FORM A

(Clause 31 of the Listing Agreement)

1.	Name of the Company:	Talwalkars Better Value Fitness Limited
2.	Annual financial statements for the year ended	31st March, 2013.
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	Signed by-	
	Mr. Prashant Talwalkar Managing Director and CEO	
	Mr. Anant Gawande Whole-time Director and CFO	
	Mr. K. J. Dandeker Partner of M.K. Dandeker & Co. Auditor of the Company	
	Mr. Abhijeet Patil Audit Committee Chairman	

The bad news.

There is a possibility that 98% of those reading this cannot touch their toes when standing, cannot get beyond 'five' when doing push-ups and cannot run three storeys without panting for five minutes thereafter.

Talwalkars
Spreading fitness in over 70 cities

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.

10TH ANNUAL GENERAL MEETING
Thursday, 8th August, 2013 at 12.30 p.m.

Venue: M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturer's Association, Bhogilal Hargovindas Building, 4th Floor, Kala Ghoda, 18/20, K. Dubash Marg
Mumbai – 400 001.

Contents

The good news.

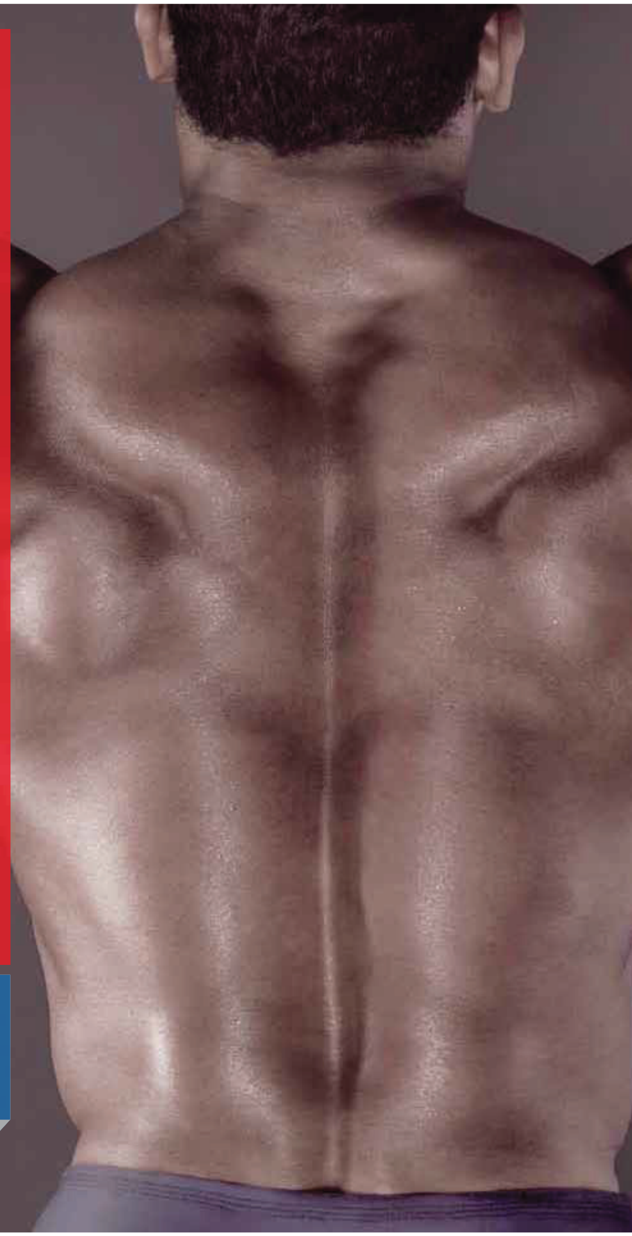
Talwalkars has created an entire business to reverse this grim reality.

Talwalkars is India's largest – and only listed – fitness chain.

The company is structured around the positioning of 'A fitness centre to suit every pocket and a fitness solution to suit every age group.'

With 144 centres spread across 75 Indian cities and towns.

And over
133,000
members.



USP
A widely recognised pan-India health fitness chain providing world-class gymming experience facilitated by professional trainers. The Company also comprises a state-of-the-art training institute in Thane (Mumbai) that focuses on creating industry-ready professionals to man its pan-India outlets.

Listing
The Company's Equity Shares are listed on the Bombay and National Stock Exchanges with a market capitalisation of ₹3,753 million as on 31 March 2013.

Fitness services
Standard gymming and fitness, Zumba® programme, Spa, Massage, Aerobics, Yoga, NuForm and Reduce; two fitness centre formats of Talwalkars (large size formats mostly located in metro and Tier I & II locations) and HiFi (low-cost format located in non-metro locations).

Outlet details
Of the 144 centres that the Company has, 129 are under the Talwalkars brand and 15 under HiFi. Of the 129 Talwalkars outlets, 101 were Company-owned, 15 under subsidiaries, seven under franchisee agreements and six under trademark license.

Promoters
The Promoters enjoy an experience of over five decades in the business and own an aggregate 54.78% of the Company's equity.

Highlights 2012-13
- Reported a 29% growth in revenue to ₹1,688 million and 36% growth in net profit (after minority interest) to ₹301 million
- Average per member fee increased 6-8% to ₹15,000–18,000 p.a.

Key highlights 2012-13

Revenue	EBIDTA	Cash profit	Net profit
₹1,688 million	₹739 million	₹447 million	₹301 million

EBIDTA margin	Net margin	RONW	ROCE
49%	20%	14%	20%

Chairman's communiqué

Dear Shareholders,

Good morning! To a Healthy India. Fit India.

I am pleased to report that Talwalkars Better Value Fitness Limited delivered a robust performance in 2012-13 despite a challenging environment marked by slowing consumption and a widespread cutback in optional spending.

The fundamental dynamics driving the marketplace for our services comprise a growing recognition that health and fitness are critical to overall well-being as well as an effective counter to lifestyle-induced illnesses.

Fighting the sloth

Significant lifestyle changes reflecting a lack of physical activity and increased fast food consumption have led to a greater need for fitness centres and dietary counselling. India leads the world in the number of individuals suffering from diabetes; by 2030 nearly 9% of the country's population is likely to be affected by Type-II diabetes constituting about 85-95% of all diabetes cases in developed countries and an even higher percentage in developing countries *(Source: International Diabetic Federation)*. IDF indicates that nearly 80% of all Type-II diabetes cases are preventable through a combination of a healthy diet and physical activity, opening up a huge opportunity for frontline players like Talwalkars.

Healthy demographics

The working and youth population in India has increased significantly. Higher disposable incomes will increase the enrollment for health-related services and products. In turn, this is expected to increase the demand for niche fitness services like personal training, massage, spinning and aerobics, among others. Gradually, the Indian health and fitness industry is expected to evolve from a plain fitness regimen to value-added programmes (dance with aerobics or dance with exercises).

India – the right 'fit'

The wellness market in India sustained its growth to reach ₹590 billion in 2011, representing a growth of 20% over the previous year. Out of this, the ₹50 billion fitness and slimming market grew at a robust pace of 25-30% over the past few years.

The Indian fitness industry is fragmented; the market share of the five leading players constitutes about a mere 25%. There is another numerical yardstick that indicates that India is at the cusp of rapid growth in this sector; India accounts for less than 0.8% of the total health clubs worldwide and 0.3% of the total members worldwide, while China accounts for 1.7% of the health clubs and 2.7% of the total members worldwide *(Source: IHRSA 2013)*. At Talwalkars, we believe that following an increase in disposable incomes, lifestyle aspirations and health awareness, the penetration of health and fitness infrastructure will increase and the country will soon emerge as one of the most attractive health club markets in the world.

Talwalkars – at the intersection of health and wealth

At Talwalkars, we are the market leaders in India's health and fitness industry enjoying a pan-India presence, the largest number of fitness centres spread across 75 cities, towns and Tier-III locations. The Company's membership represented a 29% CAGR over the five years leading to 2012-13, vindicating the attractiveness of its business model.

Talwalkars provides members a holistic fitness centre experience across locations, benchmarked to an international standard and customised around Indian needs. The Company's 25,000 sq. ft residential training academy in Thane (Mumbai) strengthens its captive resource pool availability, representing a competitive advantage in an industry marked by resource shortage.

Moreover, the Company's subsidiary model encompasses the full-services fitness centres under the Talwalkars brand with each fitness outlet spread across around 4,000 - 5,000 sq. ft, largely targeting customers in Tier-I and II cities. This prudently-structured model ensures lower capex outflows through a majority holding in subsidiary fitness centres and cash flow-accretive incomes through royalty receipt. This model also keeps open the buyout of the subsidiary fitness centre at any point of time through optimal valuations.

Right strategy for growth – Talwalkars subsidiary model

- Targets customers in Tier-I and II cities
- Low capex due to 51% holding
- Talwalkars receives royalty income and has buyout option of the subsidiary fitness centre

Talwalkars HiFi model

- Zero capex for Talwalkars and receives upfront royalty fee and ongoing annuity fee
- Faster roll out
- Strengthen affordability as the entry price point would be typically lower and hence net a large swathe of customers without incremental costs under franchisee format

Besides, Talwalkars is present across the horizontal as well as vertical value chain in terms of the fact that we not only operate the full-service Talwalkars brand but also operate the cost-effective HiFi brand of fitness centres, which are largely located in Tier-II and III towns and appeal to this segment of the population. The 15 HiFi Fitness Centre are completely operated through franchisees, which has a high ROCE implication in terms of zero capex on the one hand and the added advantage of an upfront royalty fee for brand usage, technical support and ongoing royalty of 6-8% per year on the other.

We have also strategically diversified from our core gymming services business to also include value-added services as the Zumba® programme, NuForm, personal training, spa, aerobics and Reduce. Reduce was launched in Mumbai (Thane and Navi Mumbai included) on 19 June in 31 fitness centres. The proportion of revenue derived from these value added services increased from about 18-20% in 2011-12 to around 20-22% in 2012-13 with commensurately higher EBIDTA margins and profit accretions.

Outlook

At Talwalkars, we have aggressive expansion plans over the coming years with fitness centre counts expected to increase by over two times over FY10-14: from the current 144 fitness centres to 165-175 by FY14. The proportion of fitness centre under subsidiaries and franchisees is expected to rise, which will optimise the need for capital and protect the Balance Sheet. Moreover, we expect to roll out Zumba® programme, NuForm and Reduce across a growing number of centres, which will strengthen our EBIDTA margins going forward. We are also scouting for land for setting up our first full-fledged sports club and we expect to come up with an announcement soon.

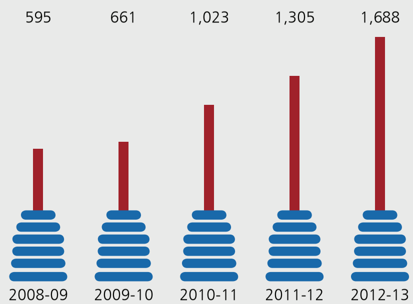
Namaste

To a Healthy India. Fit India

Madhukar Talwalkar, *Chairman*

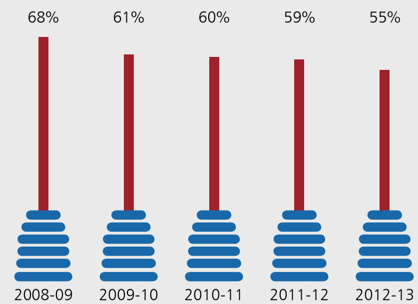
Health is wealth

Talwalkars Revenue growth (₹ million)…



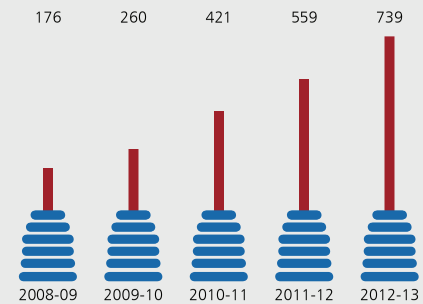
Five-year CAGR of 30% led by the establishment of new fitness centres, growing membership base and growing membership fees

… And tight control on operating costs (operating costs as a percentage of gross revenue)…



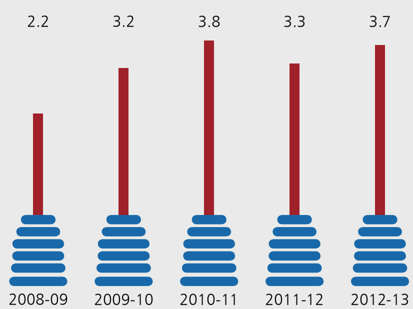
Led by operating leverage kicking in

… Has led to a surge in operating profit (₹ million)…



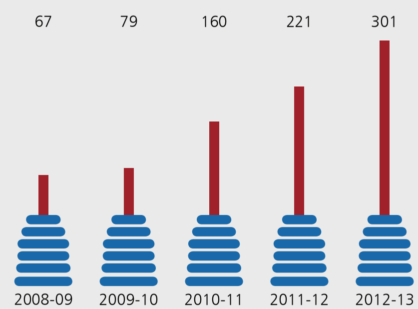
Five-year CAGR of 43% with consistent operating profit margin growth – from 33% in 2008-09 to 49% in 2012-13

… Which has enabled comfortable debt servicing through growing interest cover (times)…



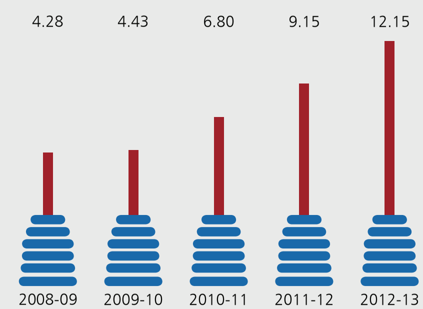
Interest cover has grown from 2.2 in 2008-09 to 3.7 in 2012-13

Coupled with a tax rate of 32.45%, net profit (after minority interest) has reported robust growth (₹ million)…



Five-year CAGR of 45% with healthy net profit margin growth – from 13% in 2008-09 to 20% in 2012-13

… And by protecting shareholder interest through minimal equity dilution, EPS has increased over the years (₹)



Five-year CAGR of 29.8% leading to attractive shareholder value creation

Do you think you really know Talwalkars?

An insight into the Company's unique business model

The big picture

How would you value a business with a potential not likely to be satiated at least in our lifetimes? How would you value a business that is likely to keep growing year-on-year, decade-on-decade due to a fundamental lifestyle shift considered irreversible?

This then is the basic argument: 70% of urban Indians are obese or overweight (Source: India Today); India is the diabetic capital of the world with 63 million affected individuals in 2012 (Source:WHO); the number of Indians with cardiac diseases had increased from 1% in 1960 to over 14% of the country's urban population in 2012 (Source: International Heart Protection Summit).

Even as the scenario is grim and likely to get worse, an encouraging counter-reality is beginning to emerge. India is beginning to move from cure to prevention; one of the biggest prevention measures lies in the simple initiative to wear track pants, sports shoes and head to a fitness centre; there is a growing recognition that just any fitness centre won't do; only a specialised fitness centre with the complement of qualified trainers, dietician and masseur will work.

When it comes to gym infrastructure, India is one of the most under-penetrated countries in the world. The Indian fitness industry is highly under penetrated compared with several developed and developing nations. For instance USA accounts for 38% of total health club members worldwide while this share of India is 0.3% *(Source: IHRSA 2013)*. Interestingly India accounts for 17.6% of the world's total population while USA accounts for only 4.5% *(Source: IMF, World Economic Outlook 2013)*.

At Talwalkars, we are tomorrow's gym today. India's only organised listed player.

Widening its business portfolio with the singular objective to make India healthy.

At Talwalkars, we are tomorrow's fitness centre today. India's only organised listed player.

Widening its business portfolio with the singular objective to make India healthy.

The Talwalkars brand

When you feel like going for a morning stretch, are you more likely to adjust your drawing room furniture and lay a mat on the floor? When you feel like shedding some weight are you likely to jog through evening streets dodging the traffic?

There is an increasing community of Indians who would rather sign in with Talwalkars instead. Because when it comes to fitness, Talwalkars is one of the first recalls.

Interestingly, Talwalkars is no longer the brand that it used to be. The brand has mutated with profitable implications.

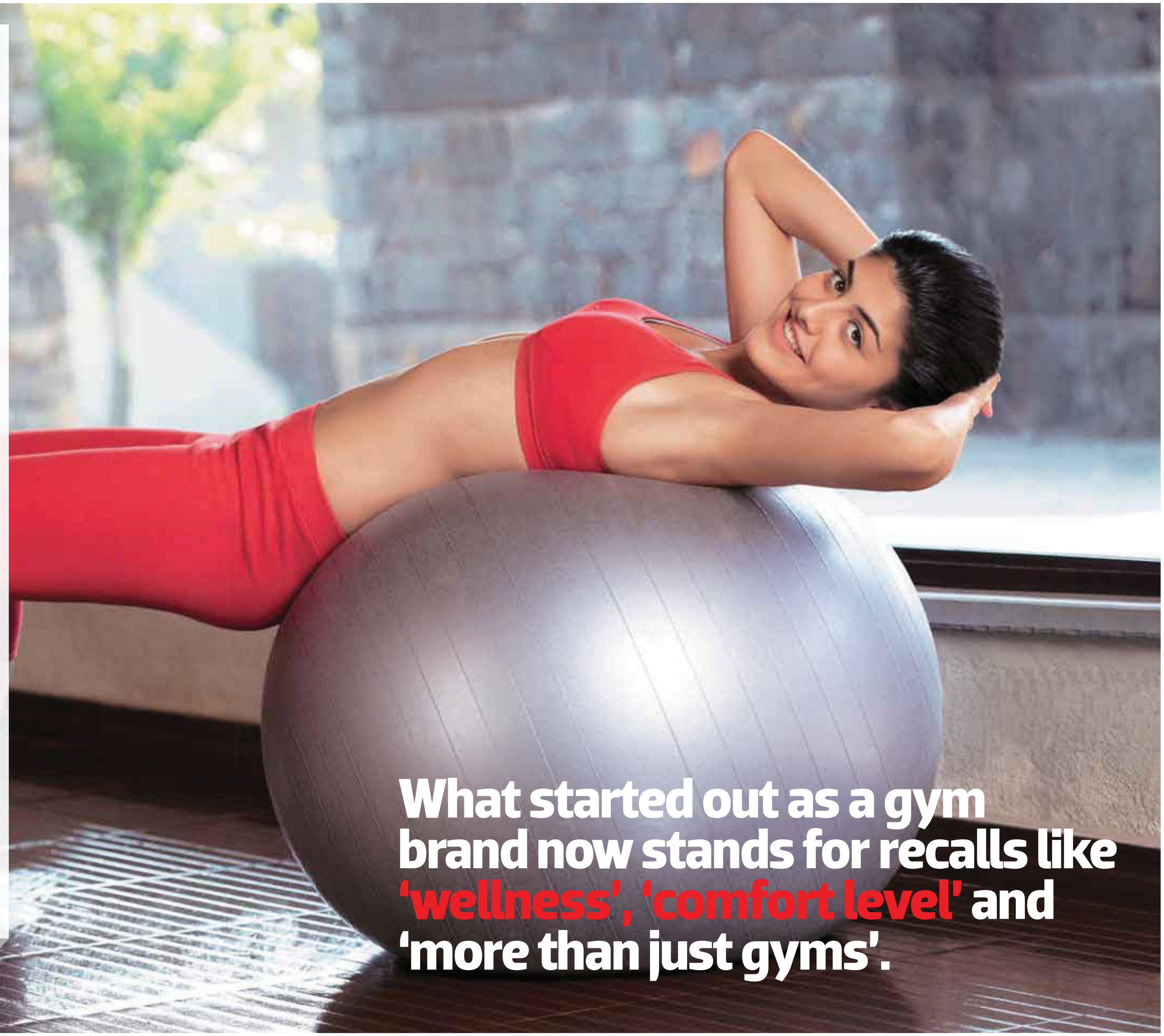
For one, 'Talwalkars' is not just one brand; it has extended from a core gym brand to an umbrella brand comprising three sub-brands, each of which can be progressively monetised.

Two, 'Talwalkars' stands for more connotations than just fitness; the brand has evolved into different wellness forms without losing its core personality.

Three, 'Talwalkars' has enriched its appeal through international brand alliances with Zumba® Fitness and David Lloyd Leisure.

Zumba® Fitness, a Latin dance-inspired fitness plan, has 14 million people taking weekly Zumba® classes in more than 140,000 locations across more than 151 countries *(Source: Zumba® Fitness website)*.

Talwalkars David Lloyd Leisure Consulting aims to progressively provide consulting for leisure and sports clubs in high-end residential developments, gated community townships and corporate campuses; the joint venture's focus areas will comprise consulting, execution, management and operations of leisure and sports clubs. David Lloyd Leisure has over 30 years worth of unmatched expertise and strategic knowledge on costs, implementation and execution of such clubs, which will now be available to Talwalkars in India.



What started out as a gym brand now stands for recalls like 'wellness', 'comfort level' and 'more than just gyms'.

Sheer scale

You see the name of a gym each day you go to work. When you go to another city, you see the same brand there. When you go to yet another city, you see the same brand. When you read the morning papers, you see an ad by the company. Finally, you see the same company set up a gym in your neighbourhood. Are you likely to see this and say 'Ho hum' or are you likely to say 'Wow, the same company!'

Talwalkars is India's largest organised gym brand where the Company owns about 47% of the domestic organised fitness market and a share of about 12% of the country's overall fitness market *(Source: company websites as on May 2013 and IHRSA 2013)*. This makes the Company a compelling partner for intending alliance partners.

The result: Talwalkars is as much an urban Indian brand as it is semi-urban, with the proportion of the latter rising. What makes this widely semi-urban spread fascinating is that the Company is present in places that most people have probably not heard of – Bhimavaram, Ongole, Guntur and Bhilai to name a few.

This reality emphasises the point that Indians have a growing budget for personal health and fitness on the one hand, and that given the supply, gym demand is a large, growing and latent pan-India market on the other.

Talwalkars fitness centres are expected to increase from 144 in 2012-13 to 165-175 by 2013-14 under all formats. The number of fitness centres providing the dietary plan –cum- weight loss (Reduce) to increase from 17 fitness centres to 75; the numbers of centres offering Zumba® programme is estimated to increase from 29 to 100.

Towards cash-positive

Would you be seduced by increasing revenues, profits and market share or would you rather see how much is going into the business and how much the company is extracting from it

At Talwalkars, we are moving towards a sweet spot in our business existence from which point it will become increasingly possible to generate a surplus higher than what the Company is likely to put into it.

The Capex spending in 2013-14 is expected to decline substantially.

This decline is not expected to be derived from a slower rollout; on the contrary, this moderated spending is expected to be derived from increasing lightness in asset creation and the synergic diversification in adjacent business where product development has already been expensed.

So even as the Company's capex is likely to decline, the base from which the Company expects to generate higher revenues is increasing: Talwalkars fitness centres expected to increase from 129 to 140-145 in 2013-14, HiFi gyms expected to increase form 15 to 20-25, the number of gyms providing the dietary plan-cum-weight loss (Reduce) to increase from 17 fitness centres to 75; the numbers of centres offering Zumba® programme is estimated to increase from 29 to 100.

The result: A cross-over is imminent at which point surplus generation will exceed or equal capital expenditure, graduating the Company to a virtuous cycle of profitability and sustainability.

Beyond gymming

When you need to seek dietary advice, lose weight and enhance fitness, are you more likely to go to different advisors or would you prefer to go to someone who can provide you with an effective holistic solution?

At Talwalkars, we started as a core gymming company that has since extended into adjacent spaces and emerged as a health-oriented lifestyle organisation.

So we are not just about gyms; we are about offering dietary and weight loss programmes; we are about entertainment-based dance forms (Zumba® programme) that combine fitness with fun; we are about extending a gym-centric business to a club-centric model which fuses gyms, weight loss, Zumba® programme, hospitality, spa, massage, aerobics and yoga into a composite offering.

This extension will do a number of things for Talwalkars: supplement annuity membership fees with pay-per-use revenues; extend standalone individual-based memberships to family memberships; enhance membership fees from relatively small ticket to large ticket.

At Talwalkars, we started as a core gymming company that has since extended into adjacent spaces and emerged as a health-oriented lifestyle organisation.

Asset-light

Would you rather see a company growing its fitness centre outlets with furious speed but straining its Balance Sheet in the process or would you rather see a company growing attractively through an asset-light approach that makes it possible to expand in a sustainable way?

At Talwalkars, each time we commission a fitness centre anywhere in India, we are required to put down 100% of the investment for it.

In a business with a simultaneously large, under-addressed and growing potential, there is a premium on our ability to commission as many fitness centres as possible on one hand and a restriction on the number we would have ideally liked due to limitations imposed by our Balance Sheet size on the other.

However, at Talwalkars, we have arrived at a suitable alternative, providing us with the room to expand faster, utilise less cash and report profitability higher than the prevailing fitness centres average.

This franchisee-led initiative revolves around fitness centres being commissioned in smaller Indian towns where Talwalkars bears zero capex and provides the Company with attractive revenues (upfront engagement fee and ongoing royalty payment) and makes it possible to expand at a quarter of the cost of the conventional approach. This growth has already proved margins-accretive.

At Talwalkars, the HiFi-driven growth will only accelerate; from an estimated 15 in 2012-13 to 20-25 in 2013-14.

Governance

Would you merely glance at the promoters of the company or also factor the value brought by the members on the Company's Board as an index of its deep governance commitment?

Over the years, Talwalkars selected to invest in governance-driven growth, which has progressively reflected in the running of the business in an ethical way, compliance with the laws of the land, corporate transparency, respect for merit and focusing on the enhancement of shareholder value.

One of the initiatives in which this commitment is showcased is the company's Board of Directors, which comprises several members of repute.

At Talwalkars, even as most individuals were increasingly hesitant about parting with their cash in a challenging 2012-13, the Company continued to strengthen the profitability of its core business.

Rising core profitability

When you look at the business of Talwalkars, are you more likely to judge the Company on the basis of which sector it belongs to or whether the profitability of its core business model is on the rise?

At Talwalkars, even as most individuals were increasingly hesitant about parting with their cash in a challenging 2012-13, the Company continued to strengthen the profitability of its core business.

This increased profitability was derived from a large member base, a high renewal rate of about 70-76% and high service orientation.

The chemistry translated into attractive realities: most fitness centres had achieved operational efficiencies during the year under review, the delta between per fitness centre income and costs is widening and fitness centre payback period (which should have risen in an inflation-hit environment) has declined by 12 months to three-and-a-half to four years today.

So at Talwalkars, the big story is not just that we are growing our fitness centres population across the country; the highlight is that our profitable core business model has inspired a reverse flow of interested franchisees and subsidiary partners keen to start more fitness centres across the country, a foundation of sustainable and profitable growth into the future.

Diverse revenue streams

When you appraise a business, would you be happy seeing a linear increase in the same kind of revenues or would you be delighted to see different revenue types from diverse business streams with sustainable and profitable implications?

At Talwalkars, we went into business through the rollout of gyms which generated an upfront yearly membership fee in addition to repeat renewal income.

Over the years, we evolved from one business to a holistic fitness player. The result is that non-gym revenues have gradually increased as a proportion of revenues: from 6-8% in 2009-10 to 20-22% in 2012-13. Correspondingly, EBIDTA margins have strengthened: from 33% in 2008-09 to 49% in 2012-13.

Interestingly, the growth in non-gym revenues has translated into diversely attractive revenue implications in terms of size, frequency and sustainability.

When appraised by size, these revenues have been periodic or annuity in nature, sustaining the Company's cash flow. When appraised by frequency, the company has embarked on the evolution from one-time plus periodic inflows to one-time plus periodic plus a pay-per-use model. When appraised by synergy, the Company has evolved to profitable cross-sale; a significant number of clients who signed up for Reduce eventually became first-time Talwalkars gym members.

This combination of diverse income types and tenures has translated into attractive cash flow implications resulting in a greater reliance on internal generation and decline in external borrowing.

Business	Frequency*
Core gym	Annual
HiFi gym	Annual
Massage, spa	Pay per use
Yoga	Monthly/ quarterly
Zumba® programme	Monthly/quarterly
Reduce	Monthly/quarterly
NuForm	Quarterly/ annual

** Frequency represents the usual enrollment pattern for each of the given services*

International alliances

Would you appraise Talwalkars only by the value of its brand or also by the power of the Company's international alliances with large, market-leading global leaders as well?

Over the years, Talwalkars carved out a standalone Indian homegrown success story in professional gym commissioning and management.

Rather than be caught up in our own success story and grow everything through our homegrown means, the Company selected to extend into adjacent business spaces through engagements with some of the largest and prominent names the word over.

Zumba® Fitness: Zumba® Fitness, a global lifestyle brand, is a Latin dance-inspired fitness plan, which fuses rhythms and easy-to-follow dance moves to create a one-of-a-kind fitness class. Zumba® programme offers a complete body workout in a single session. This programme has received wide acceptance; 14 million people take weekly Zumba® classes in more than 140,000 locations across more than 151 countries *(Source: Zumba® Fitness website)*.

David Lloyd Leisure (DLL): DLL (1982) is Europe's leading premium sports, health and leisure group. It operates 81 premium sports, health and leisure clubs in the UK as well as 10 clubs across Europe. DLL clubs comprise celebrity members including Olympic and world champions and other elite sportsmen and women, actors and television presenters, among others.

These multinational alliances have translated into a rich value for Talwalkars, which will progressively reflect in growing revenues from these related businesses.

CFO's overview

"We reported profitable divergence in 2012-13 – every rupee's increase in revenue translated into a higher increase in profits."

Q: Were you pleased with the performance of the Company during the year under review?

A: It was a good year if one goes by the Company's numbers. Even as income grew 29%, EBIDTA grew 32% and PAT (after minority interest) grew 36%. This indicates a profitable divergence: every rupee's increase in revenue is translating into higher increase in profits, vindicating our business model.

Again, if one sees this in the overall context of the operating environment, it was a favourable year. The Company reported a 45% bottomline growth in the first half of the financial year under review followed by 36% bottomline growth in the second half. This indicates that as the year progressed, business conditions became increasingly challenging; spenders hesitated when it came to discretionary spending and yet the Company continued to report an increase in profits and the profitable divergence that I referred to. The big gain to come out of our working in this challenging year was that there wasn't just an increase in volumes but of value as well.

Q: What were some of the achievements of the Company during the year under review?

A: Principally, I would say that we generated larger revenues and profits from the similar quantum of debt that we had in the previous year, which indicates improved fiscal efficiency. Consider this: we had ₹1,312 million of long-term debt as on 31 March 2012 and ₹1,518 million as on 31 March 2013. We generated a cash profit of ₹447 million during the year under review and moderated our gearing from 0.9 to 0.7 even as we had more than ₹40 cr of debt already sanctioned to us but unborrowed.

Q: What were some of the positives to have emerged out of the Company's working during the year under review?

A: At Talwalkars, the key to our core profits lies in being able to sweat larger revenues from existing fitness centre infrastructure on a year-on-year basis. In 2012-13, we generated 7-8% same store revenue growth, which was particularly creditable in view of the evident slowdown in the second half.

Q: What are the various initiatives that the Company embarked upon to strengthen the business during the year under review?

A: At Talwalkars, we started as a gym-centric company that progressively recognised a large scope in the adjacent business spaces of health-based entertainment, wellness and weight reduction.

During the year under review, the Company embarked on two decisive margin and revenue accretive initiatives: it launched weight reduction modules and Zumba® programmes in select gyms. I am pleased to state that unlike most businesses where launches are followed by extended gestation, the introduction of these businesses translated into immediately visible value.

Over 2013-14, when the launch of these initiatives begins to mature, we foresee a number of positive realities to emerge: additional incomes from these initiatives, our ability to address a new age profile of clients and our ability to create new gateways to enlist members. As result of these initiatives we can expect not just to boost our revenues but also to enhance the profitability of the Company in an all-pervasive manner, i.e. across the length of the value chain.

Q: Were there any other business-strengthening initiatives during the year under review?

A: At Talwalkars, we recognised that the time had come for us to graduate the gym business of the Company into its next growth orbit. We have seen a strong potential demand in Tier II and III cities. These are towns where a large size format of Talwalkars fitness centre may not be viable at the current juncture.

So in 2011-12, we experimented with the launch of a new franchised fitness centre brand called HiFi (Healthy India, Fit India). In each HiFi, the entire capex is borne by the franchisee. The Company provides complete support to the franchisee for the setup of the fitness centre and training requirements. This asset-light franchised arrangement generates an upfront payment for the company in addition to ongoing royalty, translating into an attractive return on our investment.

We launched four such HiFi centres in 2011-12, followed by 11 in 2012-13. During the year under review, we continued to focus on the HiFi brand's rollout, stabilisation and growth. I am pleased to state that the brand has reached remote corners of the country where Talwalkars would have taken longer to reach. In the first quarter of 2013-14, we signed a franchisee who provided us with a committed volume of 30 franchised outlets to be rolled out until 2016, vindicating the strength of our brand and business model.

Q: The Company evolved its business model when most companies would have referred to play safe in a challenging 2012-13. How does the Company take this ahead in 2013-14?

A: The last financial year was watershed in the Company's existence for some good reasons. The Company increased the proportion of its non-gym business with a greater visibility from 2013-14 onwards. The Company also made an important business decision: over the years, it recognised that a gym and supporting businesses are only a subset of a larger sectoral play – leisure and recreation. So during the course of the last financial year, the Company made a decisive extension – from gym and ancillary businesses to the larger business of a club. To address this relatively higher capex business, the company made a QIP at ₹205.18 a share, mobilising ₹423.74 million. Unlike the conventional hospitality business to which we may be occasionally compared, the club business will generate upfront and annuity membership fees, provide pay-per-use opportunities within and create merchandise opportunities, accelerating payback to a few years.

Q: How does the Company expect to perform in 2013-14?

A: We grew revenues 29% in 2012-13; we expect the traction to sustain, growing revenues 25-30% in 2013-14. We reported profitable growth in 2012-13 where the percentage increase in revenues, was exceeded by a percentage increase in profits; we expect to sustain this trend into 2013-14 on account of increased number of HiFi franchised fitness centres to 20-25, increase in the launch of Reduce from 17 gyms to 75 and increase in centres offering Zumba® programme from 29 to 100 during the course of the year.

Q: What do these developments translate into from a larger perspective?

A: Gradually, Talwalkars is emerging as a true service company with an increasing sensitivity of percentage profit increase to percentage revenue growth. As we increase the rollout of HiFi, Reduce and Zumba® programme along with spa, aerobics, massage and yoga pan-India, we expect to increase non-gym revenues from 6-8% in 2008-09 to 20-22% in 2012-13 to an estimated 35-40% three years from now. It will interest shareholders that these businesses are marked by negligible capex, high return and cross-sale, strengthening our corporate margins and investment return.

Management discussion and analysis

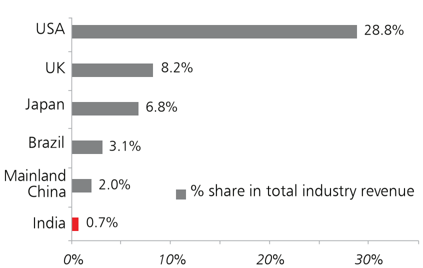
Indian economy

The Indian economy grew a respectable 5% in 2012-13 amidst a slowdown in the global economic environment. With committed investments and growing insistence on strategic policy shifts, the Indian economy is expected to revert to a growth rate of about 8% by the end of the Twelfth Five Year Plan. This coincides with the country expected to emerge as the second largest manufacturing country in the next five years, followed by Brazil as the third ranked country (Source: Planning Commission).

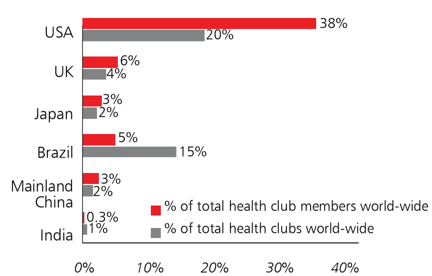
Industry overview

With increasing global and media exposure, for many consumers today to look good equals feel good. An increasing emphasis on a healthy and wholesome lifestyle has been the springboard for the wellness industry in India. Wellness today is not just a 'metro' phenomenon but consumers across Tier-II and Tier-III cities and even pockets of rural India are also seeking wellness solutions to meet their lifestyle challenges.

Total industry revenue: USD 76billion



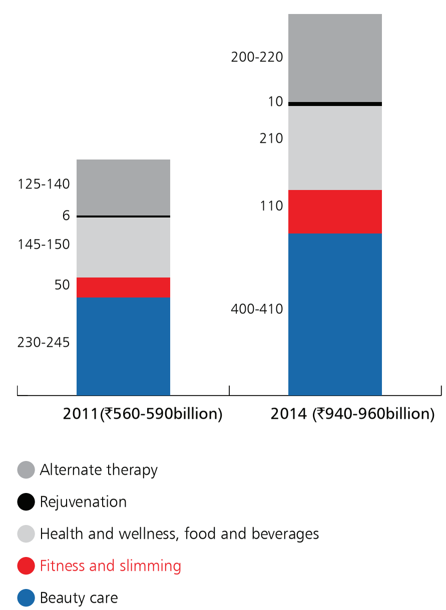
Global fitness markets



Source: IHRSA 2013

The Indian healthcare sector is at an inflection point and is poised for rapid growth in the medium term. However, healthcare expenditure is still amongst the lowest globally and there are significant challenges to be addressed both in terms of accessibility of healthcare service and quality of patient care. While this represents a significant opportunity for the private sector, the Government can also play an important role in facilitating this evolution.

The wellness industry is a field of healthcare focused on improving everyday health and state of well-being, rather than simply treating a disease or curing illness. The Indian wellness industry is set to grow at a CAGR of 18-20% over a period of three years to ₹940-960 billion by 2014. Fitness and slimming market is pegged at ₹50 billion and is set to grow at a robust pace of 20-30% to ₹110 billion over three years (Source: PwC FICCI Wellness Report).



In the Indian fitness and slimming market, fitness services such as gymnasiums comprise 50% (₹25 billion) of the entire revenue pool and is under-penetrated with less than 5% penetration of the urban population. Fitness equipment comprises 20% of the market with the institutional segment contributing to the bulk of the current demand. Slimming services have a 20% market share and is one of the fastest growing segments. Slimming products account for 10% of the market and includes meal-replacement slimming products and weight-loss supplements with key growth drivers being increasingly available through organised retail channels.

Growth drivers

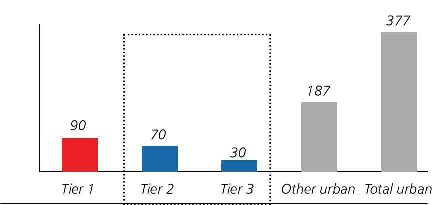
Aspiration to be associated with a trusted brand

If there is one word that describes the consumer of today like none other is, aspirational. There is emergent need to associate oneself with an established and trusted brand. Talwalkars, the brand has grown from strength to strength over the past eight decades delivering quality services, under the aegis of wellness. This growth can be attributed to not just having built a loyal consumer base but also attracting new members by keeping up with ceaselessly changing trends of the segment.

Urbanisation and rising income levels in Tier-II and III cities

The Indian consumer now displays a wide spectrum of behaviour characteristics – right from 'passives' where demand for wellness products is still latent to 'believers' for whom wellness is an integral part of their regular schedule. There has been an increased demand for health and fitness services into Tier-II and III cities led by rising urbanisation and income levels. Increased urbanisation has had a dual impact as it has not only created more awareness for wellness service but also increased the discretionary spending especially in the urban front. The urban population in Tier II, III cities is now keeping pace admirably with Tier-I cities offering huge pool to tap into. Households with a rising income bracket have benefitted from increasing disposable incomes and have made healthcare more affordable. The HiFi model brought to the fore by Talwalkars fits the bill perfectly in these avenues of growth. Today's HiFi is tomorrow's Talwalkars.

Urban population in million



Source: PwC FICCI Wellness Report

Globalisation

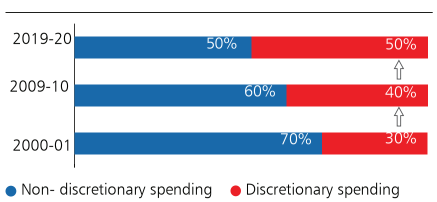
Globalisation has exposed people to international cultures, lifestyle which has opened avenues for services like Zumba® programmes, aerobics, yoga, EMS training and spa to name a few. A shift in demographics has played a key role in the scheme of things. The demand for these services has been higher among the youth (15-34 years) who also have higher propensity to spend on these activities. Interestingly this phenomenon is not only confined to metro cities but is spread across regions. To cater to this growing demand, Talwalkars has widened its umbrella of service offerings by focusing on each of these forms of fitness. This has also helped the company to leverage and enhance the member profile. There is also an opportunity to start these services not only within fitness centres but also on a standalone basis in schools, colleges, auditoriums, home based services and standalone studios.

Need for convenience

Health and wellness, which till recently was a relatively niche concept targeting a select few, has now gained mainstream audience. Consumers today want to take control of how they look and feel, and this is driving purchase decisions across categories such as food, beverages, personal care products and services. Convenience has become need of the hour. Members today want one stop solution for all their health needs. At Talwalkars we offer all the health and fitness service – gym, aerobics, yoga, personal training, Zumba® programme, weight loss, diet, spa, massage, nutritional supplements, merchandising under one umbrella. In addition, proximity to the consumer at affordable pricing has been the rule to service members which offers lot of convenience to members to focus on their health needs. This has resulted in increased revenue per member and fitness centre.

Increase in discretionary spending

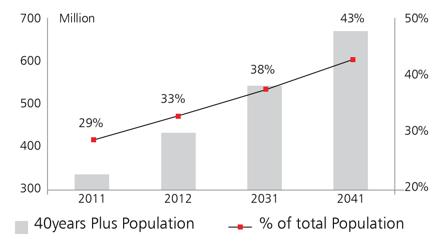
Rapid urbanisation has led to limited scope for open areas for physical activities leading to sedentary lifestyle and increased incidence of lifestyle diseases. Rising income levels have grown in direct proportion with lifestyle diseases and as a result have led to higher discretionary spending. As per the PwC FICCI Wellness Report the share of discretionary spending is expected to grow to 50% by 2019-20 from 30% in 2000-01. Also, the demonstrative effect on the youth by their role models – actors, sportsmen, and leading personalities from different arenas has propagated the message of wellness, far and wide, and thereby has increased the propensity to spend on discretionary services.



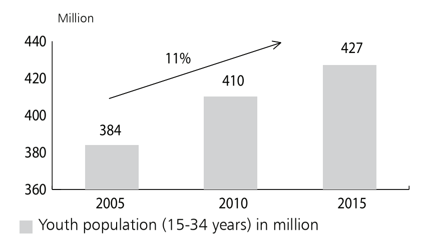
Source: PwC FICCI Welness Report

Increasing population

The population aging 40 years plus is expected to rise from 33% in 2012 to 43% by 2041. India's population of consumer age 40 years-plus is more than the total population of the USA. This new breed of consumers is more inclined to spend on health, fitness and wellness services: driven by the mantra of 'looking good and feeling good'. On the other hand the youth population is expected to rise from 384 million in 2005 to 427million by 2015. This youth population creates a potential market for alternative sources of fitness like aerobics, yoga, Zumba® programme and balanced dietary regimes.



Source: PwC FICCI Welness Report



Source: PwC FICCI Welness Report

Talwalkars business model

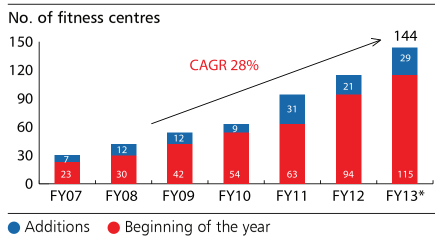
Talwalkars is India's largest, fastest-growing and one of the most trusted health and fitness brands enjoying an entrenched presence across the Indian landmass. The Company operates in three distinct models – 100% owned fitness centres, subsidiary fitness centres and a franchised fitness centres concept under Healthy India Fit India (HiFi). This extensive presence ensures faster roll out of fitness centres at optimal capex costs, providing the Company the twin benefit of quicker revenue accretion and an asset light Balance Sheet.

Our presence

Note: Cities in red indicate more than one fitness centres. Map not to scale and not intended to mean political map of India.

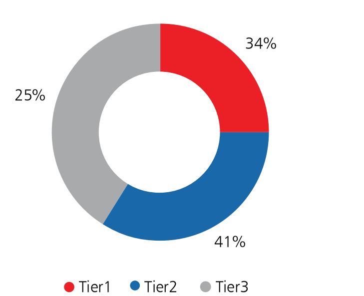
The company has widened its foot prints from 64 cities in FY12 to 75 cities today.

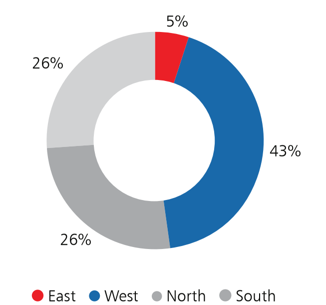
Format	No. of fitness centres*
Talwalkars	
Owned	101
Subsidiary	15
Franchisee	7
Trademark Licensed	6
HiFi	15
Total	144



* as on 8 May 2013

Out of the 144 fitness centres, 34% of the outlets were located in Tier-I cities, while 41% and 25% units were situated in Tier-II and Tier-III cities and towns respectively. While the majority of the fitness centres at 43% were located in West India, 26% each were located in South and North while the East represented the rest at 5%.





Being the largest fitness chain in India, Talwalkars has focused its attention on the core of its gym equipment. As a prudent corporate policy, Talwalkars purchases gym equipment directly from reputed international manufacturers including Precor, Matrix and Hoist, among others, towards providing world-class and standardised fitness solutions across India. Moreover the Company has also entered into long-term contracts with these suppliers to ensure equipment refurbishment every 5-6 years (by changing parts which suffer the highest wear and tear) at a nominal cost. Also, for all equipment it has been able to get extended warranties and AMCs (annual maintenance contracts) for a longer duration of about 8-10 years, enabling overall optimisation.

Talwalkars – gaining muscle

NuForm Studio – Fitness with just 20 minutes per week

Miha Bodytec came up with the concept of losing weight through the Electro Muscle Stimulation (EMS) technology. Miha machines have been come to the aid of myriad users at more than 1,500 centres across Germany and the rest of Europe. The same, proven German technology is now being introduced as NuForm by Talwalkars in India.

- Talwalkars NuForm model: Focuses on weight loss through EMS technology, counseling by qualified dieticians boosting one's efforts to shed that extra pound, but just don't have enough time for it. The EMS session is just 20 minutes of work out once a week. The training which one does is much more intense and faster than conventional weight training.
- Target customer segment: Nuform caters to that particular potential customer base that has thus far avoided gyms due to a shortage of time, or due to health and ageing issues. The prime markets include Tier-I cities with a keen focus on the upwardly mobile and affluent classes.
- USPs:
  - Time saving: The fitness regime only demands 20 minutes once a week but brings the benefit of a few hours worth of workout on a weekly basis.
  - Premier home service: A portable and state-of-the-art German designed system enables TBVFL to offer premier services to its clients right at their doorsteps.
  - Total fitness: weight loss and fat removal, enhanced muscle formulation and stimulation, greater muscular strength and endurance.
- Advantages:
  - Aims to target the metro and Tier-I cities and the middle-aged and geriatric segment who hardly find time to workout.
  - EMS method and home service are unique offerings introduced and aims to utilise the first-mover advantage in this space.
- Standalone high-street studios: Six NuForm Studios are operational in Mumbai (Andheri, Bandra, Chembur and Vile Parle) and Thane (Panchpakhadi and Pokhran Road, Vasant Vihar).

Zumba® fitness programme

Started in 2001, the Zumba® fitness programme has grown steadily in stature to become the world's largest and most successful – dance-fitness programmes. Zumba® programme involves dance and aerobic elements. Zumba®'s choreography incorporates hip-hop, soca, samba, salsa, merengue, mambo, martial arts, and some Bollywood and belly dance moves. Squats and lunges are also included. This programme has received wide acceptance which can be gauged from the already 14 million people taking weekly Zumba® classes in over 140,000 locations across more than 151 countries. It offers a complete body workout in a single session. The Company has increased the centres offering Zumba® programme to 29 from 15 earlier. The Company currently has created a strong bench of over 150 certified Zumba® trainers which shall facilitate in faster rollout of Zumba® programmes. The company has received active response from large corporates, including MNCs, for Zumba® programme. The Company is actively looking at other avenues like schools, colleges, auditoriums among others.

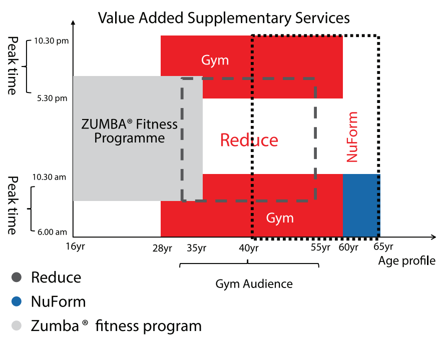
- USPs:
  The usual gym and aerobic classes are a passé. The latest one gaining popularity across the world as well as in India, that can help one stay in shape, is Zumba® programme. Zumba® classes are known to reduce the stress levels of participants. Talwalkars expects to take Zumba® programmes to schools and colleges as well, representing an early entrant advantage in a niche and growing market.
- Advantages:
  - Aids in targeting the younger generation through the integration of various dance forms.
  - Opens up opportunity of foraying into selling Zumba®'s branded merchandise such as apparels, DVD and music sets, footwear, among others.

Reduce

Reduce is the easy weight loss solution. You might ask where the catch is. It's simple. The Reduce programme involves a strategic tweaking change in the frequency, timing and size of the meals with no restraints on conducting ones' lifestyle the way they want. Members are provided personalised and motivational support by experts and require a visit just once in a week. Members are not only given the diet plan but are also given ready to eat or cook food. The food products include items such as multigrain cookies, amla ginger drink, pulav rice, baked chivda and sevia kheer (dessert) etc. Reduce programme is offered at 17 centres from 5 in July 2012. Reduce is also offered as 'Home based Reduce', primarily catering to HNIs and corporates at their door step. This requires minimal capex. Hence, it has an incremental positive impact on the fitness centre's profitability.

- USPs:
  - Anytime, anywhere weight loss programme, strengthening convenience.
  - Once a week programme, luring a larger number of participants.
  - Talwalkar's has established a convenient home-based option for its consumers.
- Advantages:
  - Weight-loss without rigorous training will aid in attracting substantial interest from existing as well as prospective members.
  - Once a week programme will attract members residing in Tier-I cities who are burdened with hectic schedules.

Enhancing productivity and member profile



Strengths

Marketing initiatives

The marketing team works in close tandem with both external and internal environment and finds innovative solutions to enhance revenue and widen reach of the brand.

Pinkathon – Run to lead

Talwalkars partnered with 'Pinkathon 2012- Run to lead', as their official fitness partners to spread awareness on breast cancer. The highlights of the Pinkathon Carnival were the electrifying Zumba® performances by Talwalkars Zumba® trainers. The winner of the marathon was gifted one year complimentary membership of Talwalkars fitness centre.

Losers challenge 2012

Talwalkars and Britannia NutriChoice created a wonderful partnership to encourage members to get in shape and create a healthy start for the New Year. The Losers Challenge is a unique 30 day team event that motivates members to lose weight in shortest duration. Losers challenge helped in active engagement of the members, creating awareness for fitness and inculcating healthy eating habits.

Chairman's reward programme

The Chairman's reward programme is held in appreciation for the contribution and efforts of the managers at fitness centre in adding value to the growth of the organization. The Chairman's reward programme acts as a great motivator for the employees at the fitness centres to set new standards of performance each year.

Webinar

A webinar is an on-line seminar more of having a live seminar experience. The speaker in the webinar is a consultant who has vast experience and knowledge of various subjects. The webinar acts as a new lead generation tool for various fitness centres. Also, the webinar can act as a catalyst for up-selling to the existing members the various services offered within the fitness centre.

Miss Hyderabad 2012

Miss Hyderabad is the leading beauty pageant held in southern India. Talwalkars was the official fitness partner (2nd time in a row) of the pageant. Company's expert trainers trained and groomed the 25 finalist to meet the fitness requirement and aspirations of the fashion and glamour world.

Human resources

Human resources are the key to the success of the organization and in meeting its aspirations. In a service industry it is extremely essential to hire and retain quality skilled manpower. A paucity of skilled and trained personnel is what ails the contemporary domestic wellness industry the most. In this scenario the training academy at Thane has emerged as the vital cog in the TBVFL wheel. The company in order to create a pool of skilled manpower so as to facilitate standardised services across fitness centres and a faster roll out of fitness centres has opened a best-in-class residential training academy in the outskirts of Mumbai. In the last fiscal the Company has widened its repertoire of service offerings. Policies, processes and initiatives have been initiated which are in line to meet the demands of the growing business in the years to come. Training needs across all functions are identified and training programmes are formulated and conducted on an ongoing basis both for existing and new employees. The remuneration policy is in line with the industry practices and reviewed periodically to match industry standards. Employer-employee relations have remained harmonious during the year under review.

Risks and concerns

Economic risks

A slowdown in the global economy may adversely impact the discretionary spending behaviour of the consumer and thereby the Company. The Company identifies these risks and has taken measures to minimise their impact. The Company has widened its reach beyond metro and Tier-I cities to Tier-II and III cities which continue to exhibit strong consumption demand. Along with its reach the Company has also widened its service offering to leverage on and enhance the current member base and infrastructure. However any severe setback in the economy may affect the performance of the Company.

Regulatory risks

The wellness industry is of strategic importance to the Indian Government. By 2015, wellness services in India have the potential to generate over three million jobs *(Source: PwC FICCI Wellness Report)*. Recognising the importance of this industry, the government has already initiated measures to stimulate growth. 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 equipment. 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 risks

The increased demand for wellness services has made India an attractive destination for the international players. The fitness industry in India is largely dominated by unorganised local players. Entry of new players creates more awareness and open new market of opportunities. However an emergence of a strong international or domestic player can pose a risk to the Company. It is imperative for the Company to create a strong brand recall value among the consumers, something which the Company has done commendably over the years of its existence. The Company has adopted the best practices in the industry such as loyalty, reward and customer referral schemes. Quality and innovative service offering has helped the Company to differentiate itself from its competitors. Further, the company's pan-India presence and international alliances gives an edge over other players.

Availability of skilled manpower

To meet customer expectations, the company needs to focus on quality service offerings and availability of skilled manpower. To enhance member experience, the look and feel of the fitness centres and its services across India remains similar. The company has also standardized systems and process for smoother operations. Its training academy helps create skilled pool of resources that enables mitigating operational risks relating to skilled manpower availability.

Financial risks

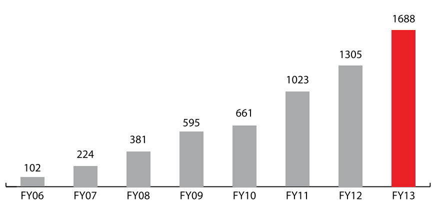
The company is in constant mode of expansion. Hence it is critical to avail timely and adequate funds at effective rate to fund the growth. The finance team monitors and timely plans financial requirement through alternate sources of funding ensuring best possible cost of borrowing. The company has been rated as 'AA-' by CARE which enables the company to seek better terms from its bankers.

Analysis of our key financials (consolidated)

Keeping pace with the company's core competency of improving health, financial health of the company exhibited all-round improvement. Outcome of consistent workout on revenues front and austere diet of expenses is stronger margins and financial wellbeing of the company.

The significant financial highlights of the Company comprised the following:

Revenue (₹ million)



Revenues

In addition to continuing its expansion by addition of new fitness centres the company launched new initiatives during the current year thereby expanding the service offerings to members. Members now can choose from various products to suit their individual requirements and achieve their health objectives.

The revenues increased by 29% on YoY basis and stood at ₹1688 million. With consistent robust performance the eight year CAGR stood at 49%.

Operational Cost

The company has been able to contain its total operating cost (before depreciation) which as a percentage of net revenue declined from 54% in FY12 to 51% in FY13.

Promoting experienced staff and giving them additional responsibilities to utilize their experience and inducting new talents aided the control on employee benefit expenses. During FY13 the same was maintained at 20% of net revenue as in previous year.

With help of experience gained by in-house talents from their visit to various national and international forums and expert advice from consultants, areas were identified where costs could be controlled or reduced using better management or technologies. Alternative models were screened, finalised, developed and tested at test locations. Successful models were replicated across most of the locations resulting in reduced cost. The success is evident in decrease in other expenses from 33% of income in FY12 to 31% in FY13.

EBIDTA

As a consequence of revenue increase and cost control the EBIDTA margins went up from 46% in FY12 to 49% in FY13. The same stood at ₹739 million in FY13 an increase of 32% on YoY basis.

Finance cost

Sequel to judicious mix of various sources of finance such as equity, loans, letter of credit, non-convertible debentures, temporary overdraft against deposits, parking of excess funds in mutual funds or bank deposits, etc was lower finance cost as percentage of income. The same reduced from 7.5% to 7% as percent of net revenue.

Depreciation

Depreciation for FY13 stood at ₹146 million an increase from ₹118 million in previous year. The same was mainly on account of additional fitness centres added during the year.

Profit After Tax

Net profit (after minority) grew 36% to ₹301 million; net profit margin climbed up 200bps to 20% during the year under report as a result EPS increased by ₹3 per share and stood at ₹12.15 per share.

Internal control systems

The Company has focused on leveraging its IT infrastructure both in terms of hardware and software. The Company has effective and robust system of internal controls to help management review the effectiveness of the financial and operating controls and assurance about adherence to company's laid down systems and procedures. Proper controls are in place which is reviewed at regular intervals to ensure that transactions are properly authorized & correctly reported and assets are safeguarded. The Audit Committee along with the management periodically review the findings and recommendations of the Auditors and take necessary corrective actions as deemed necessary.

Cautionary statement

This management discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in the forward-looking statements as a result of many factors.

Outlook

Talwalkars continue to dominate the health and fitness industry with 144 fitness centres spread across 75 cities and towns and the anticipated opening of 20-30 new fitness centres in 2013-14. The Company has proved its credentials in running successful fitness centres not only in larger cities but also smaller towns.

The Company sees strong demand and potential in Tier-II and Tier-III cities and towns of India with increased awareness. The Company is focused in penetrating in to these cities and towns to reach a wider customer base and enhance profitability. It also expects to increasingly focus on optimising product offerings and introducing new services to leverage the current asset base and customer portfolio.

New initiatives comprising NuForm, Reduce and Zumba® programme have received satisfactory responses and will be rolled out progressively to strategically cover most parts of the Talwalkars network. Financially, the Company expects to maintain the margins in the current year both at the operating and net levels.

Directors' Report

Dear Shareholders

Your Directors are pleased to present 10th Annual Report on business and operations with the audited financial statements for the year ended 31st March, 2013:

Financial Results

The highlights of your Company's financial performance for the year ended 31st March, 2013 are summarised below:

₹ in Millions

Summarised Financial Results	Standalone		Consolidated	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Total Income	1471.57	1107.67	1700.89	1321.02
Profit before interest, depreciation and taxation	637.68	464.70	738.75	558.54
Financial Expenses	94.79	77.86	107.91	91.28
Depreciation	132.27	109.43	146.47	117.73
Exceptional Items	-	3.68	-	3.68
Profit before tax	**410.62**	**281.10**	**484.37**	**353.21**
Provision for taxation	84.62	59.31	107.99	72.53
Deferred Tax	49.32	29.82	50.23	31.50
Profit after tax but before minority interest	**276.68**	**191.97**	**326.15**	**249.18**
Share of minority interest	-	-	25.65	28.57
Profit after tax	**276.68**	**191.97**	**300.50**	**220.61**
Excess Provision of Income Tax written back	-	-	0.09	-
Balance brought forward	440.77	304.13	476.25	310.97
Total available for appropriation	717.45	496.10	776.84	531.58
Proposed Dividend	39.27	30.15	39.27	30.15
Corporate Dividend Tax	6.37	4.89	6.37	4.89
Debenture Redemption reserve	34.37	20.29	34.37	20.29
General Reserve	18.63	-	18.63	-
Balance carried forward	**618.81**	**440.77**	**678.20**	**476.25**

Review of Performance:

In a country with gym penetration standing below 0.5%, your Company has a strong belief in the philosophy ***"Spreading Fitness. That's our Karma."*** Apart from the core business of gymming, your Company has embarked on new initiatives like Nuform, Zumba® programme, Reduce diet programme, Talwalkars David Lloyd Leisure consulting, which all act in complement to the core activity of gymming and would increase same store revenues as well as overall revenues. **Talwalkars** is leading from the front in this space of these fitness solutions and services. Your Company now has 144 health clubs across 75 cities on consolidated basis.

During the year, on a consolidated basis your Company's profit before tax as well as profit after tax recorded a healthy growth of 37% and 36% respectively. The volume of the business also displayed an increase of 29% over last year.

Dividend

Your Company believes Promoting fitness enhances the health of our members while adding to the wealth of our shareholders. It has been consistent in sharing its profits with the shareholders. Your Directors are pleased to recommend for consideration of members, dividend @ 15% (₹1.50/- per equity share of ₹10/-) for the year ended on 31st March, 2013. 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.

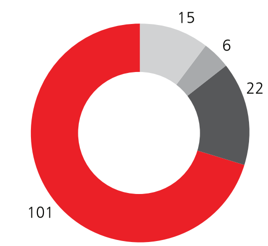
Our Offers

In continuation of its mission to make healthier and fitter India, your Company, apart from its initiatives, presented various offers and schemes during the year like:

- **Summer Scheme**: Breaking News: Summer extended by one whole month this year!
- **NuForm**: The Nu way to Total Fitness. Just 20 Minutes. Once a week.
- **Zumba Fitness**.
- **Reduce**: The easy weight loss solution.
- **July 1999**: Say hello to fitness for just ₹1999.
- **August Scheme 2012**: Because August comes just once a year.
- **Britannia Losers Challenge 2012**: United, we Fall. How much collective weight can you drop?
- **New Year 2013**: 2013 will change you. That's a promise.

Our Business

The Company has grown multifold with 144 health clubs with a member base of over 1,33,000. Talwalkars business model comprises of 100%-owned health clubs, 51%-subsidiary health clubs, trademark licensed gyms and the franchised gym concept.



Our Subsidiaries

Your Company's decision to partner a local master franchise and set up health clubs through a 51%-subsidiary approach on a franchise basis has been proved successful by the Company's subsidiaries, namely Denovo Enterprises Private Limited, Equinox Wellness Private Limited, Aspire Fitness Private Limited and Jyotsna Fitness Private Limited. Our subsidiaries' endeavours towards imparting good quality fitness services and thereby maintain the same benchmark as that of the Talwalkars Health clubs. On overall basis, the subsidiaries have shown phenomenal growth by contributing significantly to the profits of the Company.

(1) Denovo Enterprises Private Limited

Denovo Enterprises Private Limited, a subsidiary of your Company, is sharing 40% of the total gym count under the subsidiaries head. Denovo's health clubs are operational in Northern and Western India.

(2) Equinox Wellness Private Limited

Equinox Wellness Private Limited is a step-down subsidiary of your Company (direct subsidiary of Denovo Enterprises Private Limited). Equinox has its health clubs operational in Eastern India.

(3) Aspire Fitness Private Limited

Aspire Fitness Private Limited, a subsidiary of your Company, is sharing 40% of the total gym count under the subsidiaries head. Aspire's health clubs are operational in Western India.

(4) Jyotsna Fitness Private Limited

Jyotsna Fitness Private Limited though relatively new entrant in the list of our subsidiaries, it is following the same quality footsteps as that of Talwalkars. Jyotsna Fitness's health clubs are operational in Western India.

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 franchised. Presently, the Company has twenty two franchised gyms. The Company is actively focusing on this division and is confident of increasing the number of franchisees in the coming years.

Section 212

The Ministry of Corporate Affairs, Government of India, vide its General Circular No. 2/2011 dated 8th February, 2011, has granted General Exemption to attach various documents in respect of the subsidiary companies, as set out in Sub-section (8) of Section 212 of the Companies Act, 1956.

Accordingly, 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 its concerned subsidiary, on request made in writing to that respect.

Company's QIP

The Company has successfully completed its QIP (Qualified Institutional Placement) issue during the year and allotted 20,65,216 additional Equity shares of ₹10/- each at a price of ₹205.18/-. The paid-up capital of the Company, thereby, has been increased to ₹26,18,08,880/- from ₹24,11,56,720/-.

Listing of Equity

Talwalkars equity scrip is listed on the NSE (National Stock Exchange of India Limited) and BSE (BSE Limited), the scrip code being TALWALKARS in NSE and 533200 in BSE. The entire paid-up equity capital of ₹26,18,08,880/- is listed on both the exchanges as on date.

Fixed Deposits

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

Directors

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

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Madhukar Talwalkar, Mr. Vinayak Gawande and Mr. Girish Talwalkar, 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 judgments 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, 2013 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, 2013 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.

Particulars of Employees

None of the employees of the Company were in receipt of the remuneration during the financial year 2012-13 in excess of ₹60 lakhs per year or ₹5 lakhs per month as required to be disclosed 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.

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 the Conservation of Energy and Technology Absorption are not applicable to the Company.
2. Foreign Exchange earnings and outgo:

₹ In Millions

Particulars	2012-13	2011-12
Total foreign exchange earnings	0.73	Nil
Total foreign exchange outgo	73.45	69.10

Corporate Governance

All the requirements of Corporate Governance are adhered to both in letter and spirit at the Company. 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 the 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.

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 (Regn No. 000679S), Statutory Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for reappointment. 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 excel in the realm of health and fitness.

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: 8th May, 2013
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 an effective Corporate Governance philosophy stems from our belief that corporate governance is a key element in improving efficiency and growth as well as enhancing investor confidence. It is the commitment to the values and ethical business conduct. The Company is committed to sound corporate practices based on openness, fairness and accountability in building confidence of its stakeholders in it thereby paving the way for its long-term success.

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 competency in decision-making for the Company. The knowledge and vast experience 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, making it an optimum mix of the management for the Company.

Composition of Board of Directors

The Company has twelve Directors comprising of an Executive Chairman, Managing Director & Chief Executive Officer, Whole-time Director & Chief Financial Officer. Of the twelve Directors, six are Executive Directors and six are Independent Director. The composition of the Board is in conformity with Clause 49 of the Listing Agreements entered with the Stock Exchanges.

Meetings of Board of Directors

During the year, Five Board meetings were held on 19th May, 2012, 22nd May, 2012, 9th August, 2012, 18th October, 2012 and 7th February, 2013 with a time gap between two meetings not exceeding four months. Adequate notice along with agenda and its notes are given to each Board Member. The Board reviews the reports of compliance with all laws applicable to the Company. All the information required for taking 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 chairmanships /memberships is tabulated below:

Name of Directors	Category of Directorship	No. of Board Meetings Attended	Attendance at last AGM held on 09.08.2012	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	05	Yes	Nil	Nil	Nil
Mr. Vinayak Gawande	WTD	05	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	05	Yes	01	02	Nil
Mr. Manohar Bhide	ID	04	Yes	03	03	02
Mr. Raman Maroo	ID	01	No	02	02	02
Mr. Mohan Jayakar	ID	03	Yes	05	Nil	Nil
Dr. Avinash Phadke	ID	04	Yes	01	Nil	Nil
Mr. Abhijeet Patil	ID	05	Yes	Nil	02	02
Mr. Dinesh Afzulpurkar	ID	03	Yes	Nil	Nil	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.

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, 2013

Details of remuneration paid to Directors of the Company for the year ended 31st March, 2013 is as follows:

Name of Director	Designation	Salary & Perquisites (₹)	Commission	Stock Option
Mr. Madhukar Talwalkar	Executive Chairman	4,200,000	–	–
Mr. Prashant Talwalkar	Managing Director & CEO	4,200,000	–	–
Mr. Vinayak Gawande	Whole-time Director	4,200,000	–	–
Mr. Girish Talwalkar	Whole-time Director	4,200,000	–	–
Mr. Harsha Bhatkal	Whole-time Director	4,200,000	–	–
Mr. Anant Gawande	Whole-time Director & CFO	4,200,000	–	–

Relationship between Directors

Relationship amongst the Directors as per the Clause 49 IV (G) of the Listing Agreement 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 Committee 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, 2013 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. Dinesh Afzulpurkar	–

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 five Committees:

1) Audit Committee

2) Remuneration/Compensation Committee

3) Shareholders/Investors Grievance, Share Allotment and Share Transfer Committee

4) Management Committee and

5) QIP (Qualified Institutional Placement) 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, four Audit Committee meetings were held on 22nd May, 2012, 9th August, 2012, 18th October, 2012 and 7th February, 2013.

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
Dr. Avinash Phadke	Member	Independent Director	03
Mr. Anant Gawande	Member	Whole-time Director & CFO	04

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.

During the year, one Remuneration/Compensation Committee meeting was held on 22nd May, 2012.

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	No. of Meetings Attended
Mr. Manohar Bhide	Chairman	Independent Director	01
Dr. Avinash Phadke	Member	Independent Director	01
Mr. Abhijeet Patil	Member	Independent Director	01

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

The composition of Shareholders'/Investors' 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, four Shareholders/Investors Grievance, Share Allotment and Share Transfer Committee Meetings were held on 22nd May, 2012, 9th August, 2012, 18th October, 2012 and 7th February, 2013.

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	04

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 22nd May, 2012, 9th August, 2012, 18th October, 2012 and 7th February, 2013.

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	04
Mr. Prashant Talwalkar	Member	Managing Director & CEO	04
Mr. Vinayak Gawande	Member	Whole-time Director	04
Mr. Girish Talwalkar	Member	Whole-time Director	04
Mr. Harsha Bhatkal	Member	Whole-time Director	03
Mr. Anant Gawande	Member	Whole-time Director & CFO	04
Mr. Manohar Bhide	Member	Independent Director	04
Mr. Abhijeet Patil	Member	Independent Director	04

5) QIP (Qualified Institutional Placement) Committee

In order to consider and give effect to the matters vital to the Qualified Institutional Placement of the Company, a QIP Committee of the Board of Directors of the Company was constituted.

During the year, six QIP Committee meetings were held on 27th September, 2012, 18th October, 2012, 6th December, 2012, 10th December, 2012 (two meetings) and 13th December, 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. Vinayak Gawande	Chairman	Whole-time Director	06
Mr. Prashant Talwalkar	Member	Managing Director & CEO	06
Mr. Anant Gawande	Member	Whole-time Director & CFO	06
Mr. Manohar Bhide	Member	Independent Director	06

The Board of Directors of the Company in its meeting held on 7th May, 2013 has passed the resolution approving the dissolution of the **QIP 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
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
2011-12	9th August, 2012 at 12.30 p.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

- 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 five years aged above seventy years. • Commission to Non-Executive Directors.

No Extra-Ordinary General Meeting was held during the Financial Years 2010-11 and 2011-12.

Postal Ballot

During Financial Year 2012-13, a special resolution was 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 scrutiniser for scrutinising the postal ballot process. Details of voting pattern of the postal ballot process are as follows:

Special Resolution under Section 81(1A) of the Companies Act, 1956 for raising funds from QIBs.

Particulars	No. of Postal Ballot Forms	No. of shares	% of total votes cast
Net Postal Ballot Forms received	253	1,85,23,091	–
Less: Invalid Postal Ballot Forms	11	7,99,027	–
Less: Vote exercised less	-	2	–
Net Valid Postal Ballot Forms (as per Register) of which:	242	1,77,24,062	100.00%
(i) Postal Ballot Forms with assent for the special Resolution	227	1,77,19,286	99.97%
(ii) Postal Ballot Forms with dissent for the special Resolution	15	4,776	0.03%

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, 2011.

Disclosures

Disclosure of Related Party Transactions

All related party transactions have been entered into in the ordinary course of business. The statements in summarised 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 Minimisation 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 the Senior Management in compliance with the requirements of Clause 49 of the Listing Agreement 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 49I(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 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 are as follow:

Total No. of Shareholders and outstanding Shares lying as at 01.04.2012		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 No. of Shareholders and the outstanding shares in the suspense account as at 31.03.2013	
No. of Shareholders	No. of Shares	2	2	No. of Shareholder	No. of Shares
3	192			1	50

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 duly paid the Listing Fees of the Stock Exchanges and the said fees for the year 2012-13 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, 2013.

Means of Communication

The Company believes in sharing the information with the shareholders about the Company's operations and financial performance. The Company maintains a 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 following 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, 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 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, 8th August, 2013 at 12.30 p.m. M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturer's Association, Bhogilal Hargovindas Building, 4th Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai – 400 001
Financial Year	1st April to 31st March
Financial Calendar (2012-13)	
Unaudited results for the quarter ending 30th June, 2012	9th August, 2012
Unaudited results for the quarter ending 30th September, 2012	18th October, 2012
Unaudited results for the quarter ending 31st December, 2013	7th February, 2013
Audited results for the quarter and year ending 31st March, 2013	8th May, 2013
Financial Calendar (2013-14)	
Unaudited results for the quarter ending 30th June, 2013	On or before 15th August, 2013
Unaudited results for the quarter ending 30th September, 2013	On or before 15th November, 2013
Unaudited results for the quarter ending 31st December, 2013	On or before 15th February, 2014
Audited results for the quarter and year ending 31st March, 2014	On or before 30th May, 2014
Book closure dates	3rd August, 2013 to 8th August, 2013 (both days inclusive)
Dividend payment date	On or after 8th August, 2013
Stock codes (Equity)	BSE – 533200
	NSE – TALWALKARS
ISIN for NSDL and CDSL	INE502K01016

- Listing

Equity

Equity shares of the Company are listed on National Stock Exchange of India Limited (NSE) and BSE 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 BSE Limited 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 BSE 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:**

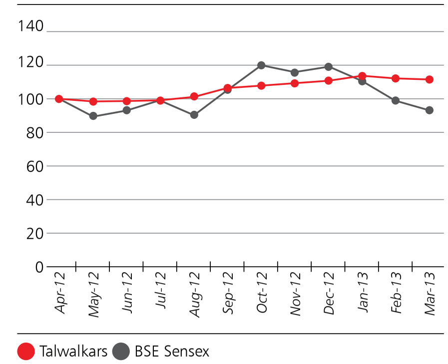
The Company has not issued any GDRs, ADRs, Warrants or any other convertible instruments.

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

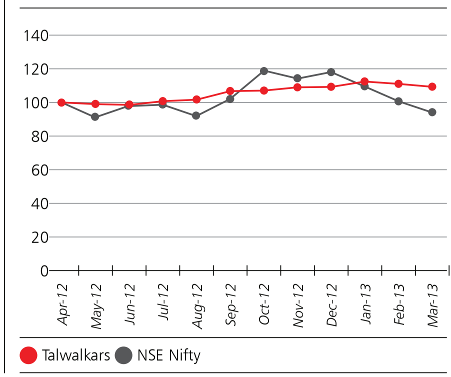
The monthly high and low prices of the Company's shares during 2012-13 on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) are as under:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2012	184.00	150.15	183.90	146.00
May, 2012	164.80	141.05	164.90	141.70
June, 2012	171.90	151.85	179.90	151.25
July, 2012	182.45	151.60	181.00	152.00
August, 2012	166.25	145.00	166.45	145.50
September, 2012	195.00	145.40	187.90	146.00
October, 2012	223.00	163.00	223.70	163.00
November, 2012	213.70	192.15	213.70	192.40
December, 2012	221.30	177.50	221.45	177.70
January, 2013	205.20	175.20	204.00	175.00
February, 2013	183.00	151.55	185.00	152.15
March, 2013	172.45	139.00	172.35	140.00

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, 2013.

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 the Board's approval to share transfer, the share transfer activities 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.

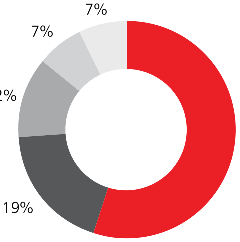
- Distribution of shareholding as on 31st March, 2013

No. of Equity Shares held	No. of shareholders	No. of shares held	% of shareholding
Upto 500	10,472	10,04,905	3.84
501 to 1,000	447	3,59,723	1.37
1,001 to 2,000	204	3,17,297	1.21
2,001 to 3,000	101	2,56,641	0.98
3,001 to 4,000	50	1,80,810	0.69
4,001 to 5,000	30	1,40,121	0.54
5,001 to 10,000	68	4,94,020	1.88
More than 10,000	78	2,34,27,371	89.49
Total	11,450	2,61,80,888	100.00

- Shareholding pattern as on 31st March, 2013

Category	No. of Shares held	% of Share holding
Promoters & Promoters Group	1,43,40,923	54.78
Other Directors & their relatives	6,296	0.02
Clearing Member	65,847	0.25
Other Bodies Corporate & Financial Institutions	17,71,816	6.77
Foreign Institutional Investors (FII's)	27,95,468	10.68
Mutual Funds	19,51,667	7.45
Non-Resident Indians	1,80,554	0.69
Non-Resident Indians (Non-Repatriable)	59,013	0.23
Public	50,09,304	19.13
Total	2,61,80,888	100.00

Categories of shareholding as on 31st March, 2013



- Dematerialisation of shares

As on 31st March, 2013, 99.52% of the total paid up capital representing 2,60,56,479 shares, was held in dematerialised form and the balance 0.48% 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.

Registrar and Share Transfer Agent

Shareholders correspondence may be directed to 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: 8th May, 2013
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, 2013 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 the 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

Date: 8th May, 2013
Place: Mumbai

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, 2013.

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

Prashant Talwalkar
Managing Director & CEO

Date: 8th May, 2013
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, 2013 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, 2013 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: 8th May, 2013
Place: Mumbai

Independent Auditors' Report

TO THE MEMBERS OF
TALWALKARS BETTER VALUE FITNESS LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of TALWALKARS BETTER VALUE FITNESS LIMITED, which comprise the Balance Sheet as at 31st March 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION :

In our opinion and to the best of our information and according to the explanations given to us, the said account give the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2013;

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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.

Further to our comments in the Annexure referred to above, we report that:

i. 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;

ii. 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 those books;

iii. The Balance Sheet and Statement of Profit and Loss dealt with by this report are in agreement with the books of account;

iv. In our opinion, the Balance Sheet and Statement of Profit and Loss dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. In our opinion the accounting impact of company's policy on impairment as per AS 28 on Impairment of Assets, needs to be reviewed on a regular basis;

v. On the basis of written representations received from the directors, as on 31st March 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

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

Dated : 8th May, 2013
Place : Mumbai

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Annexure to the Independent Auditors' Report

With reference to the Annexure referred to paragraph 1 of the report of Auditors' to the Members of TALWALKARS BETTER VALUE FITNESS LIMITED on the accounts for the year ended 31st March 2013, 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. Inventory :
   (a) The physical verification of inventory has been conducted at reasonable intervals by the Management.
   (b) The procedures for physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
   (c) The Company is maintaining proper records of inventory and any discrepancies noticed on physical verification are being properly dealt in the books of accounts.

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 ₹ 44.54 millions (previous year ₹ 33.54 millions) and at the year end the balance outstanding of the said loans granted was ₹ 44.54 millions (previous year ₹ 33.54 millions). Other than the above, the Company has not granted any loans, secured or unsecured to companies, parties or firms covered in the register maintained under Section 301 of 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 & 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 ₹ 2.79 millions and at the previous year end the balance outstanding of the said loans was ₹ 53.08 millions. 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 301 of 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 301 of 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 inventory, fixed assets and sale of services. 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 301 of 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 2013, 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 others 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 301 of 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 Management has disclosed the end use of money raised by public issue at Note 41 of Notes to Accounts. We have verified the same to the extent of utilisation by the Company.

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

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

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

Dated : 8th May, 2013
Place : Mumbai

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Balance Sheet as at 31st March, 2013

₹ in Millions

Particulars	Notes to Accounts No.	As at March 31, 2013	As at March 31, 2012
I. EQUITY & LIABILITIES			
1) Shareholders' Funds			
(a) Share Capital	2	261.81	241.16
(b) Reserves and Surplus	3	1,760.64	1,163.57
2) Non Current Liabilities			
(a) Long Term Borrowings	4	1,191.26	1,135.66
(b) Deferred Tax Liabilities(Net)		184.73	136.75
(c) Other Long Term Liabilities	5	157.61	92.26
3) Current Liabilities			
(a) Short Term Borrowings	6	43.17	100.00
(b) Trade Payables	7	60.35	52.06
(c) Other Current Liabilities	8	311.64	186.19
(d) Short Term Provisions	9	130.83	89.74
TOTAL		4,102.04	3,197.39
II. ASSETS			
1) Non-Current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		2,890.99	2,178.52
(ii) Intangible Assets		40.50	43.19
(iii) Capital Work In Progress		293.66	216.20
(iv) Intangible Asset Under Development		3.32	-
(b) Non-Current Investments	11	248.30	193.86
(c) Long Term Loans and Advances	12	212.72	186.11
(d) Other Non-Current Assets	13	1.60	1.60
2) Current Assets			
(a) Current Investments	14	0.22	0.09
(b) Inventories	15	1.55	-
(c) Trade Receivables	16	138.24	147.68
(d) Cash and Cash Equivalents	17	193.84	180.37
(e) Short Term Loans and Advances	18	77.10	49.77
TOTAL		4,102.04	3,197.39
Summary of significant accounting policies	1		
The accompanying notes are forming part of the accounts			

As per our report of even date attached
For **M. K. Dandeker & Co.,**
Chartered Accountants
ICAI FRN : 000679S

K. J. Dandeker
Partner
Membership No. 018533
Place : Mumbai
Date : 8th May, 2013

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
Anant Gawande	Whole-time Director & CFO
Manohar Bhide	Independent Director
Avinash Phadke	Independent Director
Raman Maroo	Independent Director
Avanti Sankav	Company Secretary & Compliance Officer

Statement of Profit and Loss for the year ended 31st March, 2013

₹ in Millions

Particulars	Notes to Accounts No.	Year Ended March 31, 2013	Year Ended March 31, 2012
1. Revenue			
(a) Revenue from operations	19	1,459.03	1,093.52
Less: Service tax		154.67	98.87
		1,304.36	994.65
(b) Other Income	20	12.54	14.15
TOTAL REVENUE		1,316.90	1,008.80
2. Expenses			
(a) Changes in Inventories	21	(1.55)	-
(b) Purchase of stock-in-trade	22	2.87	-
(c) Employee benefit expenses	23	266.90	211.26
(d) Financial costs	24	94.79	77.86
(e) Depreciation and Amortisation expenses	25	132.27	109.43
(f) Other expenses	26	411.00	332.84
TOTAL EXPENSES		906.28	731.39
3. Profit before exceptional and extraordinary items and tax (1 - 2)		410.62	277.41
4. Exceptional Items	27	-	3.68
5. Profit before extraordinary items and tax (3 + 4)		410.62	281.10
6. Extraordinary Items		-	-
7. Profit before tax for the year (5 + 6)		410.62	281.10
8. Tax expense:			
(a) Current Tax	28	88.26	60.05
Less : MAT Credit Entitlement		(3.64)	(0.74)
(b) Deferred Tax	29	49.32	29.82
9. Profit / (Loss) for the period from continuing operations (7 - 8)		276.68	191.97
10. Profit / (Loss) from discontinuing operations		-	-
11. Profit / (Loss) for the period (9 + 10)		276.68	191.97
12. Earnings Per Equity Share (of ₹ 10 each) :			
(1) Basic	32	11.19	7.96
(2) Diluted	32	11.19	7.96
Summary of significant accounting policies	1		
The accompanying notes are forming part of the accounts			

As per our report of even date attached
For **M. K. Dandeker & Co.,**
Chartered Accountants
ICAI FRN : 000679S

K. J. Dandeker
Partner
Membership No. 018533
Place : Mumbai
Date : 8th May, 2013

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
Anant Gawande	Whole-time Director & CFO
Manohar Bhide	Independent Director
Avinash Phadke	Independent Director
Raman Maroo	Independent Director
Avanti Sankav	Company Secretary & Compliance Officer

Cash Flow Statement for the year ended 31st March, 2013

₹ in Millions

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before Taxes	410.62	281.10
Non-cash expenses	132.27	109.43
Finance cost (Net)	94.79	77.86
Income from Investment activity	(3.45)	(3.49)
(Profit) / Loss on sale of assets	-	(3.68)
	223.61	180.12
Operating Profit before working capital changes	634.23	461.22
(Increase) / Decrease in Current Assets	(54.20)	(62.03)
(Increase) / Decrease in Trade and other receivables	9.45	(3.31)
Increase / (Decrease) in Trade and other payables	39.94	10.93
	(4.81)	(54.41)
Cash generated from operations	629.42	406.81
Direct taxes paid	(59.12)	(15.44)
Net cash from operating activities	570.30	391.37
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Investment in Joint Venture	(3.35)	(8.85)
Payment towards purchase of Fixed Assets, CWIP	(840.69)	(881.86)
Proceeds from sale of Fixed Assets	-	263.38
Dividend received	3.07	0.01
Purchase of Short Term Investments	(452.08)	(690.81)
Proceeds from sale of Short Term Investments	401.22	606.11
Net cash (used in) / from investing activities	(891.83)	(712.00)

Cash Flow Statement for the year ended 31st March, 2013

₹ in Millions

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Qualified Institutional Placement Share issue Proceeds	423.74	-
Issue proceeds from Non-Convertible Debentures	-	250.00
Non-Convertible Debentures interest	(64.44)	(34.50)
Qualified Institutional Placement related expenses	(37.07)	-
Borrowings done	691.08	446.19
Repayment of Long term and other borrowings	(528.41)	(283.45)
Finance cost paid	(114.87)	(121.38)
Dividend Paid	(30.15)	(24.12)
Dividend Tax Paid	(4.89)	(4.00)
Net cash used in financing activities	334.99	228.74
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	13.46	(91.89)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	181.97	273.86
Cash & Bank Balances including Fixed Deposits	195.43	181.97
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	195.43	181.97

As per our report of even date attached
For **M. K. Dandeker & Co.,**
Chartered Accountants
ICAI FRN : 000679S

K. J. Dandeker
Partner
Membership No. 018533
Place : Mumbai
Date : 8th May, 2013

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
Anant Gawande	Whole-time Director & CFO
Manohar Bhide	Independent Director
Avinash Phadke	Independent Director
Raman Maroo	Independent Director
Avanti Sankav	Company Secretary & Compliance Officer

Talwalkars
Spreading fitness in over 70 cities

Significant accounting policies and notes to the Financial Statements
for the year ended 31st March, 2013.

Corporate Information:
Talwalkars Better Value Fitness Limited (the 'Company') is a public limited company domiciled in India and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Corporate Identity Number (CIN) of the Company is L92411MH2003PLC140134.

The Company, which is popularly known as 'Talwalkars' has pioneered the concept of gyms in India and today, is the largest chain of health centers in India offering a diverse suite of services in fitness including gyms, spas, aerobics and health counseling. Talwalkar's growth can be attributed directly to the trust their customers have in them, and the benefits they derive from their 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 of the Company are prepared in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP") under the historical cost convention on an accrual basis. The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

- All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956. The Company has ascertained its operating cycle as 12 months for the purpose of such classification.
- The amounts in the accompanying financial statements have been stated in millions of Indian rupees rounded off to two decimals.

Use of Estimates:

- The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures 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.

(b) Fixed assets :

- Tangible 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 transfer or 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.

(c) Depreciation / Amortisation :

- Depreciation on all tangible 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 amortised @4.75% p.a. using the straight-line method.

(d) 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 in the financial statements but are disclosed in the notes to accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

(e) 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 of the Un-availed Service Tax at end of the year.
- Income by way of Franchisee Fees (including up-front fees) received pursuant to franchisee 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.

(f) 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 Statement of Profit and Loss 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.

(g) 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 the 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.

(h) 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 Borrowing costs are charged off as revenue expenditure in the year in which they are incurred.

Talwalkars
Spreading fitness in over 70 cities

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2013.

(i) 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:
  i. Upto 31st March 2008, recognised as an 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.

(j) Earnings Per Share:

Basic Earnings Per Share

- Basic earnings per share is computed by dividing the net profit or loss for the period attributable to Equity shareholders, by weighted average number of Equity shares outstanding during the period.

Diluted Earnings Per Share

- For the purpose of calculating Diluted Earnings Per Share, 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 dilutive potential Equity shares.

(k) 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.

(l) 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 consists of cash on hand, balances in Current, Fixed deposit and Cash Credit Accounts with Bank.

(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) Inventories:

- Inventories of stock-in-trade are valued at lower of cost and net realisable value.

(o) Debenture Redemption Reserve:

- 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) Leases:

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

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2013.

Note 2 : Share Capital

Particulars	As at March 31, 2013 No.	As at March 31, 2013 ₹ in Millions	As at March 31, 2012 No.	As at March 31, 2012 ₹ in Millions
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:				
26,180,888 Equity Shares of ₹10/- each fully Paid-up	26,180,888	261.81	24,115,672	241.16
(Previous year 24,115,672 Equity Shares of ₹10/- each fully Paid-up)				
		261.81		241.16

Notes

(i) Terms / Rights attached to Equity Shares

The Company has only one class of share capital namely Equity Shares having a face value of ₹10 per share.

(a) In respect of every Equity Share (Whether fully paid or partly paid), voting right shall be in the same proportion as the capital paid up on such Equity Share bears to the total paid up Equity capital of the Company.

(b) The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

(c) In the event of liquidation, the shareholders of Equity Shares are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

(ii) Reconciliation of Number of Equity Shares and Share Capital

Details	As at March 31, 2013 No.	As at March 31, 2013 ₹ in Millions	As at March 31, 2012 No.	As at March 31, 2012 ₹ in Millions
Fully Paid-up Shares Outstanding as at beginning of the year	24,115,672	241.16	24,115,672	241.16
Fully Paid-up shares issued during the year	2,065,216	20.65	-	-
Fully Paid-up shares Outstanding as at end of the year	26,180,888	261.81	24,115,672	241.16

(iii) Details of Shares held by each shareholder holding more than 5% of the total equity shares of the company at the end of the year

Details	As at March 31, 2013 No. of shares held	As at March 31, 2013 % of holding	As at March 31, 2012 No. of shares held	As at March 31, 2012 % of holding
Equity Shares of ₹ 10/- each fully paid up				
1) Prashant Sudhakar Talwalkar & Nalina Ann Talwalkar	2,876,080	10.99%	2,876,080	11.93%
2) Girish Madhukar Talwalkar & Nanda Girish Talwalkar	2,864,280	10.94%	2,864,280	11.88%
3) Madhukar Vishnu Talwalkar & Usha Madhukar Talwalkar	2,832,280	10.82%	2,832,280	11.74%
4) Anant Ratnakar Gawande & Yamini Anant Gawande	1,920,200	7.33%	1,920,200	7.96%
5) Vinayak Ratnakar Gawande & Madhuri Vinayak Gawande	1,920,200	7.33%	1,920,200	7.96%
6) Harsha Ramdas Bhatkal & Smeeta Harsha Bhatkal	1,920,200	7.33%	1,920,200	7.96%
7) Smallcap World Fund, Inc	1,694,000	6.47%	1,446,000	6.00%
8) Reliance Capital Trustee Co.Ltd & Reliance Monthly Income Plan	-	-	1,729,116	7.17%
9) Shivanand Shankar Mankekar & Kedar Shivanand Mankekar	-	-	1,258,800	5.22%
Total	16,027,240		18,767,156	

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2013.

iv) For the period of five years immediately preceding the 31st March, 2013 for which the Balance Sheet is prepared

Equity Shares	Aggregate number of Shares					
	2013	2012	2011	2010	2009	2008
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	-	-	-	-	-	-

Note 3 : Reserves and Surplus

₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Securities Premium Account		
Opening Balance	700.25	700.25
Add: Securities premium credited on Share issue	403.09	-
Less : Premium Utilised :		
Share issue expenses	25.40	-
Debenture issue expenses	11.66	-
Closing Balance	1,066.28	700.25
(b) Debenture Redemption Reserve		
Opening Balance	22.55	2.26
Add: Transferred during the year	34.37	20.29
Closing Balance	56.92	22.55
(c) General Reserve		
Opening Balance	-	-
Add: Transferred during the year	18.63	-
Closing Balance	18.63	-
(d) Surplus / (Debit) balance in the Statement of Profit and Loss		
Opening Balance	440.77	304.13
Add: Profit / (Loss) for the year	276.68	191.97
Less: Appropriation:		
Proposed Dividend on Equity Shares	39.27	30.15
Tax on Dividend	6.37	4.89
Debenture Redemption Reserve	34.37	20.29
General Reserve	18.63	-
Closing Balance	618.81	440.77
Total	1,760.64	1,163.57

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2013.

Note 4 : Long Term Borrowings

₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Bonds / Debentures (Refer note (a) below)	550.00	550.00
(b) Term loans		
From banks (Refer Note (b & c) below)	639.36	585.66
(c) Loans and Advances from related parties	1.54	-
(d) Other Loans and Advances from others	0.36	-
Total	1,191.26	1,135.66

Notes:

(a) Secured Redeemable Non Convertible fixed rate debentures (Privately placed)

₹ in Millions

S. No.	Nature of Debenture	Face Value per Debenture (₹)	Date of Allotment	As on 31.03.2013	As on 31.03.2012	Interest for 2012-13	Terms of Repayment of Debentures outstanding as on 31.03.2013
1	11.5% Secured, Taxable, Redeemable NCDs	1.00	25-01-2011	300.00	300.00	34.50	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 Debenture. Non Convertible Debenture will redeemed in three equal annual installments at the end of 4th, 5th and 6th year from the deemed date of allotment
2	12% Secured, Taxable, Redeemable NCDs	1.00	07-02-2012	250.00	250.00	30.00	
	Total			550.00	550.00	64.50	

(b) All loans 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. (Amount repayable in the next 12 months ₹ 241.4 million, Previous year ₹ 139.5 million)

(c) Terms of repayment of Term loans

₹ in Millions

Year	UBI 1	UBI 2	UBI 3	UBI 4	UBI 5	UBI 6	UBI 7	Total
2013-14	39.17	87.00	7.33	12.00	26.70	-	69.20	241.40
2014-15	39.17	87.00	7.33	16.00	26.70	8.37	92.20	276.77
2015-16	39.17	32.30	4.89	20.00	26.70	13.40	92.20	228.66
2016-17	33.54	-	-	24.00	26.70	19.12	92.20	195.56
2017-18	4.17	-	-	28.00	27.98	24.22	92.20	176.57
2018-19	-	-	-	48.00	20.06	29.32	92.20	189.58
2019-20	-	-	-	-	-	34.42	23.30	57.72
2020-21	-	-	-	-	-	75.12	-	75.12

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Significant accounting policies and notes to the Financial Statements
for the year ended 31st March, 2013.

Note 5 : Other Long Term Liabilities ₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Acceptances (Refer Note (a) below)	157.11	91.76
(b) Deposits (Refer note (b) below)	0.50	0.50
Total	157.61	92.26

Notes

(a) Acceptances 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.

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

Note 6 : Short Term Borrowings ₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
Drawdown facility from bank (Refer note (a) below)	43.17	100.00
Total	43.17	100.00

Note

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

Note 7 : Trade Payables ₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
Trade Payables:		
Sundry Creditors	60.35	52.06
Total	60.35	52.06

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 March 31, 2013	As at March 31, 2012
(a) Current maturities of long-term debt (Refer note 4 (c) Long-term Borrowings)	241.40	139.50
(b) Other payables		
Sundry creditors for capital goods	6.49	14.75
Statutory Dues Payable	52.98	21.17
(c) Interest accrued but not due on Non-Convertible Debentures (Refer note(a) below)	10.77	10.77
Total	311.64	186.19

Note

(a) The Company has provided interest on 11.5% and 12% Redeemable Secured Non Convertible Debentures. Refer note 4 (a) of Long term borrowings

Significant accounting policies and notes to the Financial Statements
for the year ended 31st March, 2013.

Note 9 : Short Term Provisions ₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Provision for employee benefits (Refer note (a) below)	0.01	0.01
(b) Provisions		
Proposed Dividend	39.27	30.15
Tax on Dividend	6.37	4.89
Income Tax (Net of Advance tax)	85.18	54.69
Total	130.83	89.74

Note

(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.

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	0.26	N.A.	NIL	0.26
Less:				
Paid / Adjusted during the year	NIL	N.A.	NIL	NIL
Add:				
Provision made during the year	0.01	N.A.	NIL	0.01
Closing Balance	0.27	N.A.	NIL	0.27

Significant accounting policies and notes to the Financial Statements
for the year ended 31st March, 2013.

During the Previous year: ₹ in Millions

Particulars	Gratuity	Leave Salary	Ex-Gratia and Other Terminal Benefits	Total
Opening Balance	0.25	N.A.	NIL	0.25
Less:				
Paid / Adjusted during the year	NIL	N.A.	NIL	NIL
Add:				
Provision made during the year	0.01	N.A.	NIL	0.01
Closing Balance	0.26	N.A.	NIL	0.26

B. The employees long term benefits like Gratuity, Ex-Gratia and other terminal benefits are valued on actuarial basis and recognised 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 31.03.2013

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%

Note 10 : Fixed Assets

₹ in Millions

Description	Gross Block				Accumulated depreciation / Amortisation				Net Block	
	As at 1st Apr, 2012	Additions	Deductions	As at 31st Mar, 2013	As at 1st Apr, 2012	For the Year	On Deductions	As at 31st Mar, 2013	As at 31st Mar, 2013	As at 31st Mar, 2012
Tangible Assets										
i) Buildings	286.28	2.04	-	288.32	8.28	4.73	-	13.01	275.31	278.00
ii) Gym Equipments	864.32	75.44	-	939.75	90.40	42.36	-	132.76	806.99	773.92
iii) Furniture & Fittings	826.62	624.71	-	1451.33	114.96	54.84	-	169.80	1281.53	711.66
iv) Computers	25.15	49.33	-	74.48	8.98	5.87	-	14.86	59.62	16.17
v) Air-Conditioners	159.28	16.02	-	175.31	15.52	7.92	-	23.44	151.87	143.76
vi) Electrical Fittings	224.24	22.70	-	246.94	23.04	10.86	-	33.90	213.04	201.20
vii) Office Equipments	58.78	51.82	-	110.61	4.97	3.00	-	7.97	102.63	53.81
Total	**2444.66**	**842.06**	**-**	**3286.73**	**266.16**	**129.58**	**-**	**395.74**	**2890.99**	**2178.52**
Previous Year	1833.80	911.05	300.18	2444.67	230.89	106.74	71.48	266.15	2178.52	1602.91
Intangible Assets										
i) Goodwill	56.60	-	-	56.60	13.41	2.69	-	16.10	40.50	43.19
Total	**56.60**	**-**	**-**	**56.60**	**13.41**	**2.69**	**-**	**16.10**	**40.50**	**43.19**
Previous Year	56.60	-	-	56.60	10.71	2.70	-	13.41	43.19	45.89
Capital work-in -Progress									293.66	216.20
Intangible Assets under Development									3.32	-
Total									3228.47	2437.91

Significant accounting policies and notes to the Financial Statements
for the year ended 31st March, 2013.

Note 11 : Non-Current Investments

₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
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.)		
[1,40,000 (Previous year 1,40,000) Equity Shares of ₹ 100/- each fully paid]		
ii) Investment in Subsidiaries :		
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]		
c) Jyotsna Fitness Pvt. Ltd.	0.10	-
[1,001 Equity Shares of ₹ 100/- each fully paid]		
Share Application Money in Subsidiaries (pending allotment)		
Denovo Enterprises Private Limited	7.50	6.25
Jyotsna Fitness Private Limited	4.60	2.60
Investment in Mutual Funds		
Quoted Investment		
DWS Fixed Maturity Plan - Series 2 (12,500,000 units)	125.00	125.00
(Market value as on 31/03/2013 ₹ 137.81 millions)		
DWS Cash Opportunities Fund	51.09	-
(Market value as on 31/03/2013 ₹ 51.09 millions)		
Total	**248.30**	**193.86**

Note 12 : Long Term Loans and Advances

₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
(a) **Capital Advances**		
Unsecured, considered good	13.20	15.73
(b) **Security Deposits**		
Unsecured, considered good	164.69	139.19
(c) **Other Loans and Advances**		
Minimum Alternate Tax credit entitlement	34.83	31.19
Total	**212.72**	**186.11**

Talwalkars

Spreading fitness in over 70 cities

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2013.

Note 13 : Other non-current assets

₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
Fixed deposit (Pledged as Bank guarantee)	1.60	1.60
Total	**1.60**	**1.60**

Note 14 : Current Investment

Particulars	As at March 31, 2013 No.	As at March 31, 2013 ₹ in Millions	As at March 31, 2012 No.	As at March 31, 2012 ₹ in Millions
Quoted Investment				
(Valued at lower of cost and Market value unless stated otherwise)				
Investment in Mutual Funds				
Axis Liquid Fund	177.00	0.22	74.52	0.09
Total	**177.00**	**0.22**	**74.52**	**0.09**

Details of Investments purchased and sold during the year.

Nature of Transactions	As at March 31, 2013 No.	As at March 31, 2013 ₹ in Millions	As at March 31, 2012 No.	As at March 31, 2012 ₹ in Millions
Purchases	122,296.39	149.00	12,980,297.27	690.81
Sales	122,193.91	149.26	515,000.00	606.12

Note 15 : Inventories

₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
Traded goods	1.55	-
(Valued at lower of cost and net realisable value)		
Total	**1.55**	**-**

Note 16: Trade Receivables

₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
(a) More than 6 months (from the date they are due for payment)	17.59	-
(b) Others	120.65	147.68
Total	**138.24**	**147.68**

Note 17 : Cash and Cash Equivalents

₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Balance with banks		
Bank balance in current account	16.54	32.76
Bank deposits against margin money	18.86	38.36
Other Bank deposits	72.76	34.67
(b) Cheques, Drafts on Hand	70.14	54.41
(c) Cash on Hand	15.54	20.17
Total	**193.84**	**180.37**

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2013.

Note: Details of other Bank Deposits

₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Deposits with original maturity for more than 12 months	2.85	-
(b) Deposits with original maturity for more than 3 but less than 12 months	49.01	4.10

Note 18 : Short Term Loans and Advances

₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Loans and Advances to related parties	49.92	36.57
(b) Others		
Advances recoverable in cash or kind for value to be received	1.41	3.15
Prepaid expenses	22.04	6.31
Service Tax Credit receivable	3.61	3.74
Input VAT	0.12	-
Total	**77.10**	**49.77**

Note 19 : Revenue from Operations

₹ in Millions

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
(a) Gross Fees including Service Tax	1,379.73	1,030.98
(b) Franchisee Fees including Service Tax	20.65	21.00
(c) Management & Consultancy Fees	1.34	6.09
(d) Commission	-	0.58
(e) Input Credit Service Tax	55.63	34.87
(f) Sales (Retails)	1.68	-
Total	**1,459.03**	**1,093.52**

Note 20 : Other Income

₹ in Millions

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
(a) Income from Juice Centre and Food & Supplements	0.37	0.32
(b) Gain / (Loss) on Sale of Assets / Investments	0.39	3.48
(c) Sundry Credit balances no longer payable	0.24	0.22
(d) Dividend from Mutual Funds	3.07	0.01
(e) Miscellaneous Income	2.60	1.81
(f) Interest on Bank Term Deposits	5.87	8.31
Total	**12.54**	**14.15**

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2013.

Note 21 : Changes in Inventories

₹ in Millions

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Inventories at the end of the year		
Traded goods	1.55	-
	1.55	-
(Increase)/ Decrease	(1.55)	-

Note 22 : Purchase of Stock-in-trade

₹ in Millions

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Purchase of goods for merchandise	2.87	-
Total	2.87	-

Note 23 : Employee Benefit Expenses

₹ in Millions

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
(a) Salaries, Wages and Bonus	2.42	1.55
(b) Contract fees for Labour / Security / Housekeeping	261.76	207.18
(c) Directors' Remuneration	2.71	2.52
(d) Contribution towards Provident & other Funds	0.01	0.01
Total	266.90	211.26

Note 24 : Financial Costs

₹ in Millions

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
(a) Interest expenses		
Interest on Secured Loan	38.92	21.52
Interest on Unsecured Loan	0.67	6.17
Interest on Letter of credit	0.16	5.03
Interest on Non Convertible Debentures	48.46	39.03
(b) Other borrowing costs		
Bank Charges	1.04	1.22
Credit Card Charges	5.54	4.89
Total	94.79	77.86

Note 25 : Depreciation & Amortisation Expenses

₹ in Millions

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Depreciation & Amortisation expenses	132.27	109.43
Total	132.27	109.43

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2013.

Note 26 : Other Expenses

₹ in Millions

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
(a) Administrative & Other Expenses		
Statutory & Tax Audit Fees	1.68	1.65
Internal Audit Fees	3.02	2.68
AGM Meeting Expenses	0.15	0.91
Consumables, Food & Supplements	5.26	7.29
Electricity & Fuel expenses	75.16	74.70
Insurance Charges	1.66	0.96
Juice Centre & Spa Expenses	1.10	1.12
Pooja & Special Function Expenses	1.04	1.12
Printing & Stationery	4.13	3.38
Professional Fees	16.41	6.19
Rates & Taxes	7.95	3.35
Interest on late payment of Service Tax	6.59	-
Rent	143.74	135.29
Repairs & Maintenance		
- Building, Gym Equipments & Machinery	9.97	9.14
- Others	9.21	8.44
ROC Expenses	0.97	1.91
Telephone Expenses	7.28	5.06
Travelling & Conveyance Expenses	4.43	2.71
Water Charges	4.61	3.52
Miscellaneous Expenses	10.66	11.53
Lease Rental	55.63	17.36
Asset Management fees	12.84	1.32
Directors' Sitting fees	0.34	0.41
Total	383.83	300.04
(b) Selling & Marketing Cost		
Advertising Expenses	23.18	28.75
Business Promotion Expenses	3.99	4.05
Total	27.17	32.80
Total (a+b)	411.00	332.84

Significant accounting policies and notes to the Financial Statements
for the year ended 31st March, 2013.

Note 27 : Exceptional Items

₹ in Millions

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Profit / (Loss) on Sale of Assets	-	3.68
Total	**-**	**3.68**

Note 28 : Current Tax

₹ in Millions

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Current tax	88.26	60.05
Total	**88.26**	**60.05**

Note 29 : Deferred Tax Asset / (Liability)

₹ in Millions

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Deferred Tax*	49.32	29.82
Total	**49.32**	**29.82**

* Due to depreciation

Note 30: Contingent Liabilities

Contingent liabilities not provided for in respect of

₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Bank Guarantee given on behalf of Subsidiaries	100.33	85.32
(b) Claim from a landlord, case pending before the Judiciary		
- Hyderabad	27.97	36.55
- Koramangala	12.58	8.78
(c) Claim by Advertising agency #	0.47	0.72

8800 GBP @ ₹ 81.79 (as on 31.03.2012)

5720 GBP @ ₹ 82.56 (as on 31.03.2013)

Note 31: Disclosure pursuant to Accounting Standard (AS) 13

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

₹ in Millions

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

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

Significant accounting policies and notes to the Financial Statements
for the year ended 31st March, 2013.

Note 32 : Earnings Per Share

The following table sets forth the computation of Basic & Diluted Earnings Per Share:

Particulars	2012-13	2011-12
Net Profit After Tax attributable to Equity Shareholders (₹ in Millions)	276.68	191.97
Weighted average number of Equity Shares	24,732,407	24,115,672
Face value of shares [₹]	10.00	10.00
Earnings Per Share – Basic [₹]	11.19	7.96
Earnings Per Share – Diluted [₹]	11.19	7.96

Note 33 : 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 areas within India.

Note 34 : Related Party Disclosures

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

  List of Related Parties:

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

  Relatives of Key Management Personnel
  - Mr. Sudhakar Talwalkar
  - Mrs. Yamini Anant Gawande

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

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2013.

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

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

(a) Transactions with Related Parties :

₹ in Millions

Nature of transactions	Subsidiaries	Associates	Key Managerial Personnel	Others	Total
Incomes	9.32	1.39	-	-	10.71
Expenses	-	12.60	2.42	-	15.02
Interest on Unsecured Loans	-	1.15	-	-	1.15
Directors' Remuneration	-	-	25.20	-	25.20
Investments including Share Application Money	5.95	-	-	-	5.95
Loans repaid / (taken) Net	-	(1.54)	-	-	(1.54)
Loans & Advances (given) / repaid net	11.85	0.65	-	-	12.50

Significant accounting policies and notes to the Financial Statements
for the year ended 31st March, 2013.

Balance as on 31st March, 2013:

₹ in Millions

Nature of transactions	Subsidiaries	Associates	Key Managerial Personnel	Others	Total
Investments including Share Application Money	22.21	-	-	50.00	72.21
Sundry Debtors	3.11	0.23	-	-	3.34
Deposits	-	6.41	1.31	-	7.72
Loans and Advances	45.45	3.11	-	-	48.56

Transactions with Related Parties pursuant to Accounting Standard (AS)18, "Related Party Disclosures"

Key management personnel and their relatives :

₹ in Millions

Name of the party	Nature of transaction	31st March, 2013	31st March, 2012
Mr. Madhukar Talwalkar	Director's Remuneration	4.20	4.20
Mr. Prashant Talwalkar	Director's Remuneration	4.20	4.20
	Rent for Premises	2.42	2.21
	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

Joint Ventures / Subsidiaries:

₹ in Millions

Name of the party	Nature of transaction	31st March, 2013	31st March, 2012
Splendor Fitness Private Limited (formerly known as Talwalkars Pantaloon Fitness Private Limited)	Investment in Equity Shares as on	50.00	50.00
Denovo Enterprises Private Limited	Franchise Fee Income	4.65	3.72
	Franchise Fee receivable as on	1.69	0.74
	Investment during the year	1.25	6.25
	Loans & Advances given / (taken) net	3.24	33.79
	Investment in Equity Shares as on	5.01	5.01
	Loan outstanding as on	36.95	33.71
	Share Application Money as on	7.50	6.25
Aspire Fitness Private Limited	Loans & Advances given / (taken) net	5.40	(1.57)
	Loan outstanding as on	5.45	0.05
	Franchisee Income	0.50	3.05
	Interest income on Unsecured Loan	0.16	0.01
	Investment in Equity Shares as on	5.00	5.00
Equinox Wellness Private Limited	Franchise Fee Income	1.13	1.24
	Loans & Advances given / (taken) net	0.16	0.26
	Franchise Fee receivable as on	1.42	0.37

Significant accounting policies and notes to the Financial Statements
for the year ended 31st March, 2013.

Joint Ventures / Subsidiaries: ₹ in Millions

Name of the party	Nature of transaction	31st March, 2013	31st March, 2012
Jyotsna Fitness Private Limited	Franchise Fee Income	2.52	-
	Share Application Money given	2.10	2.60
	Loans & Advances given / (taken) net	3.05	-
	Investment in Equity Shares in the year	0.10	-
	Interest income on Unsecured Loan	0.36	-
	Loan outstanding as on	3.05	-
	Investment in Equity Shares as on	0.10	-
	Share Application Money as on	4.60	2.60

Associate Companies / Firms : ₹ in Millions

Name of the party	Nature of transaction	31st March, 2013	31st March, 2012
Better Value Leasing & Finance Limited	Loans & Advances given / (taken) net	(1.54)	26.53
	Office expenses / Rent	1.46	1.20
	Interest on Unsecured Loan	1.11	6.17
	Loan outstanding as on	(1.54)	-
Gawande Consultants Private Limited	Loans & Advances given / (taken) net	-	11.53
	Interest on Unsecured Loan	0.01	1.65
Popular Prakashan Private Limited	Loans & Advances given / (taken) net	-	2.98
	Interest on Unsecured Loan	-	0.43
Radhika Hotels Private Limited	Loans & Advances given / (taken) net	-	3.05
	Interest on Unsecured Loan	-	0.44
Anfin Investments Private Limited	Loans & Advances given / (taken) net	-	6.96
	Interest on Unsecured Loan	0.01	1.00
Better Value Properties Private Limited	Loans & Advances given / (taken) net	-	0.61
	Interest on Unsecured Loan	-	0.09
	Deposit outstanding as on	3.71	3.71
	Rent for Premises	6.76	6.32
Life Fitness India Private Limited	Loans & Advances given / (taken) net	0.48	-
	Loan outstanding as on	0.63	-
	Deposit outstanding as on	1.80	0.16
	Rent for Premises	1.01	0.15
Pinnacle Fitness Private Limited	Loans & Advances given / (repaid) net	0.31	0.22
	Franchise Fee Income	1.39	1.93
	Franchise Fee receivable as on	0.13	0.28
Indian Cookery.com Private Limited	Loans & Advances given / (taken) net	-	1.42
	Interest on Unsecured Loan	0.01	0.19

Significant accounting policies and notes to the Financial Statements
for the year ended 31st March, 2013.

Associate Companies / Firms : ₹ in Millions

Name of the party	Nature of transaction	31st March, 2013	31st March, 2012
Talwalkars Fitness Club	Deposit Outstanding as on	0.90	0.90
	Rent for Premises	3.37	2.36
	Deposit for Premises	-	0.90
	Loan outstanding as on	0.51	0.51
Talwalkars Health & Leisure	Loans & Advances given / (repaid) net	0.31	0.22
	Loan outstanding as on	0.70	0.39
Talwalkars Health Club	Loans & Advances given / (repaid) net	(0.08)	0.17
	Loan outstanding as on	0.13	0.20
Talwalkars Health Complex	Loans & Advances given / (repaid) net	(0.19)	0.55
	Loan outstanding as on	0.61	0.80
Talwalkars Health Commune	Members Fees receivable	-	0.01
	Membership Fee receivable as on	0.10	0.10
Talwalkars	Loans & Advances given / (repaid) net	0.05	0.01
	Loan outstanding as on	0.09	0.05
Talwalkars Nutrition Centre	Loans & Advances given / (repaid) net	(0.24)	0.22
	Loan outstanding as on	0.12	0.37
Club Business Systems	Write off / Write Back during the year	-	(0.04)

(b) Corporate Guarantees given to:

₹ in Millions

Name of the party	Relation	31st March, 2013	31st March, 2012
Denovo Enterprises Private Limited	Subsidiary	61.58	61.58
Aspire Fitness Private Limited	Subsidiary	35.00	20.00
Equinox Wellness Private Limited	Subsidiary	3.75	3.75

No amounts due to / due from related parties has been written off / written back during the year

Note 35 : Auditors' Remuneration (inclusive of service tax):

Particulars	2012-13	2011-12
(a) Statutory Audit Fees	1.57	1.66
(b) Tax Audit Fees	0.11	-
(c) Other Services	0.54	0.04
(d) Out of Pocket Expenses	0.14	0.03

Note 36 : Estimated amounts of contracts remaining to be executed on capital accounts and not provided for was ₹ 48.03 millions during current year (Previous year Nil).

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2013.

₹ in Millions

Particulars	2012-13	2011-12
Note 37 : Value of Imports on CIF Basis		
(a) Gymnasium Equipments	68.25	58.87
(b) Furniture & Fixtures	4.69	9.45
Note 38: Earnings in Foreign Currency	0.73	NIL
Note 39: Expenditure in Foreign Currency		
Travelling Expenses	0.51	0.78

Note 40 : Sale & Lease Back

The Company has taken various Assets / Equipments under cancellable operating lease.

- Profit or Loss on sale and lease back transactions, resulting in operating leases, are recognised immediately.
- Quarterly lease rentals are paid in form of fixed rentals.
- 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 expenses of ₹ 55.63 millions is recognised (Previous year ₹ 17.36 millions) on account of sale and lease back of assets.

Note 41: Based on the intimations regarding their status under Micro, Small & Medium Enterprises Development Act, 2006, there are no amounts due and payable to suppliers covered under the above category.

Note 42: The Company raised ₹ 423.74 millions by issuing 20,65,216 Equity Shares of ₹ 10 each for cash at a premium of ₹ 195.18 per Equity Share through Qualified Institutional Placement.

Note 43: 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 the advice of its legal counsel, is confident of favourable outcome and early recommencement of operations of the branches.

Note 44: Previous year's figures have been regrouped / rearranged wherever necessary to conform to the current year's classification.

As per our report of even date attached
For **M. K. Dandeker & Co.,**
Chartered Accountants
ICAI FRN : 000679S

K. J. Dandeker
Partner
Membership No. 018533
Place : Mumbai
Date : 8th May, 2013

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
Anant Gawande	Whole-time Director & CFO
Manohar Bhide	Independent Director
Avinash Phadke	Independent Director
Raman Maroo	Independent Director
Avanti Sankav	Company Secretary & Compliance Officer

Independent Auditors' Report

on the Consolidated Financial Statements of Talwalkars Better Value Fitness Limited

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 March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

For the financial year ended March 31, 2013 we did not audit the Financial Statements of the following subsidiaries of the company whose financial statements reflect total assets and total revenues for the year ended March 31, 2013 as set forth herein below, whose financial statements were audited by the statutory auditors of the relevant subsidiaries as named herein below, and have been relied upon by us, *except for Denovo Enterprises Private Limited where we have relied on figures certified by the management.*

Sr No.	Name of the subsidiary	Financial Year ended	Name of the Statutory Auditor in respect of the said Financial Statements	Total Assets (₹ in Millions)	Total Revenues (₹ in Millions)
1	Denovo Enterprises Private Limited	31st March, 2013	* -	270.17	129.47
2	Equinox Wellness Private Limited	31st March, 2013	A. P. Mehta & Associates	20.75	14.38
3	Aspire Fitness Private Limited	31st March, 2013	C. B. Pokle & Co.	99.04	69.54
4	Jyotsna Fitness Private Limited	31st March, 2013	Chetan Joshi & Co.	94.16	8.62

**Unaudited Financial Statements, certified by the management.*

The aforementioned Financial Statements for the subsidiaries as detailed hereinabove, have been audited by the relevant statutory auditors named above whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of such subsidiaries is based solely on the report of such other statutory auditors.

Subject to the matter referred to in paragraph above:

We further report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard ('AS') 21, 'Consolidated Financial Statements', and all other applicable accounting standards as notified by The Companies (Accounting Standards) Rules, 2006.

Opinion

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual Financial Statements of the Company, and its subsidiaries, we are of the opinion that the attached 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 March 31, 2013;

(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.,**
(Firm Reg. No. 000679S)

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

Dated : 8th May, 2013
Place : Mumbai

Consolidated Balance Sheet as at 31st March, 2013

₹ in Millions

Particulars	Notes to Accounts No.	As at March 31, 2013	As at March 31, 2012
I. EQUITY & LIABILITIES			
1) **Shareholders' Funds**			
(a) Share Capital	1	261.81	241.16
(b) Reserves and Surplus	2	1,823.16	1,202.19
2) **Minority Interest**		80.62	50.27
3) **Non-Current Liabilities**			
(a) Long Term Borrowings	3	1,351.80	1,220.14
(b) Deferred Tax Liabilities (Net)		192.14	142.77
(c) Other Long Term Liabilities	4	165.88	92.26
4) **Current Liabilities**			
(a) Short Term Borrowing	5	47.93	100.00
(b) Trade Payables	6	80.34	39.30
(c) Other Current Liabilities	7	347.44	186.65
(d) Short Term Provisions	8	154.86	101.41
TOTAL		4,505.98	3,376.15
II. ASSETS			
1) **Non-Current Assets**			
(a) Fixed Assets	9		
(i) Tangible Assets		3,112.16	2,316.17
(ii) Intangible Assets		40.54	43.25
(iii) Capital Work-In-Progress		421.80	216.21
(iv) Intangible Assets under Development		3.32	-
(b) Non-Current Investments	10	226.59	175.00
(c) Long Term Loans and Advances	11	251.79	199.43
(d) Other Non-Current Assets	12	2.12	2.19
2) **Current Assets**			
(a) Current Investments	13	0.22	0.08
(b) Inventories	14	1.55	-
(c) Trade Receivables	15	177.48	200.96
(d) Cash and Cash Equivalents	16	229.24	198.47
(e) Short-Term Loans and Advances	17	39.17	24.39
TOTAL		4,505.98	3,376.15
Summary of significant accounting policies	28		
The accompanying notes are forming part of the accounts			

As per our report of even date attached
For **M. K. Dandeker & Co.,**
Chartered Accountants
ICAI FRN : 000679S

K. J. Dandeker
Partner
Membership No. 018533
Place : Mumbai
Date : 8th May, 2013

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
Anant Gawande	Whole-time Director & CFO
Manohar Bhide	Independent Director
Avinash Phadke	Independent Director
Raman Maroo	Independent Director
Avanti Sankav	Company Secretary & Compliance Officer

Consolidated Statement of Profit And Loss for the year ended 31st March, 2013

₹ in Millions

Particulars	Notes to Accounts No.	Year Ended March 31, 2013	Year Ended March 31, 2012
1. **Revenue**			
(a) Revenue from Operations	18	1,687.83	1,305.31
Less: Service Tax		179.31	111.67
		1,508.52	1,193.64
(b) Other Income	19	13.06	15.70
Total Revenue		**1,521.58**	**1,209.34**
2. **Expenses**			
(a) Changes in Inventories	20	(1.55)	-
(b) Purchase of Stock-in-trade	21	2.87	-
(c) Employee Benefit Expenses	22	311.74	248.23
(d) Financial Costs	23	107.91	91.28
(e) Depreciation and Amortisation Expenses	24	146.47	117.73
(f) Other Expenses	25	469.77	402.58
Total Expenses		**1,037.21**	**859.82**
3. **Profit before exceptional and extraordinary items and tax (1 - 2)**		484.37	349.52
4. **Exceptional Items**	26	-	3.68
5. **Profit before extraordinary items and tax (3 + 4)**		484.37	353.20
6. **Extraordinary Items**		-	-
7. **Profit before tax for the year (5 + 6)**		484.37	353.20
8. **Tax expense:**			
(a) Current Tax	27	111.63	73.27
Less: MAT Credit Entitlement		(3.64)	(0.74)
(b) Deferred Tax		50.23	31.50
9. **Profit / (Loss) for the period from continuing operations (7 - 8)**		326.15	249.17
10. **Profit / (Loss) from discontinuing operations**		-	-
11. **Profit / (Loss) for the period (9 + 10)**		326.15	249.17
12. **Share of Minority Interest**		25.65	28.57
13. **Profit / (Loss) after Minority Interest**		300.50	220.60
14. **Earnings Per Equity Share (of ₹ 10 each) :**			
(1) Basic	28 (B) (4)	12.15	9.15
(2) Diluted	28 (B) (4)	12.15	9.15
Summary of significant accounting policies	28		
The accompanying notes are forming part of the accounts			

As per our report of even date attached
For **M. K. Dandeker & Co.,**
Chartered Accountants
ICAI FRN : 000679S

K. J. Dandeker
Partner
Membership No. 018533
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Manohar Bhide	Independent Director
Avinash Phadke	Independent Director
Raman Maroo	Independent Director
Avanti Sankav	Company Secretary & Compliance Officer

Consolidated Cash Flow Statement for the year ended 31st March, 2013

₹ in Millions

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Taxes	484.37	353.20
Non-cash expenses	146.55	117.73
Finance cost (Net)	107.91	91.31
Income from Investment activity	(3.45)	(3.49)
(Profit) / Loss on sale of assets	-	(3.68)
Interest Income	(0.03)	(0.16)
	250.98	201.71
Operating Profit before Working capital changes	**735.35**	**554.91**
(Increase) / Decrease in Current Assets	(55.31)	(63.98)
(Increase) / Decrease in Non-Current Assets	(4.61)	(0.05)
(Increase) / Decrease in Trade and other receivables	2.67	1.74
Increase / (Decrease) in Trade and other payables	75.79	(38.34)
Increase / (Decrease) in Current Liabilities	(2.41)	(19.71)
	16.13	(120.34)
Cash generated from operations	**751.48**	**434.57**
Direct taxes paid	(62.02)	(16.76)
Share of Minority Interest	(60.76)	(13.63)
Net cash from operating activities	**628.70**	**404.18**
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Investment in Joint Venture	(3.35)	(8.85)
Payment towards purchase of Fixed Assets, CWIP	(1,032.60)	(889.07)
Proceeds from sale of Fixed Assets	-	263.38
Dividend Received	3.07	0.01
Purchase of Short-Term Investments	(452.07)	(690.81)
Proceeds from sale of Short-Term Investments	401.23	606.11
Interest Income	0.03	0.16
Preliminary Expenditure	-	(0.02)
Share of Minority Interest	97.28	3.58
Net cash (used in) / from investing activities	**(986.41)**	**(715.51)**

Consolidated Cash Flow Statement for the year ended 31st March, 2013

₹ in Millions

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Qualified Institutional Placement Share issue Proceeds	423.74	-
Share Capital / Application	1.35	7.45
Share issue Proceeds (net of refund including security premium)	5.60	-
Issue proceeds from Non-Convertible Debentures	-	250.00
Non-Convertible Debentures interest	(64.44)	(34.50)
Qualified Institutional Placement related expenses	(37.07)	-
Borrowings done	848.62	514.70
Repayment of Long-term and other borrowings	(580.74)	(363.35)
Finance cost paid	(134.91)	(134.03)
Dividend Paid	(30.15)	(24.12)
Dividend Tax Paid	(4.89)	(4.00)
Share of Minority Interest	(45.91)	8.80
Net cash used in financing activities	**381.20**	**220.95**
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	23.49	(90.37)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	189.27	279.64
Cash & Bank Balances including Fixed Deposits	230.84	196.75
Less : Share of Minority Interest	(18.08)	(7.48)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	212.76	189.27

As per our report of even date attached
For **M. K. Dandeker & Co.,**
Chartered Accountants
ICAI FRN : 000679S

K. J. Dandeker
Partner
Membership No. 018533
Place : Mumbai
Date : 8th May, 2013

For and on behalf of the board

Madhukar Talwalkar	Executive Chairman
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Avanti Sankav	Company Secretary & Compliance Officer

Talwalkars
Spreading fitness in over 70 cities

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended 31st March, 2013.

Note 1 : Share Capital

Particulars	As at March 31, 2013		As at March 31, 2012	
	No.	₹ in Millions	No.	₹ in Millions
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 & PAID-UP:				
26,180,888 Equity Shares of ₹10/- each fully Paid- up	26,180,888	261.81	24,115,672	241.16
(Previous year 24,115,672 Equity shares of ₹10/- each fully Paid- up)				
	26,180,888	261.81	24,115,672	241.16

i) **Term/Rights attached to Equity Shares:**

The Company has only one class of share capital namely Equity Shares having a face value of ₹10 per share.

(a) In respect of every Equity Share (whether fully paid or partly paid),voting right shall be in the same proportion as the capital paid up on such Equity Share bears to the total paid up Equity capital of the Company.

(b) The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

(c) In the event of liquidation, the shareholders of Equity Shares are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

ii) **Reconciliation of Number of Equity Shares and Share Capital**

Details	As at March 31, 2013		As at March 31, 2012	
	No.	₹ in Millions	No.	₹ in Millions
Fully Paid up Shares Outstanding as at beginning of the year	24,115,672	241.16	24,115,672	241.16
Fully paid up shares issued during the year	2,065,216	20.65	-	-
Fully paid up shares Outstanding as at end of the year	26,180,888	261.81	24,115,672	241.16

iii) **Details of Shares held by each shareholder holding more than 5% of the total equity shares of the company at the end of the year**

Details	As at March 31, 2013		As at March 31, 2012	
	No. of shares held	% of holding	No. of shares held	% of holding
Equity Shares of ₹10/- each fully paid up				
1) Prashant Sudhakar Talwalkar & Nalina Ann Talwalkar	2,876,080	10.99%	2,876,080	11.93%
2) Girish Madhukar Talwalkar & Nanda Girish Talwalkar	2,864,280	10.94%	2,864,280	11.88%
3) Madhukar Vishnu Talwalkar & Usha Madhukar Talwalkar	2,832,280	10.82%	2,832,280	11.74%
4) Anant Ratnakar Gawande & Yamini Anant Gawande	1,920,200	7.33%	1,920,200	7.96%
5) Vinayak Ratnakar Gawande & Madhuri Vinayak Gawande	1,920,200	7.33%	1,920,200	7.96%
6) Harsha Ramdas Bhatkal & Smeeta Harsha Bhatkal	1,920,200	7.33%	1,920,200	7.96%
7) Smallcap World Fund, Inc	1,694,000	6.47%	1,446,000	6.00%
8) Shivanand Shankar Mankekar & Kedar Shivanand Mankekar	-	-	1,258,800	5.22%
9) Reliance capital Trustee Co.Ltd & Reliance Monthly Income Plan	-	-	1,729,116	7.17%
Total	16,027,240		18,767,156	

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended 31st March, 2013.

iv) **For the period of five years immediately preceding the 31st March, 2013 for which the Balance Sheet is prepared**

Equity Shares	Aggregate number of Shares					
	2013	2012	2011	2010	2009	2008
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	-	-	-	-	-	-

Note 2 : Reserves and Surplus

₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Securities Premium Account		
Opening Balance	700.25	700.25
Add : Securities premium credited on Share issue	403.09	-
Less : Premium Utilised :		
Share Issue Expenses	25.40	-
Debenture Issue Expenses	11.66	-
Closing Balance	**1,066.28**	**700.25**
(b) Capital Reserve on Consolidation		
Opening Balance	1.93	1.93
Add: Transferred during the year	-	-
Closing Balance	**1.93**	**1.93**
(c) Debenture Redemption Reserve		
Opening Balance	22.55	2.26
Add: Transferred during the year	34.37	20.29
Closing Balance	**56.92**	**22.55**
(d) General Reserve		
Opening Balance	1.20	1.20
Add: Transferred during the year	18.63	-
Closing Balance	**19.83**	**1.20**
(e) Surplus / (Debit) balance in Statement of Profit and Loss		
Opening Balance	476.25	310.97
Add: Profit / (Loss) for the year	300.50	220.61
Add: Excess Provision of Income Tax Written Back	0.09	-
Less: Appropriation		
Proposed Dividend on Equity Shares	39.27	30.15
Tax on Dividend	6.37	4.89
Debenture Redemption Reserve	34.37	20.29
General Reserve	18.63	-
Closing Balance	**678.20**	**476.25**
Total	**1,823.16**	**1,202.19**

Significant accounting policies and notes to the Consolidated Financial Statements
for the year ended 31st March, 2013.

Note 3 : Long Term Borrowings

₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Bonds / Debentures (Refer note (a) below)	550.00	550.00
(b) Term loans		
From banks	753.34	652.23
(c) Loans and Advances from related parties	43.06	4.49
(d) Long term maturities of finance lease obligations	5.03	4.22
(e) Other Loans and Advances from others	0.37	9.20
Total	1,351.80	1,220.14

Notes:

a) Secured Redeemable Non Convertible fixed rate debentures (Privately placed)

₹ in Millions

S. No.	Nature of Debenture	Face Value per Debenture (₹)	Date of Allotment	As on 31.03.2013	As on 31.03.2012	Interest for 2012-13	Terms of Repayment of Debentures outstanding as on 31.03.2013
1.	11.5% Secured, Taxable, Redeemable Non Convertible Debentures	1.00	25-01-2011	300.00	300.00	34.50	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. Non Convertible Debentures will redeemed in three equal annual installment & at the end of 4th, 5th and 6th year from the deemed date of allotment
2.	12% Secured, Taxable, Redeemable Non Convertible Debentures	1.00	07-02-2012	250.00	250.00	30.00	
	Total			550.00	550.00	64.50	

Note 4 : Other Long Term Liabilities

₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Acceptances	165.38	91.76
(b) Deposits	0.50	0.50
Total	165.88	92.26

Significant accounting policies and notes to the Consolidated Financial Statements
for the year ended 31st March, 2013.

Note 5 : Short Term Borrowings

₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Loans and Advances from Related parties	4.76	-
(b) Drawdown facility from bank (Refer note (a) below)	43.17	100.00
Total	47.93	100.00

Note

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

Note 6 : Trade Payables

₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
Trade Payables:		
Sundry Creditors	80.34	39.30
Total	80.34	39.30

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. One of our group company is still in the process of identification of amounts owing to Small and Medium Enterprises defined in Small and Medium Enterprises Developments Act, 2006 as at the Balance Sheet date.

Note 7 : Other Current Liabilities

₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Current maturities of long-term debts	258.50	139.50
(b) Current maturities of finance lease obligations	3.09	-
(c) Interest accrued and due on borrowings	1.06	-
(d) Other payables		
Sundry creditors for capital goods	13.71	14.77
Statutory Dues Payable	60.31	21.61
(e) Interest accrued but not due on Non Convertible Debentures (Refer note (a) below)	10.77	10.77
Total	347.44	186.65

Note

(a) The Company has provided interest on 11.5% and 12% Redeemable Secured Non Convertible Debentures. Refer note 4 (a) of Long term borrowings.

Significant accounting policies and notes to the Consolidated Financial Statements
for the year ended 31st March, 2013.

Note 8 : Short Term Provisions

₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Provision for employee benefits	0.01	0.01
(b) Provisions		
Proposed Dividend	39.27	30.15
Tax on Dividend	6.37	4.89
Income Tax (Net of Advance Tax)	109.21	66.36
Total	154.86	101.41

Note 9 : Fixed Assets

₹ in Millions

Description	Gross Block				Accumulated Depreciation / Amortisation				Net block	
	As at 1st Apr, 2012	Additions	Deductions	As at 31st Mar, 2013	As at 1st Apr, 2012	For the Year	On Deductions	As at 31st Mar, 2013	As at 31st Mar, 2013	As at 31st Mar, 2012
Tangible Assets										
i) Building	286.28	2.04	-	288.32	8.28	4.73	-	13.01	275.31	278.00
Assets under lease	20.47	-	-	20.47	3.45	0.69	-	4.14	16.33	17.01
ii) Gym Equipments	949.50	107.18	-	1,056.68	102.16	48.89	-	151.05	905.63	847.34
iii) Furniture & Fittings	870.75	658.20	-	1,528.95	126.67	59.42	-	186.09	1,342.86	744.08
iv) Computers	28.54	51.37	-	79.91	10.42	6.44	-	16.86	63.05	18.12
v) Air-Conditioners	164.84	44.49	-	209.33	15.92	9.27	-	25.19	184.14	148.92
vi) Electrical fittings	230.53	24.31	-	254.84	23.47	11.18	-	34.65	220.19	207.06
vii) Office Equipments	59.63	52.16	-	111.79	5.03	3.05	-	8.08	103.71	54.60
viii) Vehicle	1.04	-	-	1.04	0.00	0.10	-	0.10	0.94	1.04
Total	2,611.58	939.75	-	3,551.33	295.40	143.77	-	439.17	3,112.16	2,316.17
Previous Year	1,991.31	920.44	300.18	2,611.57	251.94	114.93	71.47	295.40	2,316.17	1,739.37
Intangible Assets										
i) Goodwill	56.60	-	-	56.60	13.41	2.69	-	16.10	40.50	43.18
ii) Licenses and franchise	0.30	-	-	0.30	0.23	0.02	-	0.26	0.04	0.07
Total	56.90	-	-	56.90	13.65	2.71	-	16.36	40.54	43.25
Previous Year	56.90	-	-	56.90	10.92	2.73	-	13.65	43.26	45.99
Capital work-in -Progress									421.80	216.21
Intangible assets under development									3.32	-
Total									3,577.82	2,575.63

Significant accounting policies and notes to the Consolidated Financial Statements
for the year ended 31st March, 2013.

Note 10 : Non Current Investments

₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
Non Trade Investments		
(Valued at cost unless stated otherwise)		
Investment in Equity Instruments		
Unquoted Investment		
i) Investment In Joint Ventures:		
Splendor Fitness Private Limited	50.00	50.00
(formerly known as Talwalkars Pantaloon Fitness Pvt. Ltd.)		
[1,40,000 (Previous year 1,40,000) Equity Shares of ₹ 100/- each fully paid]		
ii) Apna Sahakari Bank	0.50	-
[5,000 (Previous year 10) Equity Shares of ₹100/- each fully paid]		
Investment in Mutual Funds		
Quoted Investment		
DWS Fixed Maturity Plan - Series 2 (12,500,000 units)	125.00	125.00
(Market value as on 31/03/2013 ₹ 137.81 millions)		
DWS Cash Opportunities Fund	51.09	-
(Market value as on 31/03/2013 ₹ 51.09 millions)		
Total	226.59	175.00

Note 11 : Long Term Loans and Advances

₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Capital Advances		
Unsecured, considered good	13.20	15.73
(b) Security Deposits		
Unsecured, considered good	190.91	151.71
(c) Loans & Advances to related parties		
Unsecured, considered good	12.85	-
(d) Other Loans & Advances		
Advances recoverable in Cash or Kind for value to be received	-	0.80
Minimum Alternate Tax Credit Entitlement	34.83	31.19
Total	251.79	199.43

Note 12 : Other Non Current assets

₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Unamortised preliminary expenses	0.52	0.59
(b) Fixed deposit (Pledged as Bank guarantee)	1.60	1.60
Total	2.12	2.19

Significant accounting policies and notes to the Consolidated Financial Statements
for the year ended 31st March, 2013.

Note 13 : Current Investments

Particulars	As at March 31, 2013 No.	As at March 31, 2013 ₹ in Millions	As at March 31, 2012 No.	As at March 31, 2012 ₹ in Millions
Quoted Investment				
(Valued at lower of cost and Market value unless stated otherwise)				
Investment in Mutual Funds				
Axis Liquid Fund	177.00	0.22	74.52	0.08
Total	**177.00**	**0.22**	**74.52**	**0.08**

Details of Investments purchased and sold during the year.

Nature of transactions	As at March 31, 2013 No.	As at March 31, 2013 ₹ in Millions	As at March 31, 2012 No.	As at March 31, 2012 ₹ in Millions
Purchases	122,296.39	149.00	12,980,297.27	690.81
Sales	122,193.91	149.26	515,000.00	606.12

Note 14 : Inventories

₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
Traded goods	1.55	-
(Valued at lower of cost and net realisable value)		
Total	**1.55**	**-**

Note 15: Trade Receivables

₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
(a) More than 6 months (from the date they are due for a payment)	56.53	-
(b) Other	120.95	200.96
Total	**177.48**	**200.96**

Note 16 : Cash and Cash Equivalents

₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Balance with banks		
Bank balance in current account	31.54	44.98
Bank deposits against margin money	18.86	38.36
Other Bank deposits	74.46	36.59
(b) Cheques, Drafts on Hand	80.44	55.81
(c) Cash on Hand	23.94	22.73
Total	**229.24**	**198.47**

Significant accounting policies and notes to the Consolidated Financial Statements
for the year ended 31st March, 2013.

Note 17 : Short Term Loans and Advances

₹ in Millions

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Loans and Advances to related parties	7.14	2.55
(b) Others		
Advances recoverable in Cash or Kind for value to be received	2.01	10.82
Prepaid expenses	22.17	6.47
Service Tax credit receivable	5.51	3.74
Others	2.21	0.81
Input VAT	0.13	-
Total	**39.17**	**24.39**

Note 18 : Revenue from Operations

₹ in Millions

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
(a) Gross Fees including Service Tax	1,612.03	1,169.07
(b) Franchisee Fees including Service Tax	12.35	21.00
(c) Management & Consultancy Fees	1.34	6.09
(d) Commission	-	0.58
(e) Sales (Retail)	1.68	-
(f) Input Credit Service Tax	60.43	108.57
Total	**1,687.83**	**1,305.31**

Note 19 : Other Income

₹ in Millions

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
(a) Income from Juice Centre and Food & Supplements	0.44	0.32
(b) Gain / (Loss) on Sale of Assets / Investments	0.39	3.48
(c) Sundry Credit balances no longer payable	0.24	0.24
(d) Dividend from Mutual Funds	3.07	0.01
(e) Miscellaneous Income	2.93	2.44
(f) Interest on Security Deposit	0.07	-
(g) Interest on Bank Term Deposits	5.89	8.46
(h) Interest on Loan	0.03	-
(i) Gain on foreign currency transactions and translation	-	0.75
Total	**13.06**	**15.70**

Talwalkars
Spreading fitness in over 70 cities

Significant accounting policies and notes to the Consolidated Financial Statements
for the year ended 31st March, 2013.

Note 20 : Changes in Inventories
₹ in Millions

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Inventories at the end of the year		
Traded goods	1.55	-
	1.55	-
(Increase) / Decrease	(1.55)	-

Note 21 : Purchase of Stock-in-trade
₹ in Millions

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Purchase of goods for merchandise	2.87	-
Total	2.87	-

Note 22 : Employee Benefit Expenses:
₹ in Millions

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
(a) Salaries, Wages and Bonus	30.27	20.04
(b) Contract fees for Labour / Security / Housekeeping	277.36	224.31
(c) Director's Remuneration	2.71	2.97
(d) Staff Welfare & Other Amenities	1.39	0.90
(e) Contribution towards Provident & other funds	0.01	0.01
Total	311.74	248.23

Note 23 : Financial Cost
₹ in Millions

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
(a) Interest Expenses		
Interest on Secured Loan	47.03	29.19
Interest on Unsecured Loan	3.08	9.62
Interest on Letter of Credit	0.16	5.03
Interest on Non Convertible Debentures	48.46	39.03
(b) Other borrowing costs		
Processing Fees	0.09	0.39
Bank Charges	1.70	1.28
Hire Charges on Loan Taken	1.32	0.92
Credit Card Charges	6.07	5.82
Total	107.91	91.28

Note 24 : Depreciation & Amortisation Expenses
₹ in Millions

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Depreciation and Amortisation	146.47	117.73
Total	146.47	117.73

Significant accounting policies and notes to the Consolidated Financial Statements
for the year ended 31st March, 2013.

Note 25 : Other Expenses
₹ in Millions

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
(a) Administrative & Other Expenses		
Statutory & Tax Audit Fees	1.90	1.85
Internal Audit Fees	3.02	2.68
AGM Meeting Expenses	0.15	0.91
Consumables, Food & Supplements	6.02	8.13
Electricity & Fuel expenses	87.29	84.27
Preliminary Expenses written off	0.07	-
Insurance Charges	1.83	1.08
Juice Centre & Spa Expenses	1.10	1.12
Pooja & Special Function Expenses	1.06	1.12
Printing & Stationery	5.94	4.99
Professional Fees	20.54	12.92
Rates & Taxes	8.29	3.74
Interest on late payment of Service Tax	6.79	-
Rent	162.88	153.51
Repairs & Maintenance		
- Building, Gym Equipments & Machinery	11.90	11.51
- Others	11.03	8.83
ROC Expenses	1.00	1.91
Telephone Expenses	8.43	5.53
Travelling & Conveyance Expenses	6.72	4.30
Turnkey Project Expenses	-	16.71
Water Charges	4.67	3.56
Miscellaneous Expenses	13.30	14.05
Lease Rental	55.63	17.36
Asset Management fees	12.84	1.32
Directors' Sitting fees	0.34	0.41
Total	432.74	361.81
(b) Selling & Marketing Cost		
Advertising Expenses	31.61	34.92
Business Promotion Expenses	5.42	5.85
Total	37.03	40.77
Total ((a)+(b))	469.77	402.58

Note 26 : Exceptional Items
₹ in Millions

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Loss on Sale of Asset	-	3.68
Total	-	3.68

Significant accounting policies and notes to the Consolidated Financial Statements
for the year ended 31st March, 2013.

Note 27 : Current tax:

₹ in Millions

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Current tax	111.63	73.27
Total	**111.63**	**73.27**

Note 28 :

A) Statement of Significant Accounting Policies:

1) Basis of Accounting:

a) Basis of preparation of Consolidated Financial Statements:

- The individual Balance Sheet as at 31st March, 2013 and Statement of Profit and Loss for the year ended 31st March, 2013 of Talwalkars Better Value Fitness Limited (the "Company") and its subsidiaries, collectively referred to as the "Group", have been consolidated as per the principles of consolidation enunciated in Accounting Standard (AS) 21- 'Consolidated Financial Statements' issued by the Council of The Institute of Chartered Accountants of India. The Consolidated Financial Statements of the Group are prepared in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP") under the historical cost convention on an accrual basis and to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The accounting policies adopted in the preparation of the Consolidated Financial Statements are consistent with those of previous year.
- All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956. The Company has ascertained its operating cycle as 12 months for the purpose of such classification.
- The amounts in the accompanying Consolidated Financial Statements have been stated in millions of Indian rupees rounded off to two decimals.

b) Use of Estimates:

- The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures 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. 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 of the Group have been prepared on the following basis:

i) The financial statements of the Company and its **four** partially owned subsidiaries have been consolidated 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.

ii) 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.

iii) The subsidiaries considered in the Consolidated Financial Statements are:

Name of the Company	Country of Incorporation	% ownership interest as at 31st March, 2013
Denovo Enterprises Private Limited	India	50.10%
Equinox Wellness Private Limited	India	33.33% *
Aspire Fitness Private Limited	India	50.001%
Jyotsna Fitness Private Limited	India	50.10%

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

2) Fixed Assets:

- Tangible 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.
- Capital Work-In-Progress comprises of 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.

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 in the financial statements but are disclosed in the notes to accounts. 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 of the Un-availed Service Tax at end of the year.
- Income by way of Franchisee Fees (including up-front fees) received pursuant to franchisee 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.

Significant accounting policies and notes to the Consolidated Financial Statements
for the year ended 31st March, 2013.

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 Statement of Profit and Loss 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 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 the 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 off as revenue expenditure in the year in which they are incurred

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 judgment 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.

12) Inventories:
- Inventories of stock-in-trade are valued at lower of cost and net realisable value.

Significant accounting policies and notes to the Consolidated Financial Statements
for the year ended 31st March, 2013.

13) Segment Reporting:
- In the opinion of the management, there is only one reportable business segment as envisaged by Accounting Standerd (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.

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

15) Earnings Per Share:
- Basic and Diluted Earnings Per Share is computed by dividing the net profit or loss for the period attributable to Equity Shareholders, by weighted average number of Equity Shares outstanding during the period.

16) 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 consists of Cash on hand, balances in Current, Fixed deposit and Cash Credit Accounts with Bank.

B) Notes to the Consolidated Financial Statements:

1: Contingent Liabilities ₹ in Millions

Contingent liabilities not provided for in respect of

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
(a) Bank Guarantee given on behalf of Subsidiaries	100.33	85.32
(b) Claim from a landlord, case pending before the Judiciary		
- Hyderabad	27.97	36.55
- Koramangala	12.58	8.78
(c) Claim by Advertising agency #	0.47	0.72

8800 GBP @ ₹ 81.79 (as on 31.03.2012)

5720 GBP @ ₹ 82.56 (as on 31.03.2013)

2. Security against Secured Loans Availed :
[Refer Note no.3 to the Consolidated Financial Statements]

A. Talwalkars Better Value Fitness Limited

- All loans, which include sub limit of Inland and Foreign Letter of credit and cash credit facility are sanctioned by Union Bank of India and 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 above mentioned Foreign / Inland Letters of Credit availed by the Company have been shown under "Acceptances" under the head "Other Long-term Liabilities".

Significant accounting policies and notes to the Consolidated Financial Statements
for the year ended 31st March, 2013.

B. Aspire Fitness Private Limited
- All loans, which include sub limit of Inland and Foreign Letter of Credit and Cash Credit facility are sanctioned by Axis Bank and 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 equipment installed in the Gymnasiums and the personal guarantee of two Directors of the Company.

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

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

E. Jyotsna Fitness Private Limited
- All loans, which include sub limit of Inland and Foreign Letter of Credit is sanctioned by Apna Sahakari Bank Limited and 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 equipment installed in the Gymnasiums and the personal guarantee of two Directors of the Company.

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

List of Related Parties:

Key Management Personnel:

- Talwalkars Better Value Fitness Limited (Holding Company)
  - Mr. Anant Gawande (Whole-time Director & Chief Financial Officer)
  - Mr. Girish Talwalkar (Whole-time Director)
  - Mr. Harsha Bhatkal (Whole-time Director)
  - Mr. Madhukar Talwalkar (Executive Chairman)
  - Mr. Prashant Talwalkar (Managing Director & Chief Executive Officer)
  - Mr. Vinayak Gawande (Whole-time Director)
- Denovo Enterprises Private Limited
  - Mr. Harsh Maheshwary (Whole-time Director)
- Equinox Wellness Private Limited
  - Mr. Abhishek Sharma (Whole-time Director)
- Aspire Fitness Private Limited
  - Mr. Virendra Sherlekar (Whole-time Director)
- Jyotsna Fitness Private Limited
  - Mr. Vishwas Shinde (Whole-time Director)
  - Mrs. Jyotsna Shinde (Whole-time Director)

Significant accounting policies and notes to the Consolidated Financial Statements
for the year ended 31st March, 2013.

Relatives of Key Management Personnel:
- Mr. Kedar Sherlekar
- Mr. Sudhakar Talwalkar
- Mrs. Yamini Anant Gawande

Enterprises over which Key Management Personnel & their relatives exercise significant influence:
- Anant Gawande (HUF)
- Anfin Investments Private Limited
- Better Value Brands Private Limited
- Better Value Leasing & Finance Limited
- Better Value Properties Private Limited
- Brainworks Learning Systems Private Limited
- Gawande Consultants Private Limited
- Indian Cookery Private Limited
- Indian Cookery.com Private Limited
- Life Fitness India Private Limited
- Nitin Gawande (HUF)
- Pinnacle Fitness Private Limited
- Popular Institute of Arts Private Limited
- Popular Prakashan Private Limited
- R2 Infrastructure Private Limited
- R2 Spa Systems
- Radhika Hotels Private Limited
- Splendor Fitness Private Limited
- Talwalkars
- Talwalkars Fitness Club
- Talwalkars Health & Leisure
- Talwalkars Health Club
- Talwalkars Health Commune
- Talwalkars Health Complex
- Talwalkars Nutrition Centre
- Vinayak Gawande (HUF)

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Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended 31st March, 2013.

Transactions with Related Parties: ₹ in Millions

Nature of transactions	Associates	Key Managerial Personnel	Others	Total
Incomes	1.39	-	-	1.39
Expenses	11.14	2.42	-	13.56
Interest on Unsecured Loans	1.15	0.04	-	1.19
Director's Remuneration	-	25.20	-	25.20
Loans repaid/ (taken) Net	(1.54)	-	-	(1.54)
Loans & Advances (given) / repaid Net	0.65	-	-	0.65

Balance as at March 31, 2013:

₹ in Millions

Nature of transactions	Associates	Key Managerial Personnel	Others	Total
Investments including Share Application Money	-	-	50.00	50.00
Sundry Debtors	0.23	-	-	0.23
Deposits	6.41	1.31	-	7.72
Loans and Advances	3.11	0.30	-	3.41

Transactions with Related Parties pursuant to Accounting Standard (AS) -18, "Related Party Disclosures"

Key management personnel and their Relatives : ₹ in Millions

Name of the party	Nature of transaction	31st March, 2013	31st March, 2012
Mr. Madhukar Talwalkar	Director's Remuneration	4.20	4.20
Mr. Prashant Talwalkar	Director's Remuneration	4.20	4.20
	Rent for Premises	2.42	2.21
	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	Interest on loan	0.04	0.04

4. Basic and Diluted Earnings Per Share has been computed as under:

Particulars	2012-13	2011-12
Net Profit After Tax attributable to Equity Shareholders (₹ in Millions)	300.50	220.60
Weighted average number of Equity Shares	24,732,407	24,115,672
Nominal value of shares [₹]	10.00	10.00
Earnings per share – Basic [₹]	12.15	9.15
Earnings per share – Diluted [₹]	12.15	9.15

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended 31st March, 2013.

5. Based on the intimations regarding their status under Micro, Small & Medium Enterprises Development Act, 2006, there are no amounts due and payable to suppliers covered under the above category. One of our group Company is still in process of identification of amounts owing to Small and Medium Enterprises defined in Small and Medium Enterprises Developments Act, 2006, as at the balance sheet date.

6. 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.

7. Previous year's figures have been regrouped / rearranged wherever necessary to conform to the current year's classification.

As per our report of even date attached
For **M. K. Dandeker & Co.,**
Chartered Accountants
ICAI FRN : 000679S

K. J. Dandeker
Partner
Membership No. 018533
Place : Mumbai
Date : 8th May, 2013

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
Anant Gawande	Whole-time Director & CFO
Manohar Bhide	Independent Director
Avinash Phadke	Independent Director
Raman Maroo	Independent Director
Avanti Sankav	Company Secretary & Compliance Officer

Statement pursuant to section 212 of the companies act, 1956 relating to subsidiary companies annexed to the Balance Sheet as at 31st March, 2013

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, 2013	28th October, 2010	50,100 Equity shares of Rs. 100/- each	50.10%	20.64	24.80		
Equinox Wellness Private Limited	31st March, 2013	28th October, 2010	* 2,00,400 Equity shares of Rs. 10/- each	33.33%	0.21	0.02		
Aspire Fitness Private Limited	31st March, 2013	28th October, 2010	50,001 Equity shares of Rs. 100/- each.	50.001%	3.28	3.80		
Jyotsna Fitness Private Limited	31st March, 2013	14th November, 2011	501 Equity shares of Rs. 100/- each	50.10%	1.40			

* Holding Company holds 50.10% 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 Rs. 10/- each. Accordingly, Holding Company holds 33.33% of the paid-up capital of the Equinox Wellness Private Limited.

Financial information relating to Subsidiary Companies for the year ended 31st March, 2013

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	10.00	62.64	270.17	144.78	4.00	-	4.00	115.67	60.97	(19.78)	41.19	-
Equinox Wellness Private Limited	6.00	(0.37)	20.75	14.66	-	-	-	14.38	0.40	0.23	0.63	
Aspire Fitness Private Limited	10.00	102.27	96.28	68.91	-	-	-	74.34	9.82	(3.27)	6.55	-
Jyotsna Fitness Private Limited	0.20	1.40	94.16	81.96	0.50	-	0.50	7.70	4.27	(1.46)	2.80	-

Notes

Notice

Notice is hereby given that the Tenth Annual General Meeting of the members of Talwalkars Better Value Fitness Limited will be held on Thursday, the 8th August, 2013 at 12.30 p.m. at M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturer's Association, Bhogilal Hargovindas Building, 4th Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai – 400 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013, 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, 2013;
3. To appoint a Director in place of Mr. Madhukar Talwalkar, who retires by rotation and being eligible, offers himself for re-appointment;
4. To appoint a Director in place of Mr. Vinayak Gawande, who retires by rotation and being eligible, offers himself for re-appointment;
5. To appoint a Director in place of Mr. Girish Talwalkar, 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.

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

Avanti Sankav
Company Secretary & Compliance Officer

Place: Mumbai
Date: 8th May, 2013

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 TENTH 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 authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the meeting.
4. 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.
5. Members who hold shares in dematerialised 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.
6. 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.
7. The Register of Members and Share Transfer Books of the Company will remain closed from 3rd August, 2013 to 8th August, 2013 (both days inclusive) for the purpose of payment of dividend, if any, approved by the Members.
8. The Dividend for the year ended 31st March, 2013 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 2nd August, 2013. 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.
9. 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 dematerialised form).
10. As per the SEBI notification dated 16th February, 2000, the Equity Shares of the Company have been compulsorily dematerialised and sale/ purchase of the same is required to take place in dematerialised form only.
11. 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.
12. Members desiring any information as regards the accounts are requested to write to the Company at least five days before the date of the meeting to enable the management to keep the information ready.

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. Madhukar Talwalkar	Mr. Vinayak Gawande	Mr. Girish Talwalkar
Date of Birth	28.11.1933	24.08.1958	01.06.1961
Date of Appointment	24.04.2003	24.04.2003	25.04.2003
Qualification	Bachelors degree in Textile Engineering	Bachelors degree in Commerce	Masters Degree in Physiotherapy
Expertise in specific functional area	Health and Fitness Industry	Taxation, Law, Finance and Hospitality Industry	Strategic planning, project management, execution, corporate tie ups and other promotional activities
Directorships held in other Public Companies.	Nil	Better Value Leasing & Finance Limited	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 - Nil Shareholders/ Investors Grievance, Share Allotment and Share Transfer Committee – Member
* 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
Nos. of Shares held in the Company	28,32,280	19,20,200	28,64,280

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.

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

ATTENDANCE SLIP

(To be filled in and handed over at the entrance of the Meeting Hall)

I/We hereby record my/our presence at the 10th Annual General Meeting of the Company on Thursday, the 8th August, 2013 at 12.30 p.m. at M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturer's Association, Bhogilal Hargovindas Building, 4th Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai – 400 001

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

Member's / Proxy's Signature

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.

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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 10th Annual General Meeting of the Company to be held on Thursday, the 8th August, 2013 at 12.30 p.m. at M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturer's Association, Bhogilal Hargovindas Building, 4th Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai – 400 001 and any adjournment thereof.

Revenue Stamp of Re. 1/-

Signature: ________________

Date: ________________

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.

Health FAQs

How can I improve my health in general?

To improve your health and prevent frequent infections, you can try the following:

- Eat regular meals
- Avoid junk food
- Have 8 hrs of sleep
- Drink at least two litres of water
- Avoid sudden extreme changes in temperature in your environment
- While eating out, avoid raw/uncooked food if you are not certain about the quality of food. Drink packaged drinking water while eating outside
- Wash hands frequently
- Regular exercise routine will boost your immunity. Yoga and deep breathing exercises would also benefit you

How many calories should I consume in a day?

Your body needs minimum of 600 calories to do its daily routine work right from blink of an eye - to breathing - to sleep. More calories are required for the body to do the other daily routine work. It depends on your need. If you add any more work such as excercise then you will need more calories.

What is the best exercise to burn calories?

Aerobics, bicycling, dancing, jogging and running are all great exercises for burning calories.

How many calories do you burn running a mile?

Running one mile can burn about 600-1,000 calories.

How long does it take to tone muscle?

When your muscle tone will show depends on many factors, including genetics, diet, workout techniques and frequency.

How can you boost your metabolism?

One of the best ways to boost metabolism is exercise, specifically weight training and eating 6 mini meals during the day.

What are the benefits of using a treadmill?

Walking on treadmill which is a cardio excercise, increases the endurance which improves the oxygen level in the body.

Should I run or walk on the treadmill to burn more fat?

Either way will get you the same results, but only if your heart rate is in the right zone to burn fat.

How can I flatten my stomach and get rid of belly fat?

Three things will get the results you are looking for: Strength training, cardiovascular training and nutrition. Nutrition plays more than 60% role in this.

Why is it more effective to work with a personal trainer?

A personal trainer is able to ask questions and find out what is important to you in working out. They can show you exactly how to use the machines, the right amount of time for cardio and include core training as a way to balance your body. It also gives you someone to push you in the right direction and not let you cheat on your workout routine.

How do I tone and firm?

Toning and firming your body can be achieved through cardiovascular, aerobic exercise and strength training. Cardiovascular and aerobic exercises help your hips and legs become stronger with better tone besides the fact it helps your heart. Strength training will also help your body become stronger but help tone all the parts of your body. Unless you're eating a high protein and carbohydrate diet and lifting heavy weights, you will not bulk up.

Talwalkars

Spreading fitness in over 70 cities

Registered office
801 - 813 Mahalaxmi Chambers
22 Bhulabhai Desai Road
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Tel: +91 22 6612 6300
Fax: +91 22 6612 6363

www.talwalkars.net

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