- The price of the equipment is ₹1.8-2 mn
- To integrate the Nuform in the existing fitness centers, revamping of the existing centers is required as Nuform requires separate Air- Con room.
- The Company has invested ₹265 mn cumulatively in developing and integrating the Nuform in the existing centers.
- NuForm is currently available in **43 centers**

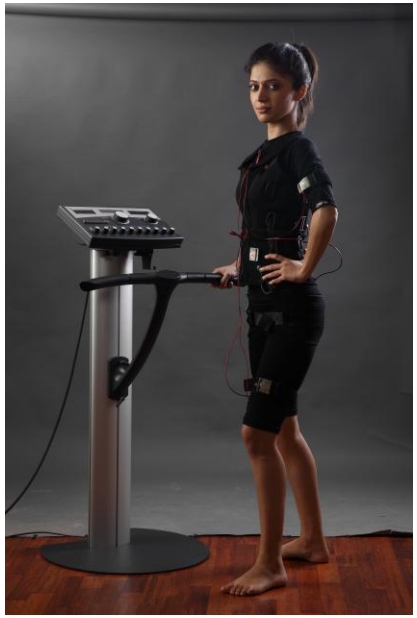
Going Forward

- Nuform is in its nascent stage, but has scope of garnering strong traction.
- 45% of the Nuform members are non –gym members. The idea is to convert these members to our regular gym member base.
- The Company potential to grow to ₹ 500-600 mn in 4-5 yrs
- Provide home based service and services to Corporates



Transform





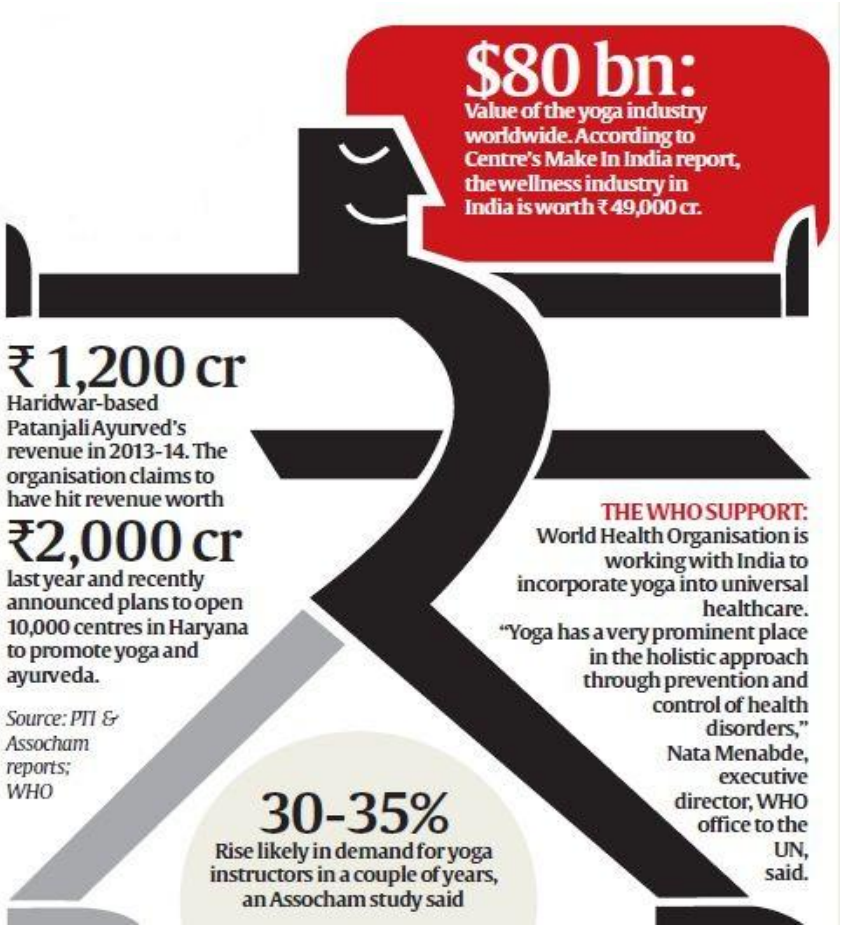
- Brilliant and effective platform to speedy transformation
- Perfectly blends together weight loss and muscle toning to deliver overall fitness
- Uniting the benefits of weight training and calorie burning
- Transform is strategically marketed at a lower cost , so that both the products are used by higher number of customers
- Transform is currently marketed at ₹60,000 - 70000p.a

Group X

- Realising the need to combine health with a fun-filled, exciting and energetic fitness regimen, the Company invested in creation of free floor space for group exercises like Zumba, Yoga, TRX, Aerobics activity .

- The Company invested ₹525 mn for adding and creating space for Group X activity (with shower area)for optimum utilization of space, time slots and to increase the age profile

Particulars	Amt (Rs)
Capex	₹ 1.5 – 2mn
Area	300 -400 sq ft
Revenue/ centre	₹ 1-1.2mn
EBIDTA	57-62%
ROCE	24-28%
Pricing	₹ 1500-2000/ Month



Free Floor Space is available in over 60 centers

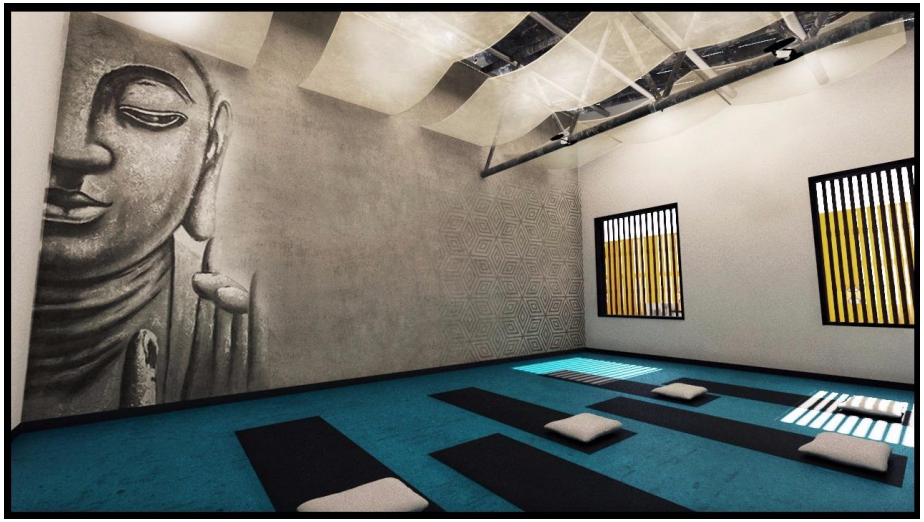
Group X

- The Company over the years has added space to the existing infrastructure to provide space for Group X activities.

- The Company entered into a strategic partnership with Zorba during the Q4FY16 to strengthen fitness and wellness offerings.

- Since the alliance, the Company has integrated Zorba in 4 of its existing centers and has **announced the launch of 33 centers.**





Spa, Massage and Steam

- To enrich the customer experience the company expanded steam in the wet area of the fitness centers over last 2-3 years. Imported Steam cabinets were installed in all the fitness centers

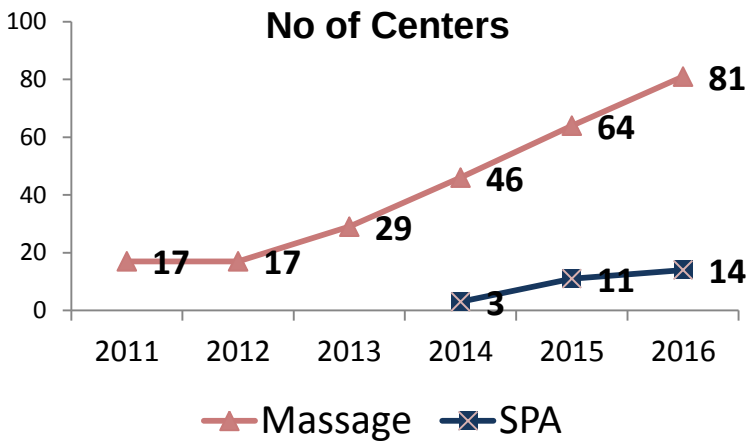
- These wet areas were fitted with Air-Conditioners to enhance the members comfort. Constant upkeep of this area is necessary.

- The Wet area is entirely water proofed to avoid the corrosion from steam emission.

- Massage and Spa are available in 81 and 14 centers respectively. Together this contributes ~5% of revenues. It has the potential to grow to 10% of the revenues.

- The Company invested a capex of ₹190 mn to develop these services over a period of 5 yrs .

Particulars	SPA	Massage
Capex	₹2-2.2 mn	₹1.5-2 mn
Area	250-300 sqft	75-100 sqft
Revenue/ centre	₹2 mn	₹1.2-1.5 mn
EBIDTA	60-65%	60-65%
Pricing	₹1500-2500 per session	₹800-1200 per session



Technology Driven

The Company continues to calibrate and fine tune its business process and operations framework to build better efficiencies and thus over the years invested in strengthening its infrastructure by incorporating systems to ensure seamless business operations.

The Company has invested ~₹ 170 mn amount in Technology over last 4 years.
Highlights of the systems put in place :

1. **CRM :** The Company shifted from the manual mode to a web based CRM software that helps to manage operations enabling enhanced reporting and analytics in real time. Few of its features are listed below :
   - Stong Sales Marketing
   - Client Management and Connect
   - Data Security
   - Access Control
   - Data Analysis
   - Generates Report
   - Appointment and Class Management

2. **Turnstile Machine** :It is a form of gate which allows one person to pass at a time. This is a biometric machine. This device gives us a detailed member analysis and plan their schedules .It also restricts the entry of members having a balance due by giving a reason that there is a ‘balance due’.

Technology Driven

3. **PVM** : Palm Vein Machine is installed in all the fitness centers. The software allows to log a session on the palm reader only if both the trainer and member are present
If a member from location 'A' wants to use the gym facility at location 'B' then it can be tracked through reciprocity or multi center in PVM. Staff attendance and their work hours is also tracked.

4. **Platforms** : The Company developed the Network Analytics platform to address network performance and capacity issues. This provides a 360 degree view in areas of business and operations and is a end to end solution that focuses not only on analyzing the data but also on its collection from different network elements, transmission and modeling.

5. **CCTV :** Surveillance cameras have been installed in all our gyms and our offices . Typically, we require 10-12 cameras. This has ensured more protection of employees, prevention of crimes , theft , convenience of keeping records and over and above it inspire confidence because it creates a safe feeling environment .

Implementation of these systems has reduced pilferage , facilitates continuous monitoring, generates various analytical reports , saves time , reduction of data duplication , enhances customer experiences etc

All these systems are also being implemented in our subsidiaries and franchise gyms

All of this backed up by a strong internal audit framework & vigilance team which monitors and controls all systems and processes ensuring compliance.

Asset Creation

1. The Company has bought 8 properties across India for gyms. The Market value of these properties is approx ₹1200 mn .Over last 5 year Company has spent ~₹460 mn on building.

2. The Company has invested in creating own skilled pool of gym trainers thus enhancing the customer experience and standardization in service delivery. The Company has its own onsite and online training services. Over last 3 yrs, the Company has incurred ₹ 14 mn on the onsite and online training services.

3. The Company till 2015 has multiple operational and back-end offices across Mumbai. The Company in 2015 moved into a leased property consolidating all its offices and various departments. The Capex incurred in Offices is ₹ 52 mn.

Acquisition Mode

- At Talwalkars, we believe we have achieved significant scale and size to pursue inorganic growth which will give us access to newer markets, strengthen our presence in existing markets and help us achieve a larger scale within a relatively shorter timeframe.

- In line with this thinking, we have entered into a strategic partnership with

  - **Power World Gyms Limited (PWG**), a leading Colombo, Sri Lanka based health and fitness chain. http://www.powerworldgyms.com/

  - **Inshape Health and Fitnez (IHPL)** is a fitness center service provider in Chennai. http://inshape.in

  - **Gymtrekker** is the first and a leading online fitness portal in India. http://www.gymtrekker.com

  - **Zorba – A Renaissance Studio**,Chennai-based yoga studios chain

Acquisition Rationality

Talwalkars
Spreading fitness in over 70 cities

PWG

- Acquired 49.5% stake
- Incurred a mix of asset + equity
- Enabled penetration in rapidly grwong Sri-Lankan Economy
- Plans to open 10 gyms by Sept -2016

Inshape

- Acquired 51% stake
- Incurred mix of asset + equity
- Enabled TBVF to be amongst biggest gym chain in Chennai Market
- 3outlets in Chennai

Zorba

- Acquired 51% stake
- Incurred mix of asset + equity
- Enables to strengthen its wellness and fitness offerings
- 3 Zorba studios and
- Integrated 4 zorba in existing centers & Plans to integrate Zorba in 35-40 by

Gymtrekker

- Acquired 19% stake in the India first online fitness portal
- Enables to tap the fast growing online sales channel and strengthen its existing online presence

Talwalkars Club

The Company plans to open its first club in Pune , Maharashtra .

Further to this the company announced its intention to create a JV with David Lloyd Leisure (DLL) and envisage the development of 7-10 clubs across India.

The Company has invested ₹ 500 mn in this venture. Further Investment will be looked upon only after the opening of the first club and its success being measured upon by its profitability, cashflows and return ratios

The Company has acquired the property and has spent money on sanction , approvals, licenses , other construction related activities from its 100% subsidiaries .

As soon as regulatory and statutory permission is received by David Lloyd Leisure they will become an equal partner in these subsidiaries.

DLL has appointed Ms. Hazel Geary as a CEO for the club project.

She is relocated to Pune to oversee the progress of the Club and is responsible for the innovation and strategic development; identifying new opportunities both within the business and externally, new concepts .

The Company expects the work on the site office to start by July -16 and it aims to start taking membership by Q3FY17.

Talwalkars Club



Club House Design



About the Site











P and L Update

Consolidated Results

Particulars (₹ mn)	FY12	FY13	FY14	FY15	FY16
Income from Operations	1305	1688	2095	2526	2862
Other Income	16	13	11	9	68
Total Revenue	**1321**	**1701**	**2105**	**2534**	**2930**
Expenditure					
Personnel Cost	248	312	359	369	394
Admin & Other Exp	403	471	587	642	685
Service Tax Collected & Paid	112	179	222	269	349
Total	**763**	**962**	**1167**	**1280**	**1428**
EBITDA	**558**	**739**	**938**	**1254**	**1502**
Depreciation	118	146	242	397	470
EBIT	440	592	696	857	1032
Interest	91	108	120	128	177
PBT (before exceptional Items)	349	484	576	729	855
Exceptional Items	4				
PBT	**353**	**484**	**576**	**729**	**855**
Tax	104	158	178	245	302
PAT before Minority Interest	249	326	398	484	553
Minority Interest	29	26	32	23	3
PAT after Minority Interest	**221**	**301**	**366**	**461**	**550**

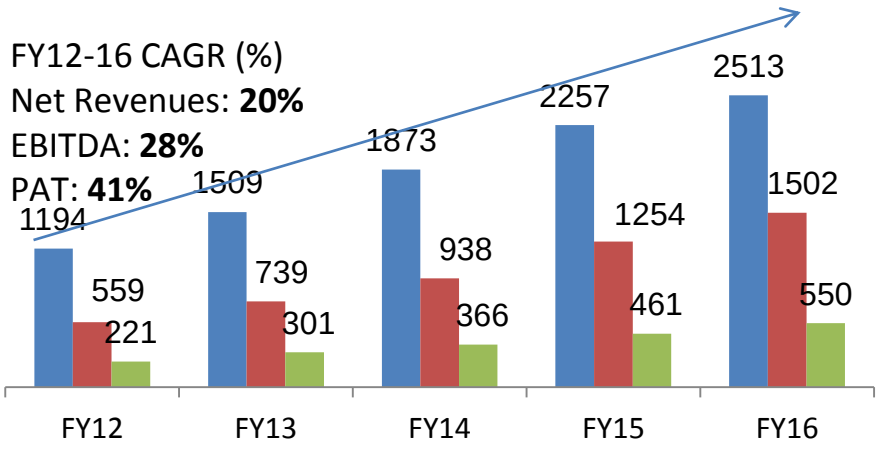
Balance Sheet Update

Consolidated Results

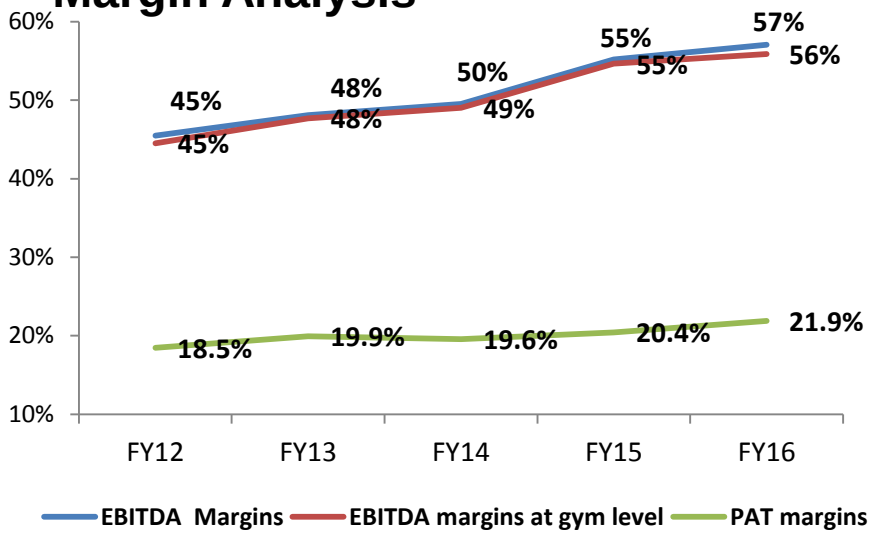
Particulars (₹ mn)	FY12	FY13	FY14	FY15	FY16
EQUITY AND LIABILITIES					
Shareholders' Funds	1443	2085	2405	2768	4269
Minority Interest	50	81	113	136	139
Non-current Liabilities	1455	1710	1742	3043	3350
Current Liabilities	427	631	997	716	1049
Total Equity & Liabilities	**3376**	**4506**	**5257**	**6664**	**8808**
ASSETS					
Non-current assets					
Fixed Assets	2576	3578	4505	5213	5645
Non-current investment	175	227	88	51	99
Long-term loans and advance	199	252	242	300	829
Other non-current Assets	2	2	2	2	2
Current Assets					
Current Investments	0	0	0	0	0
Inventories	0	2	1	0	0
Sundry Debtors	201	177	320	341	317
Cash & Bank Balance	198	229	60	466	1408
Short-term loans and advances	24	39	39	292	508
Total Assets	**3376**	**4506**	**5257**	**6664**	**8808**

Charts

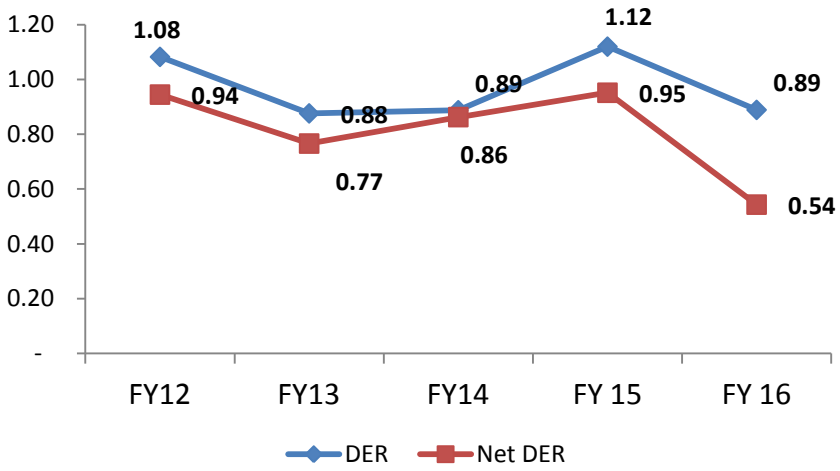
Revenue



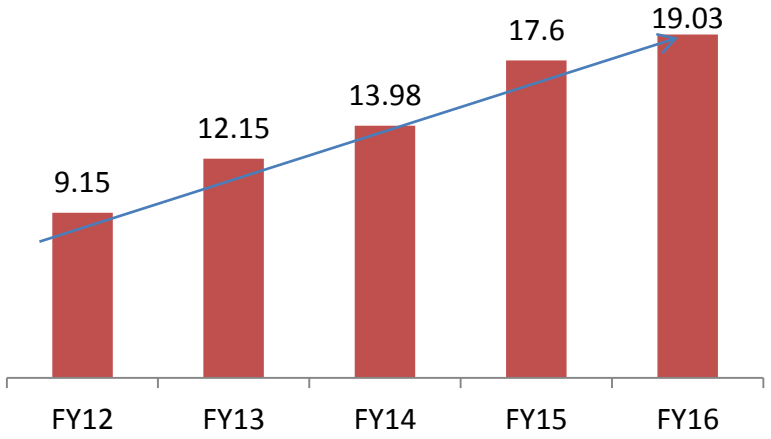
Margin Analysis



Debt Equity Ratio



Earning Per Share



Financial analysis – FY16

- Robust Income Growth at a CAGR of 20% over FY12-16 with the EBITDA of 28% and PAT of 41%.

- Detailed Break of Revenue of the Subsidiaries and Associates is given below

(₹ in mn)

Particulars	Jyotnsa	Aspire	Denovo	Inshape	Inshape	PWG
					Post**	Post***
Total Revenue	77.63	107.94	29.80	23.11	8.06	8.22
EBITDA	21.44	22.37	15.66	6.30	3.68	4.94
PAT	4.40	2.46	-0.96	0.05	1.28	0.05
EBITDA% of Total revenue	28%	21%	53%	27%	46%	60%
PAT % of Total revenue	6%	2%	0%	0%	16%	1%

Note :

** Financials of Inshape are from the date of acquisition

***Financials of PWG are from the date of acquisition and include exceptional write-offs of ₹. 3.38 mn on account of IPO related and pre-operative expenses of 10 new gyms

Financial analysis – FY16

- **Other Operating Income** for FY16 has increased on account of Interest on Treasury.
- Interest Cost has increased on account of increase in Long Term Borrowings
- The company is under full tax rate as the Company has exhausted its MAT
- **Minority Interest :** One of the Company's subsidiary has given royalty and share of profit to the Company amounting to ₹.300 lacs as an Income in the Q4FY16. This has resulted in this subsidiary making loss in the Q4FY16 and a resultant increase in loss of minority interest. The subsidiary has incurred loss in the Q4FY16, however for the FY15-16 the subsidiary has made profits out of which it has paid out royalty and share of profit to the Company

Financial analysis – FY16

- **Cash Profit :**FY 2016 is a significant year for the company as for the first time the Company's **internal accruals are higher than the capex** incurred during the year . Peak level capex has trimmed during the current year and the capex is lower than last year FY15.

Particulars	(₹ in mn)
PAT	550
Add : Depreciation	470
Cash Profit	1020
Less : Capex incurred	903
Cash Surplus	**117**

- **Networth :** Has increased on the back of profits and increase in shareholders funds

Financial analysis – FY16

- **Long Term Borrowings :** Has increased but separately the Company continues to keep significant amount as liquid balance for future expansion and potential acquisition
- **Current Liabilities :** Includes the NCD and debt installments payable within 12 months of ₹ 534 mn
- **Long Term Loans & Advances :** The Company has invested ₹.500 mn in the Club Company which appears in the Loans and Advances. The moment statutory compliances of our partner DLL is completed the same will be converted to share capital. Part of this money appears as bank balance in the club company and part is utilised for the club project. Short Term Loans & Advances is recoverable in Q1FY17

Financial analysis – FY16

- **Fixed Assets :** The Company has during the year deployed capex of ~₹.780 mn on 4 Premium / Large Format fitness centers , 1 fitness center , renovation of fitness centers taken up on regional basis, Nuform deployed in 33 centers , Reduce introduced in 10 new centers, Integrated Zorba in 35 centers , Massage in 20 fitness centers, Upgradation as well as integration of Free Floor space in 30 centers including the changing area and some amount was incurred in upgrading equipments of Power World Gym and Inshape Health & Fitnez Private Limited. Also the Company spent capex on equipments and ancillary units for certain subsidiaries.

  ₹ 22 mn of goodwill was created on acquisitions of Power World Gym and Inshape Health & Fitnez Private Limited.

  Approx ₹ 35 mn was incurred in one of the subsidiary for purchase of property.

Financial analysis – FY16

Depreciation on Tangible Assets **(₹ in mn)**

Particulars	Gross Block *	Net Block *	Depn*	Depn Rate on GB	Depn Rate on NB
FY12	2325	2038	113	4.86%	5.55%
FY13	3263	2837	139	4.26%	4.90%
FY14	4159	3508	233	5.61%	6.65%
FY15	4778	3759	384	8.05%	10.23%
FY16	5620	4113	459	8.18%	11.17%

**Excl Land & Building

Financial analysis – FY16

Depreciation on all fixed assets are provided as prescribed by the Companies Act,2013.

Equipments

AMC/Warranty

- The company has entered in to long term AMC/Warranty with the suppliers, which helps in enhancing the life of the asset.
- The company enjoys comprehensive warranty for 3 years extendable up to 9years from the supplier. While the asset is under warranty, if there is any frequent repair of the machine or any part or breakdown, the same is replaced by the supplier free of cost.
- Usually at the end of 5-6yr the equipment are refurbished (at a pre-determined price) with extended AMC/warranty which increases the life of the equipment up to 10-12yrs.
- The free-weight and strength equipment technically have additional life as they do not have any electronic circuit or motor. A nominal cost is incurred for fixing the normal wear –tear.
- The company avails the discount on bulk purchases in the form free extra equipment (alongwith long term AMC/Warranty) which are kept separately in the warehouse. These free equipments can be valued at 10-15% of annual purchase consideration

Financial analysis – FY16

- The company also has buy-back arrangements with some suppliers which help in reducing the cost of replacement. Also the company has the facility with the suppliers to upgrade the gym equipment by paying only the incremental cost.

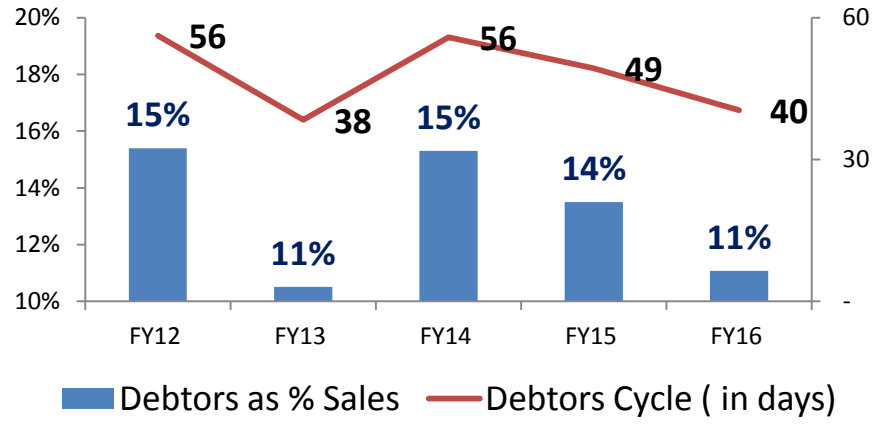
- In case of a breakdown or change of any old equipment that is not covered by an AMC/Warranty is required, the same can be replaced through the stock of equipment .

- At the end of 9-10yrs the company replaces the Cardio equipments. Further, at the end of 6-7th year the Company does the renovation of the gym by spending 10-15% of original capex and another renovation at the end of 9-10year by spending 15- 20% of the original capex to keep the gym looking new and updated.

The Company's depreciation policy takes into effect all of the above subsets .

Financial analysis – FY16

- **Trade Receivable :** Has gone down by 20% even as the Company turnover continues to increase i.e the no of debtor days has decreased by 10 days taking the debtor cycle to 40 days



Trade Receivable includes Corporate and EMI Receivables. In the last 2-3 yrs Corporate Sales forms significant part of the revenue. Further the Company provided turnkey and other support services to the franchise and subsidiaries, which is recovered within the short time of gym opening. It also includes outstanding of ongoing royalty on revenue which is paid by the franchisee and subsidiaries on a periodic basis

Financial Stability

Year	2011	2013	2016
No. of centers	94	135	176
Revenues (₹ in mn)	1023	1688	2862
EBITDA Margins	46%	48%	57%
Bankers	UBI	UBI	SBI
Debt (LT + ST + Debt in Current Liability) (₹ in mn)	1219	1827	3620
Cost On Borrowed Funds	~13.5%	~13%	~10%
Treasury (Cash & Bank Bal + Current Investments) (₹ in mn)	292	229	1408
Gross Debt Equity Ratios	0.97	0.88	0.89
Net Debt Equity Ratios	0.71	0.77	0.54
Credit Rating	AA-	AA-	AA
Credit Rating Agencies	CARE	CARE	CARE + ICRA

The Company has managed to lower the Cost of Borrowing by using a mix of bank LC which are linked to the Libor Rates and on the back of strong operational , back-end efficiency.
Any further upgrade in the rating will enable further reduction of Cost of Borrowing Funds

Road Map : 24 -36 months

Reach 250 centers	Reaching over 100 towns	Target top 10 cities of India and be the No.1 player	To eliminate competition and increase market share
ROE : > 20% ROCE :>22-25%	Free Cash Flow positive	Debt Equity Ratio 0.5:1	Transform to a Wellness Company

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

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