Talwalkars

Spreading fitness in over 50 cities

Talwalkars Better Value Fitness Limited

Annual Report 2011-12

Corporate Information

BOARD OF DIRECTORS

Madhukar Talwalkar	-	Executive Chairman
Prashant Talwalkar	-	Managing Director & CEO
Vinayak Gawande	-	Whole-time Director
Girish Talwalkar	-	Whole-time Director
Harsha Bhatkal	-	Whole-time Director
Anant Gawande	-	Whole-time Director & CFO
Manohar Bhide	-	Independent Director
Raman Maroo	-	Independent Director
Mohan Jayakar	-	Independent Director
Avinash Phadke	-	Independent Director
Abhijeet Patil	-	Independent Director
Dinesh Afzulpurkar	-	Independent Director

COMPANY SECRETARY

Avanti Sankav

STATUTORY AUDITORS

M. K. Dandeker & Company
Chartered Accountants,
No.244 Angappa Naicken Street,
2nd Floor, Chennai - 600 001

BANKERS

Union Bank of India

REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai - 400 078

REGISTERED OFFICE

801 – 813, Mahalaxmi Chambers,
22, Bhulabhai Desai Road,
Mumbai – 400 026

9TH ANNUAL GENERAL MEETING

Thursday, 9th August, 2012 at 12.30 p.m.
Venue: M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturer's Association, Bhogilal Hargovindas Building, 2nd Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai – 400 001

Contents

Spreading Fitness

Talwalkars has been at the forefront of spreading fitness in India since 1932. Ever since the opening of its first health club way back in 1932 in Mumbai, Talwalkars has become synonymous with spreading fitness, across the length and breadth of India.

For over 80 years Talwalkars has dominated and led the gymming business in India. Talwalkars has committed itself in making India, healthy and fit. In 2011-12 Talwalkars further widened fitness concepts into areas beyond gyms and spas.

Being in the fitness space for a long time and having catered to over 125,000 loyal members, the Company saw the need and scope for Talwalkars to offer faster and innovative fitness solutions. Weight-loss was an immediate need from our members. The Company entered into new area of weight loss segment with a revolutionary technology from Germany, Miha Bodytec, launched in India by the Company as NuForm studios.

To add a complete new experience to fitness which was also the need of our members, especially the youth, the Company launched the international dance-fitness sensation, ZUMBA® fitness program in India. The Company believes ZUMBA® program and NuForm will add a new revenue stream, new customers and have a strong impact on the same store growth.

Along with the constant strive to add new innovative initiatives to its product portfolio, the Company is also completely focused on growing, and dominating its leadership in the health club space. Since last fiscal year, Talwalkars opened 34 new health clubs. In health clubs segment, the Company created a 51% subsidiary model with a buy-back option to expand faster, and improve the return ratios. In order to widen its reach further the Company also introduced a 100% franchisee model, HiFi in geographies where larger Talwalkars health clubs would not be feasible. The uniqueness of HiFi is that without any cap-ex it adds directly to the EBIDTA and enhances the return ratios yet again.

Talwalkars is committed to spreading fitness to every corner of India- To create a healthy and fit India.

Did you know?

Population in India is more than 6 times of Brazil. However Brazil has 16 times more health clubs than India.

That's the opportunity to spread fitness across India. The Company has to fulfill a large void in the fitness needs of millions of aspiring Indians.

The macro is shouting. 1.2 billion Indians, of which half is young India. The growing urbanization is leading to growing aspirations. The desire and need to look good, feel better is constantly drawing thousands into becoming fit. The fitness space has been rightly embraced by both Sports and Bollywood. They have become the mass trend drivers. This has led to an increase in the demand for fitness and gym services in India.

There is a much bigger health need too.

In recent years India has become the diabetes capital of the world. Indians have amongst the highest cholesterol levels, given our love for food and sedentary lifestyle. It is therefore, rightly said, prevention is better than cure. If India needs to emerge as the third largest economy by 2020, it is imperative that its citizens remain healthy and fit. A healthy body means a healthier mind and a progressive country.

From every perspective and every view point, the macro tailwinds are too strong. Indian fitness industry has climbed on the treadmill and is pumping more iron. It's time for the Company to gear up its momentum.

Consider this.

Gym penetration in India currently stands at below 0.5%. Even if this were to increase to 1%, India would need another 4000 health clubs. Leading this transformation is Talwalkars. Starting its first health club way back in 1932, it is now the largest health club company in India. But more importantly it has achieved this by taking health club to far rung places like Anand (Gujarat), Ichalkaranji (Maharashtra) and Jamshedpur (Jharkhand) among others.

Talwalkars today is spreading fitness through 128 health clubs in 68 cities spread over 18 states of India and continues to spread its reach even more.

Did you know?

In **India**

Talwalkars is the only

listed player

in the fitness space

and its **valuation**

has since increased.

– (IHRSA 2012)

In the first few years the Company had limited resources at its disposal. The increasing need for capital expenditure to spread fitness ensured that the Company ran its operations tightly and profitably and that is the culture that has remained with Talwalkars ever since.

The Company believes that money saved is money earned and therefore opens and runs each of its health clubs with utmost cost consciousness.

The health club business is highly fixed capital intensive. It takes about ₹ 2 cr to start a 5000 square feet health club. It is therefore imperative that the Company gets the desired members to break-even faster. Talwalkars is making persistent efforts to achieve faster growth and a higher ROCE to create sustainable shareholder value. 2011-12 saw the strengthening of the 51% subsidiary model launched last year and the introduction of a zero cap-ex franchisee health club model under the brand HiFi.

The 51% subsidiary model: In certain geographies where the Company wanted to mark its presence, it decided to partner a local master franchise and set up health clubs through a 51% subsidiary approach on a franchise basis. The cap-ex is shared and the master franchise pays an incremental royalty to the Company for the management of the health club and brand usage.This enhances the EBIDTA margins and increases ROCE. The Company also reserves the right to buy-back the other partner's equity at 3.5x trailing EBIDTA minus net debt. Of the 128 health clubs, 13 are spreading fitness through this 51% subsidiary model.

HiFi: The Company sees a lot of potential for an affordable health club option in tier 3, tier 4 and some congested pockets in larger cities. Given the usual cap-ex of a large Talwalkars health club, a Talwalkars format of health club would not be able to generate the desired 30% ROCE in such target destinations. In the fiscal year 2011-12, the Company therefore decided to introduce new franchised operations under the brand Healthy India - Fit India (HiFi). With no cap-ex, only pure franchisee income and a scope to open a large Talwalkars in future, HiFi business model shall enable the Company to enter in to smaller markets of India. The Company controls and ensures the look, feel, equipment and the quality of trainers is similar to Talwalkars health club. The Company earns royalty and turnkey fees from its franchise. Currently 8 HiFi have commenced operation and is expected to grow further in the coming years.

Besides this, the Company continues to spread fitness through its 100% health club ownership model in the country. Since last year the Company added 22 health clubs on the 100% ownership model.

Spreading fitness. That's our karma.

Did you know?

Talwalkars has a 25,000 square feet residential training academy in Thane where every trainer is trained for a minimum of 150 hours.

The strength of a chain is the strength of its weakest link. The back-end operation is extremely critical in the health club business, being a core service sector offering. The health club experience is a function of the trainers who train you and demonstrate the right techniques of gymming to achieve results.

The Company has always believed in having the best quality trainers so as to offer best services to its members.

Quality trainers have been one of the biggest strengths of the Company and have added tremendously to the ability of the Company to scale up the business and reach to a wider audience. The training academy has played a vital role in becoming the biggest health club chain in India.

Close on the lines of training academy, the Company believes that in a service industry brand recall value is very critical and hence the Company constantly invests in, and builds the brand Talwalkars strongly. This not just adds to the brand Talwalkars, but through its communication it also inculcates the habit of a healthy lifestyle among masses. The brand Talwalkars promotes and re-emphasizes the need and importance of a healthy and fit lifestyle. The Company has over the years, brought into India the best fitness equipments. Talwalkars brings in a global experience to its members by having world-class equipments in all of its health clubs. Every Talwalkars health club remains state-of-the-art. Due to the economies of scale that the Company enjoys, the Company is in a position to get the best deals at most competitive prices.

The Company has always invested in systems ahead of the curve. Today all of its health clubs are connected through software integration and the customer responsiveness, data and MIS are realtime for the Company to take faster and better business decisions, including expansion and member experience.

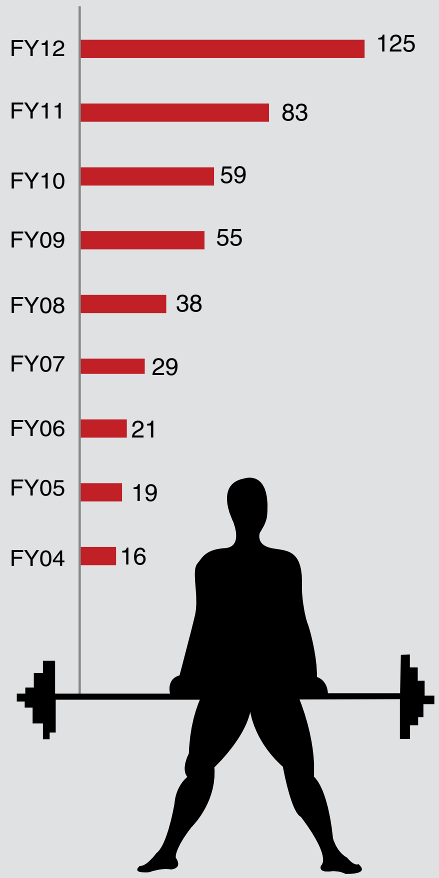
As the company looks ahead on the opportunity to spread fitness across India, the back-end operational strengths gives the Company the confidence to grow without having to worry about the trainers or the members.

The investment in our systems, training academy and brand Talwalkars ensures we continue to spread fitness.

Note :
1) Map not to scale.
2) Cities in Red indicate more than one health club.

Did you know?

There is more to Talwalkars than the numbers tell.



No. of Members
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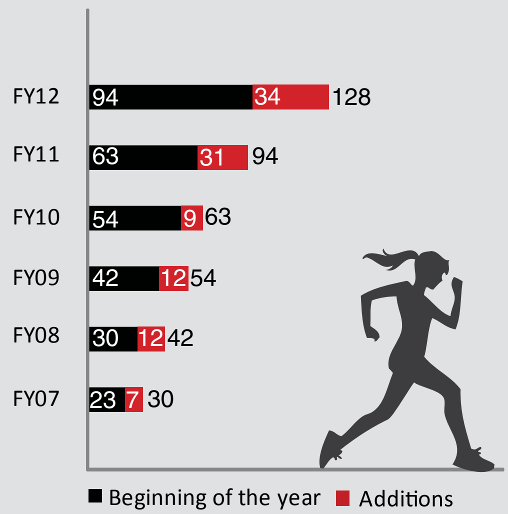
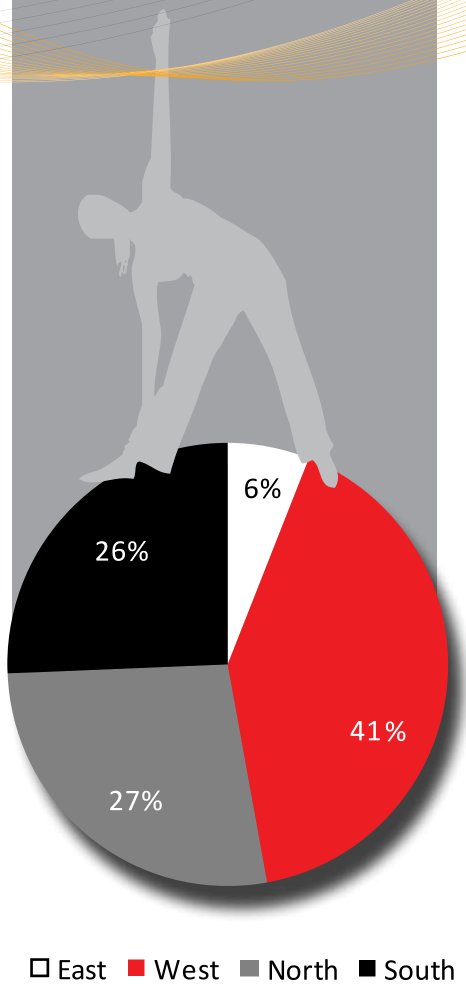
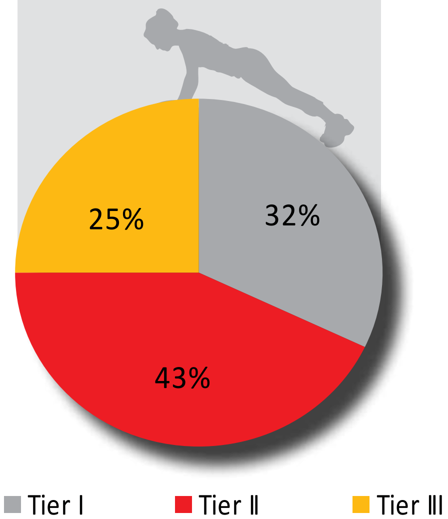


Note : As on result date

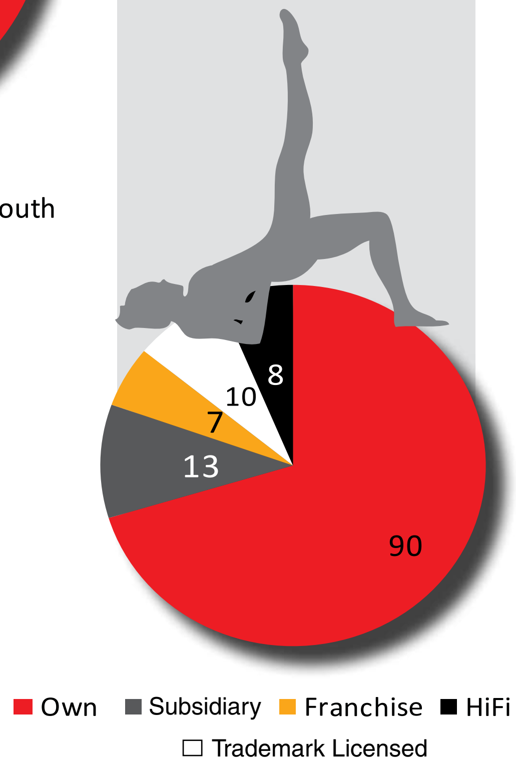
No. of Health Clubs



Zone Wise



Tier Distribution



Ownership

Did you know?

Miha Machine

has been successfully used by **thousands** of users at more than **1,500** centres across **Germany** and the rest of **Europe.**

The Company has partnered with Miha Bodytec, a German company, to launch NuForm in India. NuForm is an innovative advance in the Electric Muscle Stimulation (EMS) training used by leading competitive athletes, physiotherapists and personal trainers as well as at elite fitness, wellness and beauty facilities

NuForm studios offer the EMS method of working out. It is a machine assisted dynamic form of activity, that not only helps to strengthen and tone muscles but leads to a long term exercise benefit.

In NuForm training all muscle groups are targeted at the same time thus reducing the amount of time spent on the workout.

As unbelievable as it may sound, NuForm trains all the muscle groups in 20 minutes, just once a week. In addition, it gives the member a great mind-body connection, training both your muscular system and establishing a better neural connection to your muscle fibre.

It has been significantly proven that a person toning his/her muscle with electrical stimulation is more likely to participate in sporting activities as the body is ready, fit, willing and able to take on physical activity. So we are in effect priming the members for a health club membership in due course.

Currently 6 NuForm studios have been launched by the Company in Mumbai and Thane and are spreading fitness in India through this revolutionary technology.

ZUMBA® fitness program

ZUMBA® program is a worldwide sensation. There are already 12 million people taking weekly ZUMBA® classes in over 110,000 locations across more than 125 countries. It is arguably the biggest thing to have revolutionized fitness globally. ZUMBA® fitness program is essentially an exercise form fusioned into dance and aerobics. It makes fitness innovative, fun, and entertaining.

Talwalkars shall offer ZUMBA® fitness program in its health clubs. ZUMBA® fitness program will be offered in all the Talwalkars health clubs in a phased manner through its ZUMBA® Fitness certified trainers. The Company believes that given the global appeal of ZUMBA® Fitness program, it has the potential to drive higher same store sales and also enhance membership revenue for Talwalkars health clubs. Apart from health clubs the Company also aspires to bring ZUMBA® fitness program to schools, colleges etc.

Talwalkars, through its strategic alliance with ZUMBA® Fitness, is also opening its avenues for the merchandise business.

Chairman's Message

Good Morning !
To a Healthy India Fit India

Talwalkars has spread to every nook and corner of India through an aggressive expansion plan embarked upon since the past 8 years. From a modest beginning, the company is today the undisputed leader in the health and fitness industry in India . The Company has grown both in terms of numbers and concepts.

Today the company has spread fitness to over 128 health clubs in 68 cities across 18 states in India. This has been largely possible due to the constant thought of taking our role as forerunners of making every Indian aware of the need to exercise in order to have a healthy body and a healthy mind.

Exercise has many benefits such as personality development, good looks, prevention of lifestyle related diseases such as diabetes, reduction of stress levels and an overall impact of spiritual and mental well-being.

We at Talwalkars want to spread this message and take it to all our fellow Indians, to their doorstep. Thus the company has expanded to so many cities and towns of India.

This year marked an important milestone for the company in terms of its vision and product mix. After setting up systems for the hub and spoke model for setting up health clubs, franchising through HiFi and setting up master franchisees, the company has now undertaken to enter the associated areas of health and fitness.

The company has invested a lot of research and human hours in finding the right technology to bring in Miha Bodytec from Germany.

This system focuses on EMS impulses to increase the BMR of a person in a short span of time. This product is suitable for urban Indians who may have paucity of time or some other health concerns which may not allow them from using a normal health club facility. The company believes that these “NuForm Studios” will increase the visibility of Talwalkars brand and provide an alternate fitness therapy to our customers.

The company has also set up a strategic alliance with ZUMBA® Fitness to introduce a dance inspired fun workout to its younger generation of members. The company has invested in securing a ZUMBA® Fitness certification program for its trainers across many of its health clubs currently. This initiative reflects the company’s commitment in reaching to a wider audience and taking new forms of fitness to the members.

The company has always been a step ahead in providing holistic fitness solutions to its consumers, be it in the form of pure gymming, dietary counseling, PEP training, aerobics, spas and now NuForm studios and ZUMBA® fitness program This has distinguished us as a market leader with a strong Brand to provide health and fitness solutions to all categories of customers across all borders of age, caste and gender.

I would like to thank each and every employee of our 128 branches spread all over the country for their loyalty and hard work which makes the company a brand leader today.

I wish to thank each and every one of our shareholders who have shown implicit belief in the company’s promise to deliver a healthy tomorrow.

I wish to thank all my colleagues on the Board for their invaluable support and guidance.

Namaste
To a Healthy India Fit India !

Mr. Madhukar Talwalkar
Chairman

Financial Highlights

Consolidated Balance Sheet

₹ in Millions

Particulars	FY 09*	FY 10*	FY 11	FY 12
Share Capital	20	181	241	241
Reserves & Surplus	186	240	1015	1200
Net Worth	206	421	1279	1494
Total Debt	813	972	1213	1551
Fixed Asset	1025	1291	2060	2576
Cash and Cash Equivalents	8	125	328	325
Debt / Equity	2.48	1.49	0.84	0.91

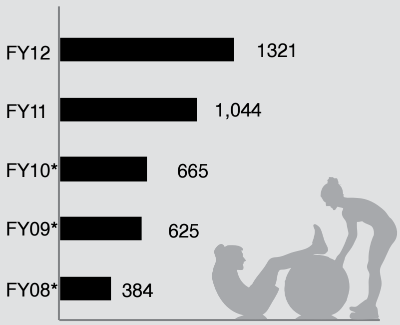
* Standalone

Consolidated Profit and Loss

₹ in Millions

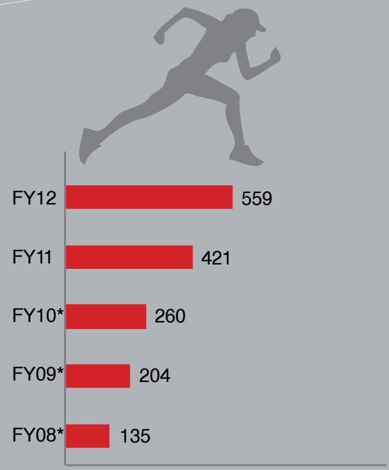
Particulars	FY 09*	FY 10*	FY 11	FY 12
Revenue	625	665	1044	1321
y-o-y growth in %	63%	64%	57%	27%
EBITDA	204	260	421	559
EBITDA Margins	33%	39%	40%	42%
Profits After Tax and Minority Interest	67	79	160	221
PAT Margins	11%	12%	16%	17%
Earnings Per Share (₹)	4.28	4.43	6.80	9.15

* Standalone



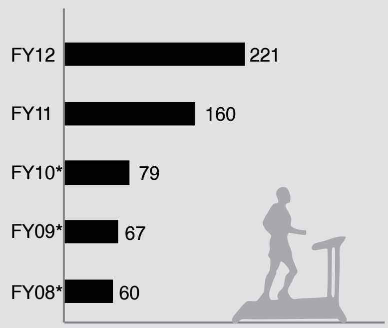
Revenue
(₹ in Millions)

* Standalone



EBIDTA
(₹ in Millions)

* Standalone

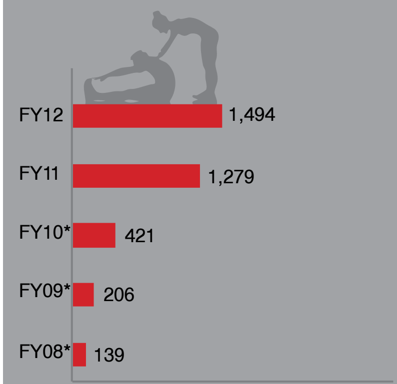


PAT
(after minority interest)
(₹ in Millions)

* Standalone

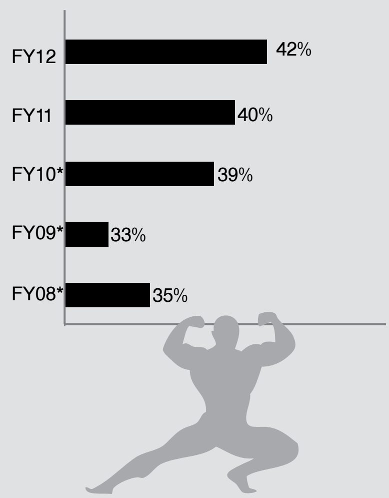
Debt/Equity

* Standalone



Networth
(₹ in Millions)

* Standalone



EBIDTA Margin

* Standalone

Management Discussion and Analysis

Indian Economy

According to the Ministry of Finance the economy for the fiscal year 2011-12 grew at 6.5% YoY against a growth of 8.4% YoY witnessed a year ago. The slowdown in the economy was a combination of a tighter monetary policy, policy paralysis and weak global conditions. Manufacturing and mining industry showed a lackluster performance, however robust growth in service sector provided a much needed support to the economy.

While challenges prevail in the year ahead, it is encouraging that the government is moving in the right direction towards boosting investments and infrastructure development– a key for sustaining growth. Inflation (Wholesale Price Index) in the recent months has also started showing signs of moderation after remaining at elevated levels in the current fiscal year. Cooling inflation will provide room for RBI to ease policy rates. India is expected to grow between 7-8% in the coming years making it fourth largest GDP by 2020. Strong growth fundamentals, rise in income levels, infrastructure development, availability of skilled manpower promises a stable economic growth.

Rising income levels boosted the consumption rate in the economy. Amidst the moderating economic conditions the Company exhibited satisfactory performance on the back of strong consumption growth, Company's pan-India presence, quality offerings and innovative initiatives.

Wellness Industry in India

In India, wellness is a concept which has been in vogue since ancient times. Traditional medicinal and health practices like Ayurveda and Yoga have propounded the concept of mental and bodily wellness. Most of the ancient wellness concepts have largely focused on the basic needs of an individual within the need hierarchy, namely a focus on health, nutrition and relaxation. With the progress of time, wellness as a concept has taken up a multi-dimensional definition, encompassing the individual's desire for social acceptance, exclusivity and collective welfare. Chiefly influenced by changes in society and in the lifestyles of individuals, this change has also been accelerated by extraneous factors like globalization and a greater awareness of the need for wellness among individuals. The wellness ecosystem comprises of consumers, providers, adjacent industries, facilitors and the Government. The industry as a whole is estimated to be ₹ 490 billion and wellness services alone is 40% of this market.

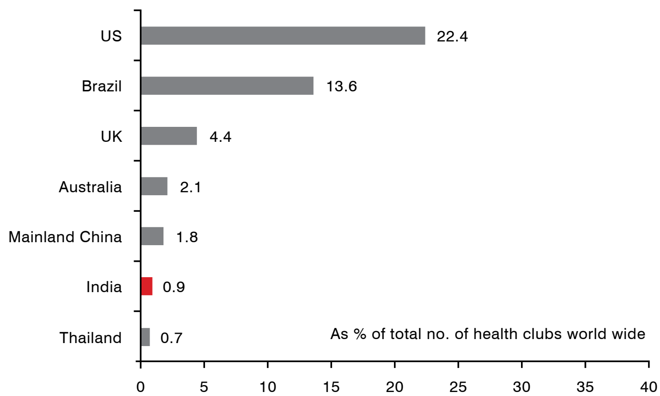
The Indian wellness industry is divided into 5 segments and they are as follows-

1. **Beauty services and cosmetic products** – Salons and beauty centres, Cosmetic treatments (invasive and non-invasive)
2. **Fitness Centres** – Gyms, Health Clubs and Slimming centres
3. **Nutrition** – Health and wellness foods, Organic food etc.
4. **Alternate therapy** - Ayurveda, Homeopathy, Unani, Naturopathy etc.
5. **Rejuvenation** – Spas, Foot reflexology etc.

Talwalkars, the largest health club chain in India was hitherto only present through health clubs namely gym and spas, as a part of a conscious decision to set its footprint in every town and city in the country. In the current year, the Company has expanded its offerings to include new areas of weight loss (nutrition) and other forms of exercise such as Aerobics, EMS and ZUMBA® fitness program.

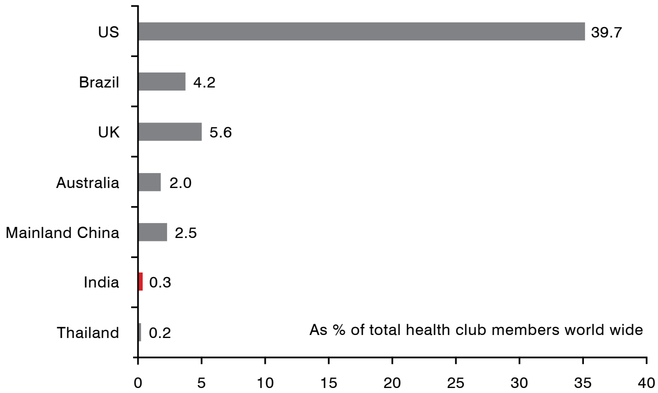
Characteristics of the Indian Fitness Industry

The Indian fitness industry is a highly underpenetrated market compared to several developed and developing countries in the world.



Source : IHRSA 2012

The fitness and slimming market in India is worth ₹ 40 billion comprising of slimming products, slimming services, fitness equipments and fitness services. Out of the four segments the fitness services segment accounts for ~50% of the total pie. Talwalkars dominates the fitness services segment in India and has a share of 8-10% of the organized market in the country.



Source : IHRSA 2012

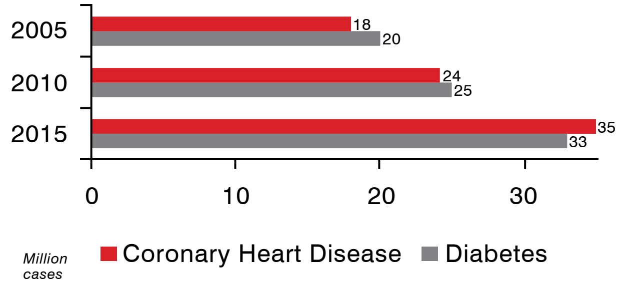
Growth Drivers

1. Increase in young population and disposable income

The working and young population in India is estimated to rise by 241 million people between 2010 and 2030. The rising youth population becomes the prime users of the health clubs in India. Increase in young and working population coupled with increase in disposable income will have a positive effect on the industry with larger number of people enrolling for health related services and products. The desire to be fit, backed by increase in disposable income, will create more demand for niche fitness services like personal training, massage, spinning, aerobics etc.

2. Increase in lifestyle diseases

Lifestyle diseases in India are increasing due to high stress at the work place, rising pollution levels, consumption of unhealthy fast food, growing incomes, a faster pace of life and an increased sedentary lifestyle. As per latest PWC FICCI Wellness Report the incidence of coronary heart disease in India by 2015 is expected to rise by 45% as compared to 2010 while cases for diabetes is expected to grow 32% as compared to 2010. Health clubs can play a vital role in taking preventive measures towards lifestyle diseases.



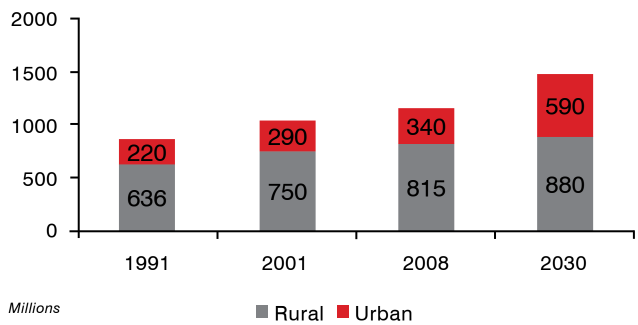
Source: PWC FICCI Wellness report

3. Increased awareness

There has been an increased awareness of health related diseases in India by the means of media, government bodies and health programs conducted by hospitals, education institutions and NGOs. This has helped people to be proactive from early stage and take corrective action for a healthy and fit life. Increased awareness among the masses has opened a huge vista for the industry to expand. The demand for fitness related products and services will increase tremendously with more and more people becoming sensitive towards their health.

4. Growth in urbanization and regional development

The urban population in India grew from 290 million in 2001 to an estimated 340 million in 2008 and it is projected to grow to 590 million by 2030. The pace at which it will grow to 590 million will be double of what it grew between 1971 and 2008. The steep rise in urban population will leave limited scope for open area physical activities leading to a sedentary lifestyle. Along with urbanization there has been regional development with smaller towns becoming mini-metro of India, which has led to an increased demand for fitness services.



Source: India's urban awakening report by Mckinsey & company

5. Peer influence

Fitness has become a fashion statement. Celebrities and sportsmen have played a vital role in creating awareness for a strong beautiful body and overall a healthier India. A larger audience is aspiring to be fit and identical of their role model- thus generating demand for more health clubs in the nation. Another trend which has picked up in recent times is competing on the physical fitness front with peers. This is creating a need for more niche fitness services and demand for personal training.

Talwalkars Business Model

Talwalkar business model comprises of 100% owned health clubs, 51% subsidiary health clubs and HiFi, the franchised gym concept.

100% Ownership model

A typical full format Talwalkars health club is spread across an area of approximately 5000 sq.ft. that has world class interiors and clear demarcation of space for exercise, nutritional counseling, massage, steam/sauna, changing rooms etc. The feel and quality of services and equipments remains similar in all health clubs across the country. The target clientele for this full format gym is Tier 1 cities, typically metros and large cities. The entire cap-ex for this concept is done by the Company. The Company has grown diametrically in this segment in the last 7 years with focus and control on quality maintenance and training for health clubs under this format.

51% Subsidiary model

In certain geographies where the Company wanted to mark its presence, it decided to partner a local master franchise and set up health clubs through a 51% subsidiary approach on a franchise basis. The cap-ex is shared and the master franchise pays an incremental royalty to the Company for the management of the health club and brand usage. This enhances the EBIDTA margins and increases ROCE. The Company also reserves the right to buy-back the other partner's equity at 3.5x trailing EBDITA. Of the 128 health clubs, 13 are spreading fitness through this 51% subsidiary model.

Healthy India-Fit India (HiFi)

The Company sees a lot of potential for an affordable health club option in tier 3, tier 4 cities and some congested pockets in larger cities of India. Given the usual cap-ex of a large Talwalkars health club, a Talwalkars format of health club would not be able to generate the desired 30% ROCE in such target destination. In the fiscal year 2011-12, the Company therefore decided to introduce new franchised operations under the brand Healthy India-Fit India (HiFi). With no cap-ex, only pure franchisee income and a scope to open a large Talwalkars in future, HiFi business model shall enable the Company to enter in to smaller markets of India. The Company controls and ensures the look, feel, equipment and the quality of trainers is similar to Talwalkars health club. The Company earns royalty and turnkey fees from its franchise. HiFi is currently operational in 8 locations and is expected to grow further in the coming years.

Besides this, the Company continues to spread fitness through its 100% health club ownership model in the country. Since last year the company added 22 health clubs on the 100% ownership model.

Format	No. of Health clubs
Talwalkars - Own	90
Subsidiary	13
Trademark Licensed	10
Franchise	7
HiFi	8
Total	128

The company recently also introduced two new initiatives discussed below:

New Initiatives

1. NuForm studios

The Company has partnered with Miha Bodytec, a German company, to launch NuForm in India. NuForm is an innovative advance in the Electric Muscle Stimulation (EMS) training used by leading competitive athletes, physiotherapists and personal trainers as well as at elite fitness, wellness and beauty facilities. NuForm studios offer the EMS method of working out. It is a machine assisted dynamic form of activity, that not only helps to strengthen and tone muscles but leads to a long term exercise habit. In NuForm training all muscule groups are targeted at the same time thus reducing the amount of time spent on the workout. As unbelievable as it may sound, NuForm trains all the muscle group in 20 minutes, just once a week. In addition, it gives the member a great mind-body connection, training both your muscular system and establishing a better neural connection to your muscle fibre. It has been significantly proven that a person toning his/her muscles with electrical stimulation is more likely to participate in sporting activities as the body is ready, fit, willing and able to take on physical activity. So we are in effect priming the members for health club membership in due course.

The average revenue realization from this is much higher than the normal health club membership due to its exclusivity and focused attention. This new initiative by the Company is high ROE accretive. Currently 6 NuForm studios have been launched by the Company in Mumbai and Thane and are spreading fitness through this revolutionary technology.

2. ZUMBA® Fitness

ZUMBA® fitness program is the Latin-inspired dance-fitness program practised by over more than 12 million people of all shapes, sizes and ages taking weekly ZUMBA® classes in over 110,000 locations across more than 125 countries. The word ZUMBA® is trademarked by ZUMBA® Fitness LLC which is the parent company and is in existence since 2001. ZUMBA® Fitness has its own academy that gives certified training to ZUMBA® instructors. ZUMBA® Fitness has many other consumer product offerings, including DVD sets, music collection, multi- seasonal apparel and footwear, video games, fitness concert events and a lifestyle magazine.

The Company has a strategic alliance with ZUMBA® Fitness in India. The Company plans to introduce ZUMBA® fitness program across its health clubs in a phased manner. This new tie-up with ZUMBA® Fitness has opened avenues for the Company to foray in to merchandising. The Company aspires to widen the scope of its ZUMBA® fitness program offering beyond its health clubs. This tie up will help the Company to increase the overall and same store sales.

Talwalkars Competitive Advantages

The Company has grown multifold with 128 health clubs today from 30 in FY07 and a member base of over 125,000. Such tremendous growth vouches for Company's core expertise and competence to take the Company on newer heights both in value and volume terms. The success of the Company in becoming a dominant player in the industry vests in its quality offerings at competitive prices. The Company effectively manages and builds on its key strengths to address to wider population.

Brand

The brand Talwalkars is over 80 years old and is well established in the market. The Company's expertise in running successful health club and continuous up gradation of service offerings has enabled the Company to be a market leader.

Pricing

In an unorganized market like India and at such a nascent stage, pricing of the services is very critical. The Company offers services at competitive prices as per the industry trend. Regular monitoring of the prices is done by the Company to ensure profitability at the best possible price for the member.

Quality and standardized offering

The Company strives and ensures to get quality services across the health clubs. All the equipments are imported through renowned quality equipment suppliers like Precor, MATRIX and others. The Company ensures same feel and experience across all its health clubs. All the health clubs have a complete power back-up to ensure uninterrupted service to its members. Member privacy is maintained with separate wet areas for ladies and gents. Along with the basic gym facilities the Company continues to offer other add-ons like spa, yoga, aerobics etc. All the health clubs have a separate nutrition centre for diet counseling to enhance member benefits, which also functions as a profit centre for the Company.

Quality trained manpower

The Company has its own residential training academy in Thane that spreads over 25,000 sq.ft. All the trainers, managers and staff at the health clubs across India get a rigorous training at the training academy before the resume their work. A typical training session lasts for 4-6 weeks. The entire layout of the training academy resembles an actual health club with same equipment and décor. Since an actual health club is set up in the training academy, members can use the academy health club, making the training centre also a profit centre for the Company.

High quality equipments

World class equipments are procured from international manufacturers like Precor, Matrix, Hoist to get the best of the equipments at the health club across all locations. With its pan-India presence the Company enjoys economies of scale and can extract good rates for the contract and extended warranty for the health club equipments. To ensure good care, optimum maintainance and prolong equipment life, the Company has Asset Management Contracts, Warranties and refurbishment contracts with suppliers.

Diverse offerings

The Company constantly works towards widening its horizon of offerings. The Company provides various conveniences to its members like, personal training, nutrition, body shaping, body sculpting and other add-on facilities like aerobics, yoga, spa. Recently the Company launched two new ideas NuForm and ZUMBA® fitness program to cater to weight loss needs of its members.

Research & Development

The Company invests a lot of time, effort and money in researching about the new concepts and upgrading ourselves with the latest technology in the market. This helps the Company in bringing diverse quality offerings that are tested and approved by the Company's research and development team. In FY12 the Company visited the IHRSA 2011 and FIBO event that showcases the latest technology in the fitness space. The Company had sent a panel of experts that included trainers, doctors, nutritionist, and business developers to Germany in order to thoroughly study and analyze the German technology Miha Bodytec before launching it in India for the customers.

Hub & Spoke model

This model has ensured that local domain knowledge can be utilized to the maximum. For instance a health club was first set up in Hyderabad and then opened in Secunderabad, Vijayawada, Nellore etc in a phased manner. Hub and spoke model is used by the Company where in day to day operations are decentralized and headed by local teams. The roaming managers supervise the local teams and make sure all things are in place through strict and stringent quality checks and balances. The Company has set in place an Internal Audit system which monitors and reports any deviations. This model has ensured benefits for both the customer and the Company.

Marketing Initiatives

The Company in order to promote its brand and increase the member base organizes events and rolls out offers on regular basis throughout the year. These initiatives have helped the Company create awareness for lifestyle diseases and helped prospective clients to understand the need for regular exercise and in turn help increase the brand awareness of the Company.

In the FY12 the Company added create your own discount scheme to its annual discount scheme in the month of August 2011 and also undertook many other promotion and events, a selected few are highlighted below.

Miss Hyderabad 2011

Miss Hyderabad which took place in October 2011 is a leading beauty pageant in the south and was hosted by Kalamandir. The Company trained the top 20 finalist for the event in turn helping them tone themselves to meet the expectations of the fashion and glamour world. Being fit helped the finalists to perform better at the Grand Finale. Company's expert trainer had trained the contestants.

Loser's challenge 2011

The Company in the third quarter organized an event named losers challenge which aimed to motivate members to shed extra pounds in the shortest duration possible. The event was a team event in which the winner was declared on the basis of most number of cumulative kilos lost in 45 days. The event helped the participants lose weight, improve their fitness, learning the nuances of nutrition, and refreshing their minds within a controlled environment. It was a huge success.

Tone Master

The Company launched the concept of tone master in FY12. Tone master is perfect for people who want to improve strength and endurance or are looking for weight loss and body toning. The great thing about tone master body toning machine is that by spending just 30 minutes a day twice a week one can get a high quality workout. The Company has already launched Tone master in 40 branches across the country and plans to increase it further.

World Diabetes Day

Keeping in mind the need to educate people on lifestyle diseases the Company organised a free diabetes awareness health camp on World Diabetes Day. The camp received an enthusiastic response and helped greatly in raising awareness levels amongst walk-ins about the seriousness of diabetes, its implications and treatment.

Sculpt magazine

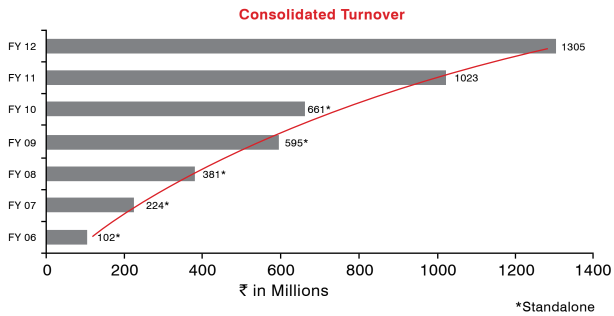
The Company introduced Internal Quarterly Newsletter named "Sculpt" in FY12. Sculpt provides information on all the latest happenings of the Company internally within its various centres, master franchisees, select client base and across departments. It is an important tool to build confidence and spread communication effectively within the organization.

Financial Analysis on Consolidated Basis

Total Turnover

Following the two fold strategy of expanding business through opening new health clubs and increasing revenue of existing health clubs, the Company could achieve an increase in revenue of 28% on YoY basis. Total income for FY12 stood at ₹ 1305 million viz-a-viz ₹ 1023 million a year ago.

The Company increased its penetration to new locations across India and could provide quality health club facilities to its new members. The Company increased the revenue of existing gyms by offering new products and packages. As a result of this strategy the number of members that could avail services of Talwalkars surpassed the 125,000 mark.



Operational cost

The Company has kept its costs under control by implementing certain cost control measures. Restructuring the employee roles, reformatting incentive plans, promoting staff were some of the measures taken to motivate the staff and at the same time keep personnel expenses under control. With increase in number of health clubs the operational costs on consolidated basis increased from ₹ 622 million in FY11 to ₹ 763 million in FY12.

EBIDTA

With control on costs and increase in revenues the profit before depreciation, interest, taxes and extraordinary items increased from ₹ 421 million in previous year to ₹ 559 million in FY12 registering a growth of 33% YoY. The EBIDTA margins grew from 40% in FY11 to 42% in FY12.

Finance cost

Renegotiation of interest rates with the Banks, and wisely using mix of debt, the Company was able to decrease interest cost by 100 basis points. The finance cost for FY12 stood at ₹ 91 million as compared to ₹ 86 million in the previous year because of increase in borrowings to fund expansions.

Depreciation

The Company provides depreciation as per straight line method. The depreciation for FY12 stood at ₹ 118 million as compared to ₹ 90 million in FY11. The increase in depreciation was mainly on account of asset addition due to opening of new health clubs during the current financial year.

Profit after Tax

The cost control measures and increase in income has resulted in increase in the profit after tax and minority interest from ₹ 160 million in FY11 to ₹ 221 million in FY12, a growth of 38% YoY.

Risks and Concerns

Downturn in the economy leading to a cut in consumer spending

The state of the economy plays an important role in the spending behavior of the consumers and is of significance to a consumption driven sector like fitness, slimming and wellness. Consumer spending can get affected due to factors such as inflation, recession, taxation, consumer credit, stock market performance, unemployment and general negative sentiments in the economy. A slowdown in consumption pattern could potentially have a negative effect impact on the industry and in turn on the Company.

Government regulations

Government can play a key part in the making or breaking of this industry at such a nascent stage by supporting the health and wellness industry with subsidies and by reducing the taxes on fitness equipments. In the event of change in taxation policy by the government in a manner adverse to the Company, Company's tax expenses can have a material impact on the profitability of the Company. If the government expedites on the economic reforms front, it would be positive trigger for the economy which in turn will enhance the prospects for the fitness and wellness industry.

Competition

The increase in demand for health related services is creating more opportunities and attracting new domestic and foreign players to the industry. The competition from new and existing players in the industry can potentially have an impact on the Company's financial performance. However the Company with its pan-India presence and established brand is being able to mitigate this risk efficiently.

Availability of skilled workforce

Paucity of skilled and trained personnel is one of the biggest challenges in the industry today. Wellness services, it is estimated, will require 600,000 additional skilled personnel over the next five years. However, their availability is a concern. The Company with its own training academy and handsome incentives based pay policy is in a good position to avert this risk.

Financial risks

The Company is in constant mode to widen its presence in the country. The increase in the cost of funds required to expand can have a negative impact on the financials. The Company constantly plans, analyzies various possible combination of funding to mitigate this risk. The Company plans its financial requirement in the best possible manner to raise funds at the best available cost.

Operational risks

Since the Company is in the service related industry, meeting customer expectations by maintaining quality of service is the key to growth. Though the Company is expanding rapidly, it takes utmost care and aims to maintain the quality of the services and experience across all its health clubs, mitigating the operational risk.

Outlook

FY13 will be another year of progress for the Company as it strives harder to touch greater heights. The Company will continue its growth path through various initiatives which would include opening new health clubs through "Talwalkars" and "HiFi" brand. The Company is also upbeat about the new concept for weight loss - NuForm and ZUMBA® fitness program. The Company aspires to continue to expand its presence in existing and new locations which would include increasing its span in tier 2 and tier 3 cities of India. In the coming years the Company will strive to add more innovative products to its existing platform to leverage and enhance its current asset base and customer portfolio.

Risk Management

The Company has established a well-defined process of risk management, wherein the identification, analysis and assessment of the various risks, measuring the probable impact of such risks, formulation of risk mitigation strategy and implementation of the same takes place in a structured manner. Necessary internal control systems have also been put in place by the Company on various activities across the board to minimize the impact of various risks. A well-defined and established system of internal audit is also in place to independently review and strengthen these control measures, which is carried out by a reputed firm of Chartered Accountants. The Audit Committee of the Company regularly reviews the reports of the internal auditors and recommends actions for further improvement of the internal controls and remedy for any weakness in the systems.

Internal Control and Systems

The Company has proper and adequate internal control systems to ensure that all the assets are safeguarded and that all transactions are authorized and are recorded and reported correctly. Regular internal audits and checks are carried out to ensure that the responsibilities are executed effectively and that the systems are adequate. The management continuously reviews the internal control systems and procedures to ensure the efficient conduct of business. An Audit Committee of the Board oversees the internal controls within the organization.

Information Technology

The Company has introduced CRM software named "Fitness Force" in FY12 which is operational and enhances the ability to understand the client needs more specifically. To have inter-location connectivity and reduce cost of communication the company has opted for Multi Protocol Lable Switching (MPLS) technology. With the use of MPLS the Company could also standardise the I.T. data security policy across the locations. The Company shall use the technology for free voice and video communication.

Human Resources

Employees form the backbone of our organization. A remuneration policy, which rewards achievement and is in line with the best industry practices, is consistently followed. Training to promote on the job skills is an integral part of the Company's human resource policy and is practiced across all functions within the organization. Industrial relations have remained harmonious throughout the year.

CAUTIONARY STATEMENT

Statements in this Report on "Management Discussion and Analysis" describing the Company's objectives, projections, estimates, expectation or predictions may have "forward looking statements" within the meaning of applicable securities laws and regulations. Actual performance may differ substantially and materially, from those expressed or implied. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook.

Directors' Report

To,
The Members of
Talwalkars Better Value Fitness Limited

Your Directors are pleased to present 9th Annual Report on business and operations with the audited financial statements for the year ended 31st March, 2012:

Financial Results:

The financial highlights of your Company's performance for the year ended 31st March, 2012 are summarised below:

₹ in Millions

Summarised Financial Results	Standalone		Consolidated	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Total Income	1,107.67	884.15	1,321.02	1,043.44
Profit before interest, depreciation and taxation	464.70	383.76	558.54	421.37
Financial Expenses	77.86	73.60	91.28	85.94
Depreciation	109.43	83.34	117.73	89.64
Exceptional Items	3.68	(3.64)	3.68	(3.64)
Profit before tax	**281.09**	**223.18**	**353.21**	**242.15**
Provision for taxation	59.31	44.72	72.53	45.92
Deferred Tax	29.82	26.19	31.50	27.80
Profit after tax but before minority interest	**191.97**	**152.27**	**249.18**	**168.43**
Share of minority interest	-	-	28.57	8.12
Profit after tax	**191.97**	**152.27**	**220.61**	**160.31**
Balance brought forward	304.13	182.24	310.97	181.04
Total available for appropriation	496.10	334.51	531.59	341.35
Proposed Dividend	30.15	24.12	30.15	24.12
Corporate Dividend Tax	4.89	4.00	4.89	4.00
Debenture Redemption reserve	20.29	2.26	20.29	2.26
Balance carried forward	**440.77**	**304.13**	**476.26**	**310.97**

Review of Performance:

Your Directors are delighted at the rapid progress of the Company. The Company has demonstrated a consistent and robust growth in its business and profitability. High quality service and gym equipments at the health clubs, constant innovation and development of several health products like NuForm, expansion of sub-brand "HiFi" as well as introduction of world renowned Zumba® Fitness Party are the key points to boost members confidence in the Company. This together makes your Company a Brand Leader in India. Your Company now has 128 health clubs across 68 cities on consolidated basis.

During the year, on consolidated basis your Company's profit before tax as well as profit after tax recorded the rise of 46% and 38% respectively, representing a healthy growth over last years financial performance. Volume of the business also displayed 26.45% increase over last year.

Dividend

Your Company has been consistent in sharing its profits with the shareholders. Your Directors are pleased to recommend for consideration of members, dividend @ 12.5% (₹ 1.25 per equity share of ₹ 10/-) for the year ended on 31st March 2012. The total outflow towards dividend payment including tax on distributable profits would amount to ₹ 35.03 million. The dividend has been recommended in accordance with your Company's policy of balancing dividend pay-out with the requirement of funds for its growth plans.

Our Offers

Apart from bringing the Health Clubs at your door step, during the year, your Company had presented various offers and schemes for the purpose of promoting the health and fitness in the Country.

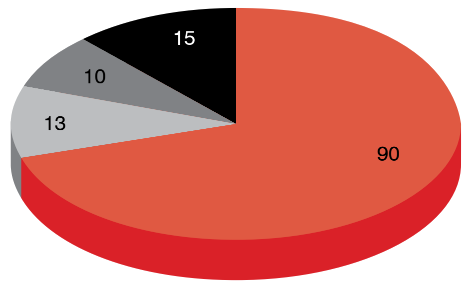
Various Schemes offered during the year:

- Enjoy the Woman's week offer at Talwalkars.
- Celebrate Valentines Day with your loved ones at Talwalkars.
- New Year Scheme with gift of fitness.
- Tone Master at Talwalkars – the next step to body toning.
- Talwalkars Care – Free Fitness Health Camp on World Diabetes Day.
- Talwalkars Loser's Challenge, Getting Slim is now an adventure.
- Create your Discount at Talwalkars (August Scheme).
- July 999 offer.
- Summer Scheme.

Our Business

Your Company has always adopted various business models in the process of its growth and its increasing footprint is the result of a combination of Company operated health clubs, trademark licensed health clubs, franchised health clubs and Subsidiary operated health clubs.

Your Company has "Quality Service" as its biggest focus point. Therefore, it ensures that all the Companies which also ensure the same focus are part of the "Talwalkars".



Certain highlights like the latest equipments, well trained & courteous staff and welcoming ambience are ensured from both subsidiaries and associate companies to maintain the same standard of service as provided by your Company.

Our Subsidiaries

Your Company has four subsidiaries as on 31st March, 2012, namely Denovo Enterprises Private Limited, Equinox Wellness Private Limited, Aspire Fitness Private Limited and Jyotsna Fitness Private Limited which are active in the same business of running health clubs and gyms.

(1) Denovo Enterprises Private Limited (Denovo)

Denovo Enterprises Private Limited, a subsidiary of your Company, is sharing 54% of the total gym count under the Subsidiaries head. Denovo's health clubs are operational in Northern and Western India.

Denovo was the Joint Venture Company (JVC). Considering its continuous striving for imparting good quality service, Denovo was converted from the JVC to Subsidiary Company. It has maintained the same benchmark as that of Talwalkars health clubs.

(2) Equinox Wellness Private Limited (Equinox)

Equinox Wellness Private Limited is step-down subsidiary of your Company. Equinox has its health club operational in Eastern India.

Equinox, subsidiary of Denovo, became our subsidiary by virtue of the Companies Act, 1956. It is following the same quality footsteps as that of the Talwalkars.

(3) Aspire Fitness Private Limited (Aspire)

Aspire Fitness Private Limited, a subsidiary of your Company, is sharing 30% of the total gym count under the Subsidiaries head. Aspire's health clubs are operational in Western India.

Aspire was also the Joint Venture Company (JVC). It was converted from JVC to Subsidiary. Aspire has shown phenominal growth by contributing significantly to the profits of the Company.

(4) Jyotsna Fitness Private Limited (Jyotsna Fitness)

Jyotsna Fitness Private Limited has become subsidiary of your Company during this year. Jyotsna Fitness's health club is operational in Western India.

Jyotsna Fitness, our Joint Venture Company (JVC) was converted from JVC to Subsidiary Company during this year vide approval of the Board of Directors granted in the meeting held on 14th November, 2011. It has been running the health clubs itself and through its promoter directors directly and indirectly successfully, following a standard model set up by Talwalkars.

Franchisees

The Company developed a brand for low cost gyms known as "HiFi" (short for Healthy India Fit India). All gyms under this format are a franchised. Presently, the Company has 15 franchised gyms. The Company is actively focusing this division and hope to increase the number of franchisees in the coming years.

Section 212

The annual accounts of the Subsidiary Companies and the related detailed information will be made available to the investors of the Company and Subsidiaries of the Company, seeking such information, at any point of time at the Registered Office of the Company and it's concerned Subsidiary, on request made in writing in that respect as per the general exemption granted by the Ministry of Corporate Affairs vide General Circular No. 2/2011 dated 8th February, 2011.

Fixed Deposits

During the year under review, Company has not accepted any fixed deposits from the public falling within the purview of Sections 58A and 58AA of the Companies Act, 1956 and rules framed thereunder.

Directors

Your Company has twelve Directors including six Independent Directors in consonance with Corporate Governance norms as specified in the Clause 49 of the Listing Agreement with the Stock Exchanges.

During the year, Mr. Glenn Saldanha, Independent Director resigned from the Directorship w.e.f. 22nd November, 2011 due to his preoccupation. Your Directors placed on record its heartfelt gratitude for his valuable contribution towards the success of the Company. Mr. Dinesh Afzulpurkar, Indian Administrative Service officer with distinguished career, has consented to join the Board as Independent Director. He has served the Government of Maharashtra as Chief Secretary. He was also the Chairman of Bombay Port Trust and Collector of Pune.

Mr. Dinesh Afzulpurkar was appointed as Additional Director w.e.f. 19th May, 2012. As per the provisions of Section 260 of the Companies Act, 1956, he holds office only upto the forthcoming Annual General Meeting. The Company has received requisite notice under Section 257 of the Companies Act, 1956 in writing from member along with the requisite deposit proposing his candidature for the office of Director of the Company. Resolution seeking approval of the Members for his appointment as Director of the Company has been incorporated in the Notice of the forthcoming Annual General Meeting along with brief details about him.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Raman Maroo, Mr. Mohan Jayakar and Mr. Abhijeet Patil, Independent Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Resolutions for the re-appointment will be placed for your approval at the forthcoming Annual General Meeting.

Directors' Responsibility Statement

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors hereby state and confirm that:

(a) in preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

(b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent; so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on 31st March, 2012 and of the profit of the Company for that year;

(c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records for the year ended 31st March, 2012 in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities;

(d) the Directors have prepared the Annual Accounts on a going concern basis.

Disclosure under Section 274(1)(g)

None of the Directors of the Company are disqualified from being appointed as directors as specified u/s 274(1)(g) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000.

Information pursuant to Section 217 (2A) of the Companies Act, 1956

The Information regarding particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, and Companies (Particulars of Employees) Amendment Rules, 2011 for receipt of remuneration exceeding ₹ 60,00,000/- per annum or ₹ 5,00,000/- per month is not applicable to the Company since none of the employees is covered under that limit.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are as under:

1. Part A & B pertaining to conservation of energy and technology absorption are not applicable to the Company.
2. Foreign Exchange earnings and outgo: ₹ in Million

Particulars	2011-12	2010-11
Total foreign exchange earnings	Nil	Nil
Total foreign exchange outgo	69.10	111.32

Corporate Governance

Transparency is the cornerstone of your Company's philosophy and it has a strong belief on self discipline rather than imposed discipline. All requirements of Corporate Governance are adhered to both in letter and spirit. The Audit Committee and Shareholders/Investors Grievance, Share Allotment and Share Transfer Committee of the Board meet at regular interval as required in terms of Clause 49 of the Listing Agreement. Your Board of Directors has taken all necessary steps to ensure compliance with all statutory and listing requirements. The Directors and key management personnel of your Company have complied with the code of conduct which was put in place by the Board of Directors. Apart from being in compliance with all the requirements of Clause 49 of the Listing Agreement, your Company has voluntarily adopted certain governance principles. Setting up of the Remuneration Committee of Directors and introduction of a code for Insider Trading are some of the initiatives taken by your Company towards this end.

The Report on Corporate Governance as required under the Listing Agreement forms part of and is annexed to this Report. A certificate from Practicing Company Secretary on compliance with Corporate Governance requirements along with a certificate from the CEO and CFO as required under Clause 49 of the Listing Agreement are annexed with this Report.

Auditors

M. K. Dandeker & Company, Chartered Accountants, Statutory Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from the retiring auditor to the effect that their appointment as Statutory Auditor, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Auditors' Report

The report of Auditors and notes forming part of the Accounts are attached along with the Annual Report. There is no qualification in the Audit Report and Notes are self-explanatory.

Acknowledgement

Your Directors take this opportunity to place on record its appreciation of sincere efforts put in by the employees of the Company in making the Company reach its current growth level.

Your Directors sincerely thank all the investors, members, bankers, financial institutions, business associates, regulatory and government authorities for their continued support, assistance and valuable co-operation to set a brand "Talwalkars" with difference.

For and on behalf of the Board
Talwalkars Better Value Fitness Limited

Prashant Talwalkar	**Anant Gawande**
Managing Director & CEO	Whole-time Director & CFO

Date: 22nd May, 2012
Place: Mumbai

Report on Corporate Governance

The Report on Corporate Governance in compliance with Clause 49 of the Listing Agreement with the Stock Exchanges is as follows:

Company's Philosophy on Corporate Governance

Talwalkars Better Value Fitness Limited believes that good Corporate Governance is essential to achieve long-term corporate goals, enhance shareholders' value and attain highest level of transparency. The Company is committed to achieve the highest standard of Corporate Governance, accountability and equity in all facets of its operations and in all interaction with stakeholders. The Company believes that all its operations and actions must serve the underlined goal of enhancing customers' satisfaction and shareholders' value over a sustained period of time.

Board of Directors

The Board of Directors comprises of twelve Directors including six Independent Directors. It makes a perfect blend of Executive and Non-Executive Directors leading to optimum decision making for the Company. The knowledge of business and health industry of the Executive Directors is combined with the broad vision and expertise in the varied fields of the Non-Executive Directors.

Composition of Board of Directors

The Company has twelve Directors comprising of an Executive Chairman, Managing Director & CEO, Whole-time Director & CFO, three Whole-time Directors and six Independent Directors in agreement with Corporate Governance norms as specified in the Clause 49 of the Listing Agreement with the Stock Exchanges.

Meetings of Board of Directors

During the year, six board meetings were held on 12th May, 2011, 14th June, 2011, 7th July, 2011, 13th August, 2011, 14th November, 2011 and 9th February, 2012 with a time gap between two meetings not exceeding four months. Adequate notice along with agenda and its notes are given to each Board and Committee Member. The Board reviews the reports of compliance with all laws applicable to the Company. All the information required for informed decisions regarding the operations of the Company is made available to the Board.

The attendance of each director at the board meeting during the year and at the last Annual General Meeting along with number of other directorships, committee chairmanship/memberships is tabulated below:

Name of Directors	Category of Directorship	No. of Board Meetings Attended	Attendance at last AGM held on 12.08.2011	No. of Directorship in all other Companies*	Committee Membership/ Chairmanship in all Companies **	
					Member	Chairman
Mr. Madhukar Talwalkar	EC	05	Yes	Nil	Nil	Nil
Mr. Prashant Talwalkar	MD & CEO	06	Yes	Nil	Nil	Nil
Mr. Vinayak Gawande	WTD	06	Yes	01	Nil	Nil
Mr. Girish Talwalkar	WTD	05	Yes	Nil	01	Nil
Mr. Harsha Bhatkal	WTD	05	Yes	01	Nil	Nil
Mr. Anant Gawande	WTD & CFO	06	Yes	01	02	Nil
Mr. Manohar Bhide	ID	04	No	03	03	01
Mr. Raman Maroo	ID	06	No	02	Nil	Nil
Mr. Mohan Jayakar	ID	04	Yes	07	Nil	Nil
Dr. Avinash Phadke	ID	06	Yes	01	01	Nil
Mr. Abhijeet Patil	ID	06	Yes	Nil	02	02
Mr. Glenn Saldanha ***	ID	00	No	03	01	Nil

Note :

* Directorships across all the Companies excluding Private Companies, Foreign Companies and Companies registered under Section 25 of the Companies Act, 1956.

** Chairmanship and Membership of Audit Committee and Shareholders/Investors Grievance Committee across all the Public Companies excluding Private Companies, Foreign Companies and Companies registered under Section 25 of the Companies Act, 1956.

*** Director resigned from the Board of the Company with effect from 22nd November, 2011.

EC – Executive Chairman, **MD & CEO** – Managing Director & Chief Executive Officer **WTD & CFO** – Whole-time Director & Chief Financial Officer, **WTD** – Whole-time Director, **ID** – Independent Director.

Remuneration paid to Directors for the year ended 31st March, 2012

Details of remuneration paid to Directors of the Company for the year ended 31st March, 2012 is as follows:

Name of Director	Designation	Salary and Perquisites (₹)	Commission	Stock Option
Mr. Madhukar Talwalkar	Executive Chairman	42,00,000	--	--
Mr. Prashant Talwalkar	Managing Director & CEO	42,00,000	--	--
Mr. Vinayak Gawande	Whole-time Director	42,00,000	--	--
Mr. Girish Talwalkar	Whole-time Director	42,00,000	--	--
Mr. Harsha Bhatkal	Whole-time Director	42,00,000	--	--
Mr. Anant Gawande	Whole-time Director & CFO	42,00,000	--	--

Relationship between Directors

Relationship amongst the Directors as required under Clause 49 IV (G) is discussed hereunder:

Mr. Madhukar Talwalkar, Executive Chairman of the Company and Mr. Girish Talwalkar, Whole-time Director of the Company, being father and son, are related to each other.

Mr. Vinayak Gawande, Whole-time Director and Mr. Anant Gawande, Whole-time Director & Chief Financial Officer of the Company being brothers, are related to each other.

Mr. Madhukar Talwalkar, Executive Chairman of the Company and Mr. Prashant Talwalkar, Managing Director and Chief Executive Director, being uncle and nephew, are related to each other.

Independent/Non-Executive Directors

- **Sitting Fees:**

  The Independent Directors are paid sitting fees of ₹ 10,000/- per meeting of the Board. The members of Audit and Shareholders grievance, Share allotment and Share transfer Committees are also paid ₹ 10,000/- for attending the meetings of the respective Committees. Except sitting fees, no other remuneration is paid to Independent Directors.

- **Shareholding:**

  The details of shares held by Independent Directors as on 31st March, 2012 are enumerated below:

Director's Name	No. of Shares held	Director's Name	No. of Shares held
Mr. Manohar Bhide	6,296	Dr. Avinash Phadke	--
Mr. Raman Maroo	--	Mr. Abhijeet Patil	--
Mr. Mohan Jayakar	--	Mr. Glenn Saldanha	--

- **Material or pecuniary relationship:**

The Non-Executive Directors do not have any material or pecuniary relationship or transaction of that nature with the Company.

Board Committees

The Board of Directors has constituted four Committees:

1) Audit Committee
2) Remuneration/Compensation Committee
3) Shareholders/Investors Grievance, Share Allotment and Share Transfer Committee and
4) Management Committee

1. Audit Committee:

The composition of Audit Committee, its powers, its role and the terms of reference of the Audit Committee cover all the matters specified under Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956. It reviews Management Discussion and Analysis of the Financial Matters, Financial Statements of the Subsidiaries, Related Party transactions, Internal Control System and its weaknesses and all other matters to be mandatorily reviewed by the Audit Committee as per the Clause 49 of the Listing Agreement.

During the year, six Audit Committee meetings were held on 12th May, 2011, 14th June, 2011, 7th July, 2011, 13th August, 2011, 14th November, 2011 and 9th February, 2012.

The composition of the Committee and attendance record for the meetings is given below:

Name of the Director	Designation in the Committee	Nature of Directorship	No. of Meetings Attended
Mr. Abhijeet Patil	Chairman	Independent Director	05
Dr. Avinash Phadke	Member	Independent Director	06
Mr. Anant Gawande	Member	Whole-time Director & CFO	06

2. Remuneration Committee/Compensation Committee:

The composition of Remuneration Committee is accordance with the Non-Mandatory Requirements of Clause 49 of the Listing Agreement. It reviews the remuneration policy and recommends the remuneration package for the Executive Directors, ensures compliance with the Sections 198, 309, 310 and 311 of the Companies Act, 1956 read with Schedule XIII.

The composition of the Committee and attendance record for the meeting is given below:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Manohar Bhide	Chairman	Independent Director
Dr. Avinash Phadke	Member	Independent Director
Mr. Abhijeet Patil	Member	Independent Director

3. Shareholders'/Investors' Grievance, Share Allotment and Share Transfer Committee:

The composition of Shareholders/Investor Grievance, Share Allotment and Share Transfer Committee is in accordance with the Clause 49 of the Listing Agreement. It reviews the shareholders grievances and ensures timely redressal of the same.

During the year, five Shareholders/Investors Grievance, Share Allotment and Share Transfer Committee Meetings were held on 12th May, 2011, 13th August, 2011, 14th November, 2011, 26th December, 2011 and 9th February, 2012.

The composition of the Committee and attendance record for the meetings is given below:

Name of the Director	Designation in the Committee	Nature of Directorship	No. of Meetings Attended
Mr. Abhijeet Patil	Chairman	Independent Director	04
Mr. Girish Talwalkar	Member	Whole-time Director	04
Mr. Anant Gawande	Member	Whole-time Director & CFO	05

4. Management Committee:

The Management Committee consists of six whole-time Directors and two independent Directors. The terms of reference of the Committee includes the powers to supervise and monitor day to day activities/ transactions/ business of the Company and to grant necessary approvals wherever required except the powers as prescribed in the provisions of Section 292 of the Companies Act, 1956 which are to be exercised by the Board only at its meeting.

During the year four Management Committee Meetings were held on 12th May, 2011, 13th August, 2011, 14th November, 2011 and 25th January, 2012.

The composition of the Management Committee including its attendance record for the meetings is given below:

Name of the Director	Designation in the Committee	Nature of Directorship	No. of Meetings Attended
Mr. Madhukar Talwalkar	Chairman	Whole-time Director	03
Mr. Prashant Talwalkar	Member	Managing Director & CEO	04
Mr. Vinayak Gawande	Member	Whole-time Director	04
Mr. Girish Talwalkar	Member	Whole-time Director	03
Mr. Harsha Bhatkal	Member	Whole-time Director	04
Mr. Anant Gawande	Member	Whole-time Director & CFO	04
Mr. Manohar Bhide	Member	Independent Director	02
Mr. Abhijeet Patil	Member	Independent Director	03

During the year the Board of Directors of the Company in its meeting held on 12th May, 2011 has passed the resolution approving dissolution of the **IPO Committee** of the members of the Board.

General Body Meetings

General Meetings (Annual General Meeting and Extra Ordinary General Meeting)

- **Annual General Meeting (AGM):**

The date, time and venue of the Annual General Meetings held in last three years are as under:

Financial Year	Date and Time	Venue	Special Resolutions Passed
2008-09	10th September, 2009 at 11.00 a.m.	801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026.	• Revision of term of remuneration, re-designation & re-appointment of Executive Directors *(5 separate resolutions for 5 Executive Directors)*. • Revision of term of remuneration and re-designation of Managing Director.
2009-10	23rd September, 2010 at 11.30 a.m.	M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor Kala Ghoda, 18/20, K. Dubash Marg, Mumbai - 400 001.	No Special Resolution was passed
2010-11	12th August, 2011 at 12.00 p.m.	Garware Club House, 1st Main Building, Wankhede Stadium, D Road, Churchgate, Mumbai – 400 020.	No Special Resolution was passed

- **Extra-Ordinary General Meeting (EGM):**

The date, time and venue of the Extra-Ordinary General Meetings held in last three years are as under:

Financial Year	Date and Time	Venue	Special Resolutions Passed
2009-10	8th July, 2009 at 11.00 a.m.	801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026.	• Appointment of Managing Director.
2009-10	4th August, 2009 at 11.00 a.m.	801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026.	• Alteration of Articles of Association by addition of Depository Clause.
2009-10	24th August, 2009 at 11.00 a.m.	801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026.	• Alteration/Addition in Object Clause.
2009-10	1st October, 2009 at 11.00 a.m.	801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026.	• Conversion of Company from Pvt. Ltd. to Public Ltd.
2009-10	9th November, 2009 at 12.00 p.m.	801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026.	• Approval u/s. 81(1A) of the Companies Act, 1956. • Investment in Equity Shares of the Company by FIIs.
2009-10	14th November, 2009 at 1.00 p.m.	801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026.	• Issue of Bonus Shares. • Increase in Borrowing Limits of the Company. • Creation of Charge. • Re-appointment of Executive Chairman for further period of 5 years aged above Seventy Years. • Commission to Non-Executive Directors.

No Extra-Ordinary General Meeting was held during the Financial Years 2008-09 and 2010-11.

Postal Ballot

During the Financial Year 2011-12, three special resolutions were passed through Postal Ballot, Mr. Vinayak Gawande, Whole-time Director of the Company and Ms. Avanti Sankav, Company Secretary were authorised to supervise and control the entire postal ballot process and Mr. Bharat Upadhyay, Practicing Company Secretary partner of N.L. Bhatia & Associates, Practicing Company Secretaries was appointed as scrutinizer for scrutinizing the Postal Ballot Process. Details of Voting Pattern of the Postal Ballot Process are as follows:

1. Special Resolution for raising funds from QIB u/s. 81(1A) of the Companies Act, 1956.

Particulars	No. of Postal Ballot Forms	No. of shares	% of total votes cast
Net Postal Ballot Forms received	165	1,75,36,235	--
Less: Invalid Postal Ballot Forms	15	2,089	--
Net Valid Postal Ballot Forms (as per Register) of which:	150	1,75,34,146	100.00%
(i) Postal Ballot Forms with assent for the Special Resolution	143	1,75,33,343	99.995%
(ii) Postal Ballot Forms with dissent for the Special Resolution	7	803	0.005%

2. Special resolution for Amendment of other objects of Memorandum of Association to include Clause 70 to commence a new business activity u/s. 17 of the Companies Act, 1956:

Particulars	No. of Postal Ballot Forms	No. of shares	% of total votes cast
Net Postal Ballot Forms received	165	1,75,36,235	--
Less: Invalid Postal Ballot Forms	20	2,719	--
Net Valid Postal Ballot Forms (as per Register) of which:	145	1,75,33,516	100.00%
(i) Postal Ballot Forms with assent for the Special Resolution	138	1,75,32,614	99.995%
(ii) Postal Ballot Forms with dissent for the Special Resolution	7	902	0.005%

3. Special Resolution for commencement of a new business activity u/s. 149(2A) of the Companies Act, 1956:

Particulars	No. of Postal Ballot Forms	No. of shares	% of total votes cast
Net Postal Ballot Forms received	165	1,75,36,235	--
Less: Invalid Postal Ballot Forms	20	2,719	--
Net Valid Postal Ballot Forms (as per Register) of which:	145	1,75,33,516	100.00%
(i) Postal Ballot Forms with assent for the Special Resolution	137	1,75,32,522	99.995%
(ii) Postal Ballot Forms with dissent for the Special Resolution	8	994	0.005%

The procedure followed for passing the above resolutions through the Postal Ballot is as mentioned under Section 192A of the Companies Act read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001. The result of the Postal Ballot was declared by the Chairman on 21st June, 2011.

Disclosures

Disclosure of Related Party Transactions

All related party transactions have been entered into in the ordinary course of business. The statements in summary form of transactions with related parties were placed periodically before the Audit Committee and the Board. All transactions with the related parties or others were entered on an arm's length basis. There was no material individual transaction with the related parties other than in the normal course of business. The details of these transactions are provided in the Balance Sheet in accordance with Accounting Standard (AS) 18.

Disclosure of Accounting Treatment

All Accounting Standards mandatorily required have been followed in preparation of financial statements and no deviation has been made in following the same.

Disclosure of non-compliance by the Company

The Company has complied with all the provisions and was not subject to penalties, strictures imposed by the Stock Exchange or SEBI or any statutory authority on any matter related to capital markets.

Risk Management Framework

The Company has in place mechanisms to inform the Board Members about the Risk Assessment and Minimization procedures and periodical reviews to ensure that risk is controlled by the Executive Management through the means of a properly defined framework.

Compliance Reports

The Board of Directors periodically reviews the Compliance Reports of all laws, rules, regulations and amendments thereon applicable to the Company.

Code of Conduct for Directors and Senior Management

The Company has adopted a Code of Conduct (“the code”) for Directors and Senior Management on 7th July, 2010, which is in compliance with the requirements of Clause 49 of the Listing Agreement entered into with the Stock Exchanges. The Code of Conduct is also posted on the Company’s website.

All the Directors and Members of the Senior Management have affirmed the compliance with the Code of Conduct for the year under review as per the norms of Clause 49 I(D) of the Listing Agreement. The declaration to this effect signed by the Managing Director & Chief Executive Officer is annexed to this report.

Management Discussion and Analysis Report

Management Discussion and Analysis Report forms a part of the Annual Report and includes various matters as per the requirement of Clause 49 IV(F) of the Listing Agreement.

Details of Utilisation of the funds out of the proceeds from the Public Issue

The details of the utilisation of funds out of the proceeds of the Public Issue during the year, are as stated below:

₹ in Millions

Particulars	Fund requirement as stated in Prospectus	Deployment of Funds as on 30.06.2011
Setting up of additional health clubs	502.20	502.20
Repayment of unsecured loans	205.92	205.92
Meeting Issue related expenses	66.28	66.28
Total	**774.40**	**774.40**

Details of Unclaimed Shares Allotted in the (IPO) Initial Public Offering

The Company has in it’s IPO in April, 2010, allotted 60,50,000 Equity Shares of ₹ 10/- each at a price of ₹ 128/- per Equity Share (including a share premium of ₹ 118/- per Equity Share) to the Shareholders out of which Unclaimed Shares are transferred to a Special Account opened by the Company viz. Unclaimed Shares Demat Suspense Account.

The details of the Shares in the Unclaimed Shares Demat Suspense Account is as follow:

Total No. of Shareholders and outstanding Shares lying as at 01.04.2011		No. of Shareholders who approached Company for transfer of Shares from the suspense account to their respective accounts	No. of Shareholders to whom shares were transferred from the suspense account to their respective accounts	Aggregate Nos. of Shareholders and the outstanding shares in the suspense account as at 31.03.2012	
No. of Shareholders	No. of Shares			No. of Shareholders	No. of Shares
7	434	4	4	3	192

The voting rights on the said unclaimed shares shall remain frozen till the rightful owners of such shares claim the shares. The respective shareholders may approach the Company Secretary at the registered office address of the Company for claiming their shares.

CEO/CFO Certification

The Managing Director & Chief Executive Officer and Whole-time Director & Chief Financial Officer has given a Certificate to the Board of Directors in the prescribed format as per the requirement of Clause 49 V of the Listing Agreement for the year under review.

Payment of Listing Fees

The Company has been regular in paying the Listing Fees of the Stock Exchanges and the said fees for the year 2011-12 have been duly paid by the Company within the stipulated time.

Remuneration/ Compensation Committee

The Remuneration/Compensation Committee is constituted by the Board which is non-mandatory requirement under the Listing Agreement. The details of this Committee are provided under the heading “Remuneration/Compensation Committee”.

Qualification in the Auditors Report

There is no qualification in the Auditors Report for the year ended 31st March, 2012.

Means of Communication

The Company believes in sharing the information with the shareholders about the Company’s operations and financial performance. Intimation of every health club opened by the Company is published in the News papers along with the financial Results. This information is also sent separately to the stock exchanges. The Company also maintains the dynamic website, making the information readily available to every member.

Various means of communication used for sharing the Company’s updates are as below:

i) Quarterly and Audited Financial Results are published in the Newspapers namely; The Economic Times, The Free Press Journal, Maharashtra Times and NavShakti.

ii) The Company’s website at www.talwalkars.net is regularly updated with the financial results.

iii) The Management Discussion and Analysis Report, in Compliance with the requirements of Clause 49 of the Listing Agreement is annexed to the Annual Report and forms part of this Annual Report, which is available on the Company’s website.

Releases and Events

All the important events the schemes and offers provided by the Company are available on the Company’s website. Director’s updates on the financial matters, operations of the Company, their interviews on key issues given on television as well as published in the news papers are updated on the website. All these measures help the shareholder to have complete knowledge about the Company.

Investor Presentations

Along with the quarterly financial results, updates on financial results together with Company’s business are sent to the stock exchanges. These investor presentations are a part of the Company’s website.

General Shareholders Information

Annual General Meeting	**Thursday, 9th August, 2012 at 12.30p.m.** **M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturer’s Association, Bhogilal Hargovindas Building, 2nd Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai – 400 001**
Financial Year	1st April to 31st March
Financial Calendar (2011-12)	
Unaudited Results for the quarter ending 30th June, 2011	13th August, 2011
Unaudited Results for the quarter ending 30th September, 2011	14th November, 2011
Unaudited Results for the quarter ending 31st December, 2011	9th February, 2012
Unaudited and Audited Results for the quarter and year ending 31st March, 2012	22nd May, 2012

Financial Calendar (2012-13)	
Unaudited Results for the quarter ending 30th June, 2012	On or before 15th August, 2012
Unaudited Results for the quarter ending 30th September, 2012	On or before 15th November, 2012
Unaudited Results for the quarter ending 31st December, 2012	On or before 15th February, 2013
Unaudited and Audited Results for the quarter and year ending 31st March, 2013	On or before 30th May, 2013
Book Closure Dates	4th August, 2012 to 9th August, 2012 (both days inclusive)
Dividend payment date	On or after 9th August, 2012
Stock Codes (Equity)	BSE - 533200
	NSE – TALWALKARS
ISIN Number for NSDL and CDSL	INE502K01016

- Listing

Equity:

Equity Shares of the Company are listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) with effect from 10th May, 2010.

Debt Securities:

- 300 Non-Convertible Debt Securities (NCDs) of ₹ 10,00,000/- each aggregating to ₹ 30,00,00,000/- issued and allotted on 25th January, 2011 on Private Placement basis are listed with the Bombay Stock Exchange Limited (BSE) in the List of securities of "F - Group - Debt Instruments" with effect from 24th February, 2011.

  Stock Codes

  BSE: Scrip Code: 947096 **Scrip ID: TBVFL250111**

  ISIN Number for NSDL and CDSL for Dematerialised Shares: INE502K07013

- 250 Non-Convertible Debt Securities (NCDs) of ₹ 10,00,000/- each aggregating to ₹ 25,00,00,000/- issued and allotted on 7th February, 2012 on Private Placement basis are listed with the Bombay Stock Exchange Limited (BSE) in the List of securities of "F - Group - Debt Instruments" effective from 21st February, 2012.

  Stock Codes

  BSE: Scrip Code: 947816 **Scrip ID: TBVFL070212**

  ISIN Number for NSDL and CDSL for Dematerialised Shares: INE502K07021

- **Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity:**

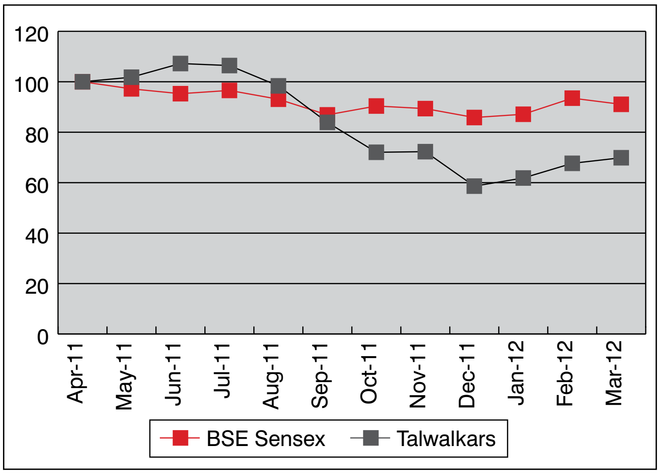
  The Company has not issued any GDRs, ADRs, Warrants or any other convertible instruments.

- **Stock Market price data for the year on NSE & BSE:**

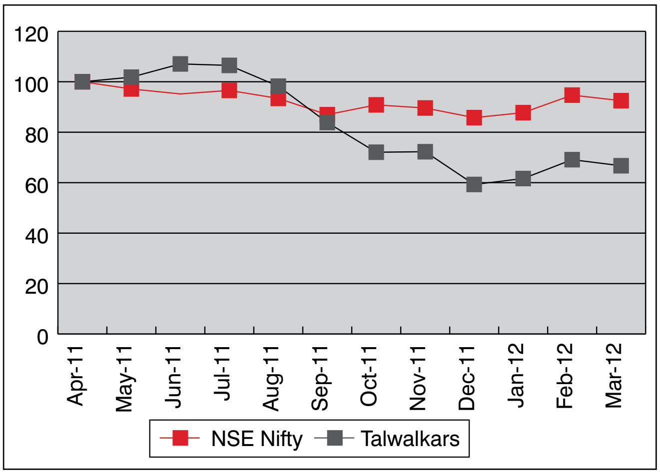
  The Monthly High and Low Prices of the Company's Shares during 2011-12 on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) are as under:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2011	249.00	216.00	248.85	214.50
May, 2011	253.50	218.20	253.40	217.25
June, 2011	267.00	216.00	266.00	210.00
July, 2011	265.00	234.50	265.00	234.50
August, 2011	244.95	175.15	244.50	171.10
September, 2011	208.90	174.70	208.65	174.50
October, 2011	179.40	157.00	179.35	157.70
November, 2011	180.00	123.05	179.85	121.50
December, 2011	146.00	108.00	147.55	107.00
January, 2012	154.00	117.05	153.40	115.00
February, 2012	168.50	139.35	172.00	139.00
March, 2012	174.00	141.55	166.00	141.55

Share Price Movement in relation to BSE Sensex



Share Price Movement in relation to NSE Nifty



- **Share Transfer System and Registrar and Transfer Agents**

The share transfers/ transmissions are approved by the Shareholders/ Investors Grievance, Share Allotment and Share Transfer Committee. There are no share transfer requests pending as on 31st March, 2012.

The Company's Shares are required to be compulsorily traded in the Stock Exchanges in the dematerialised form. Shares in the physical mode which are lodged for transfer are processed and returned within the stipulated time.

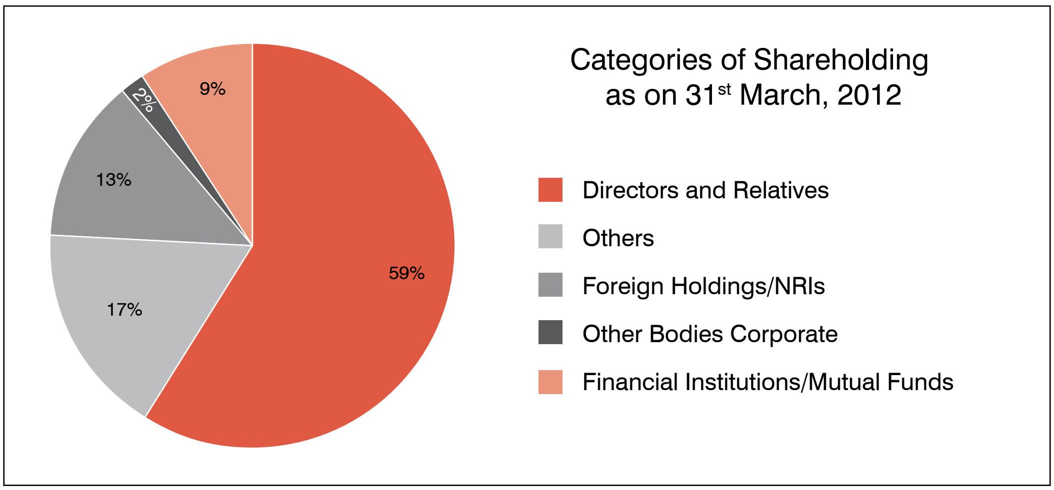
Subsequent to Boards approval to share transfer, the share transfer activities under physical category are carried out by the Company's Registrar and Share Transfer Agents M/s. Link Intime India Private Limited having its office at C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai – 400 078.

- **Distribution of Shareholding as on 31st March, 2012**

No. of Equity Sha res held	No. of Shareholders	No. of Shares held	% of Share holding
Upto 500	8,311	7,72,174	3.20
501 to 1,000	291	2,34,788	0.97
1,001 to 2,000	135	2,10,541	0.87
2,001 to 3,000	46	1,16,667	0.48
3,001 to 4,000	28	99,544	0.41
4,001 to 5,000	17	82,879	0.34
5,001 to 10,000	34	2,57,685	1.07
More than 10,000	67	2,23,41,394	92.64
Total	**8,929**	**2,41,15,672**	**100.00**

- **Shareholding Pattern as on 31st March, 2012**

Category	No. of Shares held	% of Share holding
Promoters & Promoters Group	1,43,45,723	59.49
Other Directors & their relatives	6,296	0.03
Clearing Member	67,180	0.28
Other Bodies Corporate & Financial Institutions	5,40,533	2.24
Foreign Institutional Investors	28,66,908	11.89
Mutual Funds	21,72,186	9.01
Non-Resident Indians	1,41,867	0.59
Non-Resident Indians (Non Repatriable)	39,64,927	16.44
Public	10,052	0.04
Total	**2,41,15,672**	**100.00**



- **Dematerialisation of Shares**

As on 31st March, 2012, 99.48% of the total paid-up capital representing 2,39,91,263 Shares, was held in dematerialised form and the balance 0.52% representing 1,24,409 Shares was held in physical form.

In accordance with SEBI Circular bearing code Cir/ISD/ 3/2011 dated 17th June, 2011, the shareholding of the promoter and promoter group is in the dematerialised form.

- **Address for correspondence**

Registered Office Address
Talwalkars Better Value Fitness Limited
801-813, Mahalaxmi Chambers,
22, Bhulabhai Desai Road,
Mumbai - 400 026, India.
Tel. No.: (022) 6612 6300 (324)
Fax No.: (022) 6612 6363 / 6612 6314

The Company has an exclusive e-mail id viz. ig@talwalkars.net to enable investors to register their complaints, if any.

Shareholders correspondence may be directed to the Company's Registrar and Share Transfer Agent at:

Link Intime India Private Limited
(Unit - Talwalkars Better Value Fitness Ltd.)
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai - 400 078, India.
Tel No.: (022) 2594 6970
Fax No.:(022) 2596 2691
E-Mail: rnt.helpdesk@linkintime.co.in

For and on behalf of the Board
Talwalkars Better Value Fitness Limited

Prashant Talwalkar
Managing Director & CEO

Anant Gawande
Whole-time Director & CFO

Date: 22nd May, 2012
Place: Mumbai

CERTIFICATES UNDER REPORT ON CORPORATE GOVERNANCE

Certificate on Corporate Governance

To,
The Members of
Talwalkars Better Value Fitness Limited

We have examined the compliance of conditions of Corporate Governance by **Talwalkars Better Value Fitness Limited**, for the year ended on 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Geeta Canabar & Associates**
Practicing Company Secretary
ACS 22908 CP 8330

Geeta Canabar
Proprietor

Place: Mumbai
Date: 22nd May, 2012

Declaration on Compliance of the Company's Code of Conduct

To,
The Shareholders
Talwalkars Better Value Fitness Limited
Mumbai.

The Company has framed a specific Code of Conduct for the members of the Board of Directors and the Senior Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement with Stock Exchanges to further strengthen corporate governance practice in the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31st March, 2012.

For and on behalf of the Board
Talwalkars Better Value Fitness Limited.

Prashant Talwalkar
Managing Director & CEO

Date: 22nd May, 2012
Place: Mumbai

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

To,
The Board of Directors
Talwalkars Better Value Fitness Limited

Dear Sirs,

Sub: CEO/CFO Certificate
(Issued in accordance with provisions of Clause 49 of the Listing Agreement)

We, Prashant Sudhakar Talwalkar, Managing Director & CEO and Anant Ratnakar Gawande, Whole-time Director & CFO of Talwalkars Better Value Fitness Limited, to the best of our knowledge and belief, hereby certify that:

(A) We have reviewed the Balance sheet as at 31st March, 2012 and Profit & Loss Account for the year ended as on that date along with all it's schedules, notes to the accounts and also the Cash Flow statement for the year ended 31st March, 2012 and based on our knowledge and information, confirm that:

- i) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that may be misleading.
- ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(B) Based on our knowledge and information, there are no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.

(C) We along with Company's other certifying officers, accept responsibility for establishing and maintaining internal controls and that we have:

- i) evaluated the effectiveness of internal control system of the Company and
- ii) disclosed to the Auditors and the Audit Committee, deficiencies, in the design or operations of internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.

(D) We, along with Company's other certifying officers, have indicated to the Auditors and the Audit Committee:

- (i) Significant changes in the internal control during the year,
- (ii) Significant changes in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
- (iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours sincerely,

Prashant Talwalkar	**Anant Gawande**
Managing Director & CEO	Whole-time Director & CFO

Date: 22nd May, 2012
Place: Mumbai

Auditors' Report

TO THE MEMBERS OF TALWALKARS BETTER VALUE FITNESS LIMITED

We have audited the attached Balance Sheet of TALWALKARS BETTER VALUE FITNESS LIMITED as at 31st March, 2012, and also the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with the provisions of Section 227 of the Companies Act,1956,we report that:

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act,1956, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:

   (a) We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far, as appears from our examination of the books;

   (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) In our opinion the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211of the Companies Act,1956;

   (e) On the basis of written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act,1956;

   (f) In our opinion and to the best of our information and according to the explanations given to us,the said accounts,together with the other notes appearing thereon, give the information required by the Companies Act,1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

      i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012; and

      ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and

      iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **M. K. Dandeker & Co.,**
(ICAI Reg. No. 000679S)

Date: 22nd May, 2012
Place: Mumbai

K. J. Dandeker Partner
Chartered Accountants
Membership No. 018533

Annexure to the Auditors' Report

With reference to the Annexure referred to paragraph 1of the report of Auditors to the Members of TALWALKARS BETTER VALUE FITNESS LIMITED on the accounts for the year ended 31st March, 2012, we report that

1. **Fixed Assets**

   (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) We are informed that the management of the Company has physically verified during the year all its fixed assets and no material discrepancies were noticed on such verification.

   (c) The Company has not disposed of any of its fixed assets so as to affect the going concern status.

2. The Company is a service Company primarily rendering services in respect of health and fitness centres. Accordingly it does not hold any inventory. Thus, the provisions of Clause 4(ii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company for the year under review.

3. **Loans:**

   (a) The Company has granted loans to its Subsidiary Company listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year in respect of the said loans was ₹ 335.40 lacs (previous year ₹ 75 lacs) and at the year end the balance outstanding of the said loans ·granted was ₹ 335.40 lacs (previous year ₹ 16.17 lacs). Other than the above, the Company has not granted any loans, secured or unsecured to companies, parties or firms covered in the register maintained u/s.301of the Act.

   (b) In our opinion, prima facie, the interest and other terms and conditions of the aforesaid loan granted are not prejudicial to the interest of the Company.

   (c) In case of the loan granted to the Subsidiary Company listed in the register maintained under section 301, the terms of arrangement do not stipulate any repayment schedule and the loan is repayable on demand. Accordingly paragraph 4(iii)(c) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company in respect of repayment of the principal amount.

   (d) There are no overdue amounts of more than rupees one lakh in respect of the loan granted to the subsidiary Company.

   (e) The Company has not taken unsecured loans from companies and related parties listed in the register maintained under Section 301 of the Companies Act, 1956. However, the maximum amount involved during the previous year in respect of the said loans was ₹ 2663.72 lacs and at the previous year end the balance outstanding of the said loans was ₹ 530.83 lacs. Other than the above, the Company has not taken any loans, secured or unsecured from companies, parties or firms covered in the register maintained under section 301of the Act.

   (f) The Company has not taken any loans, secured or unsecured from companies, parties or firms covered in the register maintained under section Section 301of the Companies Act, 1956 during the year. Accordingly paragraph 4(iii) (f) and (g) of the Companies (Auditor's Report) Order, 2003 is not applicable.

4. In our opinion and based on the information and explanations given to us, the internal control procedures need to be strengthened to be commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.

5. **Transactions:**

   (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered in the register maintained under Section 301of the Companies Act,1956 have been so entered.

   (b) Based on the information and explanations given to us, in our opinion these transactions have been made at reasonable prices having regard to the prevailing market prices at the relevant time of transactions.

6. The Company has not accepted any deposits from public within the meaning of Section 58A and 58AA of the Companies Act,1956 and the rules made under Companies (Acceptance of Deposits) Rules, 1975.

Therefore, the provisions of Clause (vi) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, in our opinion are not applicable to the Company for the year under review.

7. In our opinion, the scope and coverage of internal audit system need to be increased to make it commensurate with the size and nature of business of the Company.

8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-Clause (1) of Section 209 of the Companies Act,1956 in respect of services carried out by the Company.

9. Statutory Dues

(a) According to the records of the Company, Provident Fund, Employees State Insurance, Income tax, Sales tax, Customs Duty, Service Tax, Excise Duty, Cess and other statutory dues to the extent applicable to the Company, have been generally regularly deposited during the year with the appropriate authorities.

(b) According to the information and explanations given to us, there are no disputed amounts payable in respect of Income tax, Customs Duty, Service Tax, Excise Duty, Cess and other statutory dues outstanding as at 31st March, 2012, for a period more than six months from the date they become payable.

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year. Accordingly, paragraph 4(x) of the Companies (Auditor's Report) Order, 2003 is not applicable.

11. Based on the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution and banks.

12. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

14. The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

15. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for the loans taken by them from banks or financial institutions are not prima facie prejudicial to the interests of the Company.

16. According to the information and explanations given to us, term loans raised by the Company have been applied for the purpose for which they were raised.

17. According to the information and explanations given to us and on the overall examination of the Balance sheet of the Company, we report that the Company has not used funds raised on short-term basis for long-term investment.

18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies/firms covered in the register maintained under Section 301of the Companies Act,1956 during the year.

19. In our opinion and according to the information and explanations given to us, the Company has created security or charge in respect of the debentures issued and outstanding at the year end.

20. The Company has not raised any money by public issue during the year.

21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under review.

For **M. K. Dandeker & Co.,**
(ICAI Reg. No. 000679S)

Date: 22nd May, 2012
Place: Mumbai

K. J. Dandeker Partner
Chartered Accountants
Membership No. 018533

Balance Sheet as at 31st March, 2012

₹ in Millions

Particulars	Notes to Accounts No.	As at 31st March 2012	As at 31st March 2011
I] EQUITY AND LIABILITIES			
1] Shareholders' Funds			
(a) Share Capital	2	241.16	241.16
(b) Reserves and Surplus	3	1,163.57	1,006.64
2] Non-Current Liabilities			
(a) Long Term Borrowings	4	1,135.66	846.66
(b) Deferred Tax Liabilities(Net)		136.75	104.84
(c) Other Long-Term Liabilities	5	92.26	132.65
3] Current Liabilities			
(a) Short-Term Borrowings	6	100.00	5.65
(b) Trade Payables	7	52.06	43.41
(c) Other Current Liabilities	8	186.19	184.17
(d) Short-Term provisions	9	89.74	40.38
TOTAL		**3,197.39**	**2,605.56**
II] ASSETS			
1] Non-Current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		2,178.52	1,602.91
(ii) Intangible Assets		43.19	45.89
(iii) Capital work-in-progress		216.20	274.25
(b) Non-current Investments	11	193.86	60.01
(c) Long-Term Loans and advances	12	186.11	137.97
2] Current Assets			
(a) Current Investments	13	0.09	36.90
(b) Trade Receivables	14	147.68	144.38
(c) Cash and Cash Equivalents	15	181.97	279.51
(d) Short Term loans and advances	16	49.77	23.74
TOTAL		**3,197.39**	**2,605.56**
Summary of significant accounting policies	1		
The Accompanying notes are forming part of the accounts			

As per our report of even date
For **M. K. Dandeker & Co.,**
Chartered Accountants
Firm Registration No. 000679S

K. J. Dandeker
Partner
Membership No. 018533
Place: Mumbai
Date: 22nd May, 2012

For and on behalf of the Board

Madhukar Talwalkar	Executive Chairman
Prashant Talwalkar	Managing Director & CEO
Vinayak Gawande	Whole-time Director
Girish Talwalkar	Whole-time Director
Harsha Bhatkal	Whole-time Director
Anant Gawande	Whole-time Director & CFO
Manohar Bhide	Independent Director
Avinash Phadke	Independent Director
Abhijeet Patil	Independent Director
Avanti Sankav	Company Secretary & Compliance Officer

Statement of Profit and Loss for the year ended 31st March, 2012

₹ in Millions

	Particulars	Notes to Accounts No.	Year ended 31st March, 2012	Year ended 31st March, 2011
1]	**Revenue from operations**	17	1,093.52	865.21
	Less: Service Tax		98.87	78.63
			994.65	786.58
2]	Other Income	18	14.15	18.94
3]	**Total Revenue**		**1,008.80**	**805.52**
4]	**Expenses**			
	(a) Employee benefit expenses	19	211.26	177.08
	(b) Financial costs	20	77.86	73.60
	(c) Depreciation and amortisation expenses	21	109.43	83.34
	(d) Other expenses	22	332.84	244.68
TOTAL EXPENSES			**731.39**	**578.70**
5]	Profit before exceptional and extraordinary items and tax (3 - 4)		277.41	226.82
6]	Exceptional Items	23	3.68	(3.64)
7]	Profit before extraordinary items and tax (5 - 6)		281.10	223.18
8]	Extraordinary Items		-	-
9]	Profit before tax (7 - 8)		281.10	223.18
10]	Tax expense:			
	(a) Current tax	24	60.05	44.72
	Less: MAT credit Etitlement		(0.74)	-
	(b) Deferred tax	25	29.82	26.19
11]	Profit/(Loss) for the period from continuing operations (9 - 10)		191.97	152.27
12]	Profit/(Loss) from Discontinuing operations			
13]	Profit/(Loss) for the period (11 + 12)		191.97	152.27
14]	Earning per equity share (of ₹ 10/- each):			
	(1) Basic		7.96	6.46
	(2) Diluted		7.96	6.46
15]	Earnings per equity share (excluding extraordinary items) (of ₹10/- each):			
	(1) Basic		7.96	6.46
	(2) Diluted		7.96	6.46

As per our report of even date
For **M. K. Dandeker & Co.,**
Chartered Accountants
Firm Registration No. 000679S

K. J. Dandeker
Partner
Membership No. 018533
Place: Mumbai
Date: 22nd May, 2012

For and on behalf of the Board

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Manohar Bhide	Independent Director
Avinash Phadke	Independent Director
Abhijeet Patil	Independent Director
Avanti Sankav	Company Secretary & Compliance Officer

Cash Flow for the year ended 31st March, 2012

₹ in Millions

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before Taxes	281.10	223.18
Non-cash expenses	109.43	83.34
Finance cost (Net)	77.86	73.60
Income from Investment activity	(3.49)	(10.84)
(Profit)/Loss on sale of assets	(3.68)	3.64
	180.12	**149.74**
Operating Profit before Working capital changes	461.22	372.92
(Increase)/Decrease in Current Assets	(62.03)	(40.92)
(Increase)/Decrease in Trade and other receivables	(3.31)	(111.50)
Increase/(Decrease) in Trade and other payables	10.93	(30.35)
	(54.41)	**(182.77)**
Cash generated from operations	406.81	190.14
Direct taxes paid	(15.44)	(51.90)
Net cash from operating activities	**391.37**	**138.24**
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Investment in Joint Venture	(8.85)	(10.61)
Payment towards purchase of Fixed Assets, CWIP	(881.84)	(705.41)
Proceeds from sale of fixed assets	263.38	0.10
Dividend Received	0.01	9.99
Purchase of Short Term Investments	(690.81)	(1,240.60)
Proceeds from sale of Short Term Investments	606.11	1,205.97
Net cash (used in)/from Investing activities	**(712.00)**	**(740.56)**

Cash Flow for the year ended 31st March, 2012

₹ in Millions

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Share issue Proceeds (net of refund including security premium)	-	769.37
Issue proceeds from Non-Convertible Debentures	250.00	300.00
Non-Convertible Debentures interest	(34.50)	-
IPO related expenses	-	(58.22)
Borrowings done	446.19	216.62
Repayment of Long term and other borrowings	(283.45)	(355.65)
Finance cost paid	(121.38)	(99.28)
Dividend Paid	(24.12)	(12.06)
Dividend Tax Paid	(4.00)	(2.05)
Net cash used in Financing Activities	**228.74**	**758.73**
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**(91.89)**	**156.41**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**273.86**	**117.45**
Cash & Bank Balance including Fixed Deposits	181.97	279.51
Balance in Cash Credit facility	-	(5.65)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**181.97**	**273.86**

As per our report of even date
For **M. K. Dandeker & Co.,**
Chartered Accountants
Firm Registration No. 000679S

K. J. Dandeker
Partner
Membership No. 018533
Place: Mumbai
Date: 22nd May, 2012

For and on behalf of the Board

Madhukar Talwalkar	Executive Chairman
Prashant Talwalkar	Managing Director & CEO
Vinayak Gawande	Whole-time Director
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Manohar Bhide	Independent Director
Avinash Phadke	Independent Director
Abhijeet Patil	Independent Director
Avanti Sankav	Company Secretary & Compliance Officer

Notes to Accounts for the year ended 31st March, 2012

Corporate Information

Talwalkars Better Value Fitness Limited which is popularly known as Talwalkars, is one of the India's largest chain of health centres.

Talwalkar's growth can be attributed directly to the trust our customers have in us, and the benefits they derive from our expert advice, personalised supervision, on-going facility upgrades, result-oriented approach, and above all from Talwalkar's know-how and experience in this field.

Note 1) Statement of Significant Accounting Policies:

(a) Basis of preparation of financial statements:

- The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956.

(b) Use of Estimates:

- The preparation of financial statements in conformity with generally accepted accounting principles requires that management makes estimates and assumptions that affect the reported amounts of income and expenses of the year. The reported balance of assets and liabilities and the disclosure relating to contingent liabilities as at the date of the financial statements. These estimates are based upon management's best knowledge of current events and actions. The difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

(c) Fixed Assets:

- Fixed Assets are stated at original cost, net of tax/duty credits availed if any, less accumulated depreciation/ amortisation. Costs include all expenses incurred to bring the assets to its present location and condition. Assets acquired by way of slump sale are recorded at book value in the books of the transferor as on the date of transfer. Revenue expenses incurred in connection with project implementation in so far as such expenses relate to the period prior to the commencement of commercial activity are treated as part of the fixed assets and capitalised.
- Intangible assets are recorded at the consideration paid for acquisition and are carried at cost less accumulated amortisation.

(d) Depreciation/Amortisation:

- Depreciation on all fixed assets is provided pro-rata from/up to the date of acquisition/disposal using the straight line method at the rates prescribed by Schedule XIV of the Companies Act, 1956.
- In case of Goodwill, the amount is amortized @4.75% p.a. using the straight-line method.

(e) Provisions, Contingent Liabilities and Contingent Assets:

- Provisions involving substantial degree of estimation in measurement are recognised if there is a present obligation as a result of past events and it is probable that there will be an outflow of resources and the amount of obligation can be reliably estimated.
- Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

(f) Revenue Recognition:

- Income from Fees and subscriptions, recorded net of discounts and rebates have been recognised as income for the year irrespective of the period, for which these are received. However, the Fees receivable from existing members as at the end of the year has been recognised as income for the year.

Notes to Accounts for the year ended 31st March, 2012

- The costs relating to rendering of these services being unascertainable are charged off to revenue in the year in which they become legally payable.
- Input credit availed on Service Tax through revenue expenses paid are accounted for separately as income, thus accounting the expenses at their gross values inclusive of service tax. Expenses on which service tax is paid in subsequent year are booked net off the Un-availed Service Tax at end of the year.
- Income by way of Franchise Fees (including up-front fees) received pursuant to franchise agreements entered are recognised as income of the period in accordance with terms of the agreement, and as per data submitted by the franchisees.
- Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- Any other income i.e. from juice bar sales, consumables etc. are recognised on receipt basis since the realisations there-from are immediate and no credit is allowed to the customers/members.

(g) Impairment of Assets:

- The management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired.
- An impairment loss is charged to the Profit and Loss Account in the year in which the asset is identified as impaired.
- At each balance sheet date, the management reviews the carrying amounts of its assets included in each cash generating unit to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss.
- The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

(h) Employee benefits:

- All employee benefits payable wholly within twelve months of rendering the service are classified as a short-term employee benefits. Benefits such as salaries, wages, contractual labour charges and short term compensated absences, etc is recognised in the period in which the employee/contractual labour renders the related service.
- The gratuity liability is provided and charged off as revenue expenditure based on actuarial valuation. The Company has subscribed to the group gratuity scheme policy of LIC of India.
- Any other payments under the relevant labour statutes, wherever applicable are reimbursed to the Outsourced Agency as and when applicable.

(i) Borrowing Cost:

- Borrowing cost incurred for qualifying assets is capitalised up to the date the asset is ready for intended use, based on borrowings incurred specifically for financing the asset. In determining the amount of borrowing cost eligible for capitalization during a period, any income earned on the temporary investment on those borrowings is deducted from the borrowing cost incurred.
- Other Borrowing costs are charged off to Revenue Account in the year in which they are incurred.

(j) Foreign Currency Transactions:

- Foreign Currency Transactions are recorded on initial recognition in the reporting currency, using the exchange rate on the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing rate.
- Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are:

Notes to Accounts for the year ended 31st March, 2012

i. Upto 31st March, 2008, recognised as income or expense in the period in which they arise and

ii. Thereafter adjusted in the cost of fixed assets specifically financed by the borrowings to which the exchange differences relate.

(k) Earnings per share:

Basic Earnings Per Share

- Basic and diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year, by weighted average number of equity shares outstanding during the year.

Diluted Earnings Per Share

- For the purpose of calculating Diluted EPS the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all potential equity shares.

(l) Taxes on Income:

- Current Tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.
- Deferred Taxation is recognised for all timing differences between accounting income and taxable income and is quantified using enacted/substantial enacted tax rates as at balance sheet date. Deferred Tax asset are recognised subject to the management's judgement that the realisation is virtually/reasonably certain.
- Tax credit is recognised in respect of Minimum Alternate Tax (MAT) paid in terms of Section 115JAA of the Income Tax Act, 1961 based on convincing evidence that the Company will pay normal income tax within the statutory time frame and the same is reviewed at each balance sheet date.

(m) Investments:

- Long-term Investments are stated at cost, less provision for other than temporary diminution in value. Current investments comprising investments in Mutual Funds are stated at the lower of cost and fair value determined on an individual investment basis.

(n) Cash Flow Statement:

- The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard (AS) 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company.
- Cash and cash equivalents presented in the cash flow Statement consist of cash on hand, balances in Current, Fixed Deposit and Cash Credit Accounts with Bank.

(o) Transfer to Debenture Redemption Reserve is made pro-rata over the life of Debentures in terms of the requirement of provisions of Companies Act, 1956.

(p) Segment Reporting:

- There is only one reportable business segment as envisaged by Accounting Standard (AS) 17 'Segment Reporting'. Accordingly, no separate disclosure for the segment reporting is required to be made in the financial statement of the Company.
- Secondary segmentation based on geography has not been presented as the Company operates primarily in India and the Company perceives that there is no significant difference in its risk and returns in operating from different geographic areas within India.

(q) Lease:

Leases, where the Lessor effectively retains the substantially all the risks and benefits of ownership of the leased items, are classified as operating lease. Operating lease payments are recognised as expenses in the Statement of Profit & Loss.

Notes to Accounts for the year ended 31st March, 2012

Note 2: Share Capital

Particulars	As at 31st March, 2012 No.	As at 31st March, 2012 ₹ in Millions	As at 31st March, 2011 No.	As at 31st March, 2011 ₹ in Millions
SHARE CAPITAL				
AUTHORISED:				
30,000,000 Equity Shares of ₹ 10/- each	30,000,000	300.00	30,000,000	300.00
		300.00		**300.00**
ISSUED, SUBSCRIBED & PAID-UP:				
2,41,15,672- Equity Shares of ₹10/- each fully Paid- up	2,41,15,672	241.16	2,41,15,672	241.16
(Previous year 2,41,15,672 Equity shares of ₹ 10/-each fully Paid- up)				
		241.16		**241.16**

Notes:

i) Reconciliation of Number and Amount of Shares at the beginning and at the end

Details	As at 31st March, 2012 No.	As at 31st March, 2012 ₹ in Millions	As at 31st March, 2011 No.	As at 31st March, 2011 ₹ in Millions
Fully Paid-up Shares Outstanding as at beginning	24,115,672	241.16	18,065,672	180.66
Fully Paid-up shares issued during the year	-	-	6,050,000	60.50
Fully Paid-up shares Outstanding as at year end	**24,115,672**	**241.16**	**24,115,672**	**241.16**

ii) Details of Shares held by each shareholder holding more than 5% shares

Details	As at 31st March, 2012 No. of shares held	As at 31st March, 2012 % of holding	As at 31st March, 2011 No. of shares held	As at 31st March, 2011 % of holding
Equity Shares of ₹ 10/- each fully paid-up				
1) Prashant Sudhakar Talwalkar & Nalina Ann Talwalkar	2,876,080	11.93%	2,864,280	11.88%
2) Girish Madhukar Talwalkar & Nanda Girish Talwalkar	2,864,280	11.88%	2,864,280	11.88%
3) Madhukar Vishnu Talwalkar & Usha Madhukar Talwalkar	2,832,280	11.74%	2,832,280	11.74%
4) Anant Ratnakar Gawande & Yamini Anant Gawande	1,920,200	7.96%	1,920,200	7.96%
5) Vinayak Ratnakar Gawande & Madhuri Vinayak Gawande	1,920,200	7.96%	1,920,200	7.96%
6) Harsha Ramdas Bhatkal & Smeeta Harsha Bhatkal	1,920,200	7.96%	1,920,200	7.96%
7) Smallcap World Fund, Inc.	1,446,000	6.00%	-	-
8) Reliance Capital Trustee Co. Ltd. & Reliance Monthly Income Plan	1,729,116	7.17%	1,820,469	7.55%
9) Shivanand Shankar Mankekar & Kedar Shivanand Mankekar	1,258,800	5.22%	1,258,800	5.22%
TOTAL	**18,767,156**		**17,400,709**	

iii) Details of shares allotted for consideration other than cash, bonus shares and shares bought back in the preceding 5 years

Equity Shares	Aggregate number of Shares 2012	2011	2010	2009	2008	2007
Fully paid-up pursuant to contracts without being received in cash	-	-	-	-	-	-
Fully paid-up by way of bonus shares	-	-	15,807,463	-	-	-
Shares bought back	-	-	-	-	-	-

Notes to Accounts for the year ended 31st March, 2012

Note 3: Reserves and Surplus

₹ in Millions

Particulars	As at 31st March, 2012	As at 31st March, 2011
(a) Securities Premium Account		
Opening Balance	700.25	57.65
Add: Securities premium credited on Share issue	-	713.90
Less: Premium Utilised	-	-
Share Issue expenses	-	66.27
Debenture issue expenses	-	5.03
Closing Balance	700.25	700.25
(b) Debenture Redemption Reserve		
Opening Balance	2.26	-
Add: Transferred during the year	20.29	2.26
Closing Balance	22.55	2.26
(c) Surplus/(Debit) balance in Statement of Profit and Loss		
Opening balance	304.13	182.24
Add: Profit/(Loss) for the year	191.97	152.27
Less:		
Proposed Dividend on Equity Shares	30.15	24.12
Tax on Dividend	4.89	4.00
Debenture Redemption Reserve	20.29	2.26
Closing Balance	440.77	304.13
TOTAL	**1,163.57**	**1,006.64**

Note 4: Long-Term Borrowing

₹ in Millions

Particulars	As at 31st March, 2012	As at 31st March, 2011
(a) Bonds/debentures (Refer Note (a) below)	550.00	300.00
(b) Term loans		
From banks (Refer Note (b & c) below)	585.66	454.02
(c) Loans and advances from related parties	-	53.08
(d) Other loans and advances from others	-	39.56
TOTAL	**1,135.66**	**846.66**

Notes:

a) The Company has issued 11.5% and 12% Redeemable Secured Non-Convertible Debentures, Face Value ₹ 10 lacs each aggregating to ₹ 30 crores and ₹ 25 crores respectively through private placement. The principal amount of the Non-Convertible Debentures, interest due and any other monies payable by the Company in respect of the Non-Convertible Debentures will be secured by first *pari passu* charge on the specified assets of the Company as identified in the Debenture Trust Deed such that a fixed asset cover of 1.25 times is maintained at all times during the tenor of the Non-Convertible Debentures.

Notes to Accounts for the year ended 31st March, 2012

b) All loans are sanctioned by Union Bank of India are secured primarily against the first hypothecation/mortgage charge on the entire movable and immovable Fixed Assets and Current Assets of the Company including Gymnasium Equipments, Furniture and Fixtures and any other equipment installed in the Gymnasiums, equitable mortgage of immovable premises of the Company, corporate guarantee and collateral security by way of equitable mortgage of premises situated at Tardeo and Mahalaxmi, Mumbai of third parties and the personal guarantee of three Directors of the Company. (Amount repayable in the next 12 months ₹ 139.5 million, Previous year ₹ 129.3 million)

c) Terms of repayment of Term loan

₹ in Millions

Year	UBI 1	UBI 2	UBI 3	UBI 4	UBI 5	Total
2012-13	39.17	87.00	7.33	6.00	-	139.50
2013-14	39.17	87.00	7.33	12.00	26.70	172.20
2014-15	39.17	87.00	7.33	16.00	26.70	176.20
2015-16	39.17	25.00	4.89	20.00	26.70	115.76
2016-17	33.54	-	-	24.00	26.70	84.24
2017-18	4.17	-	-	28.00	26.70	58.87
2018-19	-	-	-	48.00	32.50	80.50

Note 5: Other Long-Term Liabilities

₹ in Millions

Particulars	As at 31st March, 2012	As at 31st March, 2011
(a) Trade Payable		
Sundry creditors for expenses		
Acceptances	91.76	132.15
(b) Deposits (Refer Note (b) below)	0.5	0.5
TOTAL	**92.26**	**132.65**

a) Based on the intimation regarding their status under Micro,Small and Mediu Enterprises Development Act, 2006, there are no amounts due and payable to suppliers covered under the above category.

b) Refundable security deposit from Franchisee of ₹ 0.5 millions.

c) Acceptances by Union Bank of India are secured primarily against the first hypothecation / mortgage charge on the entire movable and immovable Fixed Assets and Current Assets of the Company including Gymnasium Equipments, Furniture and Fixtures and any other equipment installed in the Gymnasiums, equitable mortgage of immovable premises of the Company, corporate guarantee and collateral security by way of equitable mortgage of premises situated at Tardeo and Mahalaxmi, Mumbai of third parties and the personal guarantee of three Directors of the Company.

Note 6: Short Term Borrowing

₹ in Millions

Particulars	As at 31st March, 2012	As at 31st March, 2011
Cash Credit facility from bank (Note a)	-	5.65
Drawdown facility from bank (Note b)	100.00	-
Total	**100.00**	**5.65**

a) Cash Credit facility from Union Bank of India has been paid off during the current year

b) Short Term drawdown facility has been availed from Deutsche Bank against Pledge on Deutsche Investments India Private Limited approved mutual funds held in the name of the company.

Notes to Accounts for the year ended 31st March, 2012

Note 7: Trade Payable

₹ in Millions

Particulars	As at 31st March, 2012	As at 31st March, 2011
Trade Payables:		
- Sundry Creditors	52.06	43.41
Total	**52.06**	**43.41**

Based on the intimation regarding their status under Micro, Small and Medium Enterprises Development Act, 2006, there are no amounts due and payable to suppliers covered under the above category.

Note 8: Other Current Liabilities

₹ in Millions

Particulars	As at 31st March, 2012	As at 31st March, 2011
(a) Current maturities of long-term debt (Refer Note 3 Long Term Borrowings)	139.50	129.33
(b) Other payables (specify nature)		
Sundry creditors for capital goods	14.75	27.34
Profession Tax	-	0.01
Service Tax	7.97	17.18
TDS	4.71	4.07
VAT	8.49	-
(c) Interest accrued but due on Non Convertible Debenture (Refer Note(a))	10.77	6.24
Total	**186.19**	**184.17**

a. The Company has provided interest on 11.5% and 12% Redeemable Secured Non-Convertible Debentures. Refer Note 4(a) of Long Term Borrowings.

Note 9: Short Term Provisions

₹ in Millions

Particulars	As at 31st March, 2012	As at 31st March, 2011
Provision for employee benefits (Refer Note (a))	0.01	0.09
Provision - Others		
Provision for Dividend	30.15	24.12
Provision for Tax on Dividend	4.89	4.00
Provision for Income Tax	54.69	12.17
Total	**89.74**	**40.38**

a. All employee benefits payable wholly within twelve months of rendering the service are classified as a short-term employee benefits. Benefits such as salaries, wages, contractual labour charges and short-term compensated absences, etc. is recognised in the period in which the employee/contractual labour renders the related service.

The gratuity liability is provided and charged off as revenue expenditure based on actuarial valuation. The Company has subscribed to the group gratuity scheme policy of LIC of India.

Any other payments under the relevant labour statutes, wherever applicable are reimbursed to the Outsourced Agency as and when applicable.

Notes to Accounts for the year ended 31st March, 2012

Disclosure pursuant to Accounting Standard (AS) 15 (Revised):

The Company's liability towards Gratuity as per provision of Accounting Standard (AS) 15 (Revised) on the basis of actuarial valuation has been covered by a LIC Group Gratuity Scheme. The Company does not allow carry forward of compensated absences to employees. Accordingly, no provision has been made for compensated absences.

A. During the year additional provisions were created in respect of Gratuity, Ex-Gratia and Other Terminal Benefits as detailed below:-

During the year: ₹ in Millions

Particulars	Gratuity	Leave Salary	Ex-Gratia and Other Terminal benefits	Total
Opening Balance	0.25	NA	NIL	0.25
Less: Paid / Adjusting During the year	NIL	NA	NIL	NIL
Add: Provision made during the year	0.01	NA	NIL	0.01
Closing Balance	0.26	NA	NIL	0.26

During the Previous year: ₹ in Millions

Particulars	Gratuity	Leave Salary	Ex-Gratia and Other Terminal benefits	Total
Opening Balance	0.06	NA	NIL	0.06
Less: Paid/Adjusting During the year	NIL	NA	NIL	NIL
Add: Provision made during the year	0.19	NA	NIL	0.19
Closing Balance	0.25	NA	NIL	0.25

B. The employees long-term benefits like Gratuity, Ex-Gratia and other terminal benefits are valued on actuarial basis and recognized in the profit and loss account. The assumption in the actuarial valuation of the gratuity provision is as under:

i) Nature of Gratuity – Gratuity is payable to all eligible employees at the rate of 15 days of last drawn salary for each completed year of service subject to the maximum of ₹ 1 million for all employees who were on the roll as on 31.03.2012.

ii) The retirement age is taken as 60 years.

iii) Progression of future salary is taken into account while calculating the liability.

iv) Valuation Method: Projected unit credit method.

v) Basis of Valuation:

Mortality Rate	LIC (1994-96)
Withdrawal Rate	1% to 3% depending age
Discount rate	8% p.a.
Salary Escalation	5%

Notes to Accounts for the year ended 31st March, 2012

Note 10: Fixed Assets

₹ in Millions

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As on 1st April, 2011	Additions	Deductions	As on 31st March, 2012	As on 1st April, 2011	For the Year	On Deductions	As on 31st March, 2012	As on 31st March, 2012	As on 31st March, 2011
Tangible Assets										
i) Land and Building	56.18	230.10	0.00	286.28	6.44	1.84	-	8.28	278.00	49.74
ii) Gym Equipments	696.11	267.41	99.20	864.32	74.29	35.91	19.81	90.39	773.93	621.82
iii) Furniture and Fittings	718.47	253.05	144.90	826.62	106.46	47.61	39.12	114.95	711.67	612.01
iv) Computers	18.53	10.79	4.17	25.15	7.49	3.43	1.94	8.98	16.17	11.04
v) Air-Conditioners	126.79	54.08	21.59	159.28	13.30	6.62	4.40	15.52	143.76	113.49
vi) Electrical fittings	168.71	74.28	18.76	224.23	18.09	8.94	3.98	23.05	201.18	150.62
vii) Office Equipments	49.01	21.34	11.56	58.79	4.82	2.39	2.23	4.98	53.81	44.19
Total	**1,833.80**	**911.05**	**300.18**	**2,444.67**	**230.89**	**106.74**	**71.48**	**266.15**	**2,178.52**	**1,602.91**
Previous Year	1,265.32	574.98	6.50	1833.80	152.96	80.47	2.54	230.89	1,602.91	1,112.36
Intangible Assets										
i) Goodwill	56.60	-	-	56.60	10.71	2.70	-	13.41	43.19	45.89
Total	**56.60**	**-**	**-**	**56.60**	**10.71**	**2.70**	**-**	**13.41**	**43.19**	**45.89**
Previous Year	56.60	-	-	56.60	7.85	2.86	-	10.71	45.89	48.75

Note 11: Non Current Investments

₹ in Millions

Particulars	As at 31st March, 2012	As at 31st March, 2011
Non-Trade Investments		
(Valued at cost unless stated otherwise)		
Investment in Equity Instruments		
Unquoted Investment		
i) Investment In Joint Ventures:		
a) Splendor Fitness Private Limited	50.00	50.00
(formerly known as Talwalkars Pantaloon Fitness Pvt. Ltd.)		
[1,00,000 (Previous year 1,00,000) Equity Shares of ₹ 100/- each fully paid]		
ii) Investment in Subsidaries :		
a) Denovo Enterprises Private Limited	5.01	5.01
[50,100 (Previous year 50,100) Equity Shares of ₹ 100/- each fully paid]		
b) Aspire Fitness Private Limited	5.00	5.00
[50,001 (Previous year 50,001) Equity Shares of ₹ 100/- each fully paid]		
Share Application Money in Joint Ventures (pending allotment)		
Denovo Enterprises Private Limited	6.25	-
Jyotsna Fitness Private Limited	2.60	-
Investment in Mutual Funds		
Quoted Investment		
DWS Fixed Maturity Plan – Series 2 (1,25,00,000 units)	125.00	-
(Market value as on 31/03/2012 ₹ 12,59,43,750/-)		
Total	**193.86**	**60.01**

Notes to Accounts for the year ended 31st March, 2012

Note 12: Long-Term Loans and Advances

₹ in Millions

Particulars	As at 31st March, 2012	As at 31st March, 2011
(a) Capital Advances		
Unsecured, considered good	15.73	4.33
Total	**15.73**	**4.33**
(b) Security Deposits		
Unsecured, considered good	139.19	103.19
Total	**139.19**	**103.19**
(c) Other Loans and Advances		
Advances recoverable in cash or kind for value to be received		
Minimum Alternate Tax credit entitlement	31.19	30.45
Total	**31.19**	**30.45**
Total Long Term Loans and Advances	**186.11**	**137.97**

Note 13: Current Investments

₹ in Millions

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	No.	Amount	No.	Amount
Quoted Investment				
(Valued as lower of cost or fair value unless stated otherwise)				
Investment in Mutual Funds				
Axis Liquid Fund	75	0.09	33,608	36.20
UTI Treasury Advantage Fund	-	-	704	0.70
Total	**75**	**0.09**	**34,312**	**36.90**

Details of Investments purchased and sold during the year

₹ in Millions

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	No.	Amount	No.	Amount
Purchases	12980	690.81	36717	1,250.60
Sales	515	606.12	36683	1,215.96

Note 14: Trade Receivables

₹ in Millions

Particulars	As at 31st March, 2012	As at 31st March, 2011
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
a) More than 6 months	-	6.42
b) Others	147.68	137.96
Total	**147.68**	**144.38**

Notes to Accounts for the year ended 31st March, 2012

Note 15: Cash and Cash Equivalents

₹ in Millions

Particulars	As at 31st March, 2012	As at 31st March, 2011
a) Balance with banks		
Bank balance in current account	32.76	49.35
Bank deposits against margin money	38.36	78.74
Other Bank deposits (Refer Note (a) below)	34.67	102.37
Bank Gurantee	1.60	5.36
b) Cheques, Drafts on hand	54.41	28.58
c) Cash on Hand	20.17	15.11
Total	**181.97**	**279.51**

Note: a) Details of other Bank Deposits

₹ in Millions

Particulars	As at 31st March, 2012	As at 31st March, 2011
a) Deposits with original maturity for more than 12 months	-	2.50
b) Deposits with original maturity for more than 3 but less than 12 months	4.10	1.50

Note 16: Short-Term Loans and Advances

₹ in Millions

Particulars	As at 31st March, 2012	As at 31st March, 2011
a) Loans and advances to related parties	36.57	2.57
b) Others		
Advances recoverable in cash or kind for value to be received	3.15	1.13
Prepaid expenses	6.31	3.44
Service Tax credit receivable	3.74	16.60
Total	**49.77**	**23.74**

Note 17: Income from Operations

₹ in Millions

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
(a) Gross Fees including Service Tax	1,030.98	777.92
(b) Franchisee Fees including Service Tax	21.00	64.12
(c) Management and Consultancy Fees	6.09	-
(d) Commission	0.58	-
(e) Input Credit Service Tax	34.87	23.17
Total	**1,093.52**	**865.21**

Notes to Accounts for the year ended 31st March, 2012

Note 18: Other Income

₹ in Millions

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Income from Juice Centre and Food & Supplements	0.32	0.42
Gain/(loss) on Sale of Asset/Investments	3.48	0.85
Sundry Credit balances no longer payable	0.22	0.85
Dividend from Mutual Funds	0.01	9.99
Miscellaneous Income	1.81	1.36
Interest on Bank Term Deposits	8.31	5.47
Total	**14.15**	**18.94**

Note 19: Employee Benefit Expenses

₹ in Millions

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Salaries, Wages and Bonus	1.55	3.35
Contract fees for Labour/ Security/ Housekeeping	207.18	168.00
Director's Remuneration	2.52	5.59
Contribution towards provident and other funds	0.01	0.14
Total	**211.26**	**177.08**

Note 20: Financial Cost

₹ in Millions

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
A) Interest expenses		
Interest on Secured Loan	21.52	38.81
Interest on Unsecured Loan	6.17	18.58
Interest on Letter of credit	5.03	4.36
Interest on Non-Convertible Debentures	39.03	6.26
B) Other borrowing costs	-	-
Bank Charges	1.22	1.62
Credit Card Charges	4.89	3.97
Total	**77.86**	**73.60**

Note 21: Depreciation and Amortisation Expense

₹ in Millions

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Depreciation	109.43	83.34
Total	**109.43**	**83.34**

Notes to Accounts for the year ended 31st March, 2012

Note 22: Other Expenses

₹ in Millions

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
(a) Administrative and Other Expenses		
Statutory Audit Fees	1.65	1.25
Internal Audit Fees	2.68	1.96
AGM Meeting Expenses	0.91	0.16
Consumables, Food and Supplements	7.29	7.24
Electricity and Fuel Expenses	74.70	58.42
Insurance Charges	0.96	1.02
Juice Centre and Spa Expenses	1.12	0.55
Pooja and Special Function Expenses	1.12	0.92
Printing and Stationery	3.38	2.38
Professional Fees	6.19	3.54
Rates and Taxes	3.35	3.14
Interest on late payment of Service Tax	-	2.80
Rent	135.29	107.17
Repairs and Maintenance		
- Building, Gym Equipments and Machinery	9.14	6.79
- Others	8.44	6.52
ROC Expenses	1.91	0.06
Telephone Expenses	5.06	4.45
Travelling and Conveyance Expenses	2.70	2.07
Water Charges	3.52	2.95
Miscellaneous Expenses	11.53	3.61
Lease Rental	17.36	-
Asset management fees	1.32	-
Directors Sitting fees	0.41	0.49
Total	**300.04**	**217.49**
(b) Selling and Marketing Cost		
Advertising Expenses	28.75	23.24
Business Promotion expenses	4.05	3.95
Total	**32.80**	**27.19**
Total Other Expenses	**332.84**	**244.68**

Notes to Accounts for the year ended 31st March, 2012

Note 23: Exceptional Items

₹ in Millions

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Profit/(Loss) on Sale of Asset	3.68	(3.64)
Total Exceptional Items	**3.68**	**(3.64)**

Note 24: Current tax

₹ in Millions

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
A) Net Current tax	60.05	44.24
B) Excess/Short provision of taxation	-	0.48
Total Current tax	**60.05**	**44.72**

Note 25: Deferred Tax

₹ in Millions

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Deferred Tax	29.82	26.19
Total	**29.82**	**26.19**

Notes to Accounts for the year ended 31st March, 2012

OTHER NOTES TO THE ACCOUNTS

26. Contingent Liabilities:

Contingent liabilities not provided for in respect of ₹ in Millions

Particulars	As at 31.03.2012	As at 31.03.2011
Income Tax demands (net of amount paid in protest) A.Y. 2006-07	NIL	1.9
Bank Guarantee given on behalf of Joint Ventures/Subsidaries	85.32	47.25
Claim from a landlord, case pending before the Judiciary		
- Hyderabad	36.55	30.65
- Koramangala	8.78	7.21
Claim by Advertising agency #	0.72	0.64

8800 GBP @ ₹ 81.79 (as on 31.03.2012)

27. Disclosure pursuant to Accounting Standard (AS)11:

In line with the amendment to Accounting Standard (AS) 11 as per the Notification No. G.S.R. 225 (E) dated 31st March, 2009, the foreign exchange gain/loss has been adjusted to the cost of the fixed assets as on 31st March, 2012.

28. Disclosure pursuant to Accounting Standard (AS)13:

The Details of Joint Venture Agreements entered by the Company are as follows:

Name of the Company	Ownership Interest
Denovo Enterprises Private Limited	50.10%
Equinox Wellness Private Limited	33.33% *
Aspire Fitness Private Limited	50.001%
Jyostna Fitness Private Limited	50.05%

* effective ownership due to 66.67% holding of Denovo Enterprises Private Limited in Equinox Wellness Private Limited.

29. Earnings per share

The Following table sets forth the computation of basic and diluted earnings per share:

Particulars	2012	2011
Net profit after tax (₹ in Millions)	191.97	152.27
Weighted average number of Equity Shares	2,41,15,672	2,35,68,686
Nominal value of shares [₹]	10	10
Earnings per share – Basic [₹]	7.96	6.46
Earnings per share – Diluted [₹]	7.96	6.46

30. Disclosure pursuant to Accounting Standard (AS)17:

- There is only one reportable business segment as envisaged by Accounting Standard (AS) 17 'Segment Reporting'. Accordingly, no separate disclosure for the segment reporting is required to be made in the financial statement of the Company.
- Secondary segmentation based on geography has not been presented as the Company operates primarily in India and the Company perceives that there is no significant difference in its risk and returns in operating from different geographic

Notes to Accounts for the year ended 31st March, 2012

areas within India.

31. Related Party Disclosures:

Disclosure as required by the Accounting Standard (AS) 18, "Related Party Disclosure" is given below:

List of Related Parties:

Key Management Personnel

- Mr. Madhukar Talwalkar (Executive Chairman)
- Mr. Prashant Talwalkar (Managing Director & Chief Executive Officer)
- Mr. Girish Talwalkar (Whole-time Director)
- Mr. Vinayak Gawande (Whole-time Director)
- Mr. Harsha Bhatkal (Whole-time Director)
- Mr. Anant Gawande (Whole-time Director & Chief Financial Officer)

Relatives of Key Management Personnel

- Ms. Yamini Anant Gawande
- Mr. Sudhakar Talwalkar

Subsidiaries/Associates

- Denovo Enterprises Private Limited
- Equinox Wellness Private Limited
- Aspire Fitness Private Limited
- Jyotsna Fitness Private Limited

Enterprises over which Key Management Personnel and their relatives exercise significant influence:

- Anfin Investments Private Limited
- Better Value Leasing & Finance Limited
- Better Value Brands Private Limited
- Better Value Properties Private Limited
- Brainworks Learning Systems Private Limited
- Gawande Consultants Private Limited
- Life Fitness India Private Limited
- Popular Prakashan Private Limited
- Popular Institute of Art Private Limited
- Radhika Hotels Private Limited
- Pinnacle Fitness Private Limited
- Talwalkars Fitness Club
- Talwalkars Health & Leisure
- Talwalkars Health Club
- Talwalkars Health Complex
- Talwalkars Health Commune
- Talwalkars Nutrition Centre
- Talwalkars
- Anant Gawande (HUF)
- Vinayak Gawande (HUF)
- Nitin Gawande (HUF)
- R2 Infrastructure Private Limited
- R2 Spa Systems
- Indian Cookery.com Private Limited
- India Cookery Private Limited

Notes to Accounts for the year ended 31st March, 2012

- Splendor Fitness Private Limited

a) Transactions with Related Parties

₹ in Millions

Nature of transactions	Subsidiaries	Associates	Key Managerial Personnel	Others	Total
Incomes	8.02	1.91	-	-	9.93
Expenses	-	9.88	2.21	-	12.09
Interest on Unsecured Loans	-	9.96	-	-	9.96
Purchase of Equipments	-	-	-	-	-
Director's Remuneration	-	-	25.20	-	25.20
Transfer of Members' Fees	-	-	-	-	-
Investments including Share Application Money	6.25	-	-	-	6.25
Loans repaid/ (taken) Net	-	53.08	-	-	53.08
Loans & Advances (given)/ repaid Net	32.48	1.55	-	-	34.03

Balance as at 31st March, 2012

₹ in Millions

Nature of transactions	Subsidiaries	Associates	Key Managerial Personnel	Others	Total
Investments including Share Application Money	16.26	-	-	50.00	66.26
Sundry Debtors	1.11	0.38	-	-	1.48
Deposits	-	4.61	1.31	-	5.91
Loans and Advances	33.76	2.47	-	(0.01)	36.22

Transactions with Related Parties pursuant to Accounting Standard (AS) 18

Key management personnel and their Relatives

₹ in Millions

Name of the party	Nature of transaction	31.03.2012	31.03.2011
Mr. Madhukar Talwalkar	Director's Remuneration	4.20	4.20
Mr. Prashant Talwalkar	Director's Remuneration	4.20	4.20
	Rent for Premises	2.21	1.92
	Deposit outstanding as on	1.31	1.31
Mr. Girish Talwalkar	Director's Remuneration	4.20	4.20
Mr. Vinayak Gawande	Director's Remuneration	4.20	4.20
Mr. Harsha Bhatkal	Director's Remuneration	4.20	4.20
Mr. Anant Gawande	Director's Remuneration	4.20	4.20

Notes to Accounts for the year ended 31st March, 2012

Joint Ventures/ Associates/Subsidaries ₹ in Millions

Name of the party	Nature of transaction	31.03.2012	31.03.2011
Splendor Fitness Pvt. Ltd. (formerly known as Talwalkars Pantaloon Fitness Pvt. Ltd.)	Share Application Money given	-	10.67
	Investment in Equity Shares as on	50.00	50.00
Denovo Enterprises Pvt. Ltd.	Franchise fee Income	3.72	3.76
	Franchise fee receivable as on	0.74	3.03
	Investment during the year	6.25	0.01
	Transfer of Members Fees	-	0.01
	Loans & Advances given/ (taken) Net	33.79	-
	Investment in Equity Shares as on	11.26	5.01
	Loan outstanding as on	33.71	(0.08)
Aspire Fitness Pvt. Ltd.	Investment in Equity Shares in the year	-	4.95
	Share Application Money given	-	4.95
	Loans & Advances given/ (taken) Net	(1.57)	1.62
	Loan outstanding as on	0.05	1.62
	Franchisee Income	3.05	5.00
	Interest income on Unsecured Loan	0.01	0.34
	Investment in Equity Shares as on	5.00	5.00
	Share Application Money as on	-	-
Equinox Wellness Pvt. Ltd.	Franchise fee Income	1.24	0.92
	Loans & Advances given/ (taken) Net	0.26	-
	Franchise fee receivable as on	0.37	1.29

Associate Companies / Firms ₹ in Millions

Name of the party	Nature of transaction	31.03.2012	31.03.2011
Better Value Leasing & Finance Ltd.	Loans & Advances given/ (taken) Net	26.53	(39.01)
	Office expenses	1.20	0.048
	Interest on Unsecured Loans	6.17	6.36
	Loan outstanding as on	-	(26.53)
Gawande Consultants Pvt. Ltd.	Loans & Advances given/ (taken) Net	11.53	24.28
	Electricity expenses	-	0.17
	Interest on Unsecured Loans	1.65	2.21
	Loan outstanding as on	-	(11.53)
Popular Prakashan Pvt. Ltd.	Loans & Advances given/ (taken) Net	2.98	(50.60)
	Interest on Unsecured Loans	0.43	1.26
	Loan outstanding as on	-	(2.98)
Radhika Hotels Pvt. Ltd.	Loans & Advances given/ (taken) Net	3.05	9.56
	Interest on Unsecured Loans	0.44	0.58
	Loan outstanding as on	-	(3.05)

Notes to Accounts for the year ended 31st March, 2012

₹ in Millions

Name of the party	Nature of transaction	31.03.2012	31.03.2011
Popular Institute of Art Pvt. Ltd.	Loans & Advances repaid/(taken) Net	-	7.21
Anfin Investments Pvt. Ltd.	Loans & Advances given/(taken) Net	6.96	17.39
	Interest on Unsecured Loans	1.00	1.15
	Loan outstanding as on	-	(6.96)
Better Value Brands Pvt. Ltd.	Loans & Advances given/(taken) Net	-	1.43
	Interest on Unsecured Loans	-	0.03
Better Value Properties Pvt. Ltd.	Loans & Advances given/(taken) Net	0.61	0.30
	Interest on Unsecured Loans	0.09	0.10
	Loan outstanding as on	-	(0.61)
	Deposit outstanding as on	3.71	3.71
	Rent for Premises	6.32	6.02
Life Fitness India Pvt. Ltd.	Loans & Advances given/(taken) Net	0.16	-
	Loan outstanding as on	0.15	(0.01)
Pinnacle Fitness Pvt. Ltd.	Loans & Advances given/(repaid) Net	0.22	-
	Transfer of Members Fees	-	(0.07)
	Loan outstanding as on	-	(0.22)
	Franchise fee Income	1.93	2.18
	Franchise fee receivable as on	0.28	0.41
Indian Cookery.com Pvt. Ltd.	Loans & Advances given/(taken) Net	1.42	5.77
	Interest on Unsecured Loans	0.19	0.38
	Loan outstanding as on	-	(1.42)
Talwalkars Fitness Club	Loans & Advances given/(repaid) Net	-	0.07
	Transfer of Members Fees	-	(0.01)
	Deposit Outstanding as on	0.90	-
	Rent for Premises	2.36	-
	Deposit for Premises	0.90	-
	Loan outstanding as on	0.51	0.51
Talwalkars Health & Leisure	Loans & Advances given/(repaid) Net	0.22	0.13
	Transfer of Members Fees	-	(0.04)
	Loan outstanding as on	0.39	0.17

Notes to Accounts for the year ended 31st March, 2012

₹ in Millions

Name of the party	Nature of transaction	31.03.2012	31.03.2011
Talwalkars Health Club	Loans & Advances given/(repaid) Net	0.17	(0.04)
	Loan outstanding as on	0.20	(0.03)
Talwalkars Health Complex	Loans & Advances given/(repaid) Net	0.55	(0.07)
	Loan outstanding as on	0.80	0.25
Talwalkars Health Commune	Members Fees receivable	0.01	-
	Membership fee receivable as on	0.10	0.08
Talwalkar	Loans & Advances given/(repaid) Net	0.01	0.01
	Loan outstanding as on	0.05	0.03
Talwalkars Nutrition Centre	Loans & Advances given/(repaid) Net	0.22	0.12
	Loan outstanding as on	0.37	0.15
Club Business Systems	Written off During the Year	(0.04)	-
	Membership fee receivable as on	-	0.04

b) Corporate Guarantees given:

i) Denovo Enterprises Private Limited

The Company has given a Corporate Guarantee amounting to ₹ 61.58 millions to the said Joint Venture Company (Previous year ₹23.5 millions)

ii) Equinox Wellness Private Limited

The Company has given a Corporate Guarantee amounting to ₹ 3.75 millions to the said Joint Venture Company (Previous year ₹ 3.75 millions)

iii) Aspire Fitness Private Limited

The Company has given a Corporate Guarantee amounting to ₹ 20.00 millions to the said Joint Venture Company (Previous Year ₹ 20.00 millions)

32 Auditors' Remuneration (inclusive of Service Tax):

₹ in Millions

Particulars	2011-12	2010-11
- Audit Fees	1.66	1.38
- Other Services	0.04	0.20
- Out of Pocket expenses	0.03	0.01

33 Estimated amounts of contracts remaining to be executed on capital accounts and not provided for was ₹ Nil during current year (Previous year ₹ 58.60 millions).

34 **Directors' Remuneration:** includes paid to Six Directors of the Company, amounting to ₹ 25.20 millions. (Previous year ₹ 25.20 millions).

Notes to Accounts for the year ended 31st March, 2012

₹ in Millions

Particulars	2011-12	2010-11
35. Value of Imports on CIF Basis-		
Gymnasium Equipments	58.87	105.60
Furniture & Fixtures	9.45	5.57
36. Earnings in Foreign Currency	NIL	NIL
37. Expenditure in Foreign Currency - Travelling Expenses	0.78	0.16

38. Sale & Lease Back:

- During the year, the Company sold and Leased back some of its Assets. The Company earned profit of ₹ 3.68 millions on the transaction.
- Profit or loss on sale and lease back arrangements, resulting in operating leases, are recognised immediately.
- Quarterly rentals are paid in the form of fixed rental.
- The Company does not have an option to buyback nor does it generally have an option to renew the leases.
- In case of delayed payments, penal charges are payable as stipulated.
- The lease rental expense recognised ₹ 17.36 millions (Previous year ₹ NIL) on account of sale and lease back of assets.

39. The operations of the Belgaum and Koramangala Branches have been temporarily suspended due to some disputes. The Company has already filed legal cases against the same and on the basis of advice of its legal counsel, is confident of favourable outcome and early recommencement of operations of the branches.

40. Previous year's figures have been regrouped / re-arranged wherever necessary to confirm to the current year's classification.

41. The Company was using the Pre-revised Schedule VI to the Companies Act, 1956, for the preparation and presentation of its financial statements till the year ended 31st March 2011. During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the company. The Company has reclassified the previous year figures to confirm to this year's classification.

As per our report of even date
For **M. K. Dandeker & Co.,**
Chartered Accountants
Firm Registration No. 000679S

K. J. Dandeker
Partner
Membership No. 018533
Place: Mumbai
Date: 22nd May, 2012

For and on behalf of the Board

Madhukar Talwalkar	Executive Chairman
Prashant Talwalkar	Managing Director & CEO
Vinayak Gawande	Whole-time Director
Girish Talwalkar	Whole-time Director
Harsha Bhatkal	Whole-time Director
Anant Gawande	Whole-time Director & CFO
Manohar Bhide	Independent Director
Avinash Phadke	Independent Director
Abhijeet Patil	Independent Director
Avanti Sankav	Company Secretary & Compliance Officer

Auditors' Report on Consolidated Financial Statements

To the Board of Directors of
Talwalkars Better Value Fitness Limited

We have audited the attached Consolidated Balance Sheet of Talwalkars Better Value Fitness Limited (the Company) and its subsidiaries (collectively referred to as "the Group") as at 31st March, 2012, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of Aspire Fitness Private Limited and Equinox Wellness Private Limited, subsidiaries, whose consolidated financial statements reflect total assets of ₹ 883.81 Lacs as at 31st March, 2012, total revenue of ₹ 803.54 Lacs and Cash Outflows amounting to ₹ 43.50 Lacs for the year ended 31st March, 2012. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

We have relied on the unaudited financial statements of Denovo Enterprises Private Limited and Jyotsna Fitness Private Limited, subsidiaries, whose consolidated financial statements reflect total assets of ₹ 1472.75 Lacs as at 31st March, 2012, total revenue of ₹ 1276.39 Lacs, cash flows amounting to ₹ 71.17 Lacs for the year then ended. These unaudited financial statements as approved by the Board of Directors of the respective companies have been furnished to us by the Management and our report in so far as it relates to the amounts included in respect of the said subsidiaries is based solely on such approved unaudited financial statements.

Subject to the matter referred to in paragraph above:

We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard 21(Consolidated Financial Statements), as notified under the Companies (Accounting Standards) Rules, 2006;

Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, its aforesaid subsidiaries, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2012;

(ii) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and

(iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **M. K. Dandeker & Co.,**
(ICAI Reg. No. 000679S)

K. J. Dandeker Partner
Chartered Accountants
Membership No. 018533

Date: 22nd May, 2012
Place: Mumbai

Talwalkars

Spreading fitness in over 50 cities

Consolidated Balance Sheet as at 31st March, 2012

₹ in Millions

Particulars	Notes to Accounts No.	As at 31st March, 2012	As at 31st March, 2011
I] EQUITY AND LIABILITIES			
1] Shareholders' Funds			
(a) Share Capital	1	241.16	241.16
(b) Reserves and Surplus	2	1200.25	1014.68
2] Capital Reserve on consolidation		1.93	1.93
3] Minority Interest		50.27	21.70
4] Non-Current Liabilities			
(a) Long Term Borrowing	3	1220.14	939.79
(b) Defferred Tax Liabilities(Net)		142.77	109.18
(c) Other Long-Term Liabilities	4	92.26	138.28
5] Current Liabilities			
(a) Short-Term Borrowing	5	100.00	8.65
(b) Trade Payable	6	39.30	107.76
(c) Other Current Liabilities	7	186.65	201.89
(d) Short-Term provisions	8	101.41	42.14
TOTAL		**3376.14**	**2827.16**
II] ASSETS			
1] Non-Current Assets			
(a) Fixed Assets	9		
(i) Tangible Assets		2316.17	1739.37
(ii) Intangible Assets		43.25	45.98
(iii) Capital Work-in-Progress		216.20	274.26
(b) Non-current Investments	10	175.00	50.00
(c) Defered Tax Assets (Net)		-	2.17
(d) Long-Term Loans and Advances	11	199.42	149.77
(e) Other Non-Current Assets	12	0.59	0.64
2] Current Assets			
(a) Current Investments	13	0.09	36.90
(b) Trade Receivables	14	200.96	202.70
(c) Cash and Cash Equivalents	15	200.07	291.52
(d) Short-Term Loans and Advances	16	24.39	33.85
TOTAL		**3376.14**	**2827.16**
Summary of significant accounting policies	25		
The Accompanying notes are forming part of the accounts			

As per our report of even date
For **M. K. Dandeker & Co.,**
Chartered Accountants
Firm Registration No. 000679S

K. J. Dandeker
Partner
Membership No. 018533
Place: Mumbai
Date: 22nd May, 2012

For and on behalf of the Board

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Prashant Talwalkar	Managing Director & CEO
Vinayak Gawande	Whole-time Director
Girish Talwalkar	Whole-time Director
Harsha Bhatkal	Whole-time Director
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Manohar Bhide	Independent Director
Avinash Phadke	Independent Director
Abhijeet Patil	Independent Director
Avanti Sankav	Company Secretary & Compliance Officer

Consolidated Statement of Profit and Loss for the year ended 31st March, 2012

₹ in Millions

Particulars		Notes to Accounts No.	Year ended 31st March, 2012	Year ended 31st March, 2011
1]	Revenue from operations	17	1305.31	1022.69
	Less: Service Tax		111.67	94.24
			1193.64	**928.45**
2]	Other Income	18	15.71	20.75
3]	**Total Revenue**		**1209.35**	**949.20**
4]	**Expenses**			
	(a) Employee benefit expenses	19	248.23	201.95
	(b) Financial costs	20	91.28	85.94
	(c) Depreciation and Amortisation expenses	21	117.73	89.64
	(d) Other expenses	22	402.58	325.88
Total Expenses			**859.82**	**703.41**
5]	Profit before exceptional and extraordinary items and tax (3-4)		349.53	245.79
6]	Exceptional Items	23	3.68	(3.64)
7]	Profit before extraordinary items and tax (5 - 6)		353.21	242.15
8]	Extraordinary Items		-	-
9]	Profit before tax (7 - 8)		353.21	242.15
10]	Tax expense:			
	(a) Current Tax	24	73.27	45.92
	Less: MAT		(0.74)	
	(b) Deferred Tax		31.50	27.80
11]	Profit/(Loss) for the period from continuing operations (9 - 10)		249.18	168.43
12]	Profit/(Loss) from discontinuing operations		-	-
13]	Tax expense of discounting operations		-	-
14]	Profit/(Loss) from Discontinuing operations (12 - 13)		-	-
15]	Profit/(Loss) for the period (11 + 14)		249.18	168.43
16]	Share of Minority Interest		28.57	8.12
17]	Profit/(Loss) after Minority Interest		220.61	160.31
18]	Earnings per equity share (of ₹ 10/- each):			
	(1) Basic		9.15	6.80
	(2) Diluted		9.15	6.80
19]	Earnings per equity share (excluding extraordinary items) (of ₹ 10/- each):			
	(1) Basic		9.15	6.80
	(2) Diluted		9.15	6.80

As per our report of even date
For **M. K. Dandeker & Co.,**
Chartered Accountants
Firm Registration No. 000679S

K. J. Dandeker
Partner
Membership No. 018533
Place: Mumbai
Date: 22nd May, 2012

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Avanti Sankav	Company Secretary & Compliance Officer

Talwalkars
Spreading fitness in over 50 cities

Consolidated Cash Flow for the year ended 31st March, 2012

₹ in Millions

	Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Net profit before Taxes	353.21	242.15
	Non-cash expenses	117.73	90.95
	Finance cost (Net)	91.31	85.93
	Income from Investment activity	(3.49)	(10.84)
	(Profit)/Loss on sale of assets	(3.68)	3.64
	Interest Income	(0.16)	-
		201.71	**169.68**
	Operating Profit before Working capital changes	**554.92**	**411.83**
	(Increase)/Decrease in Current Assets	(63.98)	(49.31)
	(Increase)/Decrease in Non-Current Assets	(0.05)	-
	(Increase)/Decrease in Trade and other receivables	1.74	(167.72)
	Increase/(Decrease) in Trade and other payables	(38.34)	45.92
	Increase/(Decrease) in Current Liabilities	(19.71)	-
		(120.34)	(171.11)
	Cash generated from operations	**434.58**	**240.72**
	Direct Taxes paid	(16.76)	(52.26)
	Share of Minority Interest	(13.63)	(25.70)
	Net cash from operating activities	**404.19**	**162.76**
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Investment in Joint Venture	(8.85)	(10.61)
	Payment towards purchase of Fixed Assets, CWIP	(889.07)	(791.68)
	Proceeds from sale of Fixed Assets	263.38	0.10
	Dividend Received	0.01	9.99
	Purchase of Short-Term Investments	(690.81)	(1240.60)
	Proceeds from sale of Short-Term Investments	606.11	1205.97
	Interest Income	0.16	-
	Preliminary Expenditure	(0.02)	-
	Share of Minority Interest	3.58	43.58
	Net cash (used in)/from Investing activities	**(715.51)**	**(783.25)**

Consolidated Cash Flow for the year ended 31st March, 2012

₹ in Millions

	Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Share Capital/Application	6.35	-
	Share issue Proceeds (net of refund including security premium)	-	771.85
	Issue proceeds from NCD	250.00	300.00
	NCD interest	(34.50)	-
	IPO related expenses	-	(58.75)
	Borrowings done	514.70	301.76
	Repayment of Long-term and other borrowings	(363.35)	(388.35)
	Finance cost paid	(134.03)	(111.63)
	Dividend Paid	(24.12)	(12.06)
	Dividend Tax Paid	(4.00)	(2.05)
	Net cash (used in)/from Investing activities	1.10	-
	Share of Minority Interest	8.80	(21.05)
	Net cash used in Financing Activities	**220.95**	**779.72**
	NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**(90.37)**	**159.23**
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**279.64**	**120.41**
	Cash and Bank Balance including Fixed Deposits	**196.75**	**291.52**
	Balance in Cash Credit facility	-	(5.65)
	Less: Share of Minority Interest	(7.48)	(6.23)
	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**189.27**	**279.64**

As per our report of even date
For **M. K. Dandeker & Co.,**
Chartered Accountants
Firm Registration No. 000679S

K. J. Dandeker
Partner
Membership No. 018533
Place: Mumbai
Date: 22nd May, 2012

For and on behalf of the Board

Madhukar Talwalkar	Executive Chairman
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Harsha Bhatkal	Whole-time Director
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Manohar Bhide	Independent Director
Avinash Phadke	Independent Director
Abhijeet Patil	Independent Director
Avanti Sankav	Company Secretary & Compliance Officer

Notes to Accounts for the year ended 31st March, 2012

Note 1 : Share Capital

₹ in Millions

Particulars	As at 31st March, 2012 No.	As at 31st March, 2012 Amt.	As at 31st March, 2011 No.	As at 31st March, 2011 Amt.
AUTHORISED:				
30,000,000 Equity Shares of ₹ 10/- each	30,000,000	300.00	30,000,000	300.00
	30,000,000	**300.00**	**30,000,000**	**300.00**
ISSUED, SUBSCRIBED AND PAID-UP:				
2,41,15,672 Equity Shares of ₹ 10/- each fully paid-up	2,41,15,672	241.16	2,41,15,672	241.16
	2,41,15,672	**241.16**	**2,41,15,672**	**241.16**
Notes:				
i) Reconciliation of Number and Amount of Shares at the beginning and at the end				
Fully paid-up shares outstanding as at beginning	24,115,672	241.16	18,065,672	180.66
Fully paid-up shares issued during the year	-	-	6,050,000	60.50
Fully paid-up shares outstanding as at year end	**24,115,672**	**241.16**	**24,115,672**	**241.16**

ii) Details of Shares held by each shareholder holding more than 5% shares

Particulars	As at 31st March, 2012 No. of shares held	As at 31st March, 2012 % of holding	As at 31st March, 2011 No. of shares held	As at 31st March, 2011 % of holding
Equity Shares of ₹ 10/- each fully paid-up				
1) Prashant Sudhakar Talwalkar & Nalina Ann Talwalkar	2,876,080	11.93%	2,864,280	11.88%
2) Girish Madhukar Talwalkar & Nanda Girish Talwalkar	2,864,280	11.88%	2,864,280	11.88%
3) Madhukar Vishnu Talwalkar & Usha Madhukar Talwalkar	2,832,280	11.74%	2,832,280	11.74%
4) Anant Ratnakar Gawande & Yamini Anant Gawande	1,920,200	7.96%	1,920,200	7.96%
5) Vinayak Ratnakar Gawande & Madhuri Vinayak Gawande	1,920,200	7.96%	1,920,200	7.96%
6) Harsha Ramdas Bhatkal & Smeeta Harsha Bhatkal	1,920,200	7.96%	1,920,200	7.96%
7) Smallcap World Fund, Inc.	1,446,000	6.00%	-	-
8) Shivanand Shankar Mankekar & Kedar Shivanand Mankekar	1,258,800	5.22%	1,258,800	5.22%
9) Reliance Capital Trustee Co. Ltd. & Reliance Monthly Income Plan	1,729,116	7.17%	1,820,469	7.55%
Total	**18,767,156**		**17,400,709**	

iii) Details of shares allotted for consideration other than cash, bonus shares and shares bought back in the preceding 5 years

Equity Shares	Aggregate number of Shares 2012	2011	2010	2009	2008	2007
Fully paid-up pursuant to contracts without being received in cash	-	-	-	-	-	-
Fully paid-up by way of bonus shares	-	-	15,807,463	-	-	-
Shares bought back	-	-	-	-	-	-

Notes to Accounts for the year ended 31st March, 2012

Note 2: Reserves and Surplus

₹ in Millions

Particulars	As at 31st March, 2012	As at 31st March, 2011
(a) Securities Premium Account		
Opening Balance	700.25	57.65
Add: Securities Premium credited on Share issue	-	713.90
Less: Premium Utilised		
Share Issue Expenses	-	66.27
Debenture Issue Expenses	-	5.03
Closing Balance	700.25	700.25
(b) Debenture Redemption Reserve		
Opening Balance	2.26	-
Add: Transferred during the year	20.29	2.26
Closing Balance	22.55	2.26
(c) General Reserve	1.20	1.20
(d) Surplus/(Debit) balance in Statement of Profit and Loss		
Opening balance	310.97	181.04
Add: Profit/(Loss) for the year	220.61	160.31
Less:		
Proposed Dividend on Equity Shares	30.15	24.12
Tax on Dividend	4.89	4.00
Debenture Redemption Reserve	20.29	2.26
Closing Balance	476.25	310.97
Total	**1,200.25**	**1,014.68**

Note 3: Long-Term Borrowing

₹ in Millions

Particulars	As at 31st March, 2012	As at 31st March, 2011
(a) Bonds/debentures (Refer Note (a) below)	550.00	300.00
(b) Term loans		
From Banks	652.23	486.19
From Other Parties	-	-
From Bank Cash Credit facility	-	12.95
(c) Loans and advances from related parties	4.49	64.99
(d) Long term maturities of finance lease obligations	4.22	4.98
(e) Other loans and advances from others	9.20	70.68
Total	**1,220.14**	**939.79**

a)The Company has issued 11.5% and 12% Redeemable Secured Non-Convertible Debentures, Face Value ₹ 10 lacs each aggregating to ₹ 30 crores and 25 crores respectively through private placement. The principal amount of the Non Convertible Debentures, interest due and any other monies payable by the Company in respect of the Non-Convertible Debentures will be secured by first *pari passu* charge on the specified assets of the Company as identified in the Debenture Trust Deed such that a Fixed Asset cover of 1.25 times is maintained at all times during the tenor of the Non-Convertible Debentures.

Talwalkars
Spreading fitness in over 50 cities

Notes to Accounts for the year ended 31st March, 2012

Note 4: Other Long term Liabilities

₹ in Millions

Particulars		As at 31st March, 2012	As at 31st March, 2011
(a)	Trade Payable		
	Sundry Creditors for expenses	-	5.63
	Acceptances	91.76	132.15
(b)	Deposits (Refer Note (i) below)	0.50	0.50
Total		**92.26**	**138.28**
i)	Refundable Security deposit from franchisee of ₹ 0.50 millions		

Note 5: Short-Term Borrowing

₹ in Millions

Particulars	As at 31st March, 2012	As at 31st March, 2011
Loans and Advances from Related parties	-	3.00
Cash Credit facility from bank	-	5.65
Drawdown facility from bank	100.00	-
Total	**100.00**	**8.65**

Note 6: Trade Payable

₹ in Millions

Particulars	As at 31st March, 2012	As at 31st March, 2011
Trade Payables:		
- Sundry Creditors	39.30	107.76
Total	**39.30**	**107.76**

Note 7: Other Current Liabilities

₹ in Millions

Particulars		As at 31st March, 2012	As at 31st March, 2011
(a)	Current maturities of Long-Term Debt (Refer Note 3 Long-Term Borrowings)	139.50	132.41
(b)	Other payables (specify nature)		
	Sundry creditors for capital goods	14.77	41.39
	Profession Tax	-	0.01
	Service Tax	7.97	17.18
	TDS	5.15	4.66
	VAT	8.49	-
(b)	Interest accrued but not due on Non-Convertible Debenture	10.77	6.24
Total		**186.65**	**201.89**

Note 8: Short-Term Provisions

₹ in Millions

Particulars		As at 31st March, 2012	As at 31st March, 2011
(a)	Provision for Employee Benefits	0.01	0.09
(b)	Provision - Others		
	Provision for Dividend	30.15	24.12
	Provision for Tax on Dividend	4.89	4.00
	Provision for Income Tax	66.36	13.93
Total		**101.41**	**42.14**

Notes to Accounts for the year ended 31st March, 2012

Note 9: Fixed Assets

₹ in Millions

Description	Gross Block				Accumulated Depreciation				Net Block	
	As on 1st April, 2011	Additions	Deductions	As on 31st March, 2012	As on 1st April, 2011	For the year	On Deductions	As on 31st March, 2012	As on 31st March, 2012	As on 31st March, 2011
Tangible Assets										
i) Land and Building	56.18	230.10	-	286.28	6.44	1.84	-	8.28	278.00	49.74
Assets under lease	18.30	2.17	-	20.47	2.77	0.69	-	3.46	17.01	15.53
ii) Gym Equipment	777.86	270.84	99.20	949.50	82.61	39.36	19.81	102.16	847.34	695.25
iii) Furniture and Fittings	760.47	255.18	144.9	870.75	115.18	50.61	39.12	126.67	744.08	645.29
iv) Computers	21.47	11.24	4.17	28.54	8.45	3.90	1.94	10.41	18.13	13.02
v) Air-Conditioners	132.33	54.09	21.59	164.83	13.44	6.88	4.40	15.92	148.91	118.89
vi) Electrical Fittings	174.91	74.38	18.76	230.53	18.22	9.23	3.98	23.47	207.06	156.69
vii) Office Equipment	49.80	21.39	11.56	59.63	4.84	2.42	2.23	5.03	54.60	44.96
viii) Vehicle	-	1.04	-	1.04	-	-	-	-	1.04	-
Total	**1991.32**	**920.43**	**300.18**	**2611.57**	**251.95**	**114.93**	**71.48**	**295.40**	**2316.17**	**1739.37**
Previous Year	1,334.86	662.96	6.5	1991.32	167.83	86.65	2.53	251.954	1739.37	-
Intangible Assets										
i) Goodwill	56.60	-	-	56.60	10.72	2.70	-	13.42	43.18	45.88
ii) Licenses and franchise	0.30	-	-	0.30	0.20	0.03	-	0.23	0.07	0.10
Total	**56.90**	**-**	**-**	**56.90**	**10.92**	**2.73**	**-**	**13.65**	**43.25**	**45.98**
Previous Year	56.90	-	-	56.90	8.02	2.90	-	10.92	45.98	-

Note 10: Non-Current Investments

₹ in Millions

Particulars	As at 31st March, 2012	As at 31st March, 2011
Non-Trade Investments (valued at cost unless stated otherwise)		
Investment in Equity Instruments		
Unquoted Investment		
i) Investment in Joint Ventures:		
a) Splendor Fitness Private Limited	50.00	50.00
(formerly known as Talwalkars Pantaloon Fitness Pvt. Ltd.)		
[1,00,000 (Previous year 1,00,000) Equity Shares of		
₹ 100/- each fully paid]		
Investment in Mutual Funds		
Quoted Investment		
DWS Fixed Maturity Plan - Series 2 (1,25,00,000 units)	125.00	-
(Market value as on 31/03/2012 ₹ 125.94 millions)		
Total	**175.00**	**50.00**

Notes to Accounts for the year ended 31st March, 2012

Note 11: Long-Term Loans and Advances

₹ in Millions

Particulars	As at 31st March, 2012	As at 31st March, 2011
(a) Capital Advances		
Unsecured, considered good	15.72	4.33
Total	**15.72**	**4.33**
(b) Security Deposits		
Unsecured, considered good	151.71	114.95
Total	**151.71**	**114.95**
(c) Other Loans & Advances		
Advances recoverable in Cash or Kind for value to be received	0.80	-
Income Tax & FBT paid	-	0.04
Minimum Alternate Tax Credit entitlement	31.19	30.45
Total	**31.99**	**30.49**
Total Long-term Loans and Advances	**199.42**	**149.77**

Note 12: Other Non-Current Assets

₹ in Millions

Particulars	As at 31st March, 2012	As at 31st March, 2011
Unamortised preliminary expenses	0.59	0.64
Total	**0.59**	**0.64**

Note 13: Current Investments

₹ in Millions

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	No.	Amt.	No.	Amt.
Quoted Investments				
Investment in Mutual Funds				
Axis Liquid Fund	75	0.09	33,608	36.20
UTI Treasury Advantage Fund	-	-	704	0.70
Total	**75**	**0.09**	**34,312**	**36.90**

Notes to Accounts for the year ended 31st March, 2012

Note 14: Trade Receivables

₹ in Millions

Particulars	As at 31st March, 2012	As at 31st March, 2011
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good		
a) More than 6 months	-	6.42
b) Others	200.96	196.28
Total	**200.96**	**202.70**

Note 15: Cash and Cash Equivalents

₹ in Millions

Particulars	As at 31st March, 2012	As at 31st March, 2011
a) Balance with Banks		
Bank balance in current account	44.98	60.51
Bank deposits against margin money	38.36	78.74
Other Bank deposits	36.59	102.37
Bank Guarantee	1.60	5.36
b) Cheques, Drafts on hand	55.81	28.58
c) Cash on Hand	22.73	15.96
Total	**200.07**	**291.52**

Note 16: Short-Term Loans and Advances

₹ in Millions

Particulars	As at 31st March, 2012	As at 31st March, 2011
a) Loans and Advances to related parties	2.55	2.57
b) Others		
Advances recoverable in Cash or Kind for value to be received	10.82	8.32
Prepaid expenses	6.47	3.56
Service Tax credit receivable	3.74	17.27
Others	0.81	2.13
Total	**24.39**	**33.85**

Notes to Accounts for the year ended 31st March, 2012

Note 17: Income From Operations

₹ in Millions

Particulars		Year ended 31st March, 2012	Year ended 31st March, 2011
(a)	Gross Fees including Service Tax	1169.07	935.40
(b)	Franchisee Fees including Service Tax	21.00	64.12
(c)	Management & Consultancy Fees	6.09	-
(d)	Commission	0.58	-
(e)	Input Credit Service Tax	108.57	23.17
Total		**1305.31**	**1022.69**

Note 18: Other Income

₹ in Millions

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Income from Juice Centre and Food and Supplements	0.32	0.41
Gain/(Loss) on Sale of Asset/Investments	3.48	0.85
Sundry Credit balances no longer payable	0.24	0.85
Dividend from Mutual Funds	0.01	9.99
Miscellaneous Income	2.44	3.15
Interest on Bank Term Deposits	8.46	5.50
Gain on foreign currency transactions and translation	0.75	-
Total	**15.70**	**20.75**

Note 19: Employee Benefit Expenses

₹ in Millions

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Salaries, Wages and Bonus	20.04	25.91
Contract fees for Labour/ Security/ Housekeeping	224.31	168.88
Director's Remuneration	2.97	6.26
Staff Welfare and Other Amenities	0.90	0.76
Contribution towards Provident and other Funds	0.01	0.14
Total	**248.23**	**201.95**

Note 20: Financial Cost

₹ in Millions

Particulars		Year ended 31st March, 2012	Year ended 31st March, 2011
A)	**Interest expenses**		
	Interest on Secured Loan	29.19	44.29
	Interest on Unsecured Loan	9.62	23.43
	Interest on Letter of Credit	5.03	4.36
	Interest on Non Convertible Debentures	39.03	6.26
B)	**Other borrowing costs**		
	Processing Fees	0.39	0.64
	Bank Charges	1.28	1.68
	Hire Charges on Loan taken	0.92	0.72
	Credit Card Charges	5.82	4.56
Total		**91.28**	**85.94**

Note 21: Depreciation and Amortisation Expense

₹ in Millions

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Depreciation	117.66	89.55
Preliminary Expenses w/off	0.07	0.09
Total	**117.73**	**89.64**

Notes to Accounts for the year ended 31st March, 2012

Note 22: Other Expenses

₹ in Millions

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
(a) Administrative and Other Expenses		
Statutory Audit Fees	1.85	1.63
Internal Audit Fees	2.68	1.96
AGM Meeting Expenses	0.91	0.16
Consumables, Food and Supplements	8.13	7.97
Electricity and Fuel expenses	84.27	64.35
Insurance Charges	1.08	1.08
Juice Centre and Spa Expenses	1.12	0.61
Pooja and Special Function Expenses	1.12	0.92
Printing and Stationery	4.99	3.50
Professional Fees	12.92	9.78
Rates and Taxes	3.74	3.35
Interest on late payment of Service Tax	-	2.80
Rent	153.51	119.01
Repairs and Maintenance		
- Building, Gym Equipments and Machinery	11.51	8.03
- Others	8.83	7.61
ROC Expenses	1.91	0.06
Telephone Expenses	5.53	5.06
Travelling and Conveyance Expenses	4.30	3.04
Turnkey Project Expenses	16.71	41.09
Water Charges	3.56	2.99
Miscellaneous Expenses	14.05	5.33
Lease Rental	17.36	-
Asset Management fees	1.32	-
Directors Sitting fees	0.41	0.49
Total	**361.81**	**290.82**
(b) Selling and Marketing Cost		
Advertising Expenses	34.92	26.35
Business Promotion expenses	5.85	8.72
Total	**40.77**	**35.07**
Total Other Expenses	**402.58**	**325.89**

Note 23: Exceptional Items

₹ in Millions

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Profit/(Loss) on Sale of Asset	3.68	(3.64)
Total	**3.68**	**(3.64)**

Note 24: Current tax

₹ in Millions

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Current Tax (MAT)	73.27	45.49
Less: MAT credit entitlement	-	-
A) Net Current tax	**73.27**	**45.49**
B) Excess/Short provision of taxation	-	0.42
Total	**73.27**	**45.91**

Notes to Accounts for the year ended 31st March, 2012

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS TO THE CONSOLIDATED STATEMENT OF BALANCE SHEET AS AT 31st MARCH , 2012 AND CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2012

Note 25:

A) Statement of Significant Accounting Policies

1. Basis of Accounting

a) Basis of preparation:

The individual Balance sheet as at 31st March, 2012 and Profit and Loss Account for the year ended 31st March, 2012 of Talwalkars Better Value Fitness Limited ("the Company") and its subsidiaries, collectively referred to as 'Group', have been consolidated as per principle of consolidation enunciated in Accounting Standard (AS) 21 'Consolidated Financial Statements' issued by the Council of The Institute of Chartered Accountants of India. The financial statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the generally accepted accounting principles in India, Accounting Standards notified under Section 211 (3C) of the Companies Act,1956 and the relevant provisions thereof.

b) Use of Estimates:

The preparation of financial statements required management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenues and expenditure for the years represented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and future years affected.

c) Principles of Consolidation:

The consolidated Financial Statements relate to the Company and its **four** partially owned subsidiaries. The financial statements of the subsidiary companies used in consolidation are drawn up to the same reporting date as of the Company.

The Consolidated Financial Statements have been prepared on the following basis:

1. The Financial Statements of the Company and its partially owned subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.

2. The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner, as the Company's separate financial statements.

3. The subsidiaries considered in the Consolidated Financial Statement are:

Name of Company	Country of Incorporation	% ownership interest as at 31st March, 2012
Denovo Enterprises Private Limited	India	50.10%
Equinox Wellness Private Limited	India	33.33%*
Aspire Fitness Private Limited	India	50.001%
Jyostna Fitness Private Limited	India	50.05%

* Effective ownership due to 66.67% holding of Denovo Enterprises Private Limited in Equinox Wellness Private Limited.

Notes to Accounts for the year ended 31st March, 2012

2. **Fixed Assets:**

- Fixed assets are stated at original cost, net of tax/duty credits availed if any, less accumulated depreciation/ amortisation. Costs include all expenses incurred to bring the assets to its present location and condition. Assets acquired by way of slump sale are recorded at book value in the books of the transferor as on the date of transfer. Revenue expenses incurred in connection with project implementation in so far as such expenses relate to the period prior to the commencement of commercial activity are treated as part of the fixed assets and capitalised.
- Capital work-in-progress comprises outstanding advances paid to acquire fixed assets, and the cost of fixed assets that are not yet ready for their intended use at the balance sheet date.
- Intangible assets are recorded at the consideration paid for acquisition and are carried at cost less accumulated amortisation.

3. **Depreciation/Amortisation:**

- Depreciation on all fixed assets is provided pro-rata from/up to the date of acquisition/disposal using the straight line method at the rates prescribed by Schedule XIV of the Companies Act, 1956.

4. **Provisions, Contingent Liabilities and Contingent Assets:**

- Provisions involving substantial degree of estimation in measurement are recognised if there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.
- Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

5. **Revenue Recognition:**

- Income from fees and subscriptions, recorded net of discounts and rebates have been recognised as income for the year irrespective of the period, for which these are received. However, the Fees receivable from existing members as at the end of the year has been recognised as income for the year.
- The costs relating to rendering of these services being unascertainable are charged off to revenue in the year in which they become legally payable.
- Input credit availed on Service Tax through revenue expenses paid are accounted for separately as income, thus accounting the expenses at their gross values inclusive of Service Tax. Expenses on which Service Tax is paid in subsequent year are booked net off the un-availed Service Tax at end of the year.
- Income by way of Franchise Fees (including up-front fees) received pursuant to franchise agreements entered are recognised as income of the period in accordance with terms of the agreement, and as per data submitted by the franchisees.
- Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- Any other income i.e. from juice bar sales, consumables etc are recognised on receipt basis since the realisations there-from are immediate and no credit is allowed to the customers/members.

6. **Impairment of Assets:**

- The management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired.
- An impairment loss is charged to the Profit and Loss Account in the year in which the asset is identified as impaired.

- At each balance sheet date, the management reviews the carrying amounts of its assets included in each cash generating unit to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss.
- The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

7. Employees benefits:

- All employee benefits payable wholly within twelve months of rendering the service are classified as a short-term employee benefits. Benefits such as salaries, wages, contractual labour charges and short-term compensated absences, etc. is recognised in the period in which the employee/contractual labour renders the related service.
- The gratuity liability is provided and charged off as revenue expenditure based on actuarial valuation. The company has subscribed to the group gratuity scheme policy of LIC of India.
- Any other payments under the relevant labour statutes, wherever applicable are reimbursed to the Outsourced Agency as and when applicable.

8. Borrowing Cost:

- Borrowing cost incurred for qualifying assets is capitalised up to the date the asset is ready for intended use, based on borrowings incurred specifically for financing the asset. In determining the amount of borrowing cost eligible for capitalisation during a period, any income earned on the temporary investment on those borrowings is deducted from the borrowing cost incurred.
- Other financing/borrowing costs are charged to the Statement of Profit and Loss.

9. Foreign Currency Transactions:

- Exchange differences are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing rate.
- Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are:
  - ➢ Adjusted in the cost of Fixed Assets specifically financed by the borrowings to which the exchange differences relate.

10. Taxes on Income

- Current Tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.
- Deferred Taxation is recognised for all timing differences between accounting income and taxable income and is quantified using enacted/substantial enacted tax rates as at balance sheet date. Deferred Tax Asset are recognised subject to the management's judgement that the realisation is virtually/reasonably certain.

11. Investments:

- Long-Term investments are stated at cost, less any provision for diminution (other than temporary) in value. Current investments are stated at lower of cost and fair value.

Notes to Accounts for the year ended 31st March, 2012

12. Segment Reporting

- In the opinion of the management, there is only one reportable business segment as envisaged by Accounting Standard (AS) 17 'Segment Reporting'. Accordingly, no separate disclosure for the segment reporting is required to be made in the financial statement of the company.
- Secondary segmentation based on geography has not been presented as the company operates primarily in India and the Company perceives that there is no significant difference in its risk and returns in operating from different geographic areas within India.

13. Leases

- Lease rentals/License fees in respect of assets under operating lease are charged to the Statement of Profit and Loss.

14. Earnings Per Share:

- Basic and diluted Earnings Per Share is computed by dividing the net profit attributable to Equity Shareholders for the year, by weighted average number of Equity Shares outstanding during the year.

15. Cash Flow Statement:

- The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard (AS) 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the company.
- Cash and Cash Equivalents presented in the Cash Flow Statement consist of Cash on hand, balances in Current, Fixed deposit and Cash Credit Accounts with Bank.

B) Notes to Consolidated Financial Statement:

1. Contingent Liabilities:

Contingent liabilities not provided for in respect of ₹ in Millions

Particulars	2011-12	2010-11
Income Tax demands (net of amount paid in protest) A.Y. 2006-07	NIL	1.9
Bank Guarantee given on behalf of Joint Ventures/Subsidiaries	85.33	47.25
Claim from a landlord, case pending before the Judiciary		
- Hyderabad	36.55	30.65
- Koramangala	8.78	7.21
Claim by Advertising agency#	0.72	0.64

8800 GBP @ ₹ 81.79 (as on 31.03.2012)

2. Security against Secured Loans Availed: [Refer Note '3' to accounts]

A) Talwalkars Better Value Fitness Ltd.

All loans, which include sub limit of Inland and Foreign Letter of Credit and Cash Credit facility are sanctioned by Union Bank of India are secured primarily against the first hypothecation/mortgage charge on the entire movable and immovable Fixed Assets & Current Assets of the Company including Gymnasium Equipments, Furniture & Fixtures and any other equipment installed in the Gymnasiums, equitable mortgage of immovable premises of the Company, corporate guarantee and collateral security by way of equitable mortgage of premises situated at Tardeo and Mahalaxmi, Mumbai of third parties and the personal guarantee of three Directors of the Company.

- The abovementioned Foreign/Inland Letters of Credit availed by the Company have been shown under "Acceptances" under the head "SECURED LOANS".

B) Aspire Fitness Pvt. Ltd.

All loans, which include sub limit of Inland and Foreign Letter of Credit and Cash Credit facility are sanctioned by Axis Bank are secured primarily against the first hypothecation/mortgage charge on the entire movable and immovable Fixed Assets of the Company including Gymnasium Equipments, Furniture & Fixtures and any other equipments installed in the Gymnasiums and the personal guarantee of two Directors of the Company.

C) Equinox Wellness Pvt. Ltd.

All loans are sanctioned by Axis Bank are secured primarily against the first hypothecation charge on the entire movable Fixed Assets of the Company including Gymnasium Equipments, Furniture & Fixtures and any other equipments installed in the Gymnasiums.

D) Denovo Enterprises Pvt. Ltd.

All loans are sanctioned by Axis Bank are secured primarily against the first hypothecation charge on the entire movable Fixed Assets of the Company including Gymnasium Equipments, Furniture & Fixtures and any other equipments installed in the Gymnasiums.

3. Disclosure pursuant to Accounting Standard (AS) 11:

In line with the amendment to Accounting Standard (AS) 11 as per the Notification No. G.S.R. 225 (E) dated 31st March, 2009, the foreign exchange gains has been adjusted to the cost of the fixed assets as on 31st March, 2012.

4. Related Party Disclosures:

Disclosure as required by the Accounting Standard (AS) 18, "Related Party Disclosure" is given below:

List of Related Parties:

Key Management Personnel

- **Talwalkars Better Value Fitness Ltd. (Holding Company)**
    - Mr. Madhukar Talwalkar (Executive Chairman)
    - Mr. Prashant Talwalkar (Managing Director & Chief Executive Officer)
    - Mr. Girish Talwalkar (Whole-time Director)
    - Mr. Vinayak Gawande (Whole-time Director)
    - Mr. Harsha Bhatkal (Whole-time Director)
    - Mr. Anant Gawande (Whole-time Director & Chief Financial Officer)
- **Denovo Enterprises Pvt. Ltd.**
    - Late Mr. Vikram Maheshwary (Ex – Whole-time Director)
    - Mr. Harsh Maheshwary (Whole-time Director)
- **Equinox Wellness Pvt. Ltd.**
    - Mr. Abhishek Sharma (Whole-time Director)
- **Aspire Fitness Pvt. Ltd.**
    - Mr. Virendra Sherlekar (Whole-time Director)
- **Jyotsna Fitness Pvt. Ltd.**
    - Mr. Vishwas Shinde (Whole-time Director)
    - Ms. Jyostna Shinde (Whole-time Director)

Relatives of Key Management Personnel

- Ms. Yamini Anant Gawande
- Mr. Sudhakar Talwalkar
- Mr. Kedar Sherlekar

Notes to Accounts for the year ended 31st March, 2012

Enterprises over which Key Management Personnel and their relatives exercise significant influence:

- Anfin Investments Private Limited
- Better Value Leasing & Finance Limited
- Better Value Brands Private Limited
- Better Value Properties Private Limited
- Brainworks Learning Systems Private Limited
- Gawande Consultants Private Limited
- Life Fitness India Private Limited
- Popular Prakashan Private Limited
- Popular Institute of Art Private Limited
- Radhika Hotels Private Limited
- Pinnacle Fitness Private Limited
- Talwalkars Fitness Club
- Talwalkars Health & Leisure
- Talwalkars Health Club
- Talwalkars Health Complex
- Talwalkars Health Commune
- Talwalkars Nutrition Centre
- Talwalkars
- Anant Gawande (HUF)
- Vinayak Gawande (HUF)
- Nitin Gawande (HUF)
- R2 Infrastructure Private Limited
- R2 Spa Systems
- Indian Cookery.com Private Limited
- Indian Cookery Private Limited
- Splendor Fitness Private Limited

Transactions with Related Parties:

₹ in Millions

Nature of transactions	Associates	Key Managerial Personnel	Others	Total
Income	1.91	-	-	1.91
Expenses	9.88	2.21	-	12.09
Interest on Unsecured Loans	9.96	-	-	9.96
Director's Remuneration	-	25.20	-	25.20
Loans repaid/(taken) Net	53.08	-	-	53.08
Loans and Advances (given)/repaid Net	1.55	-	-	1.55

Balance as at 31st March, 2012 :

₹ in Millions

Nature of transactions	Associates	Key Managerial Personnel	Others	Total
Investments including Share Application Money	-	-	50.00	50.00
Sundry Debtors	0.38	-	-	0.38
Deposits	4.61	1.31	-	5.91
Loans and Advances	2.47	-	(0.01)	2.46

Notes to Accounts for the year ended 31st March, 2012

Transactions with Related Parties pursuant to Accounting Standard (AS) 18

Key management personnel and their Relatives :

₹ in Millions

Name of the party	Nature of transaction	31st March, 2012	31st March, 2011
Mr. Madhukar Talwalkar	Director's Remuneration	4.20	4.20
Mr. Prashant Talwalkar	Director's Remuneration	4.20	4.20
	Rent for Premises	2.21	1.92
	Deposit outstanding as on	1.31	1.31
Mr. Girish Talwalkar	Director's Remuneration	4.20	4.20
Mr. Vinayak Gawande	Director's Remuneration	4.20	4.20
Mr. Harsha Bhatkal	Director's Remuneration	4.20	4.20
Mr. Anant Gawande	Director's Remuneration	4.20	4.20
Mr. Abhishek Sharma	Director's Remuneration	-	0.67
	Interest on Loan	-	0.07
	Loan outstanding as on	-	0.46
Mr. Vikram Maheshwary	Director's Remuneration	-	0.36

5. **Basic and Diluted Earning Per Share has been computed as under:**

₹ in Millions

Particulars	2012	2011
Net profit after Tax	249.18	160.31
Weighted average number of Equity Shares	2,41,15,672	2,35,68,686
Nominal value of shares [₹]	10	10
Earnings per share – Basic [₹]	9.15	6.80
Earnings per share – Diluted [₹]	9.15	6.80

6. Based on the intimations regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 there are no amounts due and payable to suppliers covered under the above category.

7. The operations of the Belgaum and Koramangala Branches have been temporarily suspended due to some disputes. The Company has already filed legal cases against the same and on the basis of advice of its legal counsel, is confident of favourable outcome and early recommencement of operations of the branches.

As per our report of even date
For **M. K. Dandeker & Co.,**
Chartered Accountants
Firm Registration No. 000679S

K. J. Dandeker
Partner
Membership No. 018533
Place: Mumbai
Date: 22nd May, 2012

For and on behalf of the Board

Madhukar Talwalkar	Executive Chairman
Prashant Talwalkar	Managing Director & CEO
Vinayak Gawande	Whole-time Director
Girish Talwalkar	Whole-time Director
Harsha Bhatkal	Whole-time Director
Anant Gawande	Whole-time Director & CFO
Manohar Bhide	Independent Director
Avinash Phadke	Independent Director
Abhijeet Patil	Independent Director
Avanti Sankav	Company Secretary & Compliance Officer

ANNEXURE TO BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2012.

STATEMENT PURSUANT TO SECTION 212(5) OF THE COMPANIES ACT, 1956.

1. There has been no change in the holding company's interest in the Denovo Enterprises Private Limited ("the subsidiary") between the end of the financial year of the holding company and the end of the financial year of the subsidiary.
2. There has been no change between the end of the financial year of the holding company and the end of the financial year of the subsidiary in respect of the subsidiary's fixed assets, its investment, moneys lent by it and the moneys borrowed by it for any purpose other than that of meeting current liabilities.

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES ANNEXED TO THE BALANCE SHEET AS AT 31st MARCH, 2012

₹ in Millions

Name of the Subsidiary Company	The Financial Year of the Company ended on	Date from which they became the subsidiary Company	Holding Company's Interest as at close of financial year of subsidiary company		Net aggregate amount of subsidiary company's profit/ (losses) dealt within the Company's account		Net aggregate amount of subsidiary company's profit/ (losses), not dealt within the Company's account	
			Shareholding	Extent of Holding %age	For the current financial year	For the previous financial year	For the current financial year	For the previous financial year
Denovo Enterprises Private Limited	30th April, 2012	28th October, 2010	50,100 Equity Shares of ₹ 100/- each	50.1%	24.8	6.34	-	-
Equinox Wellness Private Limited	31st March, 2012	28th October, 2010	* 2,00,400 Equity shares of ₹ 10/- each	33.33%	0.02	0.11	-	-
Aspire Fitness Private Limited	31st March, 2012	28th October, 2010	50,001 Equity shares of ₹ 100/- each	50.001%	3.8	1.59	-	-
Jyotsna Fitness Private Limited	31st March, 2012	14th November, 2011	501 Equity shares of ₹ 100/- each	50.1%	-	-	-	-

* Holding Company holds 50.1% of the paid-up capital of Denovo Enterprises Private Limited which, in turn, holds 66.67% of the paid-up capital of Equinox Wellness Private Limited of 6,00,000 Equity shares of ₹ 10/- each. Accordingly, Holding Company holds 33.33% of the paid-up capital of the Equinox Wellness Private Limited (50.1% of the 66.67% of the paid-up capital).

FINANCIAL INFORMATION RELATING TO SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH, 2012

₹ in Millions

Name of the Subsidiary	Capital	Reserve	Total Assets	Total Liabilities	Investment			Turnover	Profit before tax	Provision for tax	Profit after tax	Proposed dividend
					Long-term	Short term	Total					
Denovo Enterprises Private Limited	10	42	144.66	61.70	4	-	4	127.6	60.5	(11.0)	49.5	
Equinox Wellness Private Limited	6.0	(0.7)	21.99	16.61	-	-	-	14.1	0.63	(0.57)	0.07	
Aspire Fitness Private Limited	10	7.0	66.39	45.58	-	-	-	66.3	1.10	(3.3)	7.7	
Jyotsna Fitness Private Limited	0.1	-	2.62	0.02	-	-	-	-	-	-	-	

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Notice

Notice is hereby given that the Ninth Annual General Meeting of the members of Talwalkars Better Value Fitness Limited will be held on Thursday, the 9th August, 2012 at 12.30 p.m. at M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturer's Association, Bhogilal Hargovindas Building, 2nd Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai – 400 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012, the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon;
2. To declare dividend on Equity Shares for the year ended 31st March, 2012;
3. To appoint a Director in place of Mr. Raman Maroo, who retires by rotation and being eligible, offers himself for re-appointment;
4. To appoint a Director in place of Mr. Mohan Jayakar, who retires by rotation and being eligible, offers himself for re-appointment;
5. To appoint a Director in place of Mr. Abhijeet Patil, who retires by rotation and being eligible, offers himself for re-appointment;
6. To appoint M. K. Dandeker & Company (Firm Registration Number: 000679S), Chartered Accountants, Mumbai as the Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration as may be determined by the Board of Directors.

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** Mr. Dinesh Afzulpurkar, who was appointed as an Additional Director of the Company by the Board of Directors under Section 260 of the Companies Act, 1956 and who holds office only upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing, under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Dinesh Afzulpurkar as a candidate for the office of a Director of the Company, be and is hereby appointed a Director of the Company liable to retire by rotation."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Ordinary Resolution:

   "**RESOLVED THAT** in supersession to the resolution no. 4 passed by the members of the Company in it's Extra-Ordinary General meeting held on 14th November, 2009 and pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, consent of the members, be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee(s) constituted/ to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) for borrowing, on behalf of the Company, any sum or sums of money, from time to time, as the Board may consider fit in any manner, and without prejudice to the generality thereof, by way of loans, advances, credits, acceptance of deposits or otherwise in Indian rupees or any other foreign currency, from any bank or banks or any financial Institutions, bodies corporates, other person or persons and whether the same may be secured or unsecured, and if secured, whether domestic or international, whether by way of mortgage, charge, hypothecation, pledge or otherwise in any way whatsoever, on, over or in any respect of all or any of the Company's assets and effects or properties including uncalled capital, stock-in-trade (including raw materials, stores, spares and components in stock or stock in transit), notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained in the ordinary course of business) and remaining undischarged at any given time, will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose so however that the total amount up to which money may be borrowed by the Board under this resolution, an amount shall not exceed, in the aggregate, the sum of ₹ 3,50,00,00,000/- (Rupees Three Hundred and Fifty Crores only) and/or in equivalent foreign currency.

RESOLVED FURTHER THAT the Board be and is hereby authorised, to do all such acts, deeds, matters and things as may be necessary, expedient and usual to implement this resolution."

By order of the Board of Directors
For **Talwalkars Better Value Fitness Limited**

Avanti Sankav
Company Secretary & Compliance Officer

Place: Mumbai
Date: 22nd May, 2012

Registered Office:
801-813, Mahalaxmi Chambers,
22, Bhulabhai Desai Road,
Mumbai - 400 026, India.

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE NINTH ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxy form(s) duly completed and stamped should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to Special Business to be transacted at the Meeting is annexed hereto.
5. Members are requested to note that entry to the Meeting Hall/Premises is strictly restricted to the Members/Beneficial Owners holding duly filled in attendance slips and proxies holding valid proxy forms.
6. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. The Register of Members and Share Transfer Books of the Company will remain closed from 4th August, 2012 to 9th August, 2012 (both days inclusive) for the purpose of payment of dividend, if any, approved by the Members.
9. The Dividend for the year ended 31st March, 2012 as recommended by the Board, if approved at the Meeting will be paid within the prescribed time limit to those members whose names appear in the Company's Register of Members on 3rd August, 2012. In respect of Shares in electronic form, the dividend will be payable on the basis of beneficial ownership as per the details furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
10. Members are requested to notify changes if any, in their addresses immediately to the Company/Registrar (for Shares held in physical form) and to Depository Participants (for Shares held in dematerialized form).
11. As per the SEBI Notification dated 16th February, 2000, the equity shares of the Company have been compulsorily dematerialized and sale/purchase of the same is required to take place in dematerialized form only.
12. Pursuant to SEBI Notification No.MED/DOP/Circular/05/2009 dated 20th May, 2009, it has become mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTA to enable/effect transfer of shares in physical forms.
13. Members desiring any information as regards the Accounts are requested to write to the Company at least 5 days before the date of the meeting to enable the management to keep the information ready.
14. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking appointment/ re-appointment at the forthcoming Annual General Meeting is attached hereto.

Information pursuant to Clause 49 of the Listing Agreement with regard to the Directors seeking appointment re-appointment at the forthcoming Annual General Meeting:

Name of the Director	Mr. Raman Maroo	Mr. Mohan Jayakar	Mr. Abhijeet Patil	Mr. Dinesh Afzulpurkar
Date of Birth	06.12.1950	08.10.1951	18.04.1966	20.08.1938
Date of Appointment	09.10.2009	09.10.2009	11.11.2009	19.05.2012
Qualification	Bachelors Degree in Science	Bachelors Degree in Law and Solicitors Degree	Bachelors Degree in Commerce	Indian Administrative Service
Expertise in specific functional area	Entertainment Industry	Law & Regulatory Matters	Tourism Industry	Administration
Directorships held in other Public Companies	Orbit Corporation Ltd. Shemaroo Entertainment Ltd.	Photoquip (India) Ltd. Everest Kanto Cylinder Ltd. Satya Giri Shipping Company Ltd. Mysore Petro Chemicals Ltd. Shree Ram Urban Infrastructure Ltd. Birla Cotsyn (India) Ltd. Ez-Comm Trade Technologies Ltd.	Nil	Nil
*** Chairmanships/ Memberships of the Committee on the Board of Directors of the Company**	Audit Committee – Nil Shareholders/ Investors Grievance, Share Allotment and Share Transfer Committee – Nil	Audit Committee – Nil Shareholders/ Investors Grievance, Share Allotment and Share Transfer Committee – Nil	Audit Committee - Chairman Shareholders/ Investors Grievance, Share Allotment and Share Transfer Committee – Chairman	Audit Committee – Nil Shareholders/ Investors Grievance, Share Allotment and Share Transfer Committee – Nil
*** Chairmanships/ Memberships of the Committees of other Public Companies**	Audit Committee – Nil Shareholders/ Investors Grievance, Share Allotment and Share Transfer Committee – Nil	Audit Committee – Nil Shareholders/ Investors Grievance, Share Allotment and Share Transfer Committee – Nil	Audit Committee – Nil Shareholders/ Investors Grievance, Share Allotment and Share Transfer Committee – Nil	Audit Committee – Nil Shareholders/ Investors Grievance, Share Allotment and Share Transfer Committee – Nil
Nos. of Shares held in the Company	Nil	Nil	Nil	Nil

Note: * *pursuant to Clause 49 of the Listing Agreement, only two Committees, viz. Audit Committee and Shareholders / Investors Grievance, Share Allotment and Share Transfer Committee have been considered.*

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item No. 7

Mr. Dinesh Afzulpurkar was appointed as Additional Director of the Company with effect from 19th May, 2012 to hold office up to the conclusion of the ensuing Annual General Meeting.

He is the Indian Administrative Service officer with distinguished career. He has served the Government of Maharashtra as Chief Secretary. He was also the Chairman of Bombay Port Trust and Collector of Pune.

He has been inducted on the Board of the Company as an Independent Director.

The Board recommends the resolution for your approval as an Ordinary Resolution.

None of the Directors except Mr. Dinesh Afzulpurkar is concerned or interested in the said resolution.

Item No. 8

Presently the Board of Directors of the Company has been authorized by the members of the Company in their Extra-Ordinary General Meeting held on 14th November, 2009 to borrow money upto ₹ 2,50,00,00,000/- (Rupees Two Hundred and Fifty Crores only). Keeping in view of the Company's business requirement and its growth plans and implementation of various expansion projects and considering increase in operations, it is proposed to increase the borrowing power of the Company by additional ₹ 1,00,00,00,000/- (Rupees One Hundred Crores only), increasing the total borrowing limit to ₹ 3,50,00,00,000 (Rupees Three Hundred and Fifty Crores only) (apart from temporary loans obtained in the ordinary course of business) as outstanding, at any time as set out in the resolution.

Under Section 293(1)(d) of the Companies Act, 1956 for borrowings of more than paid up capital and free reserves, the approval of shareholders is required. Hence, the Board recommends the resolution for your approval as an Ordinary resolution.

None of the Directors of the Company is concerned or interested in the said resolution.

By order of the Board of Directors
For **Talwalkars Better Value Fitness Limited**

Avanti Sankav
Company Secretary & Compliance Officer

Place: Mumbai
Date: 22nd May, 2012

Registered Office:
801-813, Mahalaxmi Chambers,
22, Bhulabhai Desai Road,
Mumbai - 400 026, India.

TALWALKARS BETTER VALUE FITNESS LIMITED

Regd. Off.: 801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai – 400 026.
Tel. No.: 6612 6300. Fax No. 6612 6363. Website: www.talwalkars.net

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Spreading fitness in over 50 cities

ATTENDANCE SLIP

(To be filled in and handed over at the entrance of the meeting hall)

I/We hereby record my presence at the 9th Annual General Meeting of the Company on Thursday, the 9th August, 2012 at 12.30 p.m. at M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturer's Association, Bhogilal Hargovindas Building, 2nd Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai – 400 001.

Full Name(s) of the Member(s)	
	Number of Shares :
	Registered Folio No. :
	DP ID No. :
	Client ID No. :

______________________________ Name of the Proxy (in block letters)

______________________________ Member's/Proxy's Signature

(To be filled in if the proxy attends instead of the Member)

Note:

1. Members who have multiple folios/demat accounts with different joint-holders may use copies of this attendance slip. No additional/ duplicate Attendance Slip will be issued at the Meeting Hall.
2. The copy of the Annual Report may please be brought to the Meeting Hall.

TALWALKARS BETTER VALUE FITNESS LIMITED

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PROXY FORM

Registered Folio No. ________________ DP ID No.______________________ Client ID No.______________

I/We ____ of __________________________ being a member(s) of Talwalkars Better Value Fitness Limited, hereby appoint Mr. /Ms. ____ or failing him/her, Mr./Ms. ____ as my/our proxy to vote for me/ us on my/our behalf at the 9th Annual General Meeting of the Company to be held on Thursday, the 9th August, 2012 at 12.30 p.m. at M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturer's Association, Bhogilal Hargovindas Building, 2nd Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai – 400 001 and any adjournment thereof.

Signature : ___________________________________

Date : _______________________

Affix a Revenue Stamp of ₹ 1/-

Note:

1. The Proxy duly completed must be deposited at the registered office of the Company not less than 48 hours before the time of holding the meeting.
2. Members who have multiple folios/demat accounts with different joint-holders may use copies of this proxy form.

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Talwalkars Better Value Fitness Limited

Registered office: 801 - 813 Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai 400026, India
Email: ig@talwalkars.net, Website: www.talwalkars.net