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: 5th November, 2015

To,
Mr. Wilbur Fernandes/ Mr. Troydon Bird,
The Manager
Bombay Stock Exchange Ltd.
Corporate Service Department
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.

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

Dear Sir,

Re: **Talwalkars Better Value Fitness Ltd.; Scrip Name: TALWALKARS; Scrip Code: 533200**
Sub: **Furnishing Updates on the Financial Results for quarter ended 30th September, 2015.**

We are enclosing herewith the updates on the Financial Results for the quarter ended as on 30th September, 2015.

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

Thanking You.

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

Avanti Sankav
Company Secretary & Compliance Officer

Encl: As Above

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Spreading fitness in over 70 cities



TALWALKARS BETTER VALUE FITNESS LIMITED | QUARTERLY UPDATE (Q2 FY2015-16)

5th November ,2015

DISCUSSION POINTS

OUR MAIDEN GLOBAL ACQUISITION	FINANCIALS	BOARD UPDATE	OTHER TALKING POINTS OF THE QUARTER	PRE AND POST-ACQUISITION SCENARIOS
OUR FOOTPRINT	OTHER DEVELOPMENTS	GOING FORWARD	KEY MARKETING HIGHLIGHTS	ABOUT TALWALKARS

OUR MAIDEN GLOBAL ACQUISITION –

Biggest health & fitness chain in Sri Lanka

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/

Acquired 49.5% of the share capital of PWG in an all cash deal

The PWG partnership will enable Talwalkars to enter the rapidly growing post-war Sri Lankan economy.

OUR MAIDEN GLOBAL ACQUISITION –

Biggest health & fitness chain in Sri Lanka

(contd.)

Established in 1994, PWG operates and manages Sri Lanka's largest gym chain under the 'Power World' brand

PWG provides various fitness and healthcare services

PWG has an existing network of 10 gyms in Colombo (in Ward Place , Nugegoda, Kalubowila, CR & FC Grounds, Langdon Place, Hill Street - Dehiwela and Maharagama), servicing over 8,100 members

PWG's EBITDA stood at 56% and the ROE at 35% for 2014-15

OUR MAIDEN GLOBAL ACQUISITION –

Biggest health & fitness chain in Sri Lanka

(contd.)

PWG has a distinctive gym operating model targeting the medium income group; and all services are built around this target set

PWG is managed by Mr. Talavou Alailima, a South Asian Games Medallist and Sri Lankan record holder for short put and discus

Mr. Alailima has an extensive experience (over 20 years) in health, fitness, nutrition and operating gyms

PWG is aggressively expanding its footprint and plans to open another 35 gyms in Sri Lanka in next 18-24 months

ACQUISITION RATIONALE – SRI LANKA, AN ATTRACTIVE GROWTH MARKET

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01

Per capita income of Sri Lanka is $9738 which is significantly more than India's $5418 per capita income.
Source – World Bank data

02

Market penetration as low as 0.5% vis-à-vis 16.6% in the US, opening up a huge scope for rapid growth

03

Almost 30% of the total population aged between 18 and 39 years which forms the target market

04

According to WHO, almost 25% of Sri Lanka's 21.2-million strong population (UN, 2012) is overweight or obese

RESULTS UPDATE

Rs. In mn

Particulars	Quarter ended			Half Year ended		
	30.09.2015 (Unaudited)	30.09.2014 (Unaudited)		30.09.2015 (Unaudited)	30.09.2014 (Unaudited)	
Sales	**958**	**840**	**14%**	**1475**	**1289**	**14%**
EBITDA	**497**	**403**	**23%**	**721**	**590**	**22%**
PAT*	**246**	**197**	**25%**	**294**	**237**	**24%**

** PAT after Minority Interest*

P and L UPDATE

Consolidated Results

SSS has increased to **11%** with an increase in contribution of VAS

EBIDTA margins stood at **23%**

Operating Cost is tightly controlled and is lower :

Restructuring and reduction in Rentals in 38 gyms by 20-25%. Eg : Bhayander, Mumbai -19%, Cochin-25%, Agra – 30%

Interest Cost has gone up on a gross level but there is a significant increase in the Treasury Income and the Net Interest cost is lower by **22%**

PAT stood at 25%

EPS for the half yr stood at **₹10.46** vs. ₹ **9.06** prev year

Particulars **(₹ mn)**	Quarter ended			Half year ended		
	15-Sep	**14-Sep**	**YoY%**	**15-Sep**	**14-Sep**	**YoY%**
Income from Operations	934	838	12%	1,441	1,285	12%
Other Income	24	3		34	4	
Total	958	**840**	14%	1,475	**1,289**	14%
Expenditure		-				
Personnel Cost	150	143	5%	233	224	4%
Admin & Other Exp	199	204	-2%	351	337	4%
Service Tax Collected & Paid	112	90		170	137	
Total	461	**437**	6%	754	**699**	8%
EBITDA	497	**403**	23%	721	**590**	22%
Depreciation	113	104	9%	244	202	21%
EBIT	384	300	28%	477	388	23%
Interest	44	29	52%	76	68	12%
PBT	340	**271**	26%	401	**321**	25%
Tax	78	60	29%	89	67	33%
PAT before Minority Interest	262	210	25%	312	254	23%
Minority Interest	16	14		18	17	
PAT after Minority Interest	246	**197**	25%	294	**237**	24%

BALANCE SHEET UPDATE

Consolidated Results

The Networth is increased due to increase in the shareholders fund

Increase in NW has led to upgradation of company's rating from AA-to AA by ICRA and CARE for all its debt instruments thus enabling reduction of Finance Cost by 275-300 bps over last 18 months

The Gross Debt continues to be at same level, but separately the Company balance in Bank FD, Mutual Funds, other Liquid funds have gone up to ₹1011 mn since 31.03.2015. **Net DER : 0.53**

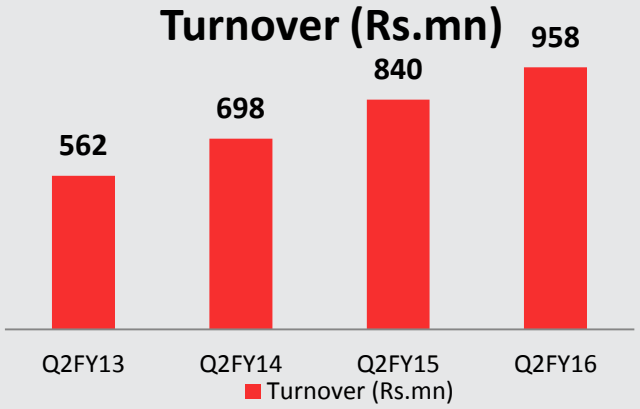
The Company continues to keep significant amount as Liquid balance for future expansion and potential acquisition

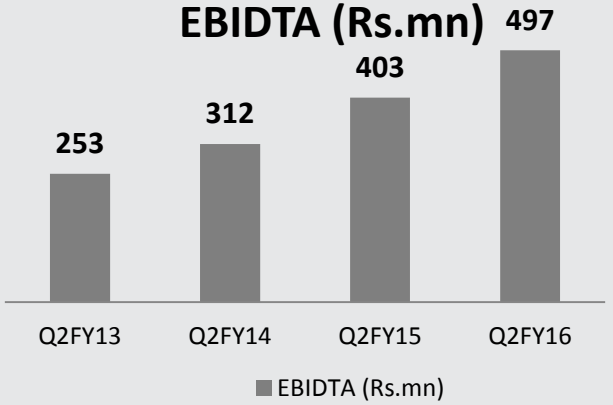
Trade Receivables has gone down by **24%** even as the Co. 's turnover continues to increase.

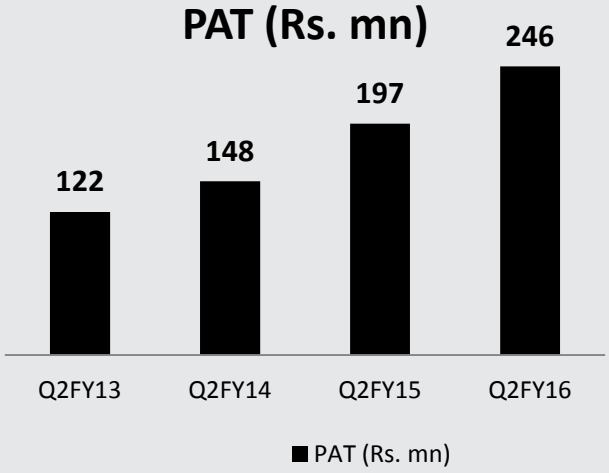
Net Fixed Assets accretion has reduced significantly making it possible for Company to achieve positive Net cash flow for current FY

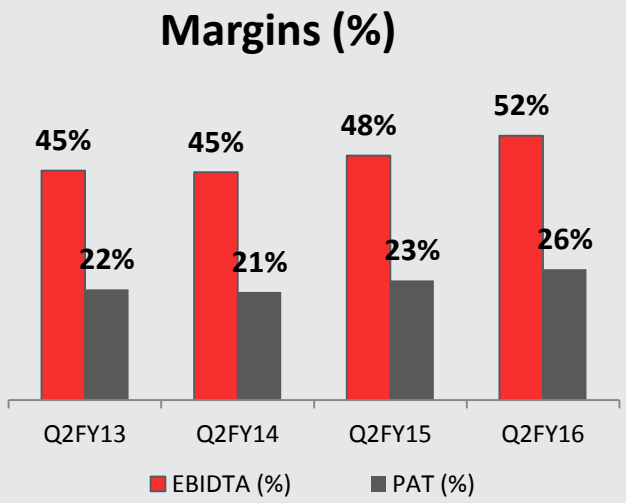
Particulars (₹ mn)	As on		
	SEPT 15	MAR 15	SEPT 14
EQUITY AND LIABILITIES			
Shareholders' Funds	**4070**	**2767**	**2,609**
Minority Interest	154	136	130
Capital Reserve on consolidation	2	2	2
Non-current Liabilities	**3061**	**3043**	**2,018**
Current Liabilities	787	716	949
Total Equity & Liabilities	**8072**	**6664**	**5,708**
ASSETS			
Non-current assets			
Fixed Assets	5592	5213	4,781
Non-current investment	49	50	51
Long-term loans and advance	376	300	263
Other non-current Assets	2	2	27
Total Non-current Assets	**6019**	**5565**	**5,122**
Current Assets			
Current Investments	0	0	0
Inventories	0	0	1
Sundry Debtors	292	341	218
Cash & Bank Balance	1011	466	286
Short-term loans and advances	750	292	74
Other current assets	0		7
Total Current Assets	**2053**	1099	**586**
Total Assets	**8072**	**6664**	**5,708**

FINANCIAL SUMMARY









BOARD UPDATE

- The Board of Directors (BOD) at the Board Meeting of 5th November,2015 deliberated on several issues to enhance profitability and in particular increase the return ratios of the Company, the main focus being the ROCE , ROE and Debt Equity Ratio .

- The Board also discussed matter relating to Corporate Governance.

- Following Decisions were taken

1. The Company owns immovable property of ₹1200mn MV in the books appearing as ₹350mn. The board has considered a proposal to unlock through a Demerger/ realignment/ Spin off of these assets in a manner which is most tax efficient.

2. Further this is subject to statutory compliances, stock of exchange permissions, creditors NOC, rating agencies approval, shareholders approval etc

3. Post point 1 & 2, the Company will improve its ROCE, ROE, Debt Equity Ratio and several other profitability and return ratios. This will result in enhancing the shareholders value. It will also improve ratios of the Company resulting lower cost of debt .

4. The appointment of one of the Big 4 audit firms post the implementation of point 1 and 2 .

5. The Company currently follows a cash system of accounting, which will be changed to an accrual basis once the demerger is in place and the software and systems are built around it.

OTHER TALKING POINTS OF THE QUARTER

Talwalkars
Spreading fitness in over 70 cities

01 Two Talwalkar franchisee gyms launched in Vapi and Indore with a significant 150+ members joining in the inaugural week itself

02 Annual August Scheme that received an overwhelming response from members

03 Launched a one month fitness recharge in July which also received a favourable response

04 Introduced Facebook promotions on World Heart Day with the tagline of ‘Pledge yourself a healthy heart’

KEY DEVELOPMENTS AT TALWALKARS

1. **The Company** has signed a MoU to invest growth capital into **Gymtrekker Fitness Private Limited (GFPL),** a leading online health and fitness center discovery platform

2. 8 standalone Transform Studios have been integrated with the nearest fitness centers of the company in this quarter. This will result in reduction of the operating cost by ₹20mn p.a on account of discontinuing rent, power cost, part salaries, separate marketing expenses etc.

3. The Company has now 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**

GYMTREKKER

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

2. TBVF to invest in GFPL by subscribing to 19% of the total equity share capital of GFPL enabling it to tap the fast growing online sales channel and further strengthen its existing online presence.

3. The partnership combines TBVF's strong brand power as a health and fitness player and Gymtrekker's emerging online presence for gym and fitness center discovery platform.

4. GFPL offers its subscribers with **multi-tenure membership package** at a discounted price in gyms at the desired locality thereby augmenting the sales for gyms and fitness centres.

5. GFPL currently has over 3500 fitness listing, 200 multi-tenure deals and 1000 online members in the Gymtrekker Portal.

6. Gymtrekker currently operates in **Mumbai, Pune, Ahmedabad, Bangalore and Goa** with plans to go pan India in the coming year.

PRE AND POST-
ACQUISITION SCENARIOS

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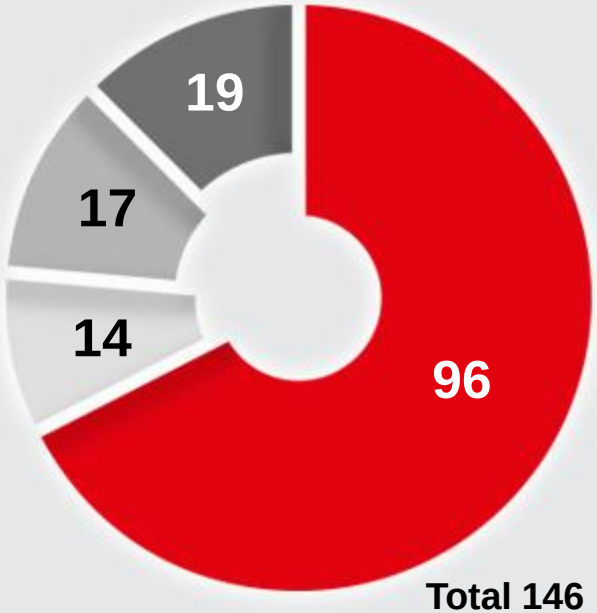


OUR FOOTPRINT

INDIA + SRI LANKA

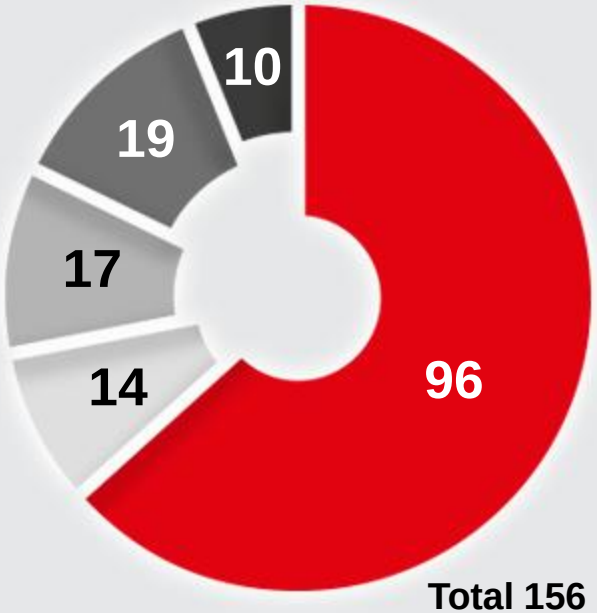
The Company has **146 fitness centres** spread across **82 cities** covering 21 states of India. Through the acquisition, the Company has now further access to **10 gyms in Colombo**

Pre-acquisition
as on 30 September 2015

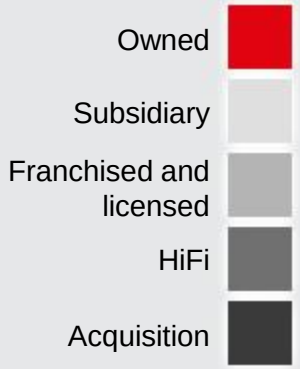


Total 146

Post-acquisition



Total 156



**** Acquired 49.5% of the share capital of PWG***

KEY DEVELOPMENTS AT HIFI

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1

Celebrated the Nutrition Week (1 to 7 September 2015) across all our HiFi gyms. The highlight of the event was 100% participation by members, creating a buzz.

2

Currently, we are running the 45 days `Be the Phataka for Diwali' weight loss campaign

3

Eleven HiFi gym establishments are in the pipeline .

Hi Fi	Tentative Dates
Patna	Nov end
Beed	Nov mid
Sopan Baug	Dec 1st week
Ravet	
Kondhawa	

KEY DEVELOPMENTS AT TALWALKARS CLUB

The statutory authorities final approval is expected on the proposed partnership of TBVF and David Lloyd Leisure (DLL)

DLL had made changes in the existing plans to maximize the returns, based on their expertise

These revised plans were submitted to the local authorities in July,2015 for clearances and approvals, which are expected shortly

Post the approvals and clearances, the company expects to start the work vigorously

GOING AHEAD

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Improve **same-store sales (SSS)**

Seek out more acquisition opportunities

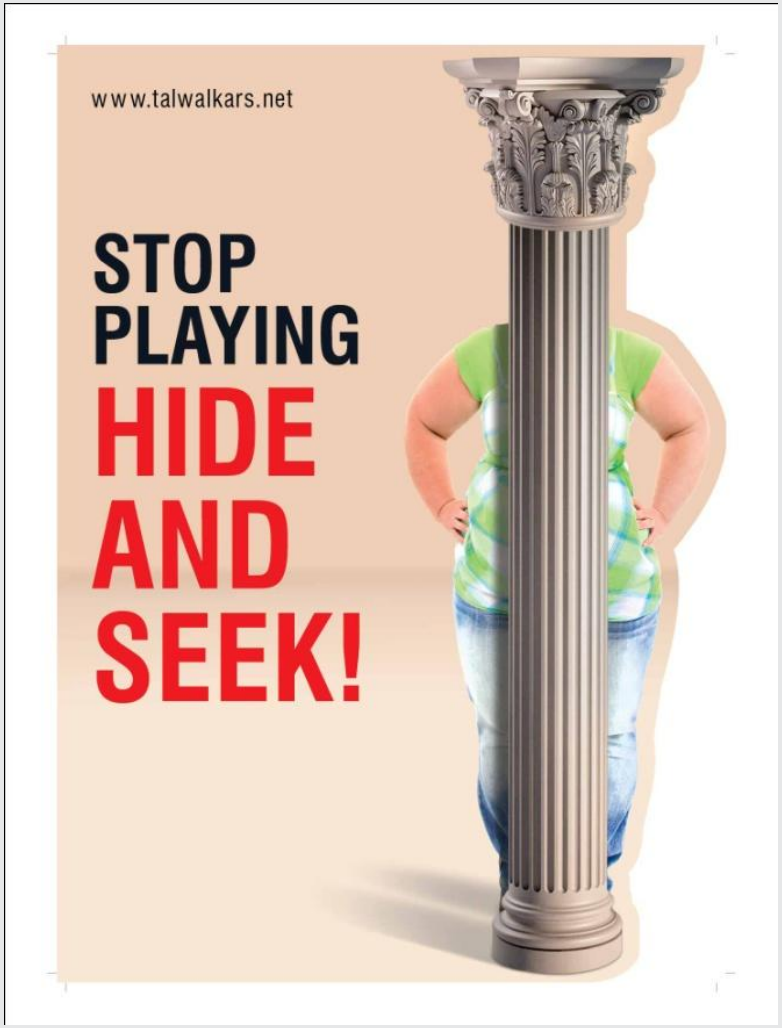
4-5 Hi Fi gyms are slated to open by December end .

Enhance productivity by increasing the member base, utilizing time slots more efficiently and widening bouquet of value-added services

AA rating from two agencies will enable fund mobilisation at lower costs

Focus on completing the statutory/ regulatory formalities with regards to the acquisition

KEY MARKETING INITIATIVES







ABOUT TALWALKARS (TBVFL)

India’s & Sri Lanka’s largest fitness chain.

156 centres in South Asia across **83 cities and towns in India and Sri Lanka**

World-class gymming experience backed by **professional trainers**

Diverse fitness services including standard **gymming and fitness, Zumba®** (aerobics and Latin dance-inspired fitness programme), Transform (holistic fitness programme), Reduce (diet-based, easy diet programme), **NuForm** (time-efficient weight loss programme), **spa, massage, aerobics** and **yoga**

Two fitness centre formats of **Talwalkars** and **HiFi**

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

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

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

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