

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



Date: 28th September, 2017

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

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

Dear Sir,

Re: Talwalkars Better Value Fitness Limited; Scrip Symbol: TALWALKARS; Scrip Code: 533200
Sub: Chairman's Speech of 14th Annual General Meeting

We enclose herewith Chairman's Speech of 14th Annual General Meeting (AGM) of the Company conducted on Thursday, 28th September, 2017 at M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturer's Association, Bhogilal Hargovindas Building, 4th Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai – 400 001.

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

Thanking You.

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

Avanti Sankav
Company Secretary

Good afternoon fellow shareholders,

It gives me immense honour and privilege to be amidst you today as a Chairman of Talwalkars Better Value Fitness Ltd. I am extremely happy to report for year the 2016-17 the consolidated revenues increased by 13.78% to Rs.2,860 million, EBITDA margin rose to 59.9% to Rs.1,716 million and PAT stood at Rs.656 million with a growth of 19.28%.

We as a gym company continued to consolidate leadership position in India and emerge as a strong player across Asia. We opened 20 Gyms in Bangalore and 10 Gyms in Delhi under PWG format on a single day. This scale of expansion led to controlled capex and higher returns at the same time. Our company was also successful in incubating strong foothold for its Value added Services that we introduced along the way. Zorba and Reduce received enormous response and gained traction this year.

We extended our gym-driven business to a holistic Wellness business with an objective to capitalise on the demographics and lifestyle churn within the country. To unleash this existing potential we decided to demerge our businesses into Gym and Lifestyle companies. The Life style company will cater to each and every segment of the Lifestyle consumption which includes the Talwalkars-David Lloyd Club Venture and value added services such as the weight loss program- Reduce , the machine based weight loss program- Nuform, a combination of both Transform, other free floor activities , Zorba – the yoga among others.

The lifestyle activities will help reach larger target audience and will attract investors seeking value from growing Indian Lifestyle Business.

The Gym Company will expand organically and through buying out majority stakes in competing brands. The business in fact enjoys attractive franchise value that can be reflected in high membership retention per operating unit and same outlet year-on-year revenue growth. Further in this fiscal 2018 the Company laid a strong foundation for overseas expansion with signing

exclusive franchise for 6 South Asia Countries with International Fitness Chain Snap Fitness. It has over 2500 centers across 24 countries.

From investors perspective the standalone financial structures will make it possible to derive an informed perspective on the operating models of the respective businesses and corresponding valuations of both businesses and thus it will be able to attract focused investors whose risk appetites and investing preferences match the characteristics of the respective models. Going ahead we see a demerged entity would enable add more focus and generate robust returns.

Being the only listed company in the sector of Fitness in India we continuously took efforts to better our own benchmarks. During our journey to wellness driven business with integrations of value added services in its centres, the Company had to undergo and face tremendous challenges.

The Company usually gains impetus in Quarter 2 and Quarter 4, which consists 60-65% of the revenues. In Quarter-2, the August Scheme extends till the first week of October. Post the assessment of the income and expenses across branches and various activities takes place for that quarter, the taxes are paid accordingly.

The value added services gained traction in the last 18- 24 months. Most of these services though lucrative at EBITDA level are not that profitable at PAT level in the initial years. After the demerger, the two companies will have their own separate businesses which will enable them to function adequately with regards to the size of the company. Systems will be placed to assess the profitability of each segment separately for ensuring whether any depreciation or impairment of assets needs to be provided for.

The company has also instituted a process of obtaining confirmation for advances, trade payable, receivables, bank balances and borrowings regularly at frequent intervals and reconciling the same.

It is working towards enhancing its internal controls and systems for these new value added activities and is already in process of implementing separate internal controls under the auditors guidance, uniquely designed for each activity and we are convinced that post the demerge both the entities will emerge with stronger internal controls.

The management takes absolute responsibility, continuing to strive its best to mitigate the existing gaps in the systems. We continue to take guidance from the auditors for enhancing operating effectiveness.


Talwalkars is now in transforming itself into a global force. It is expected to grow its gym business across South East Asia and with regards to lifestyle business it continues to encompass consumer preferences offering wider range of offerings.

We are confident that the series of actions being taken by the management team will succeed and show an improved performance.

At Talwalkars we believe in long term growth enhancing return ratios and we continually commit focused approach towards this objective.

In conclusion, I would say that we have immense opportunities, and we are optimistic about the outlook of our demerged business. We will keep you posted on our progress along the journey in this crucial year. Looking forward to your continued support, as we put in our best to meet your expectations!

I would like to thank our employees, business partners and you all for continued trust, confidence and support.



Girish Talwalkar

Chairman

Talwalkars Better Value Fitness Limited

Date : 28th September,2017

Place : Mumbai