

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



Date: 28th September, 2017

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

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

Dear Sir,

Re: Talwalkars Better Value Fitness Ltd; Scrip Symbol: TALWALKARS, Scrip Code: 533200
Sub: Submission of Annual Report of the Company for the Financial Year 2016-17.

We enclose herewith Annual Report of the Company for the financial year 2016-17.

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

Thanking You.

Yours faithfully,
For Talwalkars Better Value Fitness Limited

Avanti Sankav
Company Secretary & Compliance Officer

Encl: a/a



SIMPLIFYING BUSINESS. **MAGNIFYING VALUE.**

TALWALKARS BETTER VALUE FITNESS LIMITED | ANNUAL REPORT, 2016-17

NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the members of Talwalkars Better Value Fitness Limited will be held on Thursday, the 28th September, 2017 at 1.15 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 consider and adopt:
 - (a) the audited financial statement of the Company for the financial year ended 31st March, 2017, the reports of the Board of Directors and Auditors thereon; and
 - (b) the audited consolidated financial statement of the Company for the financial year ended 31st March, 2017, together with the Report of the Auditors thereon.
2. To declare dividend on Equity Shares for the year ended 31st March, 2017;
3. To appoint a Director in place of Mr. Harsha Bhatkal (DIN: 00283946), who retires by rotation and being eligible, offers himself for re-appointment;
4. To appoint a Director in place of Mr. Madhukar Talwalkar (DIN: 00341613), who retires by rotation and being eligible, offers himself for re-appointment;
5. To ratify appointment of M/s. M. K. Dandekar & Co., Chartered Accountants, Mumbai (Firm Registration No. 000679S) as Statutory Auditors and in this regard, to consider and if thought fit, to pass with or without modification(s) the following resolution, as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and of the Companies (Audit and Auditors) Rules, 2014 as amended from time to time, the Company hereby ratifies the appointment of M/s. M. K. Dandekar & Co. (Firm Registration Number: 000679S), Chartered Accountants, Mumbai, as Statutory Auditors of the Company as approved by the members at Thirteenth Annual General Meeting, to hold office until the conclusion of Eighteenth Annual General Meeting of the Company in the calendar year 2021, subject to ratification by the shareholders annually, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESS:

6. Approval for the offer or invitation to subscribe to Non-Convertible Debentures on private placement basis and in this regard, to consider and if thought fit, to pass with or without modification(s) the following resolution, as a Special Resolution:

"RESOLVED THAT pursuant to Sections 42, 71 and any other applicable provisions of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Companies (Share Capital and Debentures) Rules, 2014 (including any amendment thereto or enactment/re-enactment thereof and subject to the provisions of the Articles of Association of the Company, approval of members be and is hereby accorded to authorize the Board of Directors of the Company to offer or invite subscriptions for non-convertible debentures, in one or more series or tranches, aggregating up to ₹ 500 Crores, on private placement basis for the period from 1st October, 2017 to 30th September, 2018 within the overall borrowing limits of the Company, as approved by the members, from time to time and on such terms and conditions as the Board of Directors of the Company may, from time to time determine and consider proper and most beneficial to the Company.

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

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

Avanti Sankav
Company Secretary & Compliance Officer

Date: 30th May, 2017
Place: Mumbai

Registered Office:
801-813, Mahalaxmi Chambers,
22, Bhulabhai Desai Road,
Mumbai - 400026, India.

NOTES:

1. A Statement pursuant to Section 102 of the Companies Act, 2013 relating to Special Business to be transacted at the meeting is annexed hereto. Information pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for directors seeking re-appointment at Annual General Meeting (AGM) is furnished as annexure.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE FOURTEENTH 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.**
3. 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.
4. A person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
5. 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.
6. 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.
7. 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.
8. 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.
9. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September, 2017 to 28th September, 2017 (both days inclusive) for the purpose of payment of dividend, if any, approved by the Members.
10. The Dividend for the year ended 31st March, 2017 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 22nd September, 2017. 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.
11. 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).

12. Pursuant to SEBI Notification No.MED/DOP/Circular/05/2009 dated 20th May, 2009, it has become mandatory for the transferee(s) to furnish copy of PAN card to the Company/ RTA to enable/effect transfer of shares in physical forms.
13. Members desiring any information as regards the accounts are requested to write to the Company at least five days before the date of the meeting to enable the management to keep the information ready.
14. **E-Voting:**
 - (i) In compliance with the provisions of Section 108 of the Act and the Rules framed there-under, as amended from time to time and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Central Depository Services (India) Limited ("CDSL"), on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below. Resolution(s) passed by Members through e-voting is/ are deemed to have been passed as if they have been passed at the AGM. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').
 - (ii) The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again. Members who have not cast their vote by remote e-voting shall be able to exercise their voting right at the Meeting. The Notice of Annual General Meeting is displayed on the Company's website- www.talwalkars.net.
 - (iii) The Board of Directors of the Company has appointed Mr. Bharat Upadhyay, Practicing Company Secretary, as the Scrutinizer to scrutinize e-voting process in a fair and transparent manner.
 - (iv) Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member/ beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. 22nd September, 2017. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. 22nd September, 2017 only shall be entitled to avail the facility of remote e-voting.
 - (v) The remote e-voting period begins on 24th September, 2017 at 9.00 a.m. and ends on 27th September, 2017 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, may cast their vote electronically. The remote e-voting shall be disabled by CDSL for voting there-after.
 - (vi) Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.
 - (vii) The Scrutinizer, after scrutinizing the votes cast through remote e-voting, will, not later than three days of conclusion of the Meeting, make a consolidated

scrutinizer's report and submit the same to the Chairman or Authorised person in this behalf. The results declared along with the scrutinizer's report shall be placed on the website of the Company www.talwalkars.net and on the website of CDSL. The results shall simultaneously be communicated to the Stock Exchanges.

(viii) Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 28th September, 2017.

The instructions for shareholders voting electronically are as under:

1. The shareholders should log on to the e-voting website www.evotingindia.com.
2. Click on "Shareholders" tab.

3. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

Then enter the Image Verification Code as displayed and Click on Login.

4. Select "Talwalkars Better Value Fitness Limited" from the drop down menu and click on "submit".
5. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
6. If you are a first time user follow the steps given below:

For Members holding shares in Demat/Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on the Attendance Slip.
DOB #	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details #	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.

Please enter the DOB or Dividend Bank Details in order to login. If both these details are not recorded with the Depository or Company, please enter the User ID/folio number in the Dividend Bank details field as mentioned in instruction (3).

7. After entering these details appropriately, click on "SUBMIT" tab.
8. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting on the resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
9. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
10. Click on the EVSN of Talwalkars Better Value Fitness Limited.
11. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
12. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
13. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
14. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
15. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
16. If Demat account holder has forgotten the password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
17. Non – Individual Shareholders and Custodians:
 - Non – Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details, a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
18. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

STATEMENT TO BE ANNEXED TO THE NOTICE PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No. 8

Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, deals with private placement of securities by a Company. It states that in case of an offer or invitation to subscribe for non-convertible debentures on private placement basis, the Company shall obtain previous approval of its shareholders by the way of special resolution only once in a year for all the offers or invitations for such debentures during the year.

In order to enhance long term resources for financing inter alia the ongoing capital expenditure and for general corporate purpose, the Company may offer or invite subscription for non-convertible debentures upto ₹ 500 Crores, in one or more series/tranches on private placement basis to be made during the period from 1st October, 2017 to 30th September, 2018. The issuance of these NCDs will be within the overall borrowing limits of the Company made from time to time.

The members are therefore, requested to accord their approval authorizing the Board of Directors for approving the offer or invitation to subscribe to Non-Convertible Debentures on private

placement basis as set out in the Special Resolution at Item No. 8 of the Notice of the Meeting.

None of the Directors, Key Managerial Personnel or Relatives of the Directors/Key Managerial Personnel of the Company is concerned or interested in the above resolution except to the extent of their shareholding interest.

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

Avanti Sankav
Company Secretary & Compliance Officer

Date: 30th May, 2017
Place: Mumbai

Registered Office:
801-813, Mahalaxmi Chambers,
22, Bhulabhai Desai Road,
Mumbai - 400026, India.
website: www.talwalkars.net

Information pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to the Directors seeking re-appointment at the ensuing Annual General Meeting:

Name of the Director	Mr. Harsha Bhatkal	Mr. Madhukar Talwalkar
Date of Birth	15.08.1962	28.11.1933
Date of Appointment	25.04.2003	24.04.2003
Qualification	Bachelors Degree in Commerce and Masters Degree in Business Administration	Bachelors Degree in Textile Engineering
Expertise in specific functional area	Publishing and Marketing Industry	Health and Fitness Industry
Listed Companies (other than Talwalkars) in which he holds directorship and committee membership	Nil	Nil
Disclosure of relationship between directors inter-se	Nil	Mr. Madhukar Talwalkar, Whole-time Director and Mr. Girish Talwalkar, Executive Chairman of the Company being father and son, are related to each other.
Nos. of Shares held in the Company	1,560,200	100,000



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 CIN: L92411MH2003PLC140134



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 14th Annual General Meeting of the Company on Thursday, the 28th September, 2017 at 1.15 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.



Route Map to AGM Venue

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.



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**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies
(Management and Administration) Rules, 2014]

Name of the Member(s)			
Registered Address			
E-mail ID			
Registered Folio No.			
DP-ID		Client ID	

I/We, being the member(s) of _____ shares of Talwalkars Better Value Fitness Limited, hereby appoint:

- _____ residing at _____
_____ having email id _____ or failing him/her
- _____ residing at _____
_____ having email id _____ or failing him/her
- _____ residing at _____
_____ having email id _____

as my/our proxy to vote for me/us on my/our behalf at the 14th Annual General Meeting of the Company to be held on Thursday, the 28th September, 2017 at 1.15 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, in respect of such resolutions as are indicated below:

Item No.	Resolution
1	Adoption of the audited financial statements of the Company for the financial year ended 31 st March, 2017, the reports of the Board of Directors and Auditors thereon
2	Declaration of dividend on Equity Shares for the year ended 31 st March, 2017
3	Re-appointment of Mr. Harsha Bhatkal, who retires by rotation and being eligible offers himself for re-appointment
4	Re-appointment of Mr. Madhukar Talwalkar, who retires by rotation and being eligible offers himself for re-appointment
5	Ratification of Appointment of M/s. M. K. Dandekar & Co., Chartered Accountants, Mumbai as Statutory Auditors
6	Approval for the offer or invitation to subscribe to Non-Convertible Debentures on private placement basis



Signature of Shareholder

Revenue
Stamp
of
₹ 1/-

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

Date:

Note:

The Proxy Form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

ADDENDUM TO THE NOTICE OF ANNUAL GENERAL MEETING

Dear Members,

This is an Addendum to the Notice of the Fourteenth Annual General Meeting of the members of Talwalkars Better Value Fitness Limited to be held on Thursday, the 28th September, 2017 at 1.15 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.

We refer to the Postal Ballot Notice dated 20th July, 2017 (Item No. 1 - issuance of equity shares on preferential basis to persons belonging to promoter group) and the requisition that has been received from the Stock Exchange where the Company's shares are listed.

We hereby request you to ratify the special resolution which is passed on 23rd August, 2017 relating to the issuance of equity shares on preferential basis to persons belonging to promoter group where the date of passing the special resolution should read as 23rd August, 2017 (which was inadvertently printed as 24th August, 2017 in the Notice), in accordance with the provisions of SS-2 – Secretarial Standard on General Meetings and accordingly, the Relevant Date shall be read as 24th July, 2017 (which was inadvertently printed as 25th July, 2017), in accordance with the provisions of Chapter VII of SEBI ICDR Regulations.

The said Special Resolution along with its Explanatory Statement is produced herein below where the highlighted text in italics exhibits the update mentioned above.

ISSUANCE OF EQUITY SHARES ON PREFERENTIAL BASIS TO PERSONS BELONGING TO PROMOTER GROUP

"RESOLVED THAT pursuant to the provisions of Sections 42, 62 and other applicable provisions, if any, of the Companies Act, 2013 ("Companies Act") read with Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014 and other relevant rules made there under (including any statutory modification(s) thereto or re-enactment thereof for the time being in force), enabling provisions of Memorandum of Association and Articles of Association of the Company, provisions of the Listing Agreement entered into by the Company with the Stock Exchange(s) where the shares of the Company are listed ("Stock Exchange(s)") and in accordance with the guidelines, rules and regulations of the Securities and Exchange Board of India ("SEBI"), including the SEBI (Issue of Capital And Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations"), SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, SEBI (Substantial Acquisitions and Takeovers) Regulations, 2011 and subject to the approvals, consents, permissions and/ or sanctions, as may be required from the Government of India, SEBI, Stock Exchange(s) and any other relevant statutory, governmental authorities or departments, institutions or bodies and subject to such terms, conditions, alterations, corrections, changes, variations and/or, modifications, if any, as may be prescribed by any one or more or all of them in granting such approvals, consents, permissions and / or sanctions and which may be agreed by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee of Board thereof), the consent of the members be and is hereby accorded to the Board to create, offer, issue and allot upto 13,00,000 Equity Shares

(Thirteen Lakhs) of face value of ₹ 10/- (Rupees Ten only) each fully paid up at an issue price as may be determined as on the Relevant Date in accordance with the provisions of Chapter VII of SEBI ICDR Regulations to the persons belonging to Promoter Category ("Proposed Allottees").

RESOLVED FURTHER THAT the Relevant Date, as per the SEBI ICDR Regulations, as amended till date, for the determination of minimum issue price of the Equity Shares is Monday, 24th July, 2017 i.e. 30 days prior to the passing of shareholders resolutions by way of Postal Ballot.

RESOLVED FURTHER THAT aforesaid issue of Equity Shares shall be subject to the following terms and conditions:

- The Proposed Allottees of Equity Shares shall be required to bring in 100% of the consideration, on or before the date of allotment thereof.
- The consideration for allotment of Equity Shares shall be paid to the Company from the bank account of the Proposed Allottees;
- The Equity Shares to be allotted to the Proposed Allottees shall be under lock in for such period as may be prescribed under Chapter VII of the SEBI ICDR Regulations;
- The Equity Shares so allotted to the Proposed Allottees under this resolution shall not be sold, transferred, hypothecated or encumbered in any manner during the period of lock-in provided under SEBI ICDR Regulations except to the extent and in the manner permitted there under;
- Allotment shall only be made in dematerialized form.

RESOLVED FURTHER THAT the equity shares proposed to be allotted shall rank pari-passu in all the respect including as to dividend with the existing equity shares of the Company of face value of Rs. 10/- each.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all such actions and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to give effect to the resolution and to the issue or allotment of aforesaid shares and listing thereof with the Stock Exchanges as appropriate, to decide and approve the other terms and conditions of the issue of the aforesaid equity shares, to vary, modify or alter any of the terms and conditions, and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment, utilization of issue proceeds and to do all such acts, deeds and things in connection therewith and incidental thereto as the Board at its absolute discretion deem fit, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any other Directors/ Officers of the Company (as it may consider appropriate) to give effect to the aforesaid resolution."

STATEMENT TO BE ANNEXED TO THE NOTICE PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Purpose of the allotment

With a view to augment funds to meet the short-term and long-term working capital requirements of the existing business operations and at the same time, to support its future growth plans, the Board of Directors of the Company in their meeting held on Thursday, 20th July, 2017 has considered and approved the proposal of raising funds on preferential basis to the persons belonging to the Promoter Category subject to receipt of necessary approvals from shareholders and Stock Exchanges where the shares of the Company are listed.

The details of the issue and other particulars as required in terms of Regulation 73 of the SEBI ICDR Regulations and other applicable

laws in relation to the proposed Special Resolution as set out at Item No. 1 are given hereunder:

A. Object of the Preferential Issue of Equity Shares:

The object of the issue is to finance the short term and long term working capital requirement of the business on one hand and to support the future growth plans of the Company, on the other.

B. Intention of the Promoters, Directors or Key Managerial Personnel to subscribe to the Proposed Preferential Issue:

Except Promoters/ Directors who will be subscribing to Equity shares in the preferential issue, none of the other Promoters and Directors or key management personnel of the Company intends to apply /subscribe to any of the Equity Shares.

C. Shareholding Pattern of the Company before and after the Preferential Issue of Equity Shares:

Name of shareholders	Pre-issue Shareholding Structure *		No. of Equity Shares to be allotted	Post-issue shareholding Structure #	
	No of Shares held	% of shares		No of Shares held	% of shares
Promoter & Promoter group					
(A)(1) Indian					
(a) Individuals/Hindu undivided Family	1,12,76,060	37.96	13,00,000	1,25,76,060	40.56
(b) Central Government/ State Government(s)	--	--	--	--	--
(c) Bodies Corporate	7,683	0.03	--	7,683	0.03
(d) Financial Institutions/ Banks	--	--	--	--	--
Sub-total (A) (1)	1,12,83,743	37.99	13,00,000	1,25,83,743	40.59
(A)(2) Foreign	--	--	--	--	--
(a) Individuals (Non-Resident Individuals/ Foreign Individuals)	--	--	--	--	--
(b) Bodies Corporate	--	--	--	--	--
(c) Institutions	--	--	--	--	--
Sub-Total (A)(2)	--	--	--	--	--
Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	1,12,83,743	37.99	13,00,000	1,25,83,743	40.59
Non-Promoter's Shareholding					
(B)(1) Institutions					
(a) Mutual Funds	14,14,457	4.76	--	14,14,457	4.56
(b) Alternate Investment Fund	4,655	0.02	--	4,655	0.02
(c) Foreign Portfolio Investors	40,37,455	13.59	--	40,37,455	13.02
(d) Financial Institutions/ Banks	5,83,771	1.97	--	5,83,771	1.88
Sub-Total (B)(1)	60,40,338	20.33	--	60,40,338	19.48

Name of shareholders	Pre-issue Shareholding Structure *		No. of Equity Shares to be allotted	Post-issue shareholding Structure #	
	No of Shares held	% of shares		No of Shares held	% of shares
(B)(2) Central Government/ State Government/ President of India	0	0	--	0	0
(B) (3) Non-Institution					
(a) Individuals					
(i) Individual shareholders holding nominal share capital up to ₹ 2 lakhs.	44,18,303	14.87	--	44,18,303	14.25
(ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs.	26,23,215	8.83	--	26,23,215	8.46
(b) NBFCs registered with RBI	0	0	--	0	0
(c) Employee Trusts	0	0	--	0	0
(d) Overseas Depositories (holding DRs)	0	0	--	0	0
(e) Any Other (specify)	53,39,257	17.97	--	53,39,257	17.22
(i) Trust	1,33,700	0.45	--	1,33,700	0.43
(ii) Hindu Undivided Family	1,92,336	0.64	--	1,92,336	0.62
(iii) Non-Resident Indian (NRI)	5,38,035	1.81	--	5,38,035	1.74
(iv) Clearing member	3,43,093	1.16	--	3,43,093	1.11
(v) Body Corporate	41,32,093	13.91	--	41,32,093	13.33
Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)	1,84,21,113	62.01	--	1,84,21,113	59.41
Total (A + B)	2,97,04,856	100	13,00,000	3,10,04,856	100

* Shareholding as on 17th July, 2017

The post shareholding structure may change depending upon any other corporate action in between.

D. Proposed time within which the Preferential Issue shall be completed:

In terms of Regulation 74(1) of the SEBI ICDR Regulations, preferential allotment to proposed allottees pursuant to the special resolution will be completed within a period of 15 (fifteen) days from the date of passing of resolution as set out at Item No. 1.

Provided that where the allotment is pending on account of pendency of any application for approval or permission by any regulatory authority, if applicable, the allotment would be completed within 15 (fifteen) days from the date of such approval or within such further period as may be prescribed or allowed by SEBI, Stock Exchange(s) or other concerned authorities.

E. Identity of the Proposed Allottees and the Percentage of Post Preferential Issue Capital that may be held by them:

Name of the Proposed Allottee	Category	Pre issue Shareholding Structure		No. of Equity shares to be allotted	Post issue Shareholding Structure#	
		No of Shares held	% of shares		No of Shares held	% of shares
Madhukar Talwalkar	Promoter	1,00,000	0.33	4,20,000	5,20,000	1.68
Anant Gawande	Promoter	19,20,200	6.46	5,80,000	25,00,200	8.06
Harsha Bhatkal	Promoter	15,60,200	5.25	3,00,000	18,60,200	6.00

The post shareholding structure may change depending upon any other corporate action in between.

- F. The identity of the natural persons who are the ultimate beneficial owners of the Equity Shares proposed to be allotted and/or who ultimately control the proposed allottees is as follows:

Name of proposed allottee	Ultimate Beneficial Owner
Madhukar Talwalkar	Madhukar Talwalkar
Anant Gawande	Anant Gawande
Harsha Bhatkal	Harsha Bhatkal

- G. Consequential Changes in the Voting Rights and Change in Management:

As a result of the proposed preferential issue of Equity Shares, there will be no change in the control or management of the Company. However, voting rights will change in tandem with the shareholding pattern.

- H. Lock-in Period:

- The Equity Shares to be allotted on a preferential basis to Promoter Group of the Company, shall be subject to 'lock-in' for a period of three years from the date of trading approval for such Equity Shares in accordance with Regulation 78(1) of the SEBI ICDR Regulations.
- The entire pre-preferential allotment shareholding of the proposed allottees shall be locked-in from the Relevant Date up to a period of six months from the date of trading approval as per Regulation 78(6) of the SEBI ICDR Regulations.

- I. Issue Price and Relevant Date:

The Relevant Date on the basis of which the price of the issue of Equity shares has been calculated is Monday, 24th July, 2017 i.e. 30 days prior to the passing of shareholders resolutions by way of Postal Ballot.

It is proposed to issue Equity Shares at an issue price as may be determined on Relevant Date in compliance with the provisions of Chapter VII of SEBI ICDR Regulations.

All other contents of the Postal Ballot Notice and Explanatory Statement shall remain unchanged.

For Talwalkars Better Value Fitness Limited

Avanti Sankav

Company Secretary & Compliance Officer

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Avanti Sankav

CHIEF FINANCIAL OFFICER

Girish Nayak

STATUTORY AUDITORS

M.K. Dandekar & Co.
Chartered Accountants,
244 (Old No. 138), 2nd Floor,
Angappa Naicken Street,
Chennai - 600 001

BANKERS

Axis Bank Limited

REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Private Limited
C-101, 247 Park, L B S Marg, Vikhroli West,
Mumbai - 400 083.

REGISTERED OFFICE

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

DEBENTURE TRUSTEES

Axis Trustee Services Limited
Ground Floor, Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg,
Worli, Mumbai - 400 025

14th ANNUAL GENERAL MEETING

Thursday, 28th September, 2017 at 1.15 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.

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SIMPLIFYING BUSINESS.

MAGNIFYING VALUE.



The big development at Talwalkars Better Value Fitness in 2016-17 was the decision to demerge our business.



This demerger will result in the total business being split into two entities, Gym company and Lifestyle company.

-  Every shareholder in our existing Company will get one share each in our demerged Gym and Lifestyle Company.
-  This demerger will simplify our structure and reorient our strategies to produce long-term sustainability and robust growth.
-  The demerger will help us enhance value in an attractive way for our stakeholders.

TALWALKARS IS AN ATTRACTIVE PROXY OF TWO EXCITING BUSINESSES IN INDIA.

One of the largest organised fitness companies in South Asia.

The only listed proxy of India's fitness sector.

A Company that democratised the organised gym sector across 71 non-metro and non-Tier I locations.

Services

Talwalkars is a leader in the Indian fitness industry with centers across India offering gymming and fitness, Zumba® programme, Zorba – The Yoga Studio, Nuform, Reduce and Group X, among others. The Company's fitness centers operate under five major formats – Talwalkars Premium, Talwalkars, PWG, HiFi and Zorba – The Yoga Studio.

Asset base

Talwalkars fitness centers are located in 211 centers across India and Sri Lanka as on March 31, 2017. The Company operates 130 centers under the Talwalkars brand, 26 under HiFi, 50

under PWG and 5 under Zorba – The Yoga Studio. Nearly 44% of the centers are in metro and Tier I locations and the rest pan-India.

Of the total 130 Talwalkars outlets, 103 are owned and operated by the Company, 9 through the Company's subsidiary and 18 through franchisee centers as on March 31, 2017. Of the total 50 gyms under the PWG brand, 30 fitness centers are owned and operated by the Company.

Promoters

The promoters of the Company possess an experience of over five decades in the Indian fitness industry. The promoters'

shareholding was 38% as on March 31, 2017.

Alliances

- Established an overseas presence for the first time through the acquisition of Power World Gym (PWG), the biggest health and fitness player in Sri Lanka. The Company was successful in replicating this model in India.
- The acquisition of Zorba-the yoga studio enabled the inclusion of yoga services to the existing portfolio, benefiting members and generating incremental revenues within the existing infrastructure.
- Alliance with leading online fitness portal Growfitter (earlier known as Gymtrekker)



Talwalkars.

One-stop fitness and wellness

Talwalkars Gym

- Basic membership
- Personal training
- Steam and Massage
- Value-added services

Premium format gyms

- Large format gyms
- Highly personalised value added service

- Nuform
 - Reduce
- } Transform

- Zumba® programme
- Zorba – The Yoga Studio
- Aerobics, spa and massage

HiFi

- Functional format gyms
- No frills gym

PWG Gyms

- Gyms in Sri Lanka and India
- Low capex and Low opex gyms
- Mass target audience
- No- frills gym

Diverse offerings

Nuform

- Electrical Muscle Stimulation (EMS) based workout
- Once a week for 20 minutes
- Offered within fitness centres
- Convenience of doorstep services

Reduce

- Diet-based weight reduction programme
- Provision of ready-to-eat-and-cook food products
- Offered within fitness centres
- Convenience of doorstep services and online access option
- Tied up with online portals Nykaa and Snap Deal

Transform

- Combination of Reduce and Nuform programme.
- Offered within fitness centres
- Convenience of doorstep services

Zorba - the yoga

- Provides exclusive and holistic approach towards better living

- Customised courses and therapies
- Offered within fitness centres and studios
- Recommended for one hour, thrice-a-week

Zumba® programme

- Dance-based fitness programme
- Offered within the fitness centres and studios
- Recommended for one hour, thrice-a-week

Group X

- Services offered like Spinning; TRX ; Aerobics; dance classes etc
- Offered within fitness centres and studios
- Recommended for one hour, thrice-a-week

Sports club

- Integrated fitness, sports and recreation clubs
- Consultancy services for setting up clubs in townships and gated communities

enabled the Company to capitalise on online sales.

- A 50:50 joint venture with David Lloyd Leisure (DLL), Europe's leading premium sports, health and leisure group to start and develop health and leisure clubs across India.

- Alliance with Zumba Fitness, LLC to run the Zumba® dance-inspired fitness plan in India. Zumba has gained acceptance worldwide with close to

15 million people taking weekly Zumba classes in over 200,000 locations across 180 countries.

Tied up with Zumba USA for merchandise; Talwalkars are sole distributor of Zumbawear in India.

- Alliance with Inshape Health and Fitnez Private Limited enabled the Company to consolidate and retain its position as a market leader in Chennai.

Listing

- The Company's equity shares are listed on the Bombay and National Stock Exchanges. The Company enjoyed a market capitalisation of Rs.7899 million as on March 31, 2017.

De-merger

The Company filed the Scheme of Arrangement with the Stock Exchanges on December 8, 2016.

It received the approval from the stock exchanges and SEBI for the Scheme of Arrangement.

It filed the Scheme with National Company Law Tribunal and the meeting of the shareholders was convened under the NCLT direction; the shareholders' approval for the same was received.



On a single day; the Company launched 20 PWG gyms in November, 2016 across Bangalore and 10 gyms across the National Capital in March, 2017.

FINANCIAL HIGHLIGHTS, 2016-17

REVENUES GREW 13.78% FROM RS.2514 MILLION IN 2015-16 TO RS.2860 MILLION

EBITDA ROSE SHARPLY FROM RS.1503 MILLION IN 2015-16 TO RS.1716 MILLION

NET PROFIT ROSE FROM RS.550 MILLION IN 2015-16 TO RS.656 MILLION

EPS (BASIC) ROSE FROM RS.19.03 IN 2015-16 TO RS.22.09

PROPOSED A DIVIDEND OF 15%



Lifestyle segment



Gym segment

OPERATING HIGHLIGHTS, 2016-17

Gym segment

- Number of gyms increased from 176 to 211; proportion of franchised gyms was 21% at year-end.
- Expansion of PWG model (our associate brand in Sri Lanka) in India; PWG model is the right mix of low capex and opex.
- Opened 3 HiFi centers, taking the total to 26 centers (additional 21 in pipeline).
- The Company signed a MoU, subject to due diligence, to invest in equity shares of Force Fitness India Private Limited (FFIPL), Indian master franchisee of Snap Fitness Inc., the third largest gym chain in India; Snap Fitness model is predominantly a franchise concept.
- Increase in franchise model with no capex projected to enhance our profitability ratios.

- Talwalkars ranked in the Top 100 Franchise Opportunities for the Year 2016 in the annual survey by Franchising World Magazine.
- Cashless transactions increased since demonetisation, which led to an increase in business transparency.
- Demonetisation impact was partly set-off by opening new gyms, switching to new payment modes and digital payment platforms including mobile wallets in addition to credit/debit cards.

Lifestyle segment

- Zorba - The Yoga presence increased from 3 to 31 centers.
- Tied up with Zumba USA for merchandise; Sole distributor for Zumba wear in India and it launched an online portal www.zumbashop.in for the same

- Reduce brand relaunched in a new package in line with international standards; generated superior online and offline response.
- Evaluating and strategically placing Nuform in centres where the Company is likely to generate higher profitability.
- Received most of the approvals for club; construction to begin in late 2017.
- Seeking to unlock the value of eight properties with an estimated market value of ₹1200 mn.
- Following the demerger, the gym will sustain lifestyle services (based on transfer pricing with the lifestyle company that will own these services).



HOW WE GENERATED MULTI-YEAR SUSTAINABLE GROWTH

Higher revenues (₹/mn)

+ ₹346 mn



Definition

Revenue from operations.

Why we measure

This measure reflects the result of our capacity to understand market needs and service them with corresponding research, product launch and

manufacture and funds management – the entire supply chain.

Performance

Our aggregate revenues increased 13.78% to ₹2860 mn in FY 17 following a larger rollout of centers and increase in membership fees – volume plus value.

EBITDA growth (₹/mn)

+ ₹213 mn



Definition

What the Company earned before the deduction of interest, depreciation, extraordinary items and tax.

Why we measure

This measure is an index of the Company's EBITDA, which serves as a comparison with sectoral peers.

Performance

The Company's EBITDA grew every single year. The Company reported a 14.19% increase in EBITDA in FY 17. This was the result of increased centre rollout, higher membership fees, introduction of value-added services across a larger number of centers and cost management.

EBITDA margin movement (%)

167 bps



Definition

The movement in percentage points in earnings before interest, depreciation, exceptional items and tax when divided by the Company's revenues.

Why we measure

This movement essentially indicates whether the business is becoming more efficient or not. Talwalkars is focused on a consistent increase in EBITDA margins,

higher than the sectoral average.

Performance

The Company reported a 167 bps increase in EBITDA margin in FY 17. This was the result of higher revenues, larger proportion of revenues from value-added services and stronger capacity to cover fixed costs.

Profit after tax (₹/mn)

+ ₹106 mn



Definition

This is the surplus derived after all the expenses have been paid at the end of the financial year.

Why we measure

This indicates the capacity of the Company to reward shareholders and enhance business value.

Performance

The Company increased its profit after tax each year since inception. The increase in PAT was 19.28% during the year under review.

Net gearing (x)

+ 0.13 x



Definition

This is derived through the ratio of net debt to net worth.

Why we measure

This is one of the defining measures of a Company's financial health, indicating the ability of the Company to remunerate shareholders over debt providers (the lower the gearing the better). In turn, it indicates the ability

of the Company to sustain growth in profits, margins and shareholder value.

Performance

The Company's net gearing moderated from a peak of 0.95 in FY 15 to 0.65 in FY17. We recommend that this ratio be read in conjunction with net debt: operating profit (declining, indicating a growing ability to service debt).

Return on capital employed (%)

-74 bps



Definition

The return percentage (EBIT divided by total average capital employed) generated from the amount deployed in the business.

Why we measure

This measure unambiguously captures the result of all our diverse initiatives in building a stronger company, the

higher the ROCE the better, making it possible to compare year-on-year competitiveness.

Performance

Our ROCE declined marginally from 15.07% to 14.33%, indicating deployment of funds in longer gestation projects that would deliver enhanced returns across the foreseeable future.

Employee Cost Intensity (%)

-64 bps



Definition

This is derived through the computation of people cost as a percentage of overall revenues.

Why we measure

People costs represent the highest cost component in the fitness services industry. Any moderation in people costs or superior coverage by

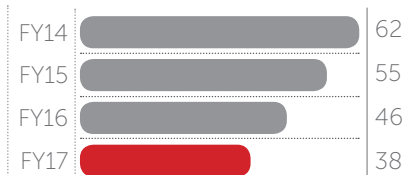
revenues can enhance profitability and competitiveness.

Performance

The Company's employee turnover has been consistently controlled, indicating a superior utilisation of resources and business streamlining.

Receivables management

-8 days



Definition

This is derived through the division of the total receivables by turnover at the end of the financial year multiplied by 365.

Why we measure

This indicates the number of days of receivables outstanding, the lower the better.

Performance

The Company has succeeded in moderating receivables from 62 days of turnover equivalent in 2013-14 to around 38 days of turnover equivalent in 2016-17, credible at a time of sectoral weakness.

HOW OUR BUSINESS MODEL HAS TRANSLATED INTO OUTPERFORMANCE

Robust profit accretion

Cash profit (Rs/mn)



Enhanced responsiveness to market dynamics

Value-added product* revenues as % of total revenues (%)



*Excluding personal training

As a value-focused Company, we believe that the period of incubation is over; the time has come for the lifestyle business to be spun out into a separate company that is adequately





Once demerged, our companies (especially gym) will be in a position to report consistent growth while remaining asset-light.

positioned to generate resources for its sustainable growth.

The demerger is intended to unleash the value of both the business and enhance value to enrich shareholders. The demerger will also enhance focus within the teams managing these businesses. The standalone financial structures will make it possible for investors to derive an informed perspective on the operating models of the respective businesses, which, in turn, is likely to result in faithful corresponding valuations of both .

As an extension, we believe that we will be able to attract focused investors whose risk appetites and investing preferences match the characteristics of the respective models of the two companies.

Demerger rationale

Once demerged, the gym company will continue to report consistent growth while remaining asset-light. The gym business will seek to organically grow while buying out majority stakes in competing brands, a quicker way of addressing the dynamic reality of the Indian and global market place. Besides, the conventionally asset-heavy lifestyle business will engage in a sale and lease back of its physical infrastructure that makes it possible to liquidate the debt on its books so that the revenues earned from membership enrolment and fees are more than adequate to service ongoing financial obligations.

The standalone gym company is attractively placed to capitalise most extensively as it enjoys attractive franchise value reflected in high

membership retention and revenue growth.

Simultaneously, the services included in Lifestyle company are at an inflection point, highly scalable and profitable while focusing on unleashing the potential of the existing infrastructure and providing room for revenue value-addition.

The Magic of ROCE

Markets reward companies that generate a superior ROCE; some of the fastest wealth creators on the Indian markets have been companies with relatively smaller Balance Sheets and high double-digit ROCEs, a consistent ability to sweat your assets optimally, coupled with a high annual payout to shareholders.

At Talwalkars, we believe in long-term growth, sustainability and enhancing our return ratios, more specifically ROCE, an important metric by which corporate performance is appraised. This demerger is intended to bring about growth, sustainability and robust return ratios.

Growing optimism

The concurrent reality is that the business landscape keeps getting wider for a number of unique reasons: the Indian population continues to add the largest annual population increment over any other country; India has the youngest population in the world across major countries when you take the average population into account, the benefits of which are likely to extend into the long-term; the long-term unemployment graph is declining; personal incomes are rising year-on-year; the

greater the prosperity the higher the sedentariness; the higher the sedentariness, the greater likelihood of lifestyle disease and ailments; the greater this incidence, the more likely that in addition to medical interventions, people will turn to health-enhancing alternatives like fitness gyms and fitness-driven clubs.

The result is that a fitness gym or a fitness-driven club is no longer likely to be peripheral to the existence of most urban Indians; they are likely to remain central as long as there are adequate, professional and proximate service providers.

At Talwalkars, we believe that our demerged gym company will be attractively placed to respond to this evident opportunity. The business will be marked by high cash generation and robust ROCE. The demerger will bring a superior complement to this reality; it will empower the Company to grow even faster through organic initiatives and acquisitions; it will result in focused brand investment and management that enhances membership and fee growth – a volume cum value proposition.

In conclusion, I must state that we are optimistic that these fundamentals are likely to augur prosperity in perpetuity, enriching our stakeholders.

I would like to thank our partners and stakeholders for their confidence in our Company and our employees for their sincere dedication and commitment.

Girish Talwalkar,
Chairman, Talwalkars Better Value Fitness Limited



A fitness gym or a fitness-driven club is no longer likely to be peripheral to the existence of most urban Indians; they are likely to remain central as long as there are adequate, professional and proximate service providers.



IN THE FITNESS

IN THE FITNESS OF THINGS, WE MUST START THIS DOCUMENT WITH HOW WE GOT IT RIGHT,

This business was started in 1932 when visionary Mr. Vishnupant Talwalkar, a passionate and determined Indian recognised that the foundation of an independent India, was good health and fitness.

Literally.

And that is how the family started a local gym where people could train and be fit.

The idea grew.

The standalone gym soon became half a dozen gyms, which slowly expanded into a larger fitness chain and is today a leading player pan -India and in Sri Lanka

The fundamental idea around which the gym business developed was that fitness is a way of life.

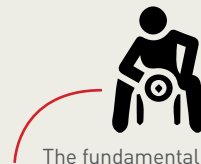
Just like people needed to eat, wear clothes and live in good homes, they would need to stay fit.

And when you have the second most populous country wanting to stay fit, what you got by simple extrapolation was one of the most attractive business propositions in India.

Build a space for people to get fit. Provide trained supervision. Charge a reasonable gym fee.

A business that could never get out of fashion. And you could smile all the way to the bank.

QED.



The fundamental idea around which the gym business developed was that fitness is a way of life.

SS OF THINGS

WITH AN IDEA AHEAD OF ITS TIME.



TRANSFORM I INTO A SCALA

For a number of decades, Talwalkars was good in concept.

Well-intentioned promoters. Solid core service. Well-grounded fundamentals.

But something was missing.

The business was viable. But only modestly profitable.

No scale. No multi-city presence. No visibility.

And then the lifestyle revolution happened.

Personal mobility options increased. Televisions started getting larger. The number of channels increased. Internet swept into lives. Phone got 'smart'. And then came the mother of all distraction - "Social Media".

The result was that walkers began to ride. The active began to slouch. The world began to text each other rather than meet. Staying 'in' became the new going out.

So?

We hate to tell you this but trousers got tighter, people got broader, 'before' and 'after' pictures became taboo and climbing six storeys during a power cut was like conquering Everest without oxygen.

And just so softly, the age of Talwalkars emerged.

After decades. Finally.



Finally the age of Talwalkars emerged to provide world-class fitness to millions.

N G A N I D E A
B L E M O D E L

THE AGE OF TALWALKARS

The Age of Talwalkars was marked by a paradigm shift.

People sought gyms. People engaged personal fitness trainers. People turned enviously towards those with narrower waistlines. Spending hours on a treadmill became 'investment'. The 'S' on shirt labels became prized.

And in line with this sweeping phenomenon, the promoters of Talwalkars took a decisive step. They took their Company public in 2010.

Talwalkars went public to achieve what had never been attempted in India's fitness sector. To transform a relatively unorganised fitness label into an organised brand. To transform a regional play into a pan-India footprint. To provide a cottage industry with a listed face.

However, there was a bigger objective in the listing. It provided a Company of moderate size the magic of visibility. Not with conventional idea of growing but with the provision of precious oxygen to intrinsic profitability. Helping magnify what looked good when small into something attractively profitable when scaled.

The concept of the next multi-bagger.



Talwalkars went public to achieve what had never been attempted in India's fitness sector.



THE TALWALKARS NUGGET



The Talwalkars business was the next big idea. A business model woven around people's vanity and the need to look better.

Service-driven business in a listed world of largely industrial entities.

High margin business (EBIDTA margin ~60%) in a world of thinning spreads.

Relatively modest in terms of capital expenditure with the prospect of generating attractive returns on gross block.

The advantage of being able to increase membership fees over time, beating inflation.

The ability to get each gym to become net cash-positive in one of the quickest tenures.

The ability to report high gym member retention with superior demonstrated results.

The ability to spin a number of value-accretive products and services out of lifestyle business.

The attractive ability to cross-sell services that enhanced overall gym profitability.

High gym profitability. Proportionate relationship between revenues and margins. And a virtually unlimited market.

Dream business. One couldn't go wrong with this.

THE FUSING OF THE TWO BUSINESS



We fused the two businesses – Gyms and Lifestyle – with the objective to enhance value.

We fused the two businesses

Gyms and Lifestyle

with the objective to enhance value

The high-margin gym business generated surplus cash that enabled the incubation of the lifestyle business.

The combination of the two seemed just the right thing to do.

As we scaled our gym business and generated more cash, we decided to scale the Lifestyle business and build value.

When we announced this related diversification, we said that the business would now acquire what we always hoped it would.

Margins plus scale. Profitability plus sustainability.



AN IDEA AHEAD OF ITS TIME

We would like to modestly claim that we got it right – the right business and the right scale.

However, even after seven years of being listed, we could only grow our market capitalisation to ₹7899 mn as on March 31, 2017.

The big question: how could a highly profitable idea with an unlimited market relatively under-perform when it came to value-creation?



Talwalkars made a synergic extension of its gym-based business into the Lifestyle business comprising value-added fitness services like Reduce program, Nuform, Transform, Zumba, among others.

The answer lies in the diversification attempted by the Company in the last few years.

Talwalkars made a synergic extension of its gym-based business into the Lifestyle business comprising value-added fitness services like Reduce program, Nuform, Transform Zumba, among others. The Company proposed to commission a large club in Pune that would combine fitness, leisure and lifestyle. Just as the Company had pioneered to organise standalone gym units across the country, the time had now come for the Company to organise the highly fragmented wellness segment across India.

The result is that the Company ventured into a branded offering called Reduce to address people who needed to lose weight without exercise. The Nuform offering helped people with time constraints to lose weight and freefloor exercises including Zorba-The yoga helped reaching a wider target audience. The Zumba offering attracted women members.

This was an idea whose time had come: a number of our customers didn't just want to work out at a gym; they needed to unwind for an hour or two at a proximate club. A number of our customers didn't just want to sweat it out inside a gym; they needed

to extend fitness to club leisure with the rest of the family. A number of our members were happy with the value we provided at the gym; and yet, they were willing to pay more for a membership at a world-class club facility.

Extending from one idea to another ahead of the curve seemed just the right thing to do.

And yet...



THE REALITY



The markets saw this marriage of the two business differently.

They perceived the potential of one cash-rich business being restricted by the size of the other.

They perceived the rapidly-generating surpluses coming out of one business going into the slower business growth of the other.

They saw the surplus cash being generated by the gym business not being deployed adequately to grow the business faster.

And that explains why the Talwalkars stock – right business, right place, right time – turned sluggish.

This was modest valuation for a company with an EBITDA margin of 60% and ROCE of 14.33%.

PROPOSED DEMERGER

At Talwalkars, we believe that we are in the business to maximise value for our shareholders. Period.

If the markets value us attractively, that would be a success. If the markets discount our Company, then we would have failed.

It is with this perspective that the Talwalkars management took a decisive call: demerge the Gym and Lifestyle businesses.

The demerger would enable the Gym business to be appraised for its independent value; this would also enable the Lifestyle business to stand on its own feet, mobilise resources, grow in line with its Balance Sheet framework and enhance organisational risk appetite. The lifestyle business is a sunrise sector with high fragmentation, attractive market potential and robust growth.

There is something more critical that the demerger would facilitate: price discovery. For long, the value of

the Gym business was extensively discounted; the demerger will facilitate a valuation re-appraisal and a re-discovery of all the fundamentals we said the business would possess: high double-digit ROCE, more cash on the books than the business consumed and a graduation of the business into what stock pickers refer with a dream in their eyes – cash cow.

We also believe that a similar price discovery would emerge for the Lifestyle business. The business would attract a different kind of investor – the one seeking assurance from collateral asset value (land and building in this case), one seeking a proxy of India's lifestyle (fitness-leisure) revolution, one seeking value from a growing brand franchise, and one seeking to invest today in tomorrow's business.

We believe that by demerging the parent Company into its

constituents, we would be able to generate value that would be considerably higher.

One plus one being more than two in this case.





WHERE THE GYM BUSINESS CAN GO

So the big question: where can the Gym business go?
So let us answer that question from a macro perspective first.

9

MAKING THE GYM BUSINESS A HOLDING BUSINESS

At Talwalkars, there is a large gap between the larger organised gym brands in India and the rest.

Even as fitness awareness and the market are widening rapidly, the one alternative would be to grow patiently and organically; the other would be to acquire brands, operating units and companies present in the fitness sector.

At Talwalkars, we seek to pursue both the strategies. We are uniquely placed in the industry to drive inorganic growth; we are the only listed Company in India's fitness sector; we possess the currency of our equity stock that makes it possible for us to buy competitors out through an exchange of shares cum cash that makes it possible for them to enter the country's listed markets through the

indirect route, an advantage that they may not have otherwise enjoyed on account of their relative smallness.

At Talwalkars, we will continue to acquire majority stakes in competing brands for an important reason; we believe that at a time when the market is still nascent and the potential virtually unlimited, the concept of 'competition' in the strictest sense does not exist; virtually every fitness player in the country is still engaged in enhancing awareness and in creating a market rather than fighting cut-throat for market share.

As a conscious strategy, Talwalkars will buy prominent competing local brands; the Company will permit these brands to retain their identities without disturbing perceptions and membership enrolments; Talwalkars

will exchange best practices and insights to enhance the operating benchmarks of the acquisitions; even better, Talwalkars will acquire insights that have made it possible for some of these acquisitions to grow their businesses at a lower capital expenditure and operating cost. In view of this, we believe that the complement of organic and acquired growth will translate into superior organisational value.

The acquisitions will strengthen the Talwalkars business model: reinforce our strategy that makes it possible to carve out a larger market share when consolidated than standalone; extend the Company into new geographies (local, national and international) where it may have taken the Company years to penetrate in an organic

One, we believe that as more time passes, the gym becomes more buoyant, being our core competence.

As people get more unfit, the incidence of lifestyle disease increases and the relative under-penetration of organised fitness gyms becomes a stark reality; the potential in our business becomes larger.

Some of the reasons that make this an unusual reality: even after seven years since listing, the demerged gym Company is the only pure-play gym fitness Company in the second most populous market of the world.

Even after decades of having established our Indian leadership, the difference between us and our nearest competitor continues to be significantly vast.

Even though fitness is a national revolution today the fitness industry in India is largely unorganised

(the organised segment accounts for a fractional slice of the cake).

This would be a depressing reality for most in our position; however, it is an absolutely positive picture for us.

Less will soon be more. Because more people are to get fitness-conscious. Because more will trust the brand. Because more will seek training through personal fitness trainers. Because more will want to work with the credible and accountable. Because more are to seek memberships of brands that offer more than just a treadmill. And as this unfolds, the gym company will use the cash that it generates to reinvest and reduce debt and grow into what we always believed was its true calling and potential.

The unlimited profitable-growth service company.

scheme of things. We also believe that the acquisition-driven growth will be ideal from an asset-light and management-light perspective, where we retain the role of a responsible overseer (holding company) while the day-to-day control is vested in the acquired company whose promoter continues to own equity in the ongoing operations.

We believe that this approach will enable Talwalkars to grow faster, accommodate other sectoral players, respond faster to market dynamics across diverse geographies, create a collection of entrepreneurs driven by the singular idea of value-creation and help in the creation of a powerful equity-driven franchise seeking to participate in the national fitness growth story.

We believe that this structure is unique and will help the Company unleash the true value of its business in a faster and sustainable manner.



TALWALKARS GOES GLOBAL

One of the biggest spinoffs of our acquisition-based business model has been the extension of Talwalkars from an India focus to a global presence.



During the year under review, we have signed an MOU to acquire 50.01% stake, (subject to due diligence) in the Indian master franchise of SNAP Fitness, one of the largest international fitness chain.

Talwalkars will not only seek to grow this franchise from its existing (50+) club presence across India; the Company will also seek to engage with the parent organisation to seek master franchisees for locations across Asia. Following this, we engaged with the parent organisation to seek master franchisees for locations across Asia and in July, 2017 announced a tie-up with Snap Fitness Inc., one of the largest gym chain in the world for exclusive master franchise rights in Singapore, Malaysia, Thailand, Vietnam, Sri Lanka and Bangladesh.

In last fiscal Talwalkars acquired 49.5% stake in PWG, one of the largest fitness chains in Sri Lanka. In addition to capitalising on the presence of this brand in Sri Lanka, Talwalkars brought this brand into India, and opened 20 centers in Bangalore and 10 centers in Delhi during the year. The relationship is

expected to be mutually beneficial; PWG will capitalise on Talwalkars' established ability to manage scale, brand, people, training and geographic spread to benefit the Sri Lankan operations; Talwalkars intends to capitalise on PWG's competence in moderating gym expenditure, accelerating break-even point and enhancing long-term profitability.

The extension of Talwalkars from India to Asian geographies is an idea whose time has come: Talwalkars is one of the largest fitness brand in Asia; the geographic broad-basing will make it possible to address geographies where the potential is high; the wider exposure to cultures will draw in a richer terrain understanding; the wider geographic presence will de-risk the Company from an unexpected and short-term downtrend in any specific geography.

This wider geographic presence will also, we believe, translate into superior valuations as markets respect scale, visibility and footprint.

GYMS AND MORE

In a world where people seek the new in a perpetual way, the biggest danger in the fitness business is that members find the same gym and the same- service offerings routinely boring after some time.



As a responsive organisation, Talwalkars has made gym evolution an ongoing priority.

The Company invests periodically in upgrading its interiors with the objective of enhancing contemporariness and freshness.

The Company is also engaged in evolving its service offerings; even as the gym and fitness propositions continue to be core to the business, the Company has been responsive in absorbing fitness-related lifestyle trends, appealing to the young and trendy.

Over the years, the Company introduced yoga (through the Zorba brand) and free floor group exercises through Zumba, TRX, Spinning cycles, aerobics etc. , Reduce (weight loss program) and Nuform (machine-based weight loss program), convinced that alternative fitness offerings would provide room for revenue value-addition, attract a wider clientele and facilitate cross-sale (alternative offerings to core gym membership).

At Talwalkars, we have consistently generated an increasing proportion of our revenues from non-gym offerings: from 12-13% of our revenues in 2013-14 to 16-17% in 2016-17.

This increased proportion in turn has strengthened member retention, widened our membership profile across demographic profiles and strengthened our recall as a sensitive brand providing people with a choice on how they wish to get fit.

Post Balance Sheet date the Company tied up with "Mickey Mehta Health Beyond Fitness Pvt Ltd" to utilise its existing infrastructure to scale Mickey Mehta's 360° Wellness Temple centres across its existing gym chains.

VALUING THE CLUB BUSINESS

At Talwalkars, one of the objectives behind the demerger is to enable the club business to strengthen its operating model and carve out a distinctive identity in India's listed space.

The club business was visualised as a 50:50 joint venture with David Lloyd Leisure (DLL), Europe's leading premium sports, health and leisure group.

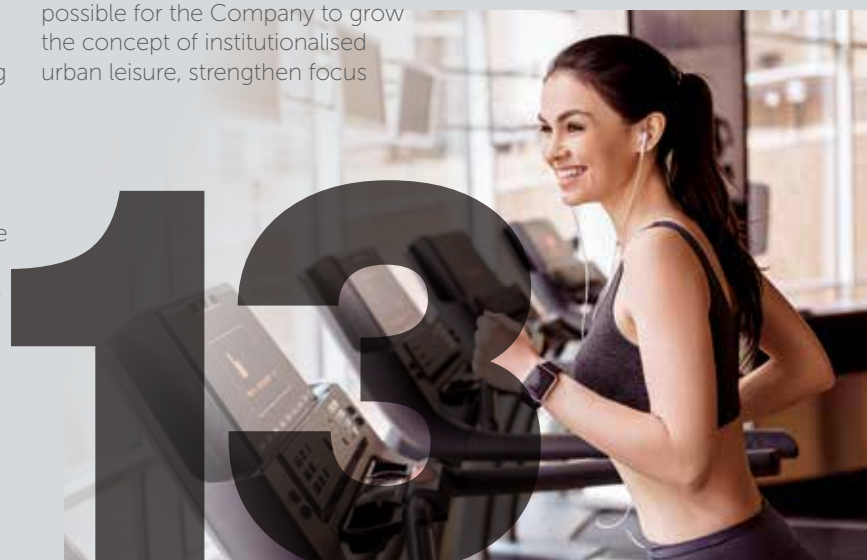
DLL enjoys a rich experience in launching premium sports, health and leisure clubs across Europe. The joint venture with Talwalkars in India is in the process of launching a club in Pune.

The multi-facility club is a relevant idea in today's India. Urban populations are growing; the number of fitness-leisure-lifestyle clubs are not. Besides, the concept of a club continues to be exclusive

and limited only to the elite in most parts of the country. At Talwalkars, we believe that more democratic application of this concept is overdue.

This enhanced viability will make it possible for the Company to grow the concept of institutionalised urban leisure, strengthen focus

through the engagement of a Chief Operating Officer, launch construction by end of 2017 and plan the commissioning of seven to ten such clubs pan-India across the foreseeable future.



14



UNLEASHING THE VALUE OF OUR PROPERTY

The Company intends to engage in financial restructuring to enhance asset-lightness.

The Company has eight properties in which its gyms are operating. These eight properties will be vested in the Lifestyle company along with the other value-added services. The Company intends to unlock the value of these properties to reduce debt and create value in the lifestyle business.

The combination of a higher profitability, lower debt and growing scale will translate into enhanced value in this demerged company.

Talwalkars Better Value Fitness Limited went into business with a singular objective: provide world-class fitness to millions.

Fitness services had been packaged for decades in India as an unorganised offering; Talwalkars ventured to organise it.

Fitness services in India had been largely small and anonymous; Talwalkar enhanced brand visibility.

Fitness services in India had been localised and standalone in format; Talwalkars created a pan-India chain of gym outlets.

Fitness services in India were generally of one predictable standard – the mid-end variety; Talwalkars created diverse options for different pockets.

Fitness services in India were largely about building stronger abs and tougher muscles; Talwalkars extended from fitness to wellness.

Fitness services in India were only about working out and sweating

out; Talwalkars combined gym with leisure options.

Fitness companies in India fought competition; Talwalkars trailblazed the fitness industry.

Most companies that acquired would have super-imposed their corporate brand on the acquired; Talwalkars empowered the acquired by enabling them to retain their brand identity.

These are the results of the Company's first-mover advantage and unique positioning.

The Company reported profitable growth since inception. The Company reported an EBIDTA margin never lower than 49% in the

five years ending 2016-17.

The Company reported an ROCE of 14.33% in 2016-17 even as consumer

sentiment continued to be sluggish. The Company enjoyed a market capitalisation of ₹7899 mn as on March 31, 2017.

HOW WE ARE ATTRACTIVELY POSITIONED TO ENHANCE VALUE

The sectoral context

Sedentary living: As the service economy increases its role, a sedentary lifestyle has taken over daily activity; there is a disdain for jobs and activities that require exertion; the increasing use of mechanical aids and convenience supports has moderated physical activity and human fitness.

Lifestyle ailments: There is a growth in the incidence of lifestyle ailments like hypertension and diabetes as well as critical diseases like cancer, arising largely out of unfit lifestyle choices.

Population growth: India continues to report the largest annual population increment as a result of which it is expected to supersede China and emerge as the most populous country in a decade.

Youth proportion: India is the youngest country in the world with a median age of around 36; the population under 35 is around 65% of the country's population, a target segment more inclined to spend on organised wellness services.

Income growth: India's per capita income crossed ₹100,000 in 2016-17, reporting a near-10 % growth over the previous year, the foundation of all discretionary spending.

Fitness quotient: According to a study conducted by Stanford University researchers, In India, people walk an average 4,297 steps a day. For females, the prevalence of obesity increased more rapidly as step volume decreased (232% obesity increase for females versus 67% increase for males).

How we responded to sectoral priorities

Vision: We believe that the combination of the smallest Balance Sheet and the highest profits represents the ideal foundation for a sustainable value-creation, influencing allocation, services mix, pricing and brand positioning.

Asset-light: The Company's asset-lightness reflected in franchised arrangements and strategic associations, obviating the need for large infrastructure investments. At the close of 2016-17, Talwalkars operated 133 directly- owned fitness centers, 34 centers under its subsidiary and associates, 44 operated as franchisees across 85 cities and towns in India and Sri Lanka.

Choice: The Company provides a range of offerings – starting with franchised HiFi centers (2500-2800 sq ft) ideal for Tier III and IV locations. The Power World Gyms (3750-4000 sq ft) are located in relatively low income pockets of metros and mini-metros. The Talwalkars gyms (5000-6000 sq ft) are either owned by the Company or franchised and the generally located in metros, Tier I and II locations. The premium gyms (6000-12,000 sq ft) are located in premium metro and Tier I locations,

offering fitness and lifestyle supports.

The Company invested in a dedicated team to provide periodic training to each gym across its centres in South Asia through online and onsite training. Its alliance with Premier Training International was instrumental in designing a curriculum in sync with the latest industry trends.

How our priorities translated into business realities

Business mix: Our basic gym business represents the mainstay of our business (combination of owned brand and asset-light franchise); the lifestyle business was asset-heavy until now but turning asset-light following property sale and lease back.

Commitment: The management strengthened its business through consistent investment across new centers, infrastructure and equipment rejuvenation. The fact that investments exceeded cash profits indicates the Company's commitment to growing the business.

Evolution: The Company evolved from focused gym offering value-added services like Reduce, Zorba

the Yoga, aerobics, Nuform massage, etc. The Company extended from the local to the national to international, strengthening value-addition, membership fees and revenues.

Geographic coverage: The Company is multi-national; 20 of its 211 fitness centers in Sri Lanka as on March 31, 2017. The Company focused on Tier II and III cities with cheaper rentals to generate overall higher revenues. The Company's decision to launch multiple centers in cities enhanced brand recall. The Company is among the leading players in 8 of the top 10 cities in India.

Acquisitions and associations: The Company invested in acquisitions: Power World Gyms Limited (leading Sri Lanka-based health and fitness chain), Inshape Health and Fitnez (fitness centre service provider in Chennai, making the Company the biggest Chennai gym chain, Growfitter (earlier Gymtrekker, the first and leading online fitness portal in India, strengthening access to the online sales channel) and Zorba (Chennai-based yoga studio chain, strengthening wellness and fitness offerings).



83-84%
of revenues, 2016-17

12%
revenue growth, 2016-17

Overview

The Gym business represents the foundation of our operations.

The business has been traditionally cash rich, generating surpluses.

For the last few years, the cash flows generated from this business funded the incubation of the lifestyle business, enjoying longer gestation.

Operational review, 2016-17

During 2016-17, the Company generated 83-84% of its revenues from this business, reinforcing its flagship status within the Company.

Launched attractive plans like 'Beat the Heat', 'Summer Student Offer', 'Money Back Offer' and 'New Year Offer'



Strengths

First-mover advantage: The Company was the first (and still the only) within its sector to be listed and the first to be professionally organised.

Sustainability: The business is the largest in its space across India and Sri Lanka. It has generated a significant portion of capital investments through internal accruals, reinforcing sustainability.

Diverse formats: The business extended from single brand to a multi-brand strategy and from being completely owned to now owned, franchised and associations with brands having strong potential.

Asset lightness: The Company's franchise model Healthy India Fit India (HiFi) gyms resulted in asset-light engagement wherein the Company earned franchise fees without investing in the property. In July 2017, the Company announced a tie-up with Snap Fitness Inc., one of the largest gym chain in the world for exclusive master franchise rights in six South East Asian countries.

Balanced business model: The business balanced volume growth and margins growth: the increase in margins / profits generated from this business was disproportionate when compared with revenues, generating resources that helped grow businesses marked by longer gestation.

Geographic diversity: The business comprised 211 fitness centers, across India and Sri Lanka. In India 35% of these fitness centers are in the West Zone, 35% in the South Zone and 26% in the North Zone.

Rental agreements: The business is present in prime locations for fitness centers combined with attractive long-term rental agreements.

Diverse fitness solutions: The business provides a holistic fitness and wellness experience through multiple services, resulting in a stronger traction for core gym offerings.

Economies-of-scale: This business generates attractive economies of scale in the form of standardised gym formats and stronger negotiation with suppliers.

Marketing Highlights, 2016-2017

- Launched attractive plans like 'Beat the Heat', 'Summer Student Offer', 'Money Back Offer' and 'New Year Offer'
- Launched the Annual August Discount Scheme that catalysed renewals and new additions.
- Endorsed the Reduce program
- Associated with pathology/ hospitals for a free breast cancer self-examination for women
- Introduced a wedding package 'KNOT package' for prospective couples and their family members in addition to tie-ups with wedding brands (21 Fools.com, Nivedita Saboo, Lakme Salon and Cheese Cake Photographer)
- Initiated 'Losers Challenge' for the gym members. The objective of this challenge is to provide exercise and nutritional education through group activities, helping each member go in for a lifestyle change.
- Made its presence felt on the social media platform with the '#MyFitPartner' contest which emphasised the importance of working out together. The winners of this contest received exclusive membership from Talwalkars
- Contest on social media to create awareness about the tie up between Talwalkars Gujarat and the T20 Gujarat Cup. Winners were awarded passes for the match
- Initiated online associations with Kaya Skin Clinic, Lakme, Ritebite, and Zapmart
- Appointed as official digital partner of Bollywood Film Baaghi
- Tied-up with MTV Splitsvilla 9



OUR LIFESTYLE BUSINESS

16-17%
of revenues, 2016-17

17%
revenue growth, 2016-17

Overview

This lifestyle segment of the Company's business comprises all the businesses of the Company except its core gym offering and personal training. The Lifestyle business is a synergic extension of the Gym business and it comprises value-added services like Reduce program, Nuform, Transform, Zorba-The yoga and Zumba, among others. Further, the Company launched a 50:50 joint venture with David Lloyd Leisure (DLL).

This business segment was launched in response to a growing customer need for spaces to unwind, family relaxation zones, and social hangout areas. The result was that Talwalkars embarked on a project to create a large, world-class club in Pune.

The business combines cash-light and cash-heavy businesses; the former comprises the value-added offerings in the gym environment while

the latter comprises the asset-intensive club chain infrastructure.

Operational review, 2016-17

During 2016-17, the Company strengthened the proportion of value-added offerings from 15-16% in FY 16 of revenues to 16-17%.

Strengths

Responsiveness: The business has been responsive to changes in

consumer preferences, strengthening its brand as a relevant opportunity-driven brand.

Alliances: The business entered into diverse relationships to strengthen offerings. The alliances with other strong brands proved business-strengthening, strengthening the Company's holistic fitness cum wellness offering.

Scale: The joint venture

with David Lloyd Leisure intends to scale the number of clubs in the next few years. Memberships for the first club are expected to be launched during the current financial year.

Asset light: Following the demerger, the business intends to engage in a sale and lease back arrangement, liberating resources that can be used to repay corresponding debt.

The lifestyle business comprises the following offerings

Reduce: Convenient weight-loss program. Comprises modifications in frequency, timing and quantity of meals (ready-to-eat/cook food products). Compliance strengthened through nutritionist support. Weekly visit can be provided online or residential visits. Provided in 105 Talwalkars centers and on online portals like Snapdeal and NYKAA.

Nuform: Innovative fitness offering. Focus comprises weight loss, muscle development, back ache relief and improved mobility. Offering comprises electro-muscular stimulation that sends electrical impulses to targeted muscles. Sessions comprise 20 minutes a week. Available across 43 Talwalkars gyms.

Transform: Unique combination of Nuform and Reduce. Restricts unwanted calorie intake; catalyses calorie burning. Exercise equivalent to four to five days of gym workouts. Package helps members shed excess weight and tone muscles. Provided in 43 fitness centers.

Group X: Fun-filled, exciting and energetic fitness regimen. Free floor space exercises. Combines Zumba, Yoga, TRX and Aerobics.

Zorba – the Yoga Studio: Provides a comprehensive suite of six courses and eight alternative therapies – including hot yoga, pre and post-natal yoga, aerial yoga, aqua yoga and divinatory therapies- employing holistic approach to get to the cause of ailments. Also offers specialised courses in healing ailments for certain diseases like asthma, diabetes, tantric meditation, weight loss, stress management and personality development. Offered in 31 Talwalkars fitness centers.

Zumba: Dance-based fitness program. Created by Colombian choreographer Alberto 'Beto' Perez. Combines dance and aerobics; choreography incorporates hip-hop, soca, samba, salsa, merengue, mambo, martial arts, Bollywood and belly dancing. Technique moderates weight, tones the body,

relieves stress and helps cure knee pain. Offered in 48 Talwalkars fitness centers.

Spa and massage: Available in 14 and 81 centers respectively. Delivered proven health benefits, mental relaxation, lower stress and enhanced wellness.

Club business: 50:50 joint venture between Talwalkars and David Lloyd Leisure, a globally renowned in the club business. The Company is in the process of launching a club in Pune. This business is marked by a mix of one-time and steady annuity revenues.

Tie-ups: Following Balance Sheet Date the Company Signed a MOU for acquiring 51% stake in renowned Fitness chain "Mickey Mehta Health Beyond Fitness Pvt Ltd". This will enable company to utilise its infrastructure in Mickey Mehta's 360° Wellness Temple centres across its existing GYM chains. This will engage the customers and also will increase the age brackets to 6 years to 90 years.

MANAGEMENT DISCUSSION AND ANALYSIS

Global economic overview

The global economic activity was mixed in 2016 as a number of crosswinds affected re-acceleration. Global growth was 3.1% in 2016; the forecast revised downwards by 10 bps for 2017 compared to the April 2016 projections. The long-term prospects of emerging market economies improved following an interest rate decline in advanced economies and firming commodity prices.

Asia and India demonstrated robust growth. The currencies of advanced commodity exporters also strengthened; however, several emerging market currencies substantially depreciated.

Outlook

The global economy entered its sixth year of stagnation with 2017 growth estimates continuing to trend the historical path. A projected stabilisation in energy and commodity prices may strengthen the case for resource-rich economies in 2017.

World growth is expected to rise from 3.1% in 2016 to 3.5% in 2017 and 3.6% in 2018, driven by strong economic activity, expectations of robust global demand, reduced deflationary pressures and optimistic financial markets. (Source: IMF).

Indian economic overview

The Indian economy decelerated in 2016-17 to 7.1% from 8% in FY 2015-16, largely owing to the currency demonetisation in the third quarter of the financial year under review.

Growth

	2016	2017 (E*)	2018 (E*)
Global economy	3.1%	3.4 %	3.6 %
Advanced economies	1.6 %	1.9 %	2.0 %
Emerging market and developing economies	4.1 %	4.5 %	4.8 %

(Source: IMF)

* Expected

However, the general undercurrent continued to be optimistic; India's Consumer Confidence Index stood at 136 in Q4 2016, the highest in the world.

India retained its position as the fastest growing major economy in the world catalysed by strong consumption growth and enhanced Central Government spending. Inflation declined on account of food inflation decline. This facilitated a 50 basis points rate cut by the RBI in 2016-17. A declining vulnerability on the external and fiscal front. Fiscal consolidation by the Central Government enhanced investor confidence that translated into record net foreign exchange inflows.

The year under review was also marked by the Central Government's demonetisation initiative and preparatory work related to the introduction of the Goods and Services Tax (GST). While the first initiative focused on eliminating the parallel economy, the second is expected to transform the India's taxation structure.

Outlook

India's outlook remains positive with economic growth expected in the range of 6.75-7.5% in FY2017-18. The adoption of the Goods and Service Tax promises to create a unified taxation regime. This could enhance production efficiency and the movement of goods and services across India. This critical fiscal policy

could make an important contribution to raise India's medium-term GDP growth to >8%. The Union Budget 2017-18 has laid a keen emphasis on rural infrastructural development which is expected to have a cascading multi-sectoral impact. Finally, the Central Government's policies towards achieving fiscal consolidation, reforming the agricultural sector and the labour market and moderating inflation are expected to accelerate India's economic growth over the medium-term. (Source: IMF)

Industry overview

In India, the total fitness retail market category is valued at ₹4,579 Cr (US\$ 0.76 billion), growing at 16-18% and estimated to cross ₹7,000 crore (US\$ 1.18 billion) by 2017. Modern retail is estimated at 28% of this total market and expected to grow by 22-27%. Fitness centers are burgeoning as disposable per capita incomes rise and sedentary lifestyles increase. Resistance training has popularised among men and so have aerobics and strength training among women.

As evident, wellness encompasses several key dimensions that include physical, emotional, psychological and social attributes. These factors contribute to wellness in a series of complex and interacting ways. Wellness, unlike health, is more than absence of diseases and involves a holistic perspective of an individual. It involves wide range of human experience such as personal growth, family, education, community

development, medical care, coaching and work. Key features characterising wellness are highlighted below:

- Holistic multi-dimensional
- Body-mind-spirit concept
- Perpetual, conscious, self-motivated
- Preventing illness, lifestyle choice
- Overall wellbeing
- Balanced and fulfilling life

Emerging trends

Strength training: Strength training remains a central emphasis in many health clubs. The incorporation of strength training is an essential part of a complete exercise program for all physical activity levels and genders (the other essential components being aerobic exercises and flexibility).

Educated and experienced fitness professionals: Given the large number of organisations offering health and fitness certifications, it is important that consumers choose professionals certified through programs.

Functional fitness: Using functional movements to stay fit is a huge emerging trend where an increase of close to 30 % every month for trials and a 20 % increase every month in memberships for workout regimes like CrossFit, Combine Training, Functional workouts (like TRX, Les Milles, etc.) is being seen across cities.

Emerging forms of yoga: A big trend within this venerable fitness form is the emergence of specialised types like Kundalini, Ashtanga, Hatha Yoga and Hatha Iyengar to name a few. With the highest number of trials booked within the Yoga category for specialised forms, audiences are finding these to be a refreshing change.

Zumba: The Latin-inspired dance workout is one of the most popular group exercise classes in the world.

Zumba is reportedly performed by more than 15 million people at over 200,000 sites in 180 countries. It is also growing in popularity across India in all four cities - Mumbai, Delhi, Bangalore and Pune.

Group training: Group exercise instructors teach, lead and motivate individuals through group exercise classes. Group programs are designed to be motivational and effective for people with different fitness levels; instructors use leadership techniques that help individuals in their classes achieve fitness goals.

Specialised training: We are noticing a growth in specialised training within the Gym category, with users opting for Spinning, TRX, Rowing and other engaging activities within the gym premises. These services have been growing in popularity at an average of 15% every month.

High-Intensity Interval Training (HIIT): HIIT, which involves short bursts of activity, followed by a brief rest or recovery, is usually performed in less than 30 minutes.

Martial arts and kickboxing: We continue to see an aggressive 20 % growth month-on-month for this category, with a majority of trials converting to membership purchases. Women lead this category, opting for this fitness form as a more engaging workout.

(Sources: Times of India, www.acsm.org and www.acefitness.org)

Growth drivers

Demography: The Indian population is relatively young, primarily due to the high birth rates. The population of young people (below age 25) accounts for a higher proportion (47 %), while the elderly (65 and older) account for a mere 9 %. Sport and fitness, which were previously

confined to the financially socially elite strata, are now pursued by people of all age groups and backgrounds throughout India. The younger generation that is usually more influenced by the Western lifestyle is actively participating in such fitness activities.

(Source: Value Added Services-Wellness and Preventive, EY report)

Affordability: Small home gyms are coming up in the houses of tycoons, industrialists, sporting icons, celebrities, socialites and fitness freaks, who can afford the cost and space. Besides there are online on-demand home services portals and mobile apps, who provide gym trainers, fitness experts, and nutritionists, among others, for a fee. With per capita income in the country crossing Rs.100,000 gym and fitness programme affordability is expected to rise.

Youth: The fitness-oriented customers are mostly in the 20-40 year age group. This includes college students as well as working individuals. This segment of the population is mainly focused on looking good and having a toned body. Following the age of 40, there are population segments that work out to address health issues. Today, 45 % of the members are female. Easy accesses to the internet, TV and technology has brought about a paradigm shift in women taking to fitness.

Awareness: Indians are increasingly getting conscious of their fitness and wellbeing. Community centers in residential societies and apartment complexes, invariably host a gym; fitness is spreading; and each tier II and tier III city is home to dozens of gyms and fitness centers. Multinational fitness chains and gyms are taking the franchisee route to enter the Indian

subcontinent. Considering India's high and middle-class population, there is ample market space for more players.

Online applications: Apps and mobile-friendly resources are expected to drive a fitness-on-the-go revolution. Not having to skip workouts due to travel or hectic schedules will keep users engaged and committed to fitness. CrankOut, BYG-Book Your Game and Gympik are some applications that serve as personal fitness scanners, helping search and book fitness sessions and memberships.

Changing patterns: Food at eateries, home and supermarkets are beginning to highlight health benefits; consumers are becoming more conscious about diets. There are a growing number of nutritionists and dieticians across metros with customised affordable consulting. Balanced dietary supplements along with physical workout regimes are arising fitness consciousness.

Disease: India has the second highest number of obese children in the world after China, according to a study that has found that 14.4 million children in the country have excess weight. By 2025, India could have over 17 million obese children and stand second

among 184 countries in the number of obese children, says Paediatric Obesity an international journal. Cardiovascular disease has emerged as the top killer accounting for 24.8 %of the total deaths in the country. India has the second largest number of people with diabetes, at 70 million, next only to China which has about 110 million diabetics. The number of diabetes patients in the country is likely to go up to 120 million in the next 20 years as against the current 70 million, according to the Indian Institute of Public Health (IIPH). There is an urgent need to raise awareness about staying fit. A lack of awareness regarding the long-term economic benefits of joining a gym and a predilection for laziness had held back most from getting into shape, even as the scenario is changing gradually.

Technology: The smart wearable market in India is expected to grow at a CAGR of 43.08 %in five years. People are always concerned about their health without thinking about the cost involved. The use of wearables is going to make fitness more engaging by allowing users to track their progress. These devices will make the results of a single workout session tangible to compare daily achievements. They will also gamify

the fitness experience.

(Source: www.thehindu.com, www.hindustantimes.com, www.newindianexpress.com and www.worldatlas.com)

Human resources

While fitness may be a lifestyle choice for many, it unfortunately is not the foremost career choice. The Company has been consistently trying to turn this trend around by providing a dynamic work environment across all its centers and rewarding team work as well as excellence. The Company's remuneration policy is at par with the industry standards and its relation with employees remained harmonious during the year under review.

As of March 31, 2017, Talwalkars had a workforce of ~ 5000 people. To address infrastructural and institutional shortcomings, Talwalkars invested in a dedicated team to provide periodic training to each gym across its South Asian centers via online and onsite training. Its alliance with Premier Training International was instrumental in designing a curriculum that is in sync with the latest fitness trends.

Risks and concerns

Economic risk

An economic downturn could affect the Company's profitability and reduce fitness spending on an individual level.

Talwalkars offers full range of fitness services with value-added offerings to customers. The diversity of the customer base could cushion the Company in the event of an economic slowdown, making it possible to report reasonable earnings from each offering.

The Company introduced a multi-brand strategy targeting various classes and masses. Its various value-added services were offered under different time-based packages, enhancing price-attractiveness and affordability.

Competition risk

Competition is growing, marked by an increase in the number of players.

The market is largely under-penetrated; as per IHRSA report, the penetration for organised fitness in India is 0.13%. The scope for growth

is enormous and the number of people focusing on fitness and health is rising. The Company's PWG gyms offer affordable fitness; premium gyms address the market top-end; Talwalkars gyms address the large market mid-end ; HiFi gyms target the Tier-III and Tier-IV sectors. These have helped protect the Company from unorganised players.

Personnel risk

The lack of skilled instructors could affect the quality of gym services offered at the gyms.

The Company provides periodic training (online and onsite) to each gym across its centers in South Asia. This facility has made training an ongoing feature in a sector where organised training is virtually non-existent.

Financial risk

Non-availability of funding at competitive rates and a shortage of liquid funds could affect viability.

To mitigate such risks, the Company closely tracks its funding requirements and ensures the availability of sufficient funds. Further, the Company is rated AA by CARE and Brickworks and AA- by ICRA, indicating its robust financial health. This allows it to avail financing from lenders at competitive rates.

Locational risk

The Company may be exposed to risks arising from the selection of

sub-optimal locations for fitness centers.

The Company has mitigated this risk following a systematic assessment of prospective and existing gym locations. The Company conducts studies with respect to the city demographic profiles and locations where the proposed centers are supposed to be set up.

Financial overview

Profit and loss account analysis

Revenues:

Revenues increased by 13.78% to ₹2860 million in 2016-17, compared with ₹2514 million in 2015-16.

EBITDA:

EBITDA increased by 14.19% to ₹1716 million during 2016-17 from ₹1503 million in 2015-16, largely because of operational synergies like rental reduction, optimum utilisation of personnel resources and centralised marketing

Depreciation:

Depreciation for the year under review stood at ₹486 million, compared with ₹470 million in the previous year

Finance costs:

Finance cost for the year under review stood at ₹194 million. The Company is cautiously working towards keeping its borrowing cost at lower levels.

Total tax expenses:

Total tax expenses for the year stood at ₹364 million, which included current tax of ₹336 million, tax expense of prior years of ₹7 million and deferred tax charges of ₹21 million.

Net profit

Consolidated net profit for the year under review stood at ₹656 million,

a 19.28% increase over the previous financial year.

Internal control systems and their adequacy

Talwalkars has defined guidelines, a robust budgetary control system and a seamless system of checks and balances ensuring that the organisation operates as desired. The Company also implemented a top-of-the-line ERP system that assists and safeguards the functioning of control systems. The internal audits help record, analyse, report and provide checks as well as safeguards for the assets in an independent manner, as mandated by the Audit Committee. The Internal Auditors report their findings to the Audit Committee which then reviews these findings along with the Board. Following this, necessary actions are taken to safeguard the Company's interests.

The Company invested in technology in the last 4-5 years, strengthening its positioning as a modern organisation. These technology investments comprised Customer Relationship Management software, Biometric Turnstile Machine, Palm Vein Machine software at all fitness centers to track attendance, Network Analytics Platform to address network performance capacity and CCTV surveillance.

Outlook

Following the demerger, the Company expects to report attractive growth in its fitness and wellness businesses. The Gym company, market leader in India and Sri Lanka, is expected to grow in existing markets and ASEAN through its proprietary brand, partners and associates transforming Talwalkars into a global force.

Besides, the Lifestyle company will encompass wellness segments in line with consumer preference extending to wider offerings like Reduce, Nuform, group exercises including Zumba, Zorba - The Yoga Studio, aerobics, TRX, Mickey Mehta workouts etc across existing network of fitness centers or standalone studios community halls and online portals. On the financial front the Company expects to grow revenues as well as margins in 2017-18.

Cautionary statement

Statements in this section that describe the Company's objectives, projections, estimates, expectations or predictions of the future may

be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and

uncertainty and that actual results could differ materially from those expressed or implied. Readers are requested caution while placing undue reliance on these statements as

many factors could cause differences in the assumptions and the actual results.

102

Indian men who are
underweight (in million)

101

Indian women who are
underweight (in million)

0.4

Indian men obese, 1975
(in million)

9.8

Indian men obese, 2014
(in million)
(Source: Times of India)

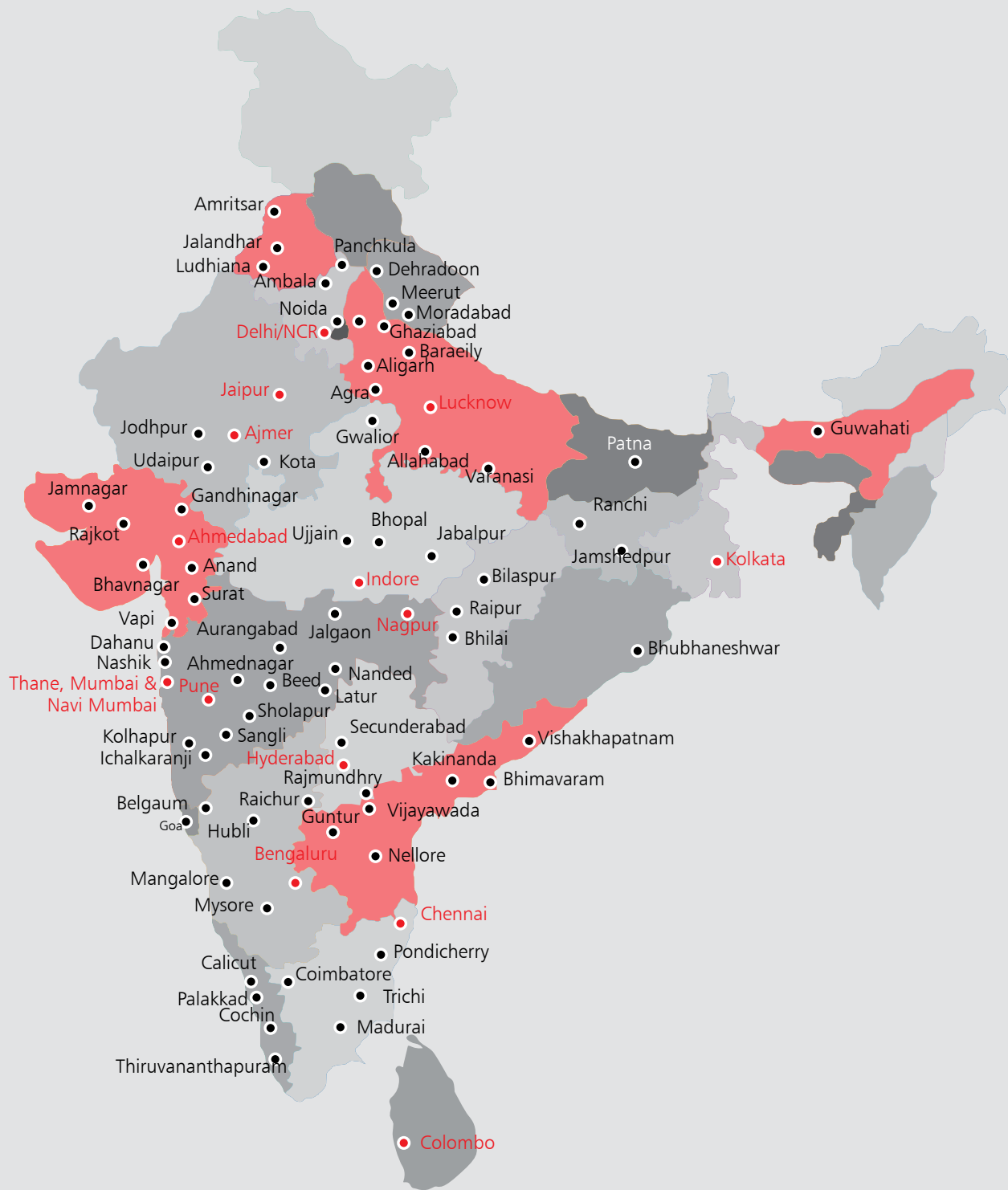
14.4

Indian children obese, 2015
(in million)
(Source: The Hindu)

17

Indian children obese, 2025
(estimated in million)
(Source: Hindustan Times)

OUR PRESENCE



Cities highlighted in Red have more than 1 fitness centre

This Map is not to scale and not intended to mean the political map of India



DIRECTORS' REPORT

Dear Shareholders

Your Directors are pleased to present 14th Annual Report on business and operations with the audited financial statement for the year ended 31st March, 2017:

BUSINESS AND FINANCIAL HIGHLIGHTS

Financial Highlights

The highlights of your Company's standalone financial performance for the year ended 31st March, 2017 are summarised below:

	₹ in millions	
Summarized Financial Results	31.03.2017	31.03.2016
Revenue from operations	2,571.18	2,292.24
Other Income	5.73	67.20
Total Income	2,576.91	2,359.44
Profit before interest, depreciation and taxation	1,589.43	1,417.18
Financial Expenses	175.60	155.85
Depreciation	454.88	435.64
Exceptional Items	(3.92)	(0.28)
Profit before tax	955.03	825.69
Provision for taxation	316.93	268.35
Deferred Tax	21.03	23.42
Profit after tax but before minority interest	617.07	533.92
Share of minority interest	-	-
Profit after tax	617.07	533.92
Excess provision of Income Tax written back	-	-
Balance brought forward	1,503.28	1,115.88
Total available for appropriation	2,120.35	1,649.80
Proposed Dividend	-	49.84
Corporate Dividend Tax	-	10.13
Debenture Redemption Reserve	105.81	59.83
General Reserve	30.85	26.70
Balance carried forward	1,983.69	1,503.30

Our Business

Your Company continues its leadership position as largest Fitness Chain with 211 fitness centres on consolidated basis across 85 cities and towns. At Talwalkars, we generate multiple fitness and wellness streams that extend beyond core gymming which comprise of value-added services like Transform, Reduce, NuForm, nutrition, spa, massage, aerobics, yoga and dietary regimes among others.

Review of Operations

Riding brand goodwill and management competence, our Income from Operations (Net) on a standalone basis grew at a 3 year CAGR (FY15 - FY17) of 13.32% achieving ₹ 2,571.18 millions during Fiscal 2017. Similarly, our EBITDA and Profits after Tax on a standalone basis for the year ended 31st March, 2017, were ₹ 1,583.70 millions and ₹ 617.07 millions respectively, growing at a 3 year CAGR (FY15 - FY17) of 18.54% and 19.82% respectively.

During the year along with the financial performance, your Company's profit before tax as well as profit after tax and minority interest recorded a healthy growth of 21.21% and 19.28% respectively. The volume of the business also displayed an increase of 10.99% over last year.

No material changes affecting the financial position of the Company have occurred between the end of the financial year 2016-17 and the date of this Report, 30th May, 2017.

Demerger

As per the order dated 9th March, 2017 of the Mumbai Bench of the National Company Law Tribunal (NCLT) directing to convene a meeting of shareholders, a Court Convened Meeting was held on 27th April, 2017 for the purpose of considering and if thought fit, approving, the Scheme of Arrangement between Talwalkars Better Value Fitness Limited ("Demerged Company") and Talwalkars Lifestyles Limited ("Resulting Company") and their respective shareholders. As per the Scrutiniser's Report dated 27th April, 2017, the Shareholders of the Company have approved the said Scheme of Arrangement. As on the date of this Report, the said Scheme is now pending approval from NCLT and applicable regulatory authorities.

Dividend

Your Directors are pleased to recommend for the consideration of shareholders, a dividend @ 15% (₹ 1.50/- per equity share of ₹ 10/-) for the year ended on 31st March, 2017. 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.

Reserves

The Directors proposes to transfer ₹ 30.85 millions (5% of the net profit) to the General Reserve out of the amount available for appropriations and an amount of ₹ 1,983.69 millions is proposed to be retained in the Profit and Loss Account.

Deposits

During the year under review, Company has not accepted any fixed deposits from the public falling within the purview of Section 73 of the Companies Act, 2013 (herein after referred to as "the Act") and rules framed there under.

Subsidiaries and Associate Company

The Company has 9 subsidiaries as on 31st March, 2017. There is 1 associate company within the meaning of Section 2(6) of the Act. There has been no material change in the nature of the business of the subsidiaries.

Pursuant to the provisions of Section 129(3) of the Act, a statement containing the salient features of financial statements of the Company's Subsidiaries and Associate Company in Form AOC-1 is attached to this Report as Annexure - I. Further, pursuant to the provisions of Section 136 of the Act, the financial statement of the Company, consolidated financial statement and the financial statements of subsidiaries, are available on the website of the Company. The Company has formulated a policy for determining material subsidiaries. The Policy may be accessed at the link: <http://www.talwalkars.net/admin/investor/policyformaterialsubsidary12716164544408-7249c.pdf>

Management Discussion and Analysis

A detailed Management Discussion and Analysis forms part of this Annual Report.

Corporate Social Responsibility (CSR)

The CSR policy of your Company is aimed at exhibiting care and concern for the Society. The Company broadly undertakes the activities related to health awareness, education, medical check-ups, promotion of Art and culture etc. The Board plans to increase CSR expenses.

The initiatives undertaken by the Company on CSR activities during the year are set out in Annexure - II of this Report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy on CSR as approved by the Board has been uploaded on the Company's website.

Weblink to Company's CSR Policy: <http://www.talwalkars.net/admin/investor/CSRPoly12716164414123-0a542.pdf>

DIRECTORS, BOARD COMMITTEES, KMP AND REMUNERATION

Directors and Key Managerial Personnel

Your Company has thirteen Directors including seven Independent Directors and a woman Director in accordance with Corporate Governance norms of the Listing Agreement with the Stock Exchanges, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after referred to as "SEBI Listing Regulations") and the provisions of the Act.

Independent Directors of your Company have given declaration confirming their independence and fair conduct in performance as provided in Section 149 of the Act and the Listing Requirements of the Stock Exchanges.

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Madhukar Talwalkar and Mr. Harsha Bhatkal, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Resolutions for the re-appointment will be placed for your approval at the ensuing Annual General Meeting.

Six Board meetings were held during the Financial Year 2016-17 with requisite quorum present for each of them, the details of which are given in the Corporate Governance Report.

Pursuant to provision of Section 2(51) and 203 and other applicable provisions of the Companies Act, 2013, Mr. Girish Nayak was appointed as Chief Financial Officer of the Company with effect from 9th February, 2017.

Board Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual Directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed by SEBI Listing Regulations. The performance of the Board was evaluated after seeking inputs from all the Directors on the basis of criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc. as provided by the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on 5th January, 2017.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee Members on the basis of criteria such as the composition of Committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual Directors on the basis of criteria such as the contribution of the individual Director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In a separate meeting of Independent Directors, performance of non-independent Directors and the Board as a whole was evaluated, taking into account the views of Executive Directors and Non-Executive Directors. The same was discussed in the Board Meeting that followed the meeting of the Independent Directors, at which the performance of the Board, its Committees, and individual Directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

Company's Policy on Directors' Appointment and Remuneration

The Company's policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance Report, which forms part of this report.

Audit Committee

The details pertaining to composition, functions performed and meetings of Audit Committee are included in the Corporate Governance Report, which forms part of this report.

Your Directors highly value the suggestions of the Audit Committee and have never turned down any of it.

Related Party Transactions

During the year under review, all related party transactions entered into by the Company were in the ordinary course of business and on an arm's length basis. No related party transaction was in conflict with the interests of the Company. All Related Party Transactions were placed before the Audit Committee for its review and approval. These transactions were entered as per the Company's Policy on Related Party transactions. Your Company has not entered into materially significant related party transactions with any of its related parties. The policy on Related Party Transactions as approved by the Board has been uploaded on the Company's website. (Weblink: <http://www.talwalkars.net/admin/investor/PolicyonRelatedPartyTransactions12716165958474-995fe.pdf>)

Risk Management

Your Company has constituted Risk Management Committee to identify and mitigate various risks faced by the Company from time to time. The details of the Risk Management Committee and its terms of reference are set out in the Corporate Governance Report.

Particulars of loans, guarantees and Investments

The particulars of loans, guarantees and investments have been disclosed in the financial statement forming part of this Annual Report and the same were given for the principal business activities.

Particulars of Employees

Pursuant to Section 197 of the Act, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, None of the employees of the Company was in receipt of the remuneration during the financial year 2016-17, which in aggregate was in excess of ₹ 1.02 crores per year or ₹ 8.5 lakhs per month or in excess of the remuneration drawn by the Managing Director or Whole-time Director or Manager and holds by himself or along with his spouse and dependent children two percent or more of the equity shares of the Company.

The statement of particulars of appointment and remuneration of managerial personnel pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is as under:

- (i) Ratio of the remuneration of each Director to the median remuneration of the Employees of the Company for the financial year 2016-17 and the percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary during the financial year 2016-17:

Sr. No.	Name of Director/KMP	Designation	Ratio of remuneration of each Director to median remuneration of Employees	Percentage increase in remuneration
1	Girish Talwalkar	Executive Chairman	2.94	-
2	Madhukar Talwalkar	Whole-time Director	2.94	-
3	Prashant Talwalkar	Managing Director & CEO	2.94	-
4	Vinayak Gawande	Whole-time Director	-	-
5	Anant Gawande	Whole-time Director	-	-
6	Harsha Bhatkal	Whole-time Director	-	-
7	Manohar Bhide	Independent Director	0.04	-
8	Raman Maroo	Independent Director	0.03	-
9	Mohan Jayakar	Independent Director	0.04	-
10	Avinash Phadke	Independent Director	0.07	-
11	Abhijeet Patil	Independent Director	0.07	-
12	Dinesh Afzulpurkar	Independent Director	0.04	-
13	Mrunalini Deshmukh	Independent Director	0.03	-
14	Avanti Sankav	Company Secretary	Not Applicable	9.78
15	Girish Nayak	Chief Financial Officer	Not Applicable	Not Applicable

- (ii) The percentage increase in the median remuneration of employees in the financial year: 28.88%.
- (iii) Permanent employees on the roll as on 31st March, 2017 : 13
- (iv) During the financial year 2016-17, there was an average 18.38% increase in the salaries of employees other than the managerial personnel in the last financial year. Managerial Remuneration rose by 9.78% in line with the volume of the Company's business and profits earned by it and their responsibilities.
- (v) We hereby affirm that the remuneration paid is as per the remuneration policy of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Act, your Directors confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no 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 and of the profit of the Company for that period;
- (c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The Directors have prepared the annual accounts on a going concern basis;
- (e) The Directors laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) The Directors have devised proper systems to ensure

compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established by the Company, work performed by the internal, statutory and secretarial auditors, including audit of internal financial controls over financial reporting by the statutory auditors, the Board is of the opinion that the Company's internal financial controls were adequate and effective during financial year 2016-17.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Conservation of Energy and Technology absorption are not applicable to the Company.

Foreign Exchange earnings and Outgo:

₹ In millions

Particulars	2016-17	2015-16
Total foreign exchange earnings	-	0.01
Total foreign exchange outgo	6.17	5.43

AUDITORS

Statutory Auditor

At the 13th Annual General Meeting (AGM), the Members appointed M. K. Dandekar & Co., Chartered Accountants (Firm Registration Number: 000679S), as the Statutory Auditors of the Company, for a period of five years till the conclusion of the 18th AGM, subject to the ratification by members at every AGM. Pursuant to the provisions of Sections 139(1) and 141 of the Act, the Company has received a certificate from M.K. Dandekar & Co., certifying that if they are appointed as Auditors, their appointment would be as per the conditions prescribed by the said Sections. Pursuant to the provisions of Section 139 of the Act read with Rule 6 of the Companies (Audit and Auditors) Rules, 2014, you are requested to ratify the appointment of M.K. Dandekar & Co. as Statutory

Auditors of the Company, from the conclusion of the 14th AGM till the conclusion of the 15th AGM or any adjournment thereof.

Auditors' report and Secretarial Auditors' report

As regards auditor's comment of not obtaining independent confirmation for certain advances, trade payables, receivables, bank balances and borrowings, the Company has since then obtained majority of the same. The Company has now instituted a process of obtaining such confirmation regularly at frequent intervals and reconciling the same.

As regards auditor's qualified opinion on operating effectiveness and internal control systems from revenue from operations with regards to fees and subscriptions, corporate sales and franchisees fees is not commensurate with the size of company. In view of prescription of Ind-AS there are going to be considerable changes in the treatment and presentation of accounts. Having said that, the company has taken a note of auditor's opinion and has started a process to straighten the system and is seeking guidance from the auditors on the effectiveness of the same before implementing and making it fully operational by January, 2018.

The Secretarial Auditors' report does not contain any qualifications, reservations or adverse remarks. Report of the Secretarial Auditor is given as an Annexure - III to this report.

Details of the statutory orders impacting the Company

No significant and material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations in future.

Extract of the Annual Return

The extract of the Annual Return as provided under Section 92 (3) of the Companies Act, 2013 in Form No. MGT-9 is presented here under in Annexure - IV.

Corporate Governance

As per SEBI Listing Regulations, Corporate Governance Report with a certificate of Practicing Company Secretary thereon and Management Discussion and Analysis are attached, which form part of this report.

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
Managing Director & CEO
DIN: 00341715

Anant Gawande
Whole-time Director
DIN : 00324734

Date: 30th May, 2017
Place: Mumbai

ANNEXURE - I TO THE DIRECTORS' REPORT

FORM AOC – 1

Statement containing salient features of the financial statements of Subsidiaries/Associate Company

[Pursuant to the first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014]

PART 'A': Subsidiaries

₹ In millions

Name of the Subsidiary	Denovo Enterprises Pvt. Ltd.	Equinox Wellness Pvt. Ltd.	Aspire Fitness Pvt. Ltd.	Jyotsna Fitness Pvt. Ltd.	Talwalkars Club Pvt. Ltd.	Inshape Health and Fitnez Pvt. Ltd.	Talwalkars Club Systems Pvt. Ltd.	PWG Fitness Pvt. Ltd.	Talwalkars Lifestyles Ltd.
The date since when subsidiary was acquired	28 th October, 2010	28 th October, 2010	28 th October, 2010	14 th November, 2011	8 th May, 2014	10 th December, 2015	Since Incorporation i.e., 17 th March, 2016	Since Incorporation i.e. 30 th May, 2016	Since Incorporation i.e., 23 rd April, 2016
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiary	Reporting Currency: INR Exchange Rate: N.A.	Reporting Currency: INR Exchange Rate: N.A.	Reporting Currency: INR Exchange Rate: N.A.	Reporting Currency: INR Exchange Rate: N.A.	Reporting Currency: INR Exchange Rate: N.A.	Reporting Currency: INR Exchange Rate: N.A.	Reporting Currency: INR Exchange Rate: N.A.	Reporting Currency: INR Exchange Rate: N.A.	Reporting Currency: INR Exchange Rate: N.A.
Share capital	10.00	6.00	10.00	0.20	0.10	8.00	0.10	0.20	0.10
Reserves & Surplus	189.65	4.38	38.30	42.45	9.72	(4.88)	13.80	19.59	-
Total Assets	373.78	17.43	121.57	210.73	496.61	29.79	22.97	229.00	0.15
Total Liabilities	174.13	7.05	73.26	168.08	486.80	26.67	9.07	9.21	0.05
Investments	-	-	-	0.50	-	-	-	-	-
Turnover	50.55	-	116.13	63.43	-	33.08	-	28.88	-
Profit before taxation	21.77	(0.92)	5.35	22.49	-	0.55	(0.01)	28.79	-
Provision for taxation	6.95	-	2.02	6.95	-	0.75	-	9.20	-
Profit after taxation	14.82	(0.92)	3.32	15.54	-	(0.20)	(0.01)	19.59	-
Proposed Dividend	-	-	-	-	-	-	-	-	-
% of shareholding	50.10%	*33.33%	50.001%	50.02%	100.00%	51.00%	100.00%	50.002%	100.00%

* Talwalkars Better Value Fitness Limited 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.

Part 'B': Associate

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Company

Name of Associate	Power World Gyms Limited
1. Latest Balance Sheet Date	31.03.2017
2. Date on which the Associate was associated or acquired	04.01.2016
3. Shares of Associate held by the company on the year end	
No. of Fully Paid up ordinary Shares held	42,108,459
Amount of Investment in Associates	₹ 48.68 millions
Extend of Holding %	49.50%
4. Description of how there is significant influence	The Company has significant influence through holding more than 20% of the Equity Shares in the investee company in terms of Accounting Standard 23 issued by ICAI.
5. Reason why the associate is not consolidated	Not Applicable
6. Net worth attributable to Shareholding as per latest Balance Sheet	₹ 23.56 millions
7. Profit/Loss for the year	
i. Considered in Consolidation	₹ 13.72 millions
ii. Not Considered in Consolidation	--

For and on behalf of the Board

Talwalkars Better Value Fitness Limited

Prashant Talwalkar
Managing Director & CEO
DIN: 00341715

Anant Gawande
Whole-time Director
DIN: 00324734

Date: 30th May, 2017
Place: Mumbai

ANNEXURE - II TO THE DIRECTORS' REPORT

Annual Report on Corporate Social Responsibility (CSR) Initiatives

[Pursuant to Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. Average net profit of the Company for last three financial years: ₹ 632.29 millions
2. Prescribed CSR Expenditure (two per cent of the amount as in item 1 above): ₹ 12.65 millions
3. Details of CSR spent during the financial year:
 - a. Total amount to be spent for the financial year: ₹ 12.65 millions
 - b. Amount unspent: ₹ 11.18 millions
 - c. Manner in which the amount spent during the financial year is detailed below:

(In Rupees)

(1) S. No.	(2) CSR project or activity identified.	(3) Sector in which the project is covered	(4) Projects or programs: (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken	(5) Amount outlay (budget) project or programs wise	(6) Amount spent on the projects or programs subheads (1) Direct expenditure on projects or programs. (2) Overheads	(7) Cumulative expenditure upto the reporting period	(8) Amount spent: Direct or through implementing agency
1	Cultural activity	Protection of national heritage, art, promotion and development of traditional arts	1. Local area 2. State of Maharashtra	53,32,888	6,90,000	6,90,000	Direct
2	Promotion of education	Promoting education including special education and employment enhancing vocation skills especially among children, women, elderly and differently abled	1. Local area 2. State of Maharashtra	1,55,098	18,038	18,038	Direct
3	Healthcare	Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation	1. Local area 2. State of Maharashtra	25,04,126	2,91,232	2,91,232	Direct
4	Promotion of Sports	Promotion of Nationally recognized sports	1. Local area 2. State of Maharashtra	29,66,444	3,45,000	3,45,000	Direct
5	Environment care and ecological balance	Protection of environment and maintenance of ecological balance	1. Local area 2. State of Maharashtra	10,89,244	1,26,680	1,26,680	Direct
TOTAL				1,26,47,800	14,70,950	14,70,950	

4. The actual spend of the Company on CSR was less than 2% of the average net profit for the last three years. The Company has plans to increase the expenses in the coming years especially in the areas of health care and awareness and also to promote art and culture.
5. The implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of the Company.

For **Talwalkars Better Value Fitness Limited**

Prashant Talwalkar
Managing Director & CEO
DIN: 00341715

Raman Maroo
Chairman, CSR Committee
DIN: 00169152

Date: 30th May, 2017
Place: Mumbai

ANNEXURE - III TO THE DIRECTORS' REPORT

Secretarial Audit Report for the financial year ended 31st March, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Talwalkars Better Value Fitness Limited
801-813, Mahalaxmi Chambers,
22, Bhulabhai Desai Road,
Mumbai- 400 026

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by TALWALKARS BETTER VALUE FITNESS LIMITED (herein after called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has, during the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2017 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

- d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (not applicable to the Company during the audit period)
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (not applicable as the Company is not registered as Registrars to an Issue and Share Transfer Agents during the audit period)
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (not applicable to the Company during the audit period) and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (not applicable to the Company during the audit period)
- i. The Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015

We further report that, the Company has complied with the following laws applicable specifically to the Company:

- a) Indian Copyright Act, 1957 and rules made thereunder;
- b) The Electricity Act, 2003 and rules made thereunder;
- c) Legal Metrology Act, 2009 and rules made thereunder;
- d) Food Safety Standards Authority of India, 2006 and rules made thereunder;
- e) The Contract Labour (Regulation and Abolition) Act, 1970 & Rules made thereunder;

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI);
- ii. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:-

- the Board of Directors of the Company is duly constituted with proper balance of Executive, Non-Executive and Independent Directors. There were no changes in the composition of

the Board of Directors during the period under review. The Company has appointed Mr. Girish Srinivas Nayak as a Chief Financial Officer (CFO) of the Company during the year.

- Adequate notice is given to all directors to schedule Board and Committee Meetings. Agenda and detailed notes on agenda were sent adequately in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting(s) and for meaningful participation at the meeting(s).
- All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has thrice issued secured, taxable, redeemable, non-convertible debentures (NCDs) of ₹ 20 crore, ₹ 30 crores and ₹ 25 crores each, aggregating to Rs 75 crore, within the borrowing limit under Section 180(1)(c) of the Companies Act, 2013.

For **Geeta Canabar & Associates**
Company Secretary

Geeta Canabar
Proprietor
CP No. 8330

Place: Mumbai
Date: 30th May, 2017

Note : This report is to be read with our letter which is annexed as 'ANNEXURE A' and forms an integral part of this report.

ANNEXURE-A

To,
The Members,
Talwalkars Better Value Fitness Limited
801-813, Mahalaxmi Chambers,
22, Bhulabhai Desai Road,
Mumbai- 400 026

Our report is to be read along with this annexure:

- 1) Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 4) Wherever required, we have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
- 5) The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For **Geeta Canabar & Associates**
Company Secretary

Geeta Canabar
Proprietor
CP No. 8330

Place: Mumbai
Date: 30th May, 2017

ANNEXURE - IV TO THE DIRECTORS' REPORT

Extract of Annual Return as on the year ended 31st March, 2017

FORM NO. MGT - 9

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014].

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L92411MH2003PLC140134
ii)	Registration Date	24 th April, 2003
iii)	Name of the Company	Talwalkars Better Value Fitness Limited
iv)	Category/Sub-Category of the Company	Company Limited by Shares/ Indian Non-Government Company
v)	Address of the Registered office and contact details	801-813 Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai 400 026 Tel No.: 022- 6612 6300 Fax No.: 022- 6612 6363 Email: ig@talwalkars.net
vi)	Whether listed Company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent	Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083 Tel No.: 022- 4918 6270 Fax No.: 022- 4918 6060 Email: rnt.helpdesk@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sr. No.	Name and Description of main Products/Services	NIC Code of the Product/Service	% to total turnover of the Company
1.	Health and Fitness Services and Gymming Business	Group – 932, Class - 9329, Sub-class – 93290	100 %

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Aspire Fitness Private Limited 01, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026	U85100MH2009PTC197625	Subsidiary	50.001%	2(87)
2	Denovo Enterprises Private Limited 1 st Floor, Unit No.21, Navyug Industrial Estate, MIDC Cross Road, J.B. Nagar, Andheri (East), Mumbai - 400 059	U55100MH2005PTC151128	Subsidiary	50.10%	2(87)
3	Equinox Wellness Private Limited Unit No.21, Navyug Industrial Estate, MIDC Cross Road, J.B. Nagar, Andheri (East), Mumbai - 400 059	U85199MH2004PTC211696	Subsidiary	* 33.33%	2(87)
4	Jyotsna Fitness Private Limited 301, 3 rd Floor, Nirman Vyapar Kendra, Above Hotel Navratna, Sector 17, Vashi, Navi Mumbai - 400 703	U85190MH2011PTC219468	Subsidiary	50.02%	2(87)

Sr. No	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
5	Talwalkars Club Private Limited 801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026	U93000MH2014PTC254851	Subsidiary	100.00%	2(87)
6	Talwalkars Club Systems Private Limited 801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026	U93000MH2016PTC274581	Subsidiary	100.00%	2(87)
7	Inshape Health and Fitnez Private Limited 64/1, Arcot Road, Alwarthirunagar Annexe, Alwarthirunagar, Chennai - 600 087	U85100TN2008PTC066959	Subsidiary	51.00%	2(87)
8	PWG Fitness Private Limited 801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026	U74999MH2016PTC281802	Subsidiary	50.002%	2(87)
9	Talwalkars Lifestyles Limited 801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026	U93090MH2016PLC280127	Subsidiary	100.00%	2(87)
10	Power World Gyms Limited 282/9A Kotte Road, Pitakotte Colombo, Srilanka	--	Associate	49.50%	2(6)

* Talwalkars Better Value Fitness Limited 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.

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK-UP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2016				No. of Shares held at the end of the year 31.03.2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	11,266,460	-	11,266,460	37.93	11,276,060	-	11,276,060	37.96	0.03
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	7,683	-	7,683	0.03	7,683	-	7,683	0.03	-
e) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
f) Any Others	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	11,274,143	-	11,274,143	37.95	11,283,743	-	11,283,743	37.99	0.03
2) Foreign									
a) NRIs- Individual	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
e) Any Others	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	11,274,143	-	11,274,143	37.95	11,283,743	-	11,283,743	37.99	0.03

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2016				No. of Shares held at the end of the year 31.03.2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	2,184,323	-	2,184,323	7.35	1,440,657	0	1,440,657	4.85	(2.50)
b) Banks/Financial Institutions	655,843	-	655,843	2.21	654,750	0	654,750	2.20	(0.01)
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
h) Foreign Portfolio Investor (Corporate)	4,153,582	0	4,153,582	13.98	3,957,583	0	3,957,583	13.32	(0.66)
Sub-Total (B)(1)	6,993,748	0	6,993,748	23.54	6,052,990	0	6,052,990	20.38	(3.17)
2. Non-Institutions									
a) Individuals									
i) Individual Shareholders holding nominal share capital upto ₹ 1 Lakh	2,814,861	10,236	2,825,097	9.51	4,048,537	10,236	4,058,773	13.66	4.15
ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 Lakh	2,909,267	0	2,909,267	9.79	3,090,703	0	3,090,703	10.40	0.61
b) Any Others									
i) Clearing Member	624,349	0	624,349	2.10	312,424	0	312,424	1.05	(1.05)
ii) Non-Resident Indians (Repat)	238,385	0	238,385	0.80	375,562	0	375,562	1.26	0.46
iii) Non-Resident Indians (Non-Repat)	160,933	0	160,933	0.54	166,049	0	166,049	0.56	0.02
iv) Trusts	-	-	-	-	131,700	0	131,700	0.44	0.44
v) HUF	220,512	0	220,512	0.74	261,736	0	261,736	0.88	0.14
vi) Bodies Corporate	4,458,422	0	4,458,422	15.03	3,971,176	0	3,971,176	13.38	(1.65)
Sub-Total (B)(2)	11,418,229	10,236	11,428,465	38.51	12,357,887	10,236	12,368,123	41.64	3.14
Total Public Shareholding (B) = (B)(1) + (B)(2)	18,411,977	10,236	18,422,213	62.05	18,410,877	10,236	18,421,113	62.01	(0.03)
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	29,694,620	10,236	29,704,856	100.00	29,694,620	10,236	29,704,856	100.00	0.00

ii) Shareholding of Promoters:

Sr. No.	Shareholders Name	Shareholding at the beginning of the year 01.04.2016			Shareholding at the end of the year 31.03.2017			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1	Girish Talwalkar	2,872,780	9.67	--	2,875,980	9.68	--	0.01
2	Madhukar Talwalkar	100,000	0.34	--	100,000	0.34	--	--
3	Vinayak Gawande	1,928,700	6.49	--	1,931,900	6.50	1.43%	0.01
4	Prashant Talwalkar	2,884,580	9.71	--	2,887,780	9.72	--	0.01
5	Harsha Bhatkal	1,560,200	5.25	--	1,560,200	5.25	3.03%	--
6	Anant Gawande	1,920,200	6.46	--	1,920,200	6.46	--	--
7	Better Value Leasing and Finance Ltd.	7,683	0.03	--	7,683	0.03	--	--
Total		11,274,143	37.95	--	11,283,743	37.99	4.46%	0.03

iii) Change in Promoters Shareholding:

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year	11,274,143	37.95	11,274,143	37.95
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (eg. Allotment/ transfer/bonus/sweat equity etc.)				
	Increase in Shareholding (Purchase of Shares)				
1.	Girish Talwalkar	2,872,780	9.67		
	18.05.2016 (purchase from open market)	3,200	0.01	2,875,980	9.68
2.	Prashant Talwalkar	2,884,580	9.71		
	18.05.2016 (purchase from open market)	3,200	0.01	2,887,780	9.72
3.	Vinayak Gawande	1,928,700	6.49		
	18.05.2016 (purchase from open market)	3,200	0.01	1,931,900	6.50
	At the end of the year	11,283,743	37.99	11,283,743	37.99

iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters, and Holders of GDRs and ADRs):

Sr. No.	Top 10 Shareholders	Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding at the end of the year 31.03.2017	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	SmallCap World Fund, Inc.	2,389,000	8.04	2,389,000	8.04
2	Laxmi Shivanand Mankekar and Kedar Shivanand Mankekar	1,573,520	5.30	1,573,520	5.30
3	Unit Trust of India Investment Advisory Services Limited A/C Ascent India Fund III	1,475,400	4.97	1,475,400	4.97
4	American Funds Insurance Series Global Small Capitalisation Fund	1,020,000	3.43	1,020,000	3.43
5	Bajaj Allianz Life Insurance Company Limited	1,013,216	3.41	913,801	3.41

Sr. No.	Top 10 Shareholders	Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding at the end of the year 31.03.2017	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
6	Birla Sun Life Trustee Company Private Limited A/C India Excel (Offshore) Fund	423,000	1.42	910,457	3.07
7	Axis Bank Limited	600,000	2.02	600,000	2.02
8	Tata Trustee Co. Ltd A/C Tata Mutual Fund - Tata Equity P/E Fund	-	-	480,000	1.62
9	The Master Trust Bank Of Japan, Ltd. As Trustee For Nissay World Sports Mother Fund	182,333	0.61	210,338	0.71
10	Rashi Fincorp Ltd.	--	--	201,000	0.68

Note: The shares of the Company are traded on a daily basis and hence the date wise increase/decrease in shareholding is not indicated.

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Names	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (eg. Allotment/transfer/ bonus/sweat equity etc.)				
1	Mr. Girish Talwalkar (Executive Chairman)				
	At the beginning of the year	2,872,780	9.67	2,872,780	9.67
	18.05.2016 (purchase from open market)	3,200	0.01	2,875,980	9.68
	At the end of the year	--	--	2,875,980	9.68
2.	Madhukar Talwalkar (Whole-time Director)				
	At the beginning of the year	100,000	0.34	100,000	0.34
	At the end of the year	--	--	100,000	0.34
3	Vinayak Gawande (Whole-time Director)				
	At the beginning of the year	1,928,700	6.49	1,928,700	6.49
	18.05.2016 (purchase from open market)	3,200	0.01	1,931,900	6.50
	At the end of the year	--	--	1,931,900	6.50
4	Prashant Talwalkar (Managing Director & CEO)				
	At the beginning of the year	2,884,580	9.71	2,884,580	9.71
	18.05.2016 (purchase from open market)	3,200	0.01	2,887,780	9.72
	At the end of the year	--	--	2,887,780	9.72
5	Harsha Bhatkal (Whole-time Director)				
	At the beginning of the year	1,560,200	5.25	1,560,200	5.25
	At the end of the year	--	--	1,560,200	5.25
6	Anant Gawande (Whole-time Director)				
	At the beginning of the year	1,920,200	6.46	1,920,200	6.46
	At the end of the year	--	--	1,920,200	6.46

Sr. No.	Names	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of Company
7	Manohar Bhide (Independent Director)				
	At the beginning of the year	6,296	0.02	6,296	0.02
	At the end of the year	--	--	6,296	0.02
8	Avanti Sankav (Company Secretary & Compliance Officer)				
	At the beginning of the year	1	0.00	1	0.00
	At the end of the year	--	--	1	0.00
9	Girish Nayak (Chief Financial Officer)				
	At the beginning of the year	1	0.00	1	0.00
	At the end of the year	--	--	1	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ in millions

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3,219.48	--	--	3,219.48
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	72.04	--	--	72.04
Total (i+ii+iii)	3,291.52	--	--	3,291.52
Change in during the financial year				
Addition	4,763.92	--	--	4,763.92
Reduction	(3,546.48)	--	--	(3,546.48)
Net Change	1,217.44	--	--	1,217.44
Indebtedness at the end of the financial year				
i) Principal Amount	4,436.91	--	--	4,436.91
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	91.12	--	--	91.12
Total (i+ii+iii)	4,528.03	--	-	4,528.03

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

₹ in millions

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager						Total Amount
		Girish Talwalkar	Madhukar Talwalkar	Vinayak Gawande	Prashant Talwalkar	Harsha Bhatkal	Anant Gawande	
1	Gross Salary							
a)	Salary as per Provisions contained in Section 17(1) of the Income Tax Act, 1961	4.20	4.20	--	4.20	--	--	12.60
b)	Value of perquisites u/s. 17(2) of Income Tax Act, 1961.	--	--	--	--	--	--	--
c)	Profits in lieu of salary under Section 17(3) Income Tax Act, 1961.	--	--	--	--	--	--	--

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager						Total Amount
		Girish Talwalkar	Madhukar Talwalkar	Vinayak Gawande	Prashant Talwalkar	Harsha Bhatkal	Anant Gawande	
2	Stock Option	--	--	--	--	--	--	--
3	Sweat Equity	--	--	--	--	--	--	--
4	Commission	--	--	--	--	--	--	--
	- As % of Profit	--	--	--	--	--	--	--
	- Others, Specify.							
5	Others, please specify	--	--	--	--	--	--	--
	Total (A)	4.20	4.20	--	4.20	--	--	12.60
	Ceiling as per the Act	₹ 62.97 millions (being 10% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013).						

B. Remuneration to other directors:

₹ in millions

Sr. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Manohar Bhide	Avinash Phadke	Raman Maroo	Mohan Jayakar	Abhijeet Patil	Dinesh Afzulpurkar	Mrunalini Deshmukh	
1	Independent Director								
	Fees for attending Board/ Committee Meetings	0.06	0.105	0.045	0.06	0.105	0.06	0.045	0.48
	Commission	--	--	--	--	--	--	--	--
	Others, Please Specify	--	--	--	--	--	--	--	--
	Total (1)	0.06	0.105	0.045	0.06	0.105	0.06	0.045	0.48
2	Other Non-Executive Directors								
	Fee for attending Board/Committee Meetings	--	--	--	--	--	--	--	--
	Commission	--	--	--	--	--	--	--	--
	Total (2)	--	--	--	--	--	--	--	--
	Total (B)= (1+2)	0.06	0.105	0.045	0.06	0.105	0.06	0.045	0.48
	Total Managerial Remuneration	0.06	0.105	0.045	0.06	0.105	0.06	0.045	0.48
	Overall Ceiling as per the Act	₹ 6.30 millions (being 1% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013 (197(1)(iii)) or ₹ 1 lakh per meeting of the Board or Committee thereof (197(5)Rule 4))							

C. Remuneration to Key Managerial Personnel other than Managing Director/ Manager/Whole-time Director:

₹ in millions

Sr. No.	Particulars of Remuneration	Key Managerial Personnel	
		Avanti Sankav Company Secretary	Girish Nayak Chief Financial Officer (w.e.f. 9 th February, 2017)
1	Gross Salary	--	--
	a) Salary as per Provisions contained in Section 17(1) of the Income Tax Act, 1961	1.21	1.34
	b) Value of perquisites u/s. 17(2) of Income Tax Act, 1961.	--	--
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961.	--	--
2	Stock Option	--	--
3	Sweat Equity	--	--
4	Commission		
	- As % of Profit		
	- Others, Specify	--	--
5	Others, please specify	--	--
	Total	1.21	1.34

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty, Punishment, Compounding Fees Imposed	Authority (RD/ NCLT/Court)	Appeal made, if any (give details)
A. Company					
Penalty					
Punishment			None		
Compounding					
B. Directors					
Penalty					
Punishment			None		
Compounding					
C. Other Officers in Default					
Penalty					
Punishment			None		
Compounding					

For **Talwalkars Better Value Fitness Limited**

Prashant Talwalkar
Managing Director and CEO
DIN: 00341715

Anant Gawande
Whole-time Director
DIN: 00324734



REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance

Good Corporate Governance is the equilibrium of the application of the sound management practices and compliance with the laws coupled with the observance of transparency and business ethics. The Board of Talwalkars Better Value Fitness Limited (TBVF) regularly monitors these main drivers, the effectiveness of the Company's governance practices and oversees the process of disclosure and communications. TBVF ensures maintaining the balance of interests of all its stakeholders. It emphasizes on timely and accurate disclosure on all material matters including the financial situation, performance, ownership and governance of the Company. The Board of TBVF truly believes that efficient, transparent and impeccable Corporate Governance is vital for stability, profitability and desired growth of the Business of the organization.

Board of Directors

The strength of the Board of Directors is thirteen. It comprises of six Executive Promoter Directors including a Managing Director

& Chief Executive Officer and seven Non-Executive Independent Directors including a Woman Director. The composition of the Board is in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 149 of the Companies Act, 2013.

Meetings of Board of Directors

During the year, six board meetings were held on 5th May, 2016, 11th August, 2016, 10th November, 2016, 24th November, 2016, 9th February, 2017 and 14th March, 2017 with a time gap between two meetings not exceeding one hundred and twenty days. Adequate notice along with agenda and its notes are given to each Board and Committee Member. The Board reviews the reports of compliance with all laws applicable to the Company. All the information required for 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 Director	Category of Directorship	No. of Board Meetings Attended	Attendance at last AGM held on 08.09.2016	No. of Directorship in all other Companies*	Committee Membership/ Chairmanship in all Companies **	
					Member	Chairman
Mr. Girish Talwalkar	EC	06	Yes	Nil	01	Nil
Mr. Madhukar Talwalkar	WTD	03	No	Nil	Nil	Nil
Mr. Vinayak Gawande	WTD	05	Yes	01	Nil	Nil
Mr. Prashant Talwalkar	MD & CEO	04	Yes	Nil	Nil	Nil
Mr. Harsha Bhatkal	WTD	05	Yes	01	Nil	Nil
Mr. Anant Gawande	WTD	06	Yes	01	02	Nil
Mr. Manohar Bhide	ID	04	Yes	02	02	01
Mr. Raman Maroo	ID	05	No	02	Nil	Nil
Mr. Mohan Jayakar	ID	03	No	03	01	01
Dr. Avinash Phadke	ID	04	No	01	01	Nil
Mr. Abhijeet Patil	ID	05	Yes	Nil	Nil	02
Mr. Dinesh Afzulpurkar	ID	06	Yes	Nil	Nil	Nil
Mrs. Mrunalini Deshmukh	ID	02	Yes	Nil	Nil	Nil

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

Note:

* Directorships across all the Companies excluding private companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013.

** Chairmanship and Membership of Audit Committee and Stakeholders' Relationship Committee across all the public companies excluding private companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013.

Relationship between Directors

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

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

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

Remuneration paid to Directors for the year ended 31st March, 2017

Details of remuneration paid to Directors of the Company for the year ended 31st March, 2017 is as follows:

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

No commission, stock option, perquisites, pension, performance linked incentive or any benefit other than mentioned above have been given to the Directors.

Non-Executive Directors

Sitting Fees

The Non-Executive Directors are paid sitting fees of ₹ 15,000/- per meeting of the Board. The members of Audit and Stakeholders' Relationship Committees are also paid ₹ 15,000/- for attending the meetings of the respective Committees. Except sitting fees, no other remuneration is paid to Non-Executive Directors.

Shareholding

The details of shares held by Non-Executive Directors as on 31st March, 2017 are enumerated below:

Name of Director	No. of Shares held	Name of Director	No. of Shares held
Mr. Manohar Bhide	6,296	Dr. Avinash Phadke	--
Mr. Raman Maroo	--	Mr. Abhijeet Patil	--
Mr. Mohan Jayakar	--	Mr. Dinesh Afzulpurkar	--
Mrs. Mrunalini Deshmukh	--		

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 seven Committees:

1) Audit Committee

The composition, powers, role and the terms of reference of the Audit Committee are in line with the provisions as specified under Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It recommends the appointment of Auditors, reviews and monitors Auditors independence, examines financial matters

and financial statement of our Company, financial statements of the subsidiaries, analyses inter-corporate loans and investments, approves related party transactions, evaluates internal financial controls and risk management systems, invites comments on Internal Control Systems and its weaknesses and all other matters to be mandatorily done/reviewed by the Audit Committee under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations, 2015") and other applicable laws, rules and regulations.

During the year, five Audit Committee meetings were held on 5th May, 2016, 11th August, 2016, 10th November, 2016, 24th November, 2016 and 8th February, 2017.

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

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

Ms. Avanti Sankav, Company Secretary & Compliance officer, acts as the Secretary of the Committee.

2) Nomination and Remuneration Committee

The composition, powers, role and the terms of reference of the Nomination and Remuneration Committee are in line with the provisions as specified under Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, 2015. It reviews the remuneration policy and recommends the remuneration package for the Executive Directors in accordance with the provisions of the Companies Act, 2013, sets criteria for evaluation of performance of Directors and all other matters to be mandatorily done/ reviewed by the Nomination and Remuneration Committee under the Companies Act, 2013 and Listing Regulations, 2015.

Remuneration Policy

Your Company has a well defined Remuneration Policy as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company. The qualification, positive attributes and independence of a Director is balanced with the Remuneration given with a due regard to the

motivation and encouragement to the Directors to put their best foot forward.

Criteria for Evaluation of the performance of Independent Directors

The evaluation of the performance of Independent Directors is based on review of the past performance to ascertain the areas that need improvement and also the strengths in terms of qualification, positive attributes, independence of the Director, appropriate skills to carry out his duties, knowledge, experience, submissions done by the Director in varied disciplines related to the Company's business. Also, the role of Independent Directors and criteria of independence as envisaged in Schedule IV of the Companies Act, 2013 and the Listing Regulations, 2015 are the foundation for quality comparison of the performance of Independent Directors.

During the year, one Nomination and Remuneration Committee meeting was held on 9th February, 2017 and all members were present at the meeting.

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

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

Ms. Avanti Sankav, Company Secretary & Compliance officer, acts as the Secretary of the Committee.

3) Stakeholders' Relationship Committee

The composition, powers, role and the terms of reference of the Stakeholders' Relationship Committee are in line with the provisions as specified under Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations, 2015. It considers and resolves the grievances of security holders of the Company, share transfers and all other matters to be mandatorily

done/reviewed by the Stakeholders' Relationship Committee under the Companies Act, 2013 and the Listing Regulations, 2015.

During the year, two Stakeholders' Relationship Committee Meetings were held on 11th August, 2016 and 9th February, 2017

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

Name of Director	Designation in the Committee	Nature of Directorship	No. of Meetings Attended
Mr. Abhijeet Patil	Chairman	Independent Director	02
Mr. Girish Talwalkar	Member	Executive Chairman	02
Mr. Anant Gawande	Member	Whole-time Director	02

Ms. Avanti Sankav, Company Secretary & Compliance officer, acts as the Secretary of the Committee.

During the year, No complaint was received from the shareholders. As on 31st March, 2017, no complaints remained pending/unattended and no share transfers remained pending for over 15 days, during the year.

4) Management Committee

The Management Committee consists of five Whole-time Directors and two Independent Directors as on 31st March, 2017. 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 179 of the Companies Act, 2013 which are to be exercised by the Board only at its meeting.

During the year, eight Management Committee Meetings were held on 5th May, 2016, 17th June, 2016, 8th July, 2016, 11th August, 2016, 10th November, 2016, 2nd January, 2017, 3rd January, 2017 and 9th February, 2017.

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

Name of Director	Designation in the Committee	Nature of Directorship	No. of Meetings Attended
Mr. Girish Talwalkar	Chairman	Executive Chairman	08
Mr. Vinayak Gawande	Member	Whole-time Director	07
Mr. Prashant Talwalkar	Member	Managing Director & CEO	06
Mr. Harsha Bhatkal	Member	Whole-time Director	07
Mr. Anant Gawande	Member	Whole-time Director	08
Mr. Manohar Bhide	Member	Independent Director	04
Mr. Abhijeet Patil	Member	Independent Director	08

5) Corporate Social Responsibility (CSR) Committee

The composition, powers, role and the terms of reference of the CSR Committee are in line with the provisions as specified under Section 135 of the Companies Act, 2013. The terms of reference of the Committee includes formulation and recommendation to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as per the provisions of the Companies Act, 2013 and it's respective

rules, to recommend the amount of expenditure to be incurred on CSR activities as indicated in the CSR Policy, monitor the CSR Policy of the Company from time to time, to comply with the applicable provisions of the Companies Act, 2013 and rules, regulations made there-under. During the year, one meeting of the CSR Committee was held on 7th April, 2016 and all members were present at the meeting.

The composition of the Committee is given below:

Name of Director	Designation in the Committee	Nature of Directorship
Mr. Raman Maroo	Chairman	Independent Director
Mr. Vinayak Gawande	Member	Whole-time Director
Mr. Girish Talwalkar	Member	Executive Chairman

6) Risk Management Committee

Risk Management Committee was formed pursuant to Clause 49 VI of the Listing Agreement with the Stock Exchanges. The composition, powers, role and the terms of reference of the Risk Management Committee are in line with the provisions of Regulation 21 of the Listing Regulations, 2015. This Committee is responsible to frame and implement the Risk Management Plan for the Company, monitor, review and amend if required,

the Risk Management Plan, inform the Board about the risk which can have an adverse impact on profit and cash flow, likelihood of occurrence of risk and scope for mitigation or reduction of risk and all other matters to be mandatorily done/reviewed by Risk Management Committee. During the year, one meeting of the Risk Management Committee was held on 5th May, 2016 and all members were present at the meeting.

The composition of the Committee is given below:

Name of Director	Designation in the Committee	Nature of Directorship
Mr. Prashant Talwalkar	Chairman	Managing Director & CEO
Mr. Anant Gawande	Member	Whole-time Director
Mr. Harsha Bhatkal	Member	Whole-time Director

7) Prevention of Sexual Harassment Committee

In terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, implemented by Ministry of Law and Justice (Legislative Department), Government of India, Prevention of Sexual Harassment Committee was formed to prevent any incident of sexual harassment of women at workplace and redressal of their complaints in the matter to ensure

women's right to gender equality, life and liberty and equality in working conditions and other women related issues. During the year, one meeting of the Prevention of Sexual Harassment Committee was held on 1st March, 2017 and all members were present at the meeting.

The composition of the Committee is given below:

Name of Member	Designation in the Committee
Ms. Avanti Sankav	Chairperson
Ms. Anupa Kamble	Member
Ms. Akanksha Vaidya	Member
Dr. Smita Sukhtankar	Member

During the financial year 2016-17, the Company has received no complaints on sexual harassment and as such no complaints have been disposed off or were pending as on 31st March, 2017.

Meeting of Independent Directors

During the year, a separate meeting of Independent Directors was held on 9th February, 2017 to review the performance of the Non-Independent Directors, the Board as a whole and the Chairman of the Company. Dr. Avinash Phadke and Mrs. Mrunalini Deshmukh were absent at the meeting, which was Chaired by Mr. Dinesh Afzulpurkar.

the various financial, legal and operational matters with a view to give an insight into the working of the Company.

(weblink : <http://www.talwalkars.net/admin/investor/FamiliarisationProgramme12716164444828-46adc.pdf>)

Familiarisation programme for Board Members

Your Company furnished detailed information to its Independent Directors about the functioning of the Company comprising of

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
2013-14	18 th September, 2014 at 12.30 p.m.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 4 th Floor Kala Ghoda, 18/20, K. Dubash Marg, Mumbai - 400 001.	- Re-appointment of Mr. Madhukar Talwalkar, Mr. Prashant Talwalkar, Mr. Vinayak Gawande, Mr. Girish Talwalkar, Mr. Anant Gawande and Mr. Harsha Bhatkal - Approval for Borrowing - Approval for Private Placement of Non Convertible Debentures (NCDs) - Approval for Franchise Agreement with AFPL, DEPL, JFPL and EWPL*
2014-15	10 th September, 2015 at 11.30 a.m.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 4 th Floor Kala Ghoda, 18/20, K. Dubash Marg, Mumbai - 400 001.	- Confirmation of appointment of Mrs. Mrunalini Deshmukh as Director of the Company - Approval for Private Placement of NCDs
2015-16	8 th September, 2016 at 11.30 a.m.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 4 th Floor Kala Ghoda, 18/20, K. Dubash Marg, Mumbai - 400 001.	Approval for Private Placement of NCDs

* **AFPL**- Aspire Fitness Pvt. Ltd., **DEPL** – Denovo Enterprises Pvt. Ltd., **JFPL** – Jyotsna Fitness Pvt. Ltd. and **EWPL** – Equinox Wellness Pvt. Ltd.

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

No Extra-Ordinary General Meeting was held in last three years.

• **Postal Ballot**

During the financial year 2016-17, four resolutions were passed through Postal Ballot, details of business along with voting pattern for the said resolutions are set out herein below:

Details of Business	Type of Resolution	No. of Votes Polled	Votes cast in favour		Votes cast against	
			No. of Votes	%	No. of Votes	%
Appointment of Mrs. Mrunalini Deshmukh (DIN: 07092728) as Independent Director	Ordinary	16,647,046	16,639,147	99.95	7,899	0.05
Increasing borrowing limits of the Company	Special	16,647,281	16,623,183	99.85	24,098	0.15
Creation of charges on the movable and immovable properties of the company in respect of the borrowings	Special	16,647,282	16,630,173	99.89	17,109	0.11
Approval for the offer or invitation to subscribe to Non-Convertible Debentures	Special	16,647,282	16,630,245	99.89	17,037	0.11
Date of Postal Ballot Notice: 5 th May, 2016		Voting Period: 12 th May, 2016 to 11 th June, 2016				
Date of Declaration of Result: 14 th June, 2016		Date of Approval: 14 th June, 2016				

Mr. Vinayak Gawande, Whole-time Director of the Company and Ms. Avanti Sankav, Company Secretary were authorized to supervise and control the entire postal ballot process and Mr. Bharat R. Upadhyay, Practicing Company Secretary was appointed as scrutinizer for scrutinizing the Postal Ballot Process. Procedure prescribed under Section 108 and 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were followed for conducting the said Postal ballot. Postal ballot forms with full particulars of shareholders duly printed thereon were sent in self-addressed postage pre-paid envelopes together with the Notice and Explanatory statement specifying the resolutions proposed to be

passed by postal ballot. Members were allowed to vote by way of postal ballot form or e-voting system of Central Depository Services (India) Limited.

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. Details of related party transactions have been provided in the Financial Statements. There was no material individual transaction with the related parties other than in the normal course of business. The Company has not entered into material significant

related party transaction which have potential conflict with the interest of the Company at large.

The Board has approved a policy for related party transactions which has been uploaded on Company's website at the following Weblink: <http://www.talwalkars.net/admin/investor/PolicyonRelatedPartyTransactions12716165958474-995fe.pdf>

Disclosure of Accounting Treatment

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

Vigil Mechanism/ Whistle blower policy

Your Company promotes ethical behavior in its business activities and is progressive in designing a mechanism of reporting the grievances, illegal or unethical behavior or any other genuine concern by any employee of the Company. The Company takes utmost care to maintain the confidentiality of those, reporting the concerns/problems/violations and such people are not subjected to any discriminatory practice. Whistleblower policy on the same is uploaded on Company's website www.talwalkars.net. No person has been denied access to the Audit Committee

Subsidiary Companies

The Audit committee reviews the consolidated financial statements of the Company and the investment made by its unlisted subsidiary companies. The minutes of the board meetings along with a report on significant developments of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company. The Company does not have any material non-listed Indian subsidiary company.

The Company has a policy for determining 'material subsidiaries' which has been uploaded on Company's website at the following Weblink: <http://www.talwalkars.net/admin/investor/PolicyforMaterialSubsidiary12716164544408-7249c.pdf>

Details of non-compliance

The Company has complied with all the requirements of the Stock Exchanges, the SEBI and other statutory authorities on all matters relating to capital markets during the last three years and they have not imposed any penalties on, or passed any strictures against, the Company.

Compliance Reports

The Board of Directors periodically reviews the compliance reports of all laws, rules and regulations which are applicable to the Company.

Code of Conduct for Directors and Senior Management

The members of the Board and Senior Management personnel have affirmed the compliance with Code applicable to them during the year ended 31st March, 2017. The Annual Report of the Company contains a certificate by the CEO and Managing Director in terms of Listing Regulations, 2015 on the compliance declarations received from Independent Directors, Non-executive Directors and Senior Management.

Code of Conduct for prevention of Insider Trading

The Company has been maintaining the highest ethical standards by implementing a comprehensive Code of Conduct pursuant to the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015, for prevention of insider trading in the shares of the Company. The Code which is applicable to promoters, directors, auditors, employees of the Company and their dependents, prescribes the procedures to be followed while dealing in the shares of the Company.

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 Regulation 34 of the Listing Regulations, 2015 and is displayed on the Company's website www.talwalkars.net

CEO/CFO Certification

The Managing Director & Chief Executive Officer and Chief Financial Officer have given a Certificate to the Board of Directors in the prescribed format as per the requirement of Regulation 26 of the Listing Regulations, 2015.

Qualification in the Auditors Report

As regards auditor's comment of not obtaining independent confirmation for certain advances, trade payables, receivables, bank balances and borrowings, the Company has since then obtained majority of the same. The Company has now instituted a process of obtaining such confirmation regularly at frequent intervals and reconciling the same.

As regards auditor's qualified opinion on operating effectiveness and internal control systems from revenue from operations with regards to fees and subscriptions, corporate sales and franchisees fees is not commensurate with the size of company. In view of prescription of Ind-AS there are going to be considerable changes in the treatment and presentation of accounts. Having said that, the company has taken a note of auditor's opinion and has started a process to straighten the system and is seeking guidance from the auditors on the effectiveness of the same before implementing and making it fully operational by January, 2018.

Means of Communication

The Company believes in sharing the information with the shareholders about the Company's operations and financial performance. The Company maintains the dynamic website, making the information readily available to every member.

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

i) Quarterly Results:

Quarterly and audited financial results/updates on financial results are published in the newspapers namely; The Economic Times, Free Press Journal, Maharashtra Times and Nav Shakti.

ii) Website:

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

iii) Annual report:

The Annual Report containing, inter alia, Audited Financial Statement, Consolidated Financial Statement, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto.

iv) 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 shareholders to have complete knowledge about the Company.

v) 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 part of the Company's website.

General Shareholders Information

Annual General Meeting	Thursday, 28 th September, 2017 at 1.15 p.m. M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturer's Association, Bhogilal Hargovindas Building, 4 th Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai – 400 001
Financial Year	1 st April to 31 st March
Financial Calendar (2016-17)	
Unaudited results for the quarter ending 30 th June, 2016	11 th August, 2016
Unaudited results for the quarter ending 30 th September, 2016	10 th November, 2016
Unaudited results for the quarter ending 31 st December, 2016	9 th February, 2017
Audited results for the quarter and year ending 31 st March, 2017	30 th May, 2017
Financial Calendar (2017-18)	
Unaudited results for the quarter ending 30 th June, 2017	On or before 14 th September, 2017
Unaudited results for the quarter ending 30 th September, 2017	On or before 14 th December, 2017
Unaudited results for the quarter ending 31 st December, 2017	On or before 14 th February, 2018
Audited results for the quarter and year ending 31 st March, 2018	On or before 29 th May, 2018
Book closure dates	Saturday, 23 rd September, 2017 to Thursday, 28 th September, 2017 (both days inclusive)
Dividend payment date	On or after 28 th September, 2017
Stock Code/Symbol (Equity)	BSE – 533200 NSE – TALWALKARS
ISIN for NSDL and CDSL	INE502K01016
Corporate Identification Number (CIN)	L92411MH2003PLC140134

Listing

Equity

Equity shares of the Company are listed on the following Stock Exchanges:

BSE Ltd. Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001	The National Stock Exchange of India Ltd. Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400051
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The Company has duly paid the Listing Fees of the Stock Exchanges for the year 2016-17 within the stipulated time.

Debt Securities

- (1) 250 non-convertible debt securities (NCDs) of Rs.1,000,000/- each aggregating to ₹ 250,000,000/- issued and allotted on 25th April, 2014 on private placement basis are listed with BSE Limited in the List of securities of 'F - Group - Debt Instruments' effective from 9th May, 2014.

Stock codes

Scrip code: 950237; Scrip ID: 1175TBVF20A

ISIN Number for NSDL and CDSL for dematerialised securities: INE502K07047

- (2) 250 non-convertible debt securities (NCDs) of ₹ 1,000,000/- each aggregating to ₹ 250,000,000/- issued and allotted on 4th March, 2015 on private placement basis are listed with BSE Limited in the List of securities of 'F - Group - Debt Instruments' effective from 13th March, 2015.

Stock codes

Scrip code: 951764; Scrip ID: 980TVBFL21

ISIN Number for NSDL and CDSL for dematerialised securities: INE502K07054

- (3) 250 non-convertible debt securities (NCDs) of ₹ 1,000,000/- each aggregating to ₹ 250,000,000/- issued and allotted on 6th November, 2015 on private placement basis are listed with BSE Limited in the List of securities of 'F - Group - Debt Instruments' effective from 20th November, 2015.

Stock codes

Scrip code: 952983; Scrip ID: 985TBVFL21

ISIN Number for NSDL and CDSL for dematerialised securities: INE502K07062

- (4) 250 non-convertible debt securities (NCDs) of ₹ 1,000,000/- each aggregating to ₹ 250,000,000/- issued and allotted on 7th December, 2015 on private placement basis are listed with BSE Limited in the List of securities of 'F - Group - Debt Instruments' effective from 23rd December, 2015

Stock codes

Scrip code: 953106; Scrip ID: 10TBVFL18

ISIN Number for NSDL and CDSL for dematerialised securities: INE502K07070

(5) 200 non-convertible debt securities (NCDs) of ₹ 1,000,000/- each aggregating to ₹ 200,000,000/- issued and allotted on 17th June, 2016 on private placement basis are listed with BSE Limited in the List of securities of 'F - Group - Debt Instruments' effective from 27th June, 2016

Stock codes

Scrip code: 954205; Scrip ID: 985TBVFL21

ISIN Number for NSDL and CDSL for dematerialised securities: INE502K07088

(6) 300 non-convertible debt securities (NCDs) of ₹ 1,000,000/- each aggregating to ₹ 300,000,000/- issued and allotted on 8th July, 2016 on private placement basis are listed with BSE Limited in the List of securities of 'F - Group - Debt Instruments' effective from 15th July, 2016

Stock codes

Scrip code: 954331; Scrip ID: 985TBVFL21A

ISIN Number for NSDL and CDSL for dematerialised securities: INE502K07096

(7) 250 non-convertible debt securities (NCDs) of ₹ 1,000,000/- each aggregating to ₹ 250,000,000/- issued and allotted on 3rd January, 2017 on private placement basis are listed with BSE Limited in the List of securities of 'F - Group - Debt Instruments' effective from 13th January, 2017

Stock codes

Scrip code: 955520; Scrip ID: 960TBVFL23

ISIN Number for NSDL and CDSL for dematerialised securities: INE502K07104

(8) The Company prepaid 250 non-convertible debt securities (NCDs) of ₹ 1,000,000/- each aggregating to ₹ 250,000,000/- issued and allotted on 3rd January, 2014 on private placement basis were listed with BSE Limited in the List of securities of 'F - Group - Debt Instruments' effective from 21st January, 2014.

Stock codes

Scrip code: 949795; Scrip ID: 1175TBVFL20

ISIN Number for NSDL and CDSL for dematerialised securities: INE502K07039

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

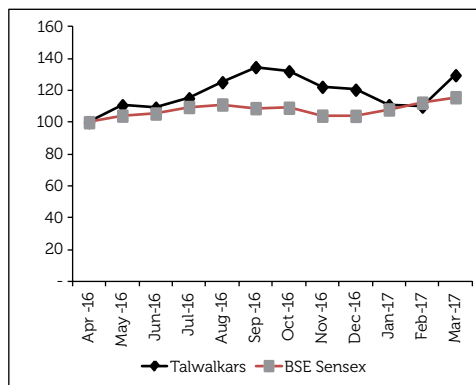
The Company has not issued any GDRs, ADRs, Warrants or any other convertible instruments.

Stock market price data for the year on BSE & NSE

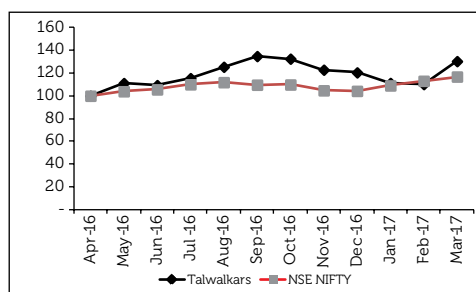
The monthly high and low prices of the Company's shares during 2016-17 on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) are as under:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2016	223.00	187.10	223.10	187.60
May, 2016	231.55	192.40	231.60	193.10
June, 2016	231.65	207.55	231.30	207.40
July, 2016	247.50	218.00	247.50	220.05
August, 2016	273.80	223.10	274.80	222.30
September, 2016	284.95	247.80	287.00	247.10
October, 2016	302.05	259.90	303.00	260.00
November, 2016	274.95	224.00	275.25	221.60
December, 2016	257.25	220.35	257.60	219.15
January, 2017	253.00	223.00	254.00	224.75
February, 2017	236.00	209.00	236.25	210.25
March, 2017	268.80	220.00	269.85	220.25

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 Stakeholders' Relationship Committee. There are no share transfer requests pending as on 31st March, 2017.

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-101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai – 400 083.

Distribution of Shareholding as on 31st March, 2017

No. of Equity Shares held	No. of Shareholders	No. of Shares held	% of Shareholding
Upto 500	15,613	1,725,727	5.81
501 to 1,000	975	780,479	2.63
1,001 to 2,000	600	881,287	2.97
2,001 to 3,000	176	451,262	1.52
3,001 to 4,000	77	276,340	0.93
4,001 to 5,000	57	265,276	0.89
5,001 to 10,000	106	784,993	2.64
More than 10,000	131	24,539,492	82.61
Total	17,735	29,704,856	100.00

Shareholding pattern as on 31st March, 2017

Category	No. of Shares held	% of Shareholding
Promoters & Promoters Group	11,283,743	37.99
Other Directors & their relatives	6,296	0.02
Clearing Member	312,424	1.05
Other Bodies Corporate & Financial Institutions	4,009,309	13.50
Foreign Institutional Investors (FIIs)	38,249	0.13
Hindu Undivided Family	261,736	0.88
Mutual Funds	1,440,657	4.85
Non-Nationalised Banks	616,617	2.08
Non-Resident Indians (Repatriable)	375,562	1.26
Non-Resident Indians (Non-Repatriable)	166,049	0.56
Public	7,274,880	24.49
Foreign Portfolio Investor (Corporate)	3,919,334	13.19
Total	29,704,856	100.00

Dematerialisation of shares

As on 31st March, 2017, 99.96% of the total paid up capital representing 29,694,620 shares, was held in dematerialised form and the balance 0.04% representing 10,236 shares was held in physical form.

In accordance with SEBI Circular bearing code Cir/ISD/3/2011 dated 17th June, 2011, shareholding of the promoters and promoters 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;
Fax No.: (022) 6612 6363

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-101, 247 Park, L.B.S. Marg, Vikhroli (West),
Mumbai - 400 083, India.

Tel No.: (022) 4918 6270; Fax No.: (022) 4918 6060

E-Mail: rnt.helpdesk@linkintime.co.in

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

Prashant Talwalkar
Managing Director & CEO
DIN: 00341715

Anant Gawande
Whole-time Director
DIN: 00324734

Date: 30th May, 2017
Place: Mumbai

CERTIFICATES UNDER REPORT ON CORPORATE GOVERNANCE

Certificate on Corporate Governance

To
The Members
Talwalkars Better Value Fitness Limited

We have examined the compliance of conditions of Corporate Governance by Talwalkars Better Value Fitness Limited ("the Company"), for the year ended 31st March, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (collectively referred to as SEBI Listing Regulations, 2015).

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. It is neither an audit nor an expression of opinion on the financial statement 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 the SEBI Listing Regulations, 2015 during the year ended 31st March, 2017.

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

Date: 30th May, 2017
Place: Mumbai

Geeta Canabar
Proprietor

Declaration on Compliance of the Company's Code of Conduct

To
The Members
Talwalkars Better Value Fitness Limited

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 to further strengthen corporate governance practice in the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed compliance with the code of

conduct as applicable to them during the year ended 31st March, 2017.

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

Prashant Talwalkar

Managing Director & CEO
DIN: 00341715

Date: 30th May, 2017
Place: Mumbai

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To
The Board of Directors
Talwalkars Better Value Fitness Limited

Dear Sirs,

COMPLIANCE CERTIFICATE

(Issued in accordance with Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

We, Prashant Talwalkar, Managing Director & Chief Executive Officer and Girish Nayak, Chief Financial Officer of Talwalkars Better Value Fitness Limited, to the best of our knowledge and belief, hereby certify that:

- A. We have reviewed financial statement and the cash flow statement for the year ended 31st March, 2017 and to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading.
 - (2) 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. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's code of conduct.

- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
- D. We have indicated to the Auditors and the Audit Committee:
- (1) that there are no significant changes in internal control over financial reporting during the year;
 - (2) that there are no significant changes in accounting policies during the year; and
 - (3) that there are no instances of significant fraud of which we have become aware, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Yours sincerely,

Prashant Talwalkar
Managing Director & CEO
DIN: 00341715

Girish Nayak
Chief Financial Officer
DIN: 00324734

Date: 30th May, 2017
Place: Mumbai

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

TALWALKARS BETTER VALUE FITNESS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Talwalkars Better Value Fitness Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, **except for the possible effects of the matter described below in Other legal and regulatory requirements paragraph 2 (a) & (d)** the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its Profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the said order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit **with the exception of the Company not**

obtaining independent confirmation for advances, trade payables and receivables. We have also not received independent confirmation for certain Bank balances and borrowings. In the absence of those confirmation/reconciliation, the balance appearing in the books of accounts have been adopted as the basis for preparation of annual accounts.

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 **except for testing and accounting of Impairment Loss on Fixed Assets, Capital Work in Progress, Continuous- Loss making branches as required under Accounting Standard 28 – Impairment of Assets and accounting treatment for depreciation as required under Accounting Standard 10 – Property, Plant and Equipment.**
- (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 36 to the financial statements.

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

S. Poosaidurai
Partner

Date: May 30, 2017
Place: Mumbai

Chartered Accountants
Membership No. 223754

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

1. (a) The Company is maintaining records showing most of the particulars of assets except in case of certain assets, quantitative details and situation of fixed assets needs to be updated.;
- (b) The Fixed Assets have been physically verified by the Management at regular intervals and no material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the Company.
2. Physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed on such verification.
3. The Company has granted Interest free unsecured loans to its Subsidiary Companies covered in the register maintained under section 189 of the Companies Act, 2013.
 - (a) The terms and conditions of the grant of such loans are not prejudicial to the Company's interest.
 - (b) The terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand. Accordingly, paragraph 3 (iii)(b) and (c) of the Order is not applicable.
4. According to the information and explanations given to us, the Company has complied with provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security given by the Company.
5. The Company has not accepted deposits and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.
6. The maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act is not applicable to the Company.
7. (a) According to the information and explanations given to us, the Company is not regular in depositing undisputed statutory dues of Service Tax, Value Added Tax and Income Tax with the appropriate authorities. There is a shortfall in the remittance of advance Income Tax in the first two instalments for Rs.140 Million which were outstanding and have been since remitted.
- (b) According to the information and explanation given to us, the Company has no statutory dues which have not been deposited on account of disputes.
8. The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or dues to debenture holders.
9. The moneys raised by way of debt instruments and term loans were generally applied for the purposes for which those are raised.
10. Based on the information and explanation given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act 2013.
12. The Company is not a Nidhi Company and hence paragraph 3 (xii) of the Companies (Auditor's Report) Order 2016 is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

S. Poosaidurai
Partner

Date: May 30, 2017
Place: Mumbai

Chartered Accountants
Membership No. 223754

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Talwalkars Better Value Fitness Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary

to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified opinion on operating effectiveness of Internal Financial Controls over Financial Reporting and modified opinion on adequacy of such controls

According to the information and explanations given to us and based on our audit, the following material weakness has been identified both in the operating effectiveness and the Company's internal financial controls over the financial reporting as at March 31, 2017:

"The Company's operating effectiveness and internal control system for Revenue from Operations with regard to Fees and Subscription, Corporate Sales and Franchisee Fees is not commensurate with the size of the Company and the same needs to be strengthened by the Management".

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the company has maintained adequate internal financial controls over financial reporting as of March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India and except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the company's internal financial controls over the financial reporting were operating effectively as of March 31, 2017.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and these material weaknesses does not affect our opinion on the financial statements of the Company.

For **M.K. Dandekar & Co.,**

(ICAI Reg. No. 000679S)

S. Poosaidurai

Partner

Date: May 30, 2017

Place: Mumbai

Chartered Accountants

Membership No. 223754

BALANCE SHEET as at March 31, 2017

₹ in Million

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
I. EQUITY & LIABILITIES			
1) Shareholders' Funds			
(a) Share Capital	2	297.05	297.05
(b) Reserves and Surplus	3	4,451.30	3,834.23
2) Non-Current Liabilities			
(a) Long Term Borrowings	4	3,935.71	2,740.52
(b) Deferred Tax Liabilities (Net)	5	289.28	268.25
(c) Other Long Term Liabilities	6	13.95	21.14
3) Current Liabilities			
(a) Trade Payables			
(i) Total Outstanding dues of Micro & Small Enterprises		-	-
(ii) Total Outstanding dues of Creditors other than Micro & Small Enterprises		101.93	94.48
(b) Other Current Liabilities	7	598.03	646.66
(c) Short Term Provisions	8	61.81	129.54
TOTAL		9,749.06	8,031.87
II. ASSETS			
1) Non-Current Assets			
(a) Fixed Assets	9		
(i) Tangible Assets		4,781.51	4,291.49
(ii) Intangible Assets		139.07	53.86
(iii) Capital Work in Progress		470.46	592.66
(iv) Intangible Asset under development		3.32	3.32
(b) Non-Current Investments	10	814.77	114.57
(c) Long Term Loans and Advances	11	1,224.78	1,121.89
(d) Other Non-Current Assets	12	150.23	0.21
2) Current Assets			
(a) Current Investments	13	0.22	0.22
(b) Inventories	14	2.86	0.39
(c) Trade Receivables	15	191.17	283.65
(d) Cash and Cash Equivalents	16	1,148.42	1,200.26
(e) Short Term Loans and Advances	17	672.40	297.51
(f) Other Current Assets	18	149.85	71.84
TOTAL		9,749.06	8,031.87
Summary of significant accounting policies	1		
The accompanying notes are forming part of the Standalone Financial Statements			

As per our report of even date attached

For **M.K. Dandekar & Co.,**
Chartered Accountants
ICAI FRN:000679S

S. Poosaidurai
Partner
Membership No. 223754

Place : Mumbai
Date: May 30, 2017

For and on behalf of the Board of Directors

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

STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2017

₹ in Million

Particulars	Note No.	Year Ended March 31, 2017	Year Ended March 31, 2016
1. REVENUE			
(a) Revenue from operations	19	2,571.18	2,292.24
(b) Other Income	20	5.73	67.20
Total Revenue		2,576.91	2,359.44
2. EXPENSES			
(a) Purchase of stock-in-trade		5.36	-
(b) Changes in Inventories	21	(2.47)	0.03
(c) Employee benefit expenses	22	369.22	336.64
(d) Finance costs (Net)	23	175.60	155.85
(e) Depreciation and amortization expenses		454.88	435.64
(f) Other expenses	24	615.37	605.31
Total Expenses		1,617.96	1,533.47
3. Profit before exceptional and extraordinary items and tax (1 - 2)		958.95	825.97
4. Exceptional Items	25	(3.92)	(0.28)
5. Profit before extraordinary items and tax (3 + 4)		955.03	825.69
6. Extraordinary Items		-	-
7. Profit before tax for the year (5 + 6)		955.03	825.69
8. Tax expense:			
(a) Current tax expenses for current year		310.24	265.63
(b) Tax expenses relating to prior years		6.69	2.72
(c) Deferred tax		21.03	23.42
9. Profit for the year from continuing operations (7 - 8)		617.07	533.92
10. Profit/(Loss) from discontinuing operations		-	-
11. Profit for the year (9 + 10)		617.07	533.92
12. Earning per equity share (of ₹ 10 each) :			
(1) Basic	28	20.77	18.47
(2) Diluted	28	20.77	18.47
Summary of significant accounting policies	1		
The accompanying notes are forming part of the Standalone Financial Statements			

As per our report of even date attached

For **M.K. Dandekar & Co.,**
Chartered Accountants
ICAI FRN.: 000679S

S. Poosaidurai
Partner
Membership No. 223754

Place : Mumbai
Date: May 30, 2017

For and on behalf of the Board of Directors

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

CASH FLOW STATEMENT for the year ended March 31, 2017

₹ in Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before Extra Ordinary Items & Tax	955.03	825.69
Adjustment for :		
Depreciation & Amortisation	454.88	435.64
Finance cost (Net)	169.15	155.85
Income from Investment activity	(0.92)	(61.13)
(Profit)/Loss on sale of assets	3.92	0.28
	627.03	530.64
Operating Profit before Working capital changes	1,582.06	1,356.33
Adjustment for Working Capital Changes :		
(Increase)/Decrease in Trade Receivables	92.49	10.44
(Increase)/Decrease in Other Advances & Receivables	(670.77)	-
(Increase)/Decrease in Other Current Assets	(78.01)	(873.48)
(Increase)/Decrease in Inventories	(2.47)	-
Increase/(Decrease) in Trade payables	7.45	4.16
Increase/(Decrease) in other payables	(89.96)	-
	(741.27)	(858.88)
Cash generated from operations	840.79	497.45
Net Income Tax (Paid) / Refund	(331.04)	(271.82)
Net cash from operating activities	509.75	225.63
B CASH FLOW FROM INVESTING ACTIVITIES:		
Capital Expenditure on Fixed Assets including Capital Advances	(837.25)	(707.85)
Security Deposits for acquisition of rights	(150.00)	-
Proceeds from sale of fixed assets	16.04	1.43
Income from Investment activity	0.92	61.13
Share Application Money Paid	(700.00)	-
Purchase of Long Term Investment	(7.40)	(42.26)
Loan repayment from subsidiary	218.37	-
Purchase of Short Term Investment	-	(1,237.27)
Proceeds from sale of Short Term Investments	-	1,237.27
Net cash (used in)/from Investing activities	(1,459.32)	(687.55)

CASH FLOW STATEMENT for the year ended March 31, 2017

₹ in Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
C CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Shares	-	1,074.81
Redemption of Non Convertible Debentures	(250.00)	-
Issue proceeds from Non Convertible Debentures	750.00	500.00
Share/ Debenture issue expenses	-	(60.61)
Proceeds from Borrowings	4,013.91	479.57
Repayment of Long term and other borrowings	(3,296.49)	(458.09)
Finance cost paid (net)	(266.06)	(263.02)
Dividend Paid	(44.56)	(44.56)
Dividend Tax Paid	(9.07)	(8.91)
Net cash used in Financing Activities	897.73	1,219.19
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(51.84)	757.27
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,200.47	443.19
Cash & Bank Balance including Fixed Deposits	1,148.64	1,200.47
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,148.64	1,200.47

See accompanying notes forming part of the Standalone Financial Statements

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

S. Poosaidurai
Partner
Membership No. 223754

Place : Mumbai
Date: May 30, 2017

For and on behalf of the Board of Directors

Girish Talwalkar	Executive Chairman
Madhukar Talwalkar	Whole time Director
Prashant Talwalkar	Managing Director & CEO
Vinayak Gawande	Whole time Director
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Harsha Bhatkal	Whole time Director
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Avinash Phadke	Independent Director
Abhijeet Patil	Independent Director
Mrunalini Deshmukh	Independent Director
Girish Nayak	Chief Financial Officer
Avanti Sankav	Company Secretary & Compliance Officer

Significant accounting policies and notes to the Standalone Financial Statements

for the year ended March 31, 2017

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, personalized supervision, on-going facility upgrades, result-oriented approach, and above all from Talwalkar's know-how and experience in this field.

Note 1: Significant Accounting Policies:

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. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2015, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.
- The amounts in the accompanying financial statements have been stated in millions of Indian rupees and rounded off to two decimals.

Use of Estimates:

- The preparation of financial statements in conformity with Indian GAAP requires management to make judgements, 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 recognized in the period in which the results are known / materialized.

(a) Fixed assets :

- Tangible fixed assets are stated at original cost, net of tax/duty credits availed if any, less accumulated depreciation / amortization. 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 capitalized.
- Intangible assets are recorded at the consideration paid for acquisition and are carried at cost less accumulated amortization.

(b) Depreciation/Amortization :

- Depreciation on all the fixed assets is provided pro-rata from / up to the date of acquisition / disposal using the straight line method in line with the useful lives prescribed by Schedule II to the Companies Act, 2013.
- The Company has reviewed the useful life of the fixed assets based on Schedule II to the Companies Act, 2013.
- In case of Goodwill, the amount is amortized @4.75% p.a. using the straight-line method.

(c) Provisions, Contingent Liabilities and Contingent Assets:

- Provisions involving substantial degree of estimation in measurement are recognized 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 recognized in the financial statements but are disclosed in the notes to accounts. Contingent Assets are neither recognized nor disclosed in the financial statements.

Significant accounting policies and notes to the Standalone Financial Statements

for the year ended March 31, 2017

(d) 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 recognized as income of the period in accordance with terms of the agreement, and as per data submitted by the franchisees.
- Interest income is recognized 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 realizations therefrom are immediate and no credit is allowed to the customers / members.

(e) 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.

(f) Employee 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 recognized 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.

(g) Borrowing Cost:

- Borrowing Costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

(h) 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:

Significant accounting policies and notes to the Standalone Financial Statements

for the year ended March 31, 2017

- i. Upto March 31, 2008, recognized 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.

(i) Earnings Per Share:

Basic earnings per share

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

Diluted earnings per share

- For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(j) 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 recognized 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 recognized subject to the management's judgement that the realization 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.

(k) 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.

(l) 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.

(m) Inventories :

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

(n) Debenture Redemption Reserve:

- Transfer to Debenture Redemption Reserve is made in terms of requirement of Companies (Share capital & debentures) rules, 2014 issued by the Ministry of Corporate Affairs.

(o) Leases:

- Assets taken on lease by the Group in its capacity as lessee, where the Group has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalized at the inception of the lease at lower of fair value or the present value of the minimum lease payments and a liability is recognized for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant rate of interest on the outstanding liability for each year.
- Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the lessor, are recognized as operating lease. Lease rentals under operating lease are recognized in the Statement of Profit and Loss.

Significant accounting policies and notes to the Standalone Financial Statements

for the year ended March 31, 2017

Note 2 : Share Capital

Particulars	As at March 31, 2017		As at March 31, 2016	
	No.	₹ in Million	No.	₹ in Million
SHARE CAPITAL				
AUTHORISED:				
Equity Shares of ₹ 10/- each with voting rights	32,000,000	320.00	32,000,000	320.00
		320.00		320.00
ISSUED, SUBSCRIBED & PAID-UP:				
Equity Shares of ₹ 10/- each with voting rights	29,704,856	297.05	29,704,856	297.05
		297.05		297.05

(i) Terms/ Rights attached to Equity Shares

- The Company has only one class of shares namely Equity Shares having a face value of ₹ 10 per share.
- 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.
- 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.
- 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 the number of Shares and Amount outstanding at the beginning and at the end of the year

Details	As at March 31, 2017		As at March 31, 2016	
	No.	₹ in Million	No.	₹ in Million
Fully Paid up Shares Outstanding as at beginning of the year	29,704,856	297.05	26,180,888	261.81
Fully paid up shares issued during the year	-	-	3,523,968	35.24
Fully paid up shares Outstanding as at end of the year	29,704,856	297.05	29,704,856	297.05

(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, 2017		As at March 31, 2016	
	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	2,887,780	9.72%	2,884,580	9.71%
2) Girish Madhukar Talwalkar & Nanda Girish Talwalkar	2,875,980	9.68%	2,872,780	9.67%
3) Anant Ratnakar Gawande & Yamini Anant Gawande	1,920,200	6.46%	1,920,200	6.46%
4) Vinayak Ratnakar Gawande & Madhuri Vinayak Gawande	1,931,900	6.50%	1,928,700	6.49%
5) Harsha Ramdas Bhatkal & Smeeta Harsha Bhatkal	1,560,200	5.25%	1,560,200	5.25%
6) Smallcap World Fund, Inc	2,389,000	8.04%	2,389,000	8.04%
7) Laxmi Shivanand Mankekar & Kedar Shivanand Mankekar	1,573,520	5.30%	1,573,520	5.30%
Total	15,138,580		15,128,980	

- Aggregate number and class of shares allotted to fully paid up pursuant to contract without payment being received in cash, bonus shares, and shares brought back for the period of five years immediately preceding the balance sheet date is Nil
- Forfeited shares and calls unpaid- Nil

Significant accounting policies and notes to the Standalone Financial Statements

for the year ended March 31, 2017

Note 3 : Reserves and Surplus

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Securities Premium Account		
Opening Balance	2,044.55	1,065.59
Add : Premium on shares issued during the year	-	1,039.57
Less : Premium Utilised :		
Share Issue Expenses	-	60.61
Closing Balance	2,044.55	2,044.55
(b) Debenture Redemption Reserve		
Opening Balance	202.88	143.05
Add : Transferred during the year	105.81	59.83
Less : Amount transferred to General reserve on redemption	107.90	-
Closing Balance	200.79	202.88
(c) General Reserve		
Opening Balance	83.52	56.82
Add : Transferred during the year	30.85	26.70
Add : Amount transferred from Debenture redemption reserve on redemption	107.90	-
Closing Balance	222.27	83.52
(d) Surplus/(Deficit) in the Statement of Profit and Loss		
Opening balance	1,503.28	1,115.86
Add : Profit for the year	617.07	533.92
Less : Appropriation:		
Proposed Dividend on Equity Shares	-	49.84
Tax on Dividend	-	10.13
Less : Transferred to :		
Debenture Redemption Reserve	105.81	59.83
General Reserve	30.85	26.70
Closing Balance	1,983.69	1,503.28
Total	4,451.30	3,834.23

Note 4 : Long Term Borrowings

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Bonds/debentures (Refer Note (a) below)	1,250.00	1,000.00
(b) Term loans		
From banks (Refer Note (b & c) below)	2,685.71	1,739.27
(c) Long term maturities of finance lease (Refer Note (d) below)	-	1.25
Total	3,935.71	2,740.52

Significant accounting policies and notes to the Standalone Financial Statements

for the year ended March 31, 2017

Notes:

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

- 1) 250, 11.75% debentures of face value ₹ 1 million each aggregating ₹ 250 millions are redeemable at par in 3 equal annual installments commencing from April 25, 2018
- 2) 250, 10% debentures of face value ₹ 1 million each aggregating ₹ 250 millions are redeemable at par on December 7, 2018
- 3) 250, 9.80% debentures of face value ₹ 1 million each aggregating ₹ 250 millions are redeemable at par in 3 equal annual installments commencing from March 4, 2019
- 4) 250, 9.85% debentures of face value ₹ 1 million each aggregating ₹ 250 millions are redeemable at par in 3 equal annual installments commencing from November 6, 2019
- 5) 250, 9.60% debentures of face value ₹ 1 million each aggregating ₹ 250 millions are redeemable at par in 3 equal annual installments commencing from January 3, 2021
- 6) 200, 9.85% debentures of face value ₹ 1 million each aggregating ₹ 200 millions are redeemable at par on June 17, 2021
- 7) 300, 9.85% debentures of face value ₹ 1 million each aggregating ₹ 300 millions are redeemable at par on July 8, 2021

All the secured Non-convertible debentures are secured by first pari passu charge on the specified assets of the Company as identified in the Debenture Trust Deed

- b) All loans are sanctioned by Axis Bank Ltd. and are secured primarily against the first hypothecation / mortgage charge on the entire movable and immovable fixed assets and current assets of the Company including Gymnasium Equipments, Furniture & Fixtures and any other equipment installed in the Gymnasiums, equitable mortgage or registered mortgage of immovable premises of the Company, corporate guarantee and collateral security by way of equitable mortgage or registered mortgage of premises of third parties situated at Tardeo and Mahalaxmi, Mumbai.

c) Terms of repayment of Term loans

₹ in Million

Year	Term Loan
2018-19	31.30
2019-20	144.56
2020-21	482.87
2021-22	678.11
2022-23	646.81
2023-24	643.83
2024-25	58.23

d) Obligations under finance lease are secured against fixed assets obtained under finance lease arrangements.

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
(i) Minimum Lease Payments:		
- Not later than one year	1.35	5.67
- Later than one year but not later than five years	-	1.35
- Later than five years	-	-
Total	1.35	7.02
(ii) Present Value of Minimum Lease Payments:		
- Not later than one year	0.64	2.94
- Later than one year but not later than five years	-	0.64
- Later than five years	-	-
Total	0.64	3.58
Add: Future finance charges	0.72	3.44
Total	1.35	7.02

Significant accounting policies and notes to the Standalone Financial Statements

for the year ended March 31, 2017

e) Presentation of Borrowing in the Balance sheet is as follows :

₹ in Million

	As at March 31, 2017	As at March 31, 2016
(i) Long term Borrowings	3,935.71	2,740.52
(ii) Current maturities of long term borrowings	501.20	496.30
Total	4,436.91	3,236.82

Note 5: Deferred Tax Liability

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
Deferred tax opening balance	268.25	244.83
Add : Deferred tax liability arising out of excess of depreciation allowed under income tax act over the depreciation accounted	21.03	23.42
Deferred tax closing balance	289.28	268.25

Note 6 : Other Long Term Liabilities

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Deposits (Refer Note (a) below)	2.01	2.00
(b) Payable to subsidiary company	11.94	19.14
Total	13.95	21.14

Note:

a) Refundable security deposit from Franchisee of ₹ 2.01 Million

Note 7 : Other Current Liabilities

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Current maturities of long-term debts (Refer Note 4 (c) Long-term borrowings)	-	241.50
(b) Current maturities of finance lease obligations (Refer note(a) below)	1.20	4.80
(c) Current maturities of Non Convertible Debentures	500.00	250.00
(d) Other payables		
Creditors for capital goods	5.21	4.73
Statutory Dues Payable	0.50	90.93
(e) Interest accrued but not due on Non Convertible Debenture (Refer note(b) below)	91.12	54.70
Total	598.03	646.66

Note (a): Obligations under finance lease are secured against fixed assets obtained under finance lease arrangements.

Note (b): The Company has provided interest at 11.75% , 10%, 9.8%, 9.85% & 9.60% on Redeemable Secured Non Convertible Debentures. Refer note 4 (a) of Long term borrowings.

Note 8 : Short Term provisions

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Provision for employee benefits (Refer Note (a) below)	0.10	0.10
(b) Provisions		
(i) Proposed Dividend	-	44.56
(ii) Tax on Dividend	-	9.07
(iii) Income Tax (Net of Advance tax)	51.78	65.88
(iv) Provision for CSR activities	9.93	9.93
Total	61.81	129.54

Significant accounting policies and notes to the Standalone Financial Statements

for the year ended March 31, 2017

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 recognized 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 Million
Particulars	Gratuity	Leave Salary	Ex-Gratia and Other Terminal benefits	Total
Opening Balance	0.49	NA	NIL	0.49
Less:				
Paid / Adjusting During the year	NIL	NA	NIL	NIL
Add:				
Provision made during the year	0.10	NA	NIL	0.10
Closing Balance	0.59	NA	NIL	0.59

During the Previous year:				₹ in Million
Particulars	Gratuity	Leave Salary	Ex-Gratia and Other Terminal benefits	Total
Opening Balance	0.39	N A	NIL	0.39
Less:				
Paid / Adjusting During the year	NIL	N.A	NIL	NIL
Add:				
Provision made during the year	0.10	N.A	NIL	0.10
Closing Balance	0.49	N A	NIL	0.49

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

- 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 March 31, 2017
- The retirement age is taken as 60 years.
- Progression of future salary is taken into account while calculating the liability.
- Valuation Method: Projected unit credit method.
- Basis of Valuation:

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

Significant accounting policies and notes to the Standalone Financial Statements

for the year ended March 31, 2017

Note 9 : Fixed Assets

₹ in Million

Description	Gross Block			Accumulated Depreciation / Amortization				Net Block	
	As at April 1, 2016	Additions	Deductions	As at March 31, 2017	As at April 1, 2016	For the Year	On Deductions	As at March 31, 2017	As at March 31, 2017
Tangible Assets									
Buildings	524.85	72.00	-	596.85	36.32	7.67	-	44.00	488.53
Leasehold improvements & Furniture & Fittings	2,636.68	248.69	5.62	2,879.76	662.77	211.65	2.98	871.44	1,973.91
Gym Equipments	1,286.24	478.21	20.68	1,743.78	328.69	90.03	7.63	411.09	1,332.69
Computers	293.60	31.22	-	324.82	83.37	43.64	-	127.00	197.82
Electrical installation and Equipments	693.38	81.31	6.54	768.15	178.81	54.25	2.70	230.36	537.79
Office Equipments	230.62	48.45	0.76	278.31	89.64	38.74	0.31	128.07	150.25
Vehicles									
Owned	0.94	0.08	-	1.02	0.17	0.04	-	0.22	0.80
Taken under finance lease	15.95	-	-	15.95	11.00	3.95	-	14.95	1.00
Total	5,682.26	959.96	33.60	6,608.64	1,390.77	449.97	13.62	1,827.13	4,781.51
Previous Year	4,904.22	780.81	2.77	5,682.25	959.00	432.84	1.06	1,390.76	4,291.49
Intangible Assets									
Goodwill	78.27	-	-	78.27	24.41	2.79	-	27.20	51.07
Trademarks/Copyrights	-	90.12	-	90.12	-	2.12	-	2.12	88.00
Total	78.27	90.12	-	168.39	24.41	4.91	-	29.32	139.07
Previous Year	56.60	21.67	-	78.27	21.60	2.81	-	24.41	53.86
Capital Work-in-Progress	592.68	-	122.22	470.46	-	-	-	-	470.46
Intangible Asset under development	3.32	-	-	3.32	-	-	-	-	3.32

Note 10 : Non Current Investments

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
Unquoted Investment in Equity Instruments		
(Valued at cost unless stated otherwise)		
Non Trade Investments		
(a) Splendor Fitness Pvt. Ltd. (formerly known as Talwalkars Pantaloon Fitness Pvt. Ltd.) [1,40,000 (Previous year 1,40,000) Equity Shares of ₹ 100/- each fully paid]	50.00	50.00
Trade Investments		
(a) Investment in Subsidiaries :		
(i) Denovo Enterprises Pvt. Ltd. [50,100(Previous year 50,100) Equity Shares of ₹ 100/- each fully paid]	5.01	5.01
(ii) Aspire Fitness Pvt. Ltd. [50,001 (Previous year 50,001) Equity Shares of ₹ 100/- each fully paid]	5.00	5.00
(iii) Jyotsna Fitness Pvt. Ltd [1,001 (Previous year 1,001)Equity Shares of ₹ 100/-each fully paid]	0.10	0.10

Significant accounting policies and notes to the Standalone Financial Statements

for the year ended March 31, 2017

Particulars	As at March 31, 2017	As at March 31, 2016
(iv) Talwalkars Club Pvt. Ltd	0.10	0.10
[10,000 (Previous year 10,000) Equity Shares of ₹ 10/-each fully paid]		
(v) Inshape Health & Fitnezz Pvt. Ltd.	5.58	5.58
[4,08,000 (Previous year 4,08,000) Equity Shares of ₹ 13.67/-each fully paid]		
(vi) Talwalkars Club Systems Pvt. Ltd	0.10	0.10
[10,000 (Previous year 10,000) Equity Shares of ₹ 10/-each fully paid]		
(vii) PWG Fitness Pvt. Ltd.	0.10	-
[10,000 Equity Shares of ₹ 10/-each fully paid]		
(viii) Talwalkars Lifestyles Ltd.	0.10	-
[10,000 Equity Shares of ₹ 10/-each fully paid]		
(b) Investment in Associate :		
Power World Gym Ltd	48.68	48.68
[4,21,08,459 (Previous year 4,21,08,459), Equity Shares of ₹ 1.16/- (LKR 2.47/-) each fully paid]		
(c) Share Application Money (pending allotment)		
PWG Fitness Pvt. Ltd.	200.00	-
Force Fitness Pvt. Ltd.	350.00	-
Zorba Renaissance Pvt. Ltd.	100.00	-
Growfitter Pvt. Ltd.	50.00	-
Total	814.77	114.57

Note 11 : Long Term Loans and Advances

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Capital Advances		
Unsecured, considered good	195.38	170.00
(b) Security Deposits		
Unsecured, considered good	448.54	242.67
(c) Loans & Advances to Subsidiary Companies	485.00	703.36
(d) Deposit & Margin money with quasi public bodies & others	90.00	-
(e) Minimum Alternate Tax credit entitlement	5.86	5.86
Total	1,224.78	1,121.89

Note 12 : Other non-current assets

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Fixed deposit with original maturity of more than 12 months (Given a security towards the bank guarantees obtained from Union Bank of India)	0.23	0.21
(b) Security & upfront advances for purpose of acquisition of rights	150.00	-
Total	150.23	0.21

Significant accounting policies and notes to the Standalone Financial Statements

for the year ended March 31, 2017

Note 13 : Current Investment

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of units	₹ in Million	No. of units	₹ in Million
Quoted Investment				
(Valued at lower of cost and fair value unless stated otherwise)				
Investment in Mutual Funds				
Axis Liquid Fund- Growth	177	0.22	177	0.22
(Market value as on March 31, 2017 is ₹ 0.32 million)				
Total	177	0.22	177	0.22

Note 14 : Inventories

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
Stock in trade (Acquired for trading)	2.86	0.39
(Valued at lower of cost and net realizable value)		
Total	2.86	0.39

Note 15 : Trade Receivables

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
Unsecured, considered good		
(a) Trade receivable outstanding for a period exceeding 6 months from the date they were due for payment	7.19	14.31
(b) Others	183.98	269.34
Total	191.17	283.65

Note 16 : Cash and Cash Equivalents

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Cash on Hand	13.30	51.07
(b) Balances with banks		
(i) In current accounts	340.64	628.44
(ii) Deposit accounts (Refer Note below)	757.73	520.75
(c) Cheques, Drafts on hand	36.75	-
Total	1,148.42	1,200.26

Note: Details of Deposit Accounts

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Fixed Deposits with original maturity for more than 12 months	738.28	504.09
(b) Fixed Deposits with original maturity for more than 3 but less than 12 months	4.15	5.54
(c) Fixed Deposits with original maturity for less than 3 months	15.30	11.13

Significant accounting policies and notes to the Standalone Financial Statements

for the year ended March 31, 2017

Note 17 : Short Term loans and advances

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Loans and advances to related parties	219.32	114.67
(b) Others		
(i) Advances recoverable in Cash or Kind for value to be received	324.75	165.75
(ii) Prepaid expenses	58.33	17.09
(iii) Earmarked balance for Demerger expenses	70.00	-
Total	672.40	297.51

Note 18 : Other Current Assets

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Earnest Money	10.68	13.54
(b) Contractually reimbursable expense	67.50	17.24
(c) Receivable on sale of assets	25.70	-
(d) Retention money	32.00	25.26
(e) Input credit receivable	0.97	11.58
(f) Others	13.00	4.22
Total	149.85	71.84

Note 19 - Revenue from Operations

₹ in Million

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
(a) Sale of services	2,567.73	2,292.22
(b) Sale of Product	3.45	0.02
Total	2,571.18	2,292.24

Note 20 - Other Income

₹ in Million

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
(a) Dividend income	-	2.27
(b) Interest on term deposits	0.92	58.86
(c) Sundry credit balances no longer payable	0.35	0.27
(d) Other non operating income	4.45	5.74
(e) Loss on foreign currency transactions	0.01	0.06
Total	5.73	67.20

Note 21 - Changes in Inventories

₹ in Million

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Inventories at the beginning of the year		
Traded goods	0.39	0.42
Inventories at the end of the year		
Traded goods	2.86	0.39
(Increase)/ Decrease	(2.47)	0.03

Significant accounting policies and notes to the Standalone Financial Statements

for the year ended March 31, 2017

Note 22 - Employee Benefit Expenses

₹ in Million

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
(a) Salaries, wages and bonus	12.21	10.32
(b) Contract fees for labour/security/housekeeping	344.31	305.22
(c) Directors' remuneration	12.60	21.00
(d) Contribution towards provident and other funds	0.10	0.10
Total	369.22	336.64

Note 23 - Finance Costs

₹ in Million

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
(a) Interest expenses	169.15	149.11
(b) Other borrowing costs	6.45	6.74
Total	175.60	155.85

Note 24 - Other Expenses

₹ in Million

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
(a) Administrative & Other Expenses		
Payment to auditors	3.84	3.49
Internal audit fees	2.90	3.13
Electricity and fuel expenses	75.87	71.88
Insurance charges	4.58	2.45
Printing and stationery	3.45	3.33
Professional fees	12.90	10.64
Rates and taxes	9.12	8.79
Interest on late payment of statutory dues	13.83	5.52
Rent	384.29	384.99
Repairs and maintenance		
- Building, Gym Equip. and Machinery	18.75	12.76
- Others	-	11.78
Telephone expenses	7.92	9.32
Travelling and conveyance expenses	2.96	2.97
Water charges	6.86	6.73
Other Expenses	10.24	9.79
Asset management fees	33.71	26.38
Directors' sitting fees	0.48	0.47
Expenses related to CSR activities	1.47	10.06
Total	593.17	584.48
(b) Selling & Marketing Cost		
Advertising expenses	18.53	17.43
Business promotion expenses	3.67	3.40
Total	22.20	20.83
Total (a+b)	615.37	605.31

Significant accounting policies and notes to the Standalone Financial Statements

for the year ended March 31, 2017

Note 25 - Exceptional Items

₹ in Million

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Profit/(Loss) on sale of assets	(3.92)	(0.28)
Total	(3.92)	(0.28)

OTHER NOTES TO THE FINANCIAL STATEMENTS:

Note 26: CONTINGENT LIABILITIES:

Contingent liabilities not provided for in respect of:

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
Bank Guarantee given by the Company to Banks for the outstanding due of loans availed by some of the Subsidiary Companies.	31.25	267.57
Claim from a landlord, case pending before the Judiciary - Hyderabad	29.49	29.49
Cases pending before consumer courts	1.10	0.20

- The operations of one of our Fitness Centers at Hyderabad had to be shifted due to some disputes. The Company has already filed legal case against the same and on the basis of the advice of its legal counsel, is confident of favorable outcome and early recommencement of operations of the branches. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

Note 27: DISCLOSURE PURSUANT TO ACCOUNTING STANDARD (AS) 13:

The details of investments in subsidiaries and associates are as follows:

Name of the Company	% ownership interest as at March 31, 2017
Denovo Enterprises Private Limited	50.10
Equinox Wellness Private Limited	33.33*
Aspire Fitness Private Limited	50.001
Jyotsna Fitness Private Limited	50.02
Talwalkars Club Private Limited	100.00
Talwalkars Club Systems Private Limited	100.00
Inshape Health & Fitnez Private Limited	51.00
Power World Gyms Limited	49.50
PWG Fitness Private Limited	50.002
Talwalkars Lifestyles Limited	100.00

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

Note 28: EARNINGS PER SHARE:

Particulars	2016-17	2015-16
Net profit after tax attributable to Equity shareholders (₹ in Million)	617.07	533.92
Weighted average number of equity shares	2,97,04,856	2,89,05,705
Face value of shares [₹]	10.00	10.00
Earnings per share – Basic [₹]	20.77	18.47
Earnings per share – Diluted [₹]	20.77	18.47

Significant accounting policies and notes to the Standalone Financial Statements

for the year ended March 31, 2017

Note 29: DISCLOSURE PURSUANT TO ACCOUNTING STANDARD (AS)-17:

- There is only one reportable business segment as envisaged by 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 30: RELATED PARTY DISCLOSURES:

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

List of Related Parties:

Key Management Personnel

- Mr. Anant Gawande (Whole-time Director)
- Mr. Girish Talwalkar (Executive Chairman)
- Mr. Harsha Bhatkal (Whole-time Director)
- Mr. Madhukar Talwalkar (Whole-time Director)
- Mr. Prashant Talwalkar (Managing Director & Chief Executive Officer)
- Mr. Vinayak Gawande (Whole-time Director)
- Mr. Girish Nayak (Chief Financial Officer w.e.f February 9, 2017)
- Ms. Avanti Sankav (Company Secretary)

Subsidiaries

- Aspire Fitness Private Limited
- Denovo Enterprises Private Limited
- Jyotsna Fitness Private Limited
- Talwalkars Club Private Limited
- Talwalkars Club Systems Private Limited.
- Inshape Health & Fitnez Private Limited
- PWG Fitness Private Limited
- Talwalkars Lifestyles Limited

Step-down Subsidiary

- Equinox Wellness Private Limited

Associate Company

- Power World Gyms limited

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

- Better Value Leasing & Finance Limited
- Better Value Properties Private Limited
- Gawande Consultants Private Limited
- Life Fitness India Private Limited
- Pinnacle Fitness Private Limited
- Popular Prakashan Private Limited
- R2 Infrastructure Private Limited
- R2 Spa Systems
- Talwalkars
- Talwalkars Spa System

Significant accounting policies and notes to the Standalone Financial Statements

for the year ended March 31, 2017

- Talwalkars Fitness Club
- Talwalkars Health & Leisure
- Talwalkars Health Club
- Talwalkars Health Commune
- Talwalkars Health Complex
- Talwalkars Nutrition Centre

a) Transactions with Related Parties :

₹ in Million

Nature of transactions	Subsidiaries	Associate	Key Managerial Personnel	Others	Total
Investments	200.20	-	-	-	200.20
Incomes	4.18	-	-	-	4.18
Expenses	-	0.07	2.64	87.08	89.80
Remuneration	-	-	15.15	-	15.15
Asset purchase	-	-	-	0.49	0.49
Loans & Advance recoverable (Net)	(108.12)	-	-	0.74	(107.38)

Balance as on March 31, 2017:

₹ in Million

Particulars	Subsidiaries	Associate	Key Managerial Personnel	Others	Total
Investments incl. Share Application Money	216.09	48.68	-	50.00	314.77
Sundry Debtors	16.83	-	-	0.28	17.11
Deposits	-	-	1.31	5.51	6.81
Loans and Advances	703.07	-	-	6.82	709.89
Sundry Creditors	-	-	-	0.06	0.06

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

Key management personnel and their Relatives :

₹ in Million

Name of the party	Nature of transaction	As at March 31, 2017	As at March 31, 2016
Mr. Madhukar Talwalkar	Director's Remuneration	4.20	4.20
Mr. Prashant Talwalkar	Director's Remuneration	4.20	4.20
	Rent for Premises	2.64	2.62
	Deposit outstanding as on	1.31	1.31
Mr. Girish Talwalkar	Director's Remuneration	4.20	-
Mr. Vinayak Gawande	Director's Remuneration	-	4.20
Mr. Harsha Bhatkal	Director's Remuneration	-	4.20
Mr. Anant Gawande	Director's Remuneration	-	4.20
Mr. Girish Nayak	Remuneration	1.34	-
Ms. Avanti Sankav	Remuneration	1.20	1.11

Significant accounting policies and notes to the Standalone Financial Statements

for the year ended March 31, 2017

Joint Ventures / Subsidiaries:

₹ in Million

Name of the party	Nature of transaction	As at March 31, 2017	As at March 31, 2016
Splendor Fitness Pvt. Ltd. (formerly known as Talwalkars Pantaloon Fitness Pvt. Ltd.)	Investment in Equity Shares as on	50.00	50.00
Denovo Enterprises Pvt. Ltd	Franchise fee Income	1.37	1.36
	Franchise fee receivable as on	12.25	10.88
	Loans & Advance recoverable (Net)	37.97	37.53
	Investment in Equity Shares as on	5.01	5.01
	Loans & Advance outstanding as on	119.23	81.27
Aspire Fitness Pvt. Ltd.	Loans & Advance recoverable (Net)	30.05	0.23
	Loans & Advances outstanding as on	27.20	3.49
	Interest income on Unsecured Loan	0.14	0.20
	Investment in Equity Shares as on	5.00	5.00
Equinox Wellness Pvt. Ltd.	Franchise fee receivable as on	2.64	2.64
	Loans & Advances outstanding as on	0.81	0.81
Jyotsna Fitness Pvt. Ltd.	Franchisee fees receivable	1.94	40.23
	Loans & Advance recoverable (Net)	35.00	17.70
	Franchise fee Income	1.97	35.18
	Interest income on unsecured loan	0.69	0.67
	Loans & Advances outstanding as on	58.87	23.17
	Investment in Equity Shares as on	0.10	0.10
Talwalkars Club Pvt. Ltd	Loans & Advance recoverable (Net)	281.66	132.64
	Loans & Advances outstanding as on	485.00	203.34
	Investment in Equity Shares as on	0.10	0.10
Talwalkars Club Systems Pvt. Ltd.	Loans & Advance recoverable (Net)	(500.03)	500.03
	Investment in Equity Shares as on	0.10	0.10
	Loans & Advances outstanding as on	-	500.03
Inshape Health & Fitnez Private Ltd	Loans & Advance recoverable (Net)	7.20	19.14
	Loans & Advances outstanding as on	11.94	19.14
	Investment in Equity Shares as on	5.58	5.58
Talwalkars Lifestyles Ltd	Investment in Equity shares during the year	0.10	-
	Investment in Equity Shares as on	0.10	-
	Loans & Advance recoverable (Net)	0.03	-
	Loans & Advances outstanding as on	0.03	-
PWG Fitness Pvt. Ltd	Investment in Equity shares during the year	200.10	-
	Investment in Equity Shares as on	200.10	-

Associate Companies/Firms/Others :

₹ in Million

Name of the party	Nature of transaction	As at March 31, 2017	As at March 31, 2016
Better Value Leasing & Finance Ltd.	Office expenses/Rent & other expenses	68.65	67.58
Better Value Properties Pvt. Ltd.	Deposit outstanding as on	3.71	3.71
	Rent for Premises	8.41	7.93

Significant accounting policies and notes to the Standalone Financial Statements

for the year ended March 31, 2017

₹ in Million

Name of the party	Nature of transaction	As at March 31, 2017	As at March 31, 2016
Life Fitness India Pvt. Ltd.	Loans & Advances outstanding as on	0.48	0.48
	Deposit outstanding as on	1.80	1.80
	Rent for premises	4.76	4.07
Pinnacle Fitness Pvt. Ltd.	Loans & Advances outstanding as on	0.42	0.42
	Franchise fee receivable as on	0.28	0.28
Talwalkars Fitness Club	Deposit Outstanding as on	-	0.90
	Rent for Premises	3.89	3.42
	Loans & Advances outstanding as on	0.53	0.51
Talwalkars Health & Leisure	Loans & Advance recoverable (Net)	0.22	0.43
	Loans & Advances outstanding as on	2.39	2.17
Talwalkars Health Club	Loans & Advance recoverable (Net)	0.21	0.22
	Loans & Advances outstanding as on	1.19	0.98
Talwalkars Health Complex	Loans & Advance recoverable (Net)	0.21	0.22
	Loans & Advances outstanding as on	1.28	1.07
Talwalkars	Loan outstanding as on	0.09	0.09
Talwalkars Nutrition Centre	Loans & Advances given/ (repaid) Net	0.09	0.22
	Loans & Advances outstanding as on	0.42	0.33
R2Spa Sytems	Asset Purchase	0.49	0.57
	Service Charges	1.38	1.27
	Creditors payable as on	0.06	0.05
Power World Gyms Ltd.	Investment in Equity Shares as on	48.68	48.68
	Reimbursement of expenses	0.07	-

b) Corporate Guarantees given by the Company #:

₹ in Million

Name of the company	Relation	As at March 31, 2017	As at March 31, 2016
Denovo Enterprises Private Limited	Subsidiary	3.37	3.18
Aspire Fitness Private Limited	Subsidiary	11.50	17.71
Talwalkars Club Private Limited	Subsidiary	-	225.89
Inshape Health & Fitnez Private Limited	Subsidiary	16.39	20.79

Corporate Guarantees which are outstanding at the end of respective financial year.

Note 31: Auditors' Remuneration (inclusive of service tax):

₹ in Million

Particulars	2016-17	2015-16
Statutory Audit Fees	2.56	2.56
Tax Audit Fees	0.23	0.23
Other Services	0.78	0.66
Out of Pocket expenses	0.27	0.61

Note 32: Estimated amounts of contracts remaining to be executed on capital accounts and not provided for were ₹ 4.55 million during current year. (Previous year ₹ 7.64 million)

Significant accounting policies and notes to the Standalone Financial Statements

for the year ended March 31, 2017

Note 33: Value of Imports on CIF Basis:

₹ in Million

Particulars	2016-17	2015-16
Gymnasium Equipments	4.91	0.55
Products	2.63	-

Note 34: Earnings in Foreign Currency:

	-	0.01
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Note 35: Expenditure in Foreign Currency:

Travelling Expenses	1.19	1.61
Consultancy fees	4.98	3.82

Note 36: Disclosure of details of specified bank notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016 as provided in the table below:

₹ in Million

Details	SBNs	Other Denomination notes	Total
Closing cash in hand as on November 8, 2016	11.14	0.37	11.51
(+) Permitted receipts	-	22.98	22.98
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	11.14	18.47	29.61
Closing cash in hand as on December 30, 2016	-	4.89	4.89

Note 37: 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 recognized immediately whereas in case of finance leases, are deferred and amortized over the lease term.
- 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.

Note 38: 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 39: 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. Dandekar & Co.,**
Chartered Accountants
ICAI FRN:000679S

S. Poosaidurai
Partner
Membership No. 223754

Place : Mumbai
Date: May 30, 2017

For and on behalf of the Board of Directors

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TALWALKARS BETTER VALUE FITNESS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Talwalkars Better Value Fitness Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries and Associate (collectively referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the disclosures in the consolidated

financial statements. The procedures selected depend on the auditor's judgment, 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, **except for the possible effects of the matter described below in Other legal and regulatory requirements paragraph (a) & (d)**, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

- (a) We did not audit the financial statements / financial information of three subsidiaries whose financial statements / financial information reflect total assets of Rs.526.55 Million as at March 31, 2017, total revenues of Rs.33.08 Million and net cash flows amounting to Rs.2.15 Million for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.
- (b) We have relied on the unaudited financial statements of six subsidiaries whose consolidated financial statements reflect total assets of Rs.975.48 Million as at March 31, 2017, total

revenue of Rs.258.99 Million, net cash flows amounting to Rs.186.07 Million for the year then ended. The consolidated financial statements also include the Group's share of net profit of Rs.13.72 Million for the year ended March 31, 2017 as considered in the consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us. These unaudited financial statements as approved by the respective Board of Directors of these companies have been furnished to us by the Management and our report in so far as it relates to the amounts included in respect of the subsidiaries is based solely on such approved unaudited financial statements / consolidated financial statements.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements **with the exception of the Holding Company not obtaining independent confirmation for advances, trade payables and receivables. We have also not received independent confirmation for certain Bank balances and borrowings. In the absence of those confirmation/ reconciliation, the balance appearing in the books of accounts have been adopted as the basis for preparation of annual accounts.**
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 **except for testing and accounting of Impairment Loss on Fixed Assets, Capital Work in Progress, Continuous- Loss making branches as required under Accounting Standard 28 – Impairment of Assets and accounting treatment for depreciation as required under Accounting Standard 10 – Property, Plant and Equipment by the Holding Company.**

- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 27 to the consolidated financial statements.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies and associate company incorporated in India.
 - iv. The Company has provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 30 to the consolidated financial statements.

For **M. K. Dandekar & Co.,**
(ICAI Regn. No.000679S)

S. Poosaidurai
Partner

Date: May 30, 2017
Place: Mumbai

Chartered Accountants
Membership No. 223754

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Talwalkars Better Value Fitness Limited** ("the Holding Company") and its subsidiary companies incorporated in India as of March 31, 2017 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide

reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified opinion on operating effectiveness of Internal Financial Controls over Financial Reporting and modified opinion on adequacy of such controls

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the Holding Company's operating effectiveness of internal financial controls and adequacy of internal control system as at March 31, 2017:

"The Holding Company's operating effectiveness and internal control system for Revenue from Operations with regard to Fees and Subscription, Corporate Sales and Franchisee Fees is not commensurate with the size of the Company and the same needs to be strengthened by the Management".

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Holding Company and its subsidiary companies has maintained adequate internal financial controls over financial reporting as of March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India and except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the company's internal financial controls over the financial reporting were operating effectively as of March 31, 2017.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Holding Company, and these material weaknesses does not affect our opinion on the consolidated financial statements of the Company.

For **M.K. Dandekar & Co.,**
(ICAI Regn. No.000679S)

S. Poosaidurai
Partner

Date: May 30, 2017
Place: Mumbai

Chartered Accountants
Membership No. 223754

CONSOLIDATED BALANCE SHEET as at March 31, 2017

₹ in Million

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
I. EQUITY & LIABILITIES			
1) Shareholders' Funds			
(a) Share Capital	2	297.05	297.05
(b) Reserves and Surplus	3	4,627.04	3,972.96
2) Minority Interest		165.61	139.00
3) Non Current Liabilities			
(a) Long Term Borrowings	4	4,014.84	3,073.03
(b) Deferred Tax Liabilities(Net)	5	296.25	274.91
(c) Other Long Term Liabilities	6	13.95	2.00
4) Current Liabilities			
(a) Short Term Borrowings	7	13.91	11.87
(b) Trade Payable			
(i) Total Outstanding dues of Micro & Small Enterprises		-	-
(ii) Total Outstanding dues of Creditors other than Micro & Small Enterprises		104.02	100.40
(c) Other Current Liabilities	8	669.25	771.17
(d) Short Term Provisions	9	120.72	164.61
Total		10,322.64	8,807.00
II. ASSETS			
1) Non- Current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		5,258.94	4,782.73
(ii) Intangible Assets		139.08	32.19
(iii) Capital Work In Progress		758.71	827.25
(iv) Intangible Assets under process		3.32	3.32
(b) Non Current Investments	11	612.93	98.58
(c) Long Term Loans and advances	12	992.83	828.06
(d) Other Non-Current Assets	13	151.54	1.55
2) Current Assets			
(a) Current Investments	14	0.22	0.22
(b) Inventories	15	2.86	0.39
(c) Trade Receivables	16	298.12	316.80
(d) Cash and Cash Equivalents	17	1,336.64	1,407.60
(e) Short Term Loans and Advances	18	611.72	432.88
(f) Other Current assets	19	155.73	75.43
TOTAL		10,322.64	8,807.00
Summary of significant accounting policies	1		
See accompanying notes forming part of the consolidated financial statements			

As per our report of even date attached

For **M.K. Dandekar & Co.,**
Chartered Accountants
ICAI FRN:000679S

S. Poosaidurai
Partner
Membership No. 223754

Place : Mumbai
Date: May 30, 2017

For and on behalf of the Board of Directors

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

CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2017

₹ in Million

Particulars	Note No.	Year Ended March 31, 2017	Year Ended March 31, 2016
1. Revenue			
(a) Revenue from Operations	20	2,859.99	2,513.71
(b) Other Income	21	5.17	67.64
Total Revenue		2,865.16	2,581.35
2. Expenses			
(a) Purchase of stock in trade		5.36	-
(b) Changes in Inventories	22	(2.47)	0.03
(c) Employee Benefit Expenses	23	429.70	393.56
(d) Finance Costs (Net)	24	193.70	177.44
(e) Depreciation and Amortization Expenses	10	485.56	470.04
(f) Other Expenses	25	716.36	684.75
Total Expenses		1,828.21	1,725.82
3. Profit before exceptional and extraordinary items and tax (1-2)		1,036.95	855.53
4. Exceptional Items	26	(3.92)	(0.28)
5. Profit before extraordinary items and tax (3+4)		1,033.03	855.25
5. Extraordinary Items		-	-
7. Profit before tax (5 - 6)		1,033.03	855.25
8. Tax expense:			
(a) Current tax		335.84	275.71
(b) Tax expenses relating to prior years		6.71	2.60
(c) Deferred tax		21.29	23.29
9. Profit for the year from continuing operations (7 - 8)		669.19	553.65
10. Profit/(Loss) from discontinuing operations		-	-
11. Profit for the year before share of results of associates and minority interest (9 + 10)		669.19	553.65
12. Share of Profit of Associate		13.72	-
13. Share of Minority Interest		(26.63)	(3.45)
14. Profit for the year (11+12+13)		656.28	550.20
15. Earning per equity share (of ₹ 10 each) :			
(1) Basic	29	22.09	19.03
(2) Diluted	29	22.09	19.03
Summary of significant accounting policies	1		
See accompanying notes forming part of the Consolidated Financial Statements			

As per our report of even date attached

For **M.K. Dandekar & Co.,**
Chartered Accountants
ICAI FRN.: 000679S

S. Poosaidurai
Partner
Membership No. 223754

Place : Mumbai
Date: May 30, 2017

For and on behalf of the Board of Directors

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

CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2017

₹ in Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before Extraordinary Items & Tax	1,033.03	855.24
Adjustment for :		
Depreciation & amortisation	485.63	470.11
Finance cost (Net)	186.16	177.64
Income from investment activity	(1.07)	(61.41)
(Profit)/Loss on sale of assets	3.92	0.28
	674.64	586.62
Operating Profit before Working capital changes	1,707.67	1,441.86
Adjustment for Working Capital Changes :		
(Increase)/Decrease in current assets	(128.94)	(910.59)
(Increase)/Decrease in trade and other receivables	55.49	6.50
(Increase)/Decrease in other advances & receivables	(670.77)	-
(Increase)/Decrease in Inventories	(2.47)	-
Increase/(Decrease) in trade and other payables	(27.10)	50.37
Increase/(Decrease) in current liabilities	(54.26)	111.00
	(828.05)	(742.72)
Cash generated from operations	879.62	699.14
Net Income tax (paid) / refund	(332.90)	(281.48)
Share of minority interest	(13.71)	(97.36)
Net cash from operating activities	533.01	320.30
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Short Term Investments	-	(1,237.27)
Proceeds from sale of short term investments	-	1,237.27
Capital expenditure on fixed assets including capital advances	(909.34)	(1,177.16)
Security Deposits for acquisition of rights	(150.00)	-
Proceeds from sale of fixed assets	16.10	1.43
Income from investment activity	1.07	61.41
Share Application Money paid	(500.00)	-
Purchase of Long Term Investments	(7.10)	(42.26)
Loans Given	(150.03)	-
Loans received back	588.86	-
Share of minority interest	(18.98)	27.92
Net cash (used in)/from investing activities	(1,129.42)	(1,128.66)

CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2017

₹ in Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
C CASH FLOW FROM FINANCING ACTIVITIES:		
Share issue proceeds	-	1,074.91
Redemption of Non Convertible Debentures	(250.00)	-
Issue proceeds from Non Convertible Debentures	750.00	500.00
Share/ Debenture issue expenses	-	(60.61)
Proceeds from borrowings	4,341.41	1,115.38
Repayment of long term and other borrowings	(4,011.69)	(610.99)
Finance cost paid	(283.07)	(284.80)
Dividend paid	(44.56)	(44.56)
Dividend tax paid	(9.07)	(8.91)
Share of minority interest	(19.76)	43.32
Net cash (used in)/from financing activities	473.26	1,723.74
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(123.15)	915.38
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,371.81	456.11
Cash & Cash Equivalent of New Subsidiary	-	0.32
Cash & Bank balances including fixed deposits	1,336.86	1,408.86
Share of minority interest	(88.20)	(37.05)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,248.66	1,371.81
See accompanying notes forming part of the Consolidated Financial Statements		

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

S. Poosaidurai
Partner
Membership No. 223754

Place : Mumbai
Date: May 30, 2017

For and on behalf of the Board of Directors

Girish Talwalkar	Executive Chairman
Madhukar Talwalkar	Whole time Director
Prashant Talwalkar	Managing Director & CEO
Vinayak Gawande	Whole time Director
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Avinash Phadke	Independent Director
Abhijeet Patil	Independent Director
Mrunalini Deshmukh	Independent Director
Girish Nayak	Chief Financial Officer
Avanti Sankav	Company Secretary & Compliance Officer

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended March 31, 2017

Note 1: Significant Accounting Policies:

1) Basis of Accounting:

a) Basis of preparation of Consolidated Financial Statements:

- The individual Balance Sheet as at March 31, 2017 and Statement of Profit and Loss for the year ended March 31, 2017 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. These Consolidated 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. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.
- The amounts in the accompanying Consolidated Financial Statements have been stated in millions of Indian rupees and 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 recognized in the period in which the results are known / materialized. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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, its **six** partially owned subsidiaries, **three** wholly owned subsidiaries and **one** foreign associate. 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:
 - The financial statements of the Company, its **six** partially owned subsidiaries and **three** wholly 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 unrealized profits or losses.
 - Investment in Associate Company has been accounted under Equity method as per Accounting Standard (AS) 23 – "Accounting for Investments in Associates" in Consolidated Financials Statement.
 - 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.

The subsidiaries considered in the Consolidated Financial Statements are:

Name of the Company	Country of Incorporation	% ownership interest as at March 31, 2017
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	50.02
Inshape Health & Fitneez Private Limited	India	51.00
PWG Fitness Private Limited	India	50.002
Talwalkars Club Private Limited	India	100.00
Talwalkars Club Systems Private Limited	India	100.00
Talwalkars Lifestyles Limited	India	100.00
Power World Gyms Limited	Sri Lanka	49.50

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

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended March 31, 2017

2) Fixed Assets:

- Tangible fixed assets are stated at original cost, net of tax / duty credits availed if any, less accumulated depreciation / amortization. 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 capitalized.
- Intangible assets are recorded at the consideration paid for acquisition and are carried at cost less accumulated amortization.
- 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/Amortization:

- Depreciation on all fixed assets is provided pro-rata from / up to the date of acquisition / disposal using the straight line method in line with the useful lives prescribed by Schedule II to the Companies Act, 2013 except one of our subsidiary company Jyotsna Fitness Private Limited who has provided depreciation as per the provisions of Companies Act, 1956.

4) Provisions, Contingent Liabilities and Contingent Assets:

- Provisions involving substantial degree of estimation in measurement are recognized 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 recognized in the financial statements but are disclosed in the notes to accounts. Contingent assets are neither recognized 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 recognized as income of the period in accordance with terms of the agreement, and as per data submitted by the franchisees.
- Interest income is recognized 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 realizations there-from are immediate and no credit is allowed to the customers / members.

6) Impairment of Assets:

- The management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired.
- An impairment loss is charged to the 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 recognized 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.

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended March 31, 2017

8) Borrowing Cost:

- Borrowing Costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the period 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:
 - Upto March 31, 2008 recognised as an income or expense in the period in which they arise and
 - Thereafter 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 recognized 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 recognized subject to the management's judgment that the realization 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 realizable value.

13) Segment Reporting:

- In the opinion of the management, there is only one reportable business segment as envisaged by 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:

- Assets taken on lease by the Group in its capacity as lessee, where the Group has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalized at the inception of the lease at lower of fair value or the present value of the minimum lease payments and a liability is recognized for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant rate of interest on the outstanding liability for each year.
- Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the lessor, are recognized as operating lease. Lease rentals under operating lease are recognized in 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 year attributable to equity shareholders, by weighted average number of equity shares outstanding during the year.

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.

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended March 31, 2017

Note 2 : Share Capital

Particulars	As at March 31, 2017		As at March 31, 2016	
	No.	₹ in Million	No.	₹ in Million
SHARE CAPITAL				
AUTHORISED:				
Equity Shares of ₹ 10/- each with voting rights	32,000,000	320.00	32,000,000	320.00
	32,000,000	320.00	32,000,000	320.00
ISSUED, SUBSCRIBED & PAID-UP:				
Equity Shares of ₹ 10/- each with voting rights	29,704,856	297.05	29,704,856	297.05
	29,704,856	297.05	29,704,856	297.05

(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.
- 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.
- 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.
- 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 and Amount of Shares at the beginning and at the end of the year

Details	As at March 31, 2017		As at March 31, 2016	
	No.	₹ in Million	No.	₹ in Million
Fully Paid up Shares Outstanding as at beginning	29,704,856	297.05	26,180,888	261.81
Fully paid up shares issued during the year			3,523,968	35.24
Fully paid up shares Outstanding as at year end	29,704,856	297.05	29,704,856	297.05

(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, 2017		As at March 31, 2016	
	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	2,887,780	9.72%	2,884,580	9.71%
2) Girish Madhukar Talwalkar & Nanda Girish Talwalkar	2,875,980	9.68%	2,872,780	9.67%
3) Anant Ratnakar Gawande & Yamini Anant Gawande	1,920,200	6.46%	1,920,200	6.46%
4) Vinayak Ratnakar Gawande & Madhuri Vinayak Gawande	1,931,900	6.50%	1,928,700	6.49%
5) Harsha Ramdas Bhatkal & Smeeta Harsha Bhatkal	1,560,200	5.25%	1,560,200	5.25%
6) Smallcap World Fund, Inc	2,389,000	8.04%	2,389,000	8.04%
7) Laxmi Shivanand Mankekar & Kedar Shivanand Mankekar	1,573,520	5.30%	1,573,520	5.30%
Total	15,138,580		15,128,980	

- Aggregate number and class of shares allotted to fully paid up pursuant to contract without payment being received in cash, bonus shares, and shares brought back for the period of five years immediately preceeding the balance sheet date is Nil
- Forfeited shares and calls unpaid- Nil

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended March 31, 2017

Note 3 : Reserves and Surplus

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Securities Premium Account		
Opening Balance	2,044.55	1,065.59
Add : Premium on share issued during the year	-	1,039.57
Less : Utilised :		
Share issue expenses	-	60.61
Closing Balance	2,044.55	2,044.55
(b) Capital Reserve on Consolidation		
Opening Balance	1.33	1.93
Add: Transferred during the year	-	(0.60)
Closing Balance	1.33	1.33
(c) Debenture Redemption Reserve		
Opening Balance	202.88	143.05
Add: Transferred during the year	105.81	59.83
Less: Amount transferred to General reserve on redemption	107.90	-
Closing Balance	200.79	202.88
(d) General Reserve		
Opening Balance	84.73	58.03
Add: Transferred during the year	30.85	26.70
Add: Amount transferred from Debenture redemption reserve on redemption	107.90	-
Closing Balance	223.48	84.73
(e) Surplus / (Debit) balance in Statement of Profit and Loss		
Opening balance	1,639.48	1,238.04
Add: Profit for the year	656.28	550.20
Less: Appropriations :		
Proposed dividend on equity shares	-	49.84
Tax on dividend	-	10.13
Less: Transfer to :		
Debenture redemption reserve	105.81	59.83
General reserve	30.85	26.70
Less: Re-statement of Subsidiary Financials	3.57	2.26
Add: Changes in Depreciation Policy	1.37	-
Closing Balance	2,156.89	1,639.48
Total	4,627.04	3,972.96

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended March 31, 2017

Note 4 : Long Term Borrowing

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Bonds/debentures (refer note (a) below)	1,250.00	1,000.00
(b) Term loans from banks	2,755.11	2,045.67
(c) Loans from related parties	9.73	26.10
(d) Long term maturities of finance lease obligations	-	1.25
Total	4,014.84	3,073.03

Notes:

- 1) 250, 11.75% debentures of face value ₹ 1 million each aggregating ₹ 250 millions are redeemable at par in 3 equal annual installments commencing from April 25, 2018
- 2) 250, 10% debentures of face value ₹ 1 million each aggregating ₹ 250 millions are redeemable at par on December 7, 2018
- 3) 250, 9.80% debentures of face value ₹ 1 million each aggregating ₹ 250 millions are redeemable at par in 3 equal annual installments commencing from March 4, 2019
- 4) 250, 9.85% debentures of face value ₹ 1 million each aggregating ₹ 250 millions are redeemable at par in 3 equal annual installments commencing from November 6, 2019
- 5) 250, 9.60% debentures of face value ₹ 1 million each aggregating ₹ 250 millions are redeemable at par in 3 equal annual installments commencing from January 3, 2021
- 6) 200, 9.85% debentures of face value ₹ 1 million each aggregating ₹ 200 millions are redeemable at par on June 17, 2021
- 7) 300, 9.85% debentures of face value ₹ 1 million each aggregating ₹ 300 millions are redeemable at par on July 8, 2021

All the secured Non-convertible debentures are secured by first pari passu charge on the specified assets of the Company as identified in the Debenture Trust Deed.

Note 5 : Deferred Tax Liabilities

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
Deferred tax opening balance	274.91	253.48
Less : Deferred tax asset of new subsidiary	-	1.85
Add : Deferred tax liability arising out of excess of depreciation allowed under income tax act over the depreciation accounted	21.34	23.28
Total	296.25	274.91

Note 6 : Other Long Term Liabilities

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Deposits	2.01	2.00
(b) Payable to subsidiary company	11.94	-
Total	13.95	2.00

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended March 31, 2017

Note 7 : Short Term Borrowings

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Secured :		
(i) Overdraft facility from bank	3.42	5.72
(b) Unsecured :		
(i) Short-term loans	1.70	0.09
(ii) Loans and advances from related parties	8.79	6.06
Total	13.91	11.87

Note 8 : Other Current Liabilities

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Current maturities of long-term debt	22.70	279.86
(b) Current maturities of finance lease obligations	1.20	4.80
(c) Current maturities of non-convertible debentures	500.00	250.00
(d) Sundry creditors for capital goods	5.21	4.73
(e) Statutory dues payable	15.59	102.18
(f) Others	33.43	74.90
(g) Interest Accrued but not due on non convertible debenture	91.12	54.70
Total	669.25	771.17

Note (a): Obligations under finance lease are secured against fixed assets obtained under finance lease arrangements.

Note (b): The Company has provided interest at 11.75% , 9.8%,10%, 9.60% & 9.85% on Redeemable Secured Non Convertible Debentures. Refer note 4 (a) of Long term borrowings.

Note 9 : Short Term provisions

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Provision for employee benefits	0.63	0.57
(b) Provision - Others		
(i) Provision for Dividend	-	44.56
(ii) Provision for Tax on Dividend	-	9.07
(iii) Provision for Income Tax (Net of Advance Tax)	110.09	100.44
(iv) Provision for CSR activities	9.93	9.93
(v) Other Provisions	0.06	0.03
Total	120.72	164.61

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended March 31, 2017

Note 10 : Fixed Assets

₹ in Million

Description	As on April 1, 2016	Re-statement	Gross Block Additions	Deductions	As on March 31, 2017	As on April 1, 2016	Re-statement	Accumulated Depreciation Additions	Deductions	Transfer to Reserve	As on March 31, 2017	As on March 31, 2017	As on Mar. 31, 2016
Tangible Assets													
Land	181.19	-	3.22	-	184.41	-	-	-	-	-	-	184.41	181.19
Building	524.85	-	72.00	-	596.85	36.32	-	7.67	-	-	44.00	552.85	488.53
Lease Hold Improvements & Furniture & Fixtures	2,812.34	2.21	250.54	5.62	3,059.47	728.90	0.05	225.07	2.98	(6.07)	957.12	2,102.34	2,083.43
Gym Equipment	1,491.40	3.35	485.72	20.68	1,959.79	384.00	2.50	101.49	7.63	4.51	475.85	1,483.94	1,107.39
Computers	303.33	-	31.77	-	335.10	92.31	(0.12)	44.16	-	1.25	135.10	199.99	211.02
Electrical installation and Equipments	759.24	(3.26)	81.34	6.54	830.79	196.57	(2.26)	58.83	2.70	0.55	249.88	580.91	562.67
Office Equipments	234.74	(0.08)	48.59	0.76	282.49	92.77	(0.15)	39.29	0.31	0.38	131.21	151.28	141.97
Vehicle	3.27	-	0.08	0.06	3.29	1.69	(0.05)	0.18	-	0.75	1.07	2.22	1.58
Vehicle under lease	15.95	-	-	-	15.95	11.00	-	3.95	-	-	14.95	1.00	4.95
Total	6,326.30	2.23	973.25	33.65	7,268.13	1,543.57	(0.04)	480.65	13.63	1.37	2,009.18	5,258.94	4,782.73
Previous Year	5,442.85	-	843.14	2.92	6,326.30	1,047.58	-	467.23	1.06	-	1,543.57	4,782.73	4,395.27
Intangible Assets													
Goodwill	56.60	21.67	-	-	78.27	24.41	-	2.79	-	-	27.20	51.07	32.19
Trademarks/ Copyrights	-	-	90.12	-	90.12	-	-	2.12	-	-	2.12	88.00	-
Licenses and franchise	0.30	-	-	-	0.30	0.30	-	-	-	-	0.30	-	-
Total	56.90	21.67	90.12	-	168.69	24.71	-	4.91	-	-	29.62	139.08	32.19
Previous Year	56.90	-	-	-	56.90	21.90	-	2.81	-	-	24.71	32.19	35.00
Capital Work in Process	-	-	-	-	-	-	-	-	-	-	-	758.71	827.25
Intangible Asset under development	-	-	-	-	-	-	-	-	-	-	-	3.32	3.32

Note 11 : Non Current Investments

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
Unquoted Investment in Equity Instruments		
(Valued at cost unless stated otherwise)		
(a) Non Trade Investment		
(i) Splendor Fitness Private Limited (formerly known as Talwalkars Pantaloon Fitness Pvt. Ltd.) [1,40,000 (Previous year 1,40,000) Equity Shares of ₹ 100/- each fully paid]	50.00	50.00
(ii) Apna Sahakari Bank Ltd. [5000 Equity Shares (Previous Year 5000) of ₹ 100 each]	0.50	0.50
(b) Trade Investments		
(i) Investment in Associate :		
Power World Gyms Limited (Investment)	48.71	48.08
Add : Share of Profit	13.72	-
(ii) Share Application Money (pending allotment)		
Force Fitness Private Limited	350.00	-
Zorba Renaissance Private Limited	100.00	-
Growfitter Private Limited	50.00	-
Total	612.93	98.58

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended March 31, 2017

Note 12 : Long Term Loans and Advances

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Capital Advances		
Unsecured, considered good	195.38	170.00
(b) Security Deposits		
Unsecured, considered good	471.42	265.54
(c) Loans & advances to related parties		
Unsecured, considered good	15.45	15.95
(d) Deposit & margin money keep with quasi public bodies & others		
Secured, considered good	132.00	-
(e) Other loans & advances		
Advances recoverable in cash or kind for value to be received	172.00	370.00
Minimum Alternate tax credit entitlement	6.57	6.57
Total	992.83	828.06

Note 13 : Other Non current assets

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Unamortised preliminary expenses	0.26	0.29
(b) Fixed deposit with Original maturity of more than 12 months (Given a security towards the bank guarantees)	1.28	1.26
(c) Security & upfront advances for purpose of acquisition of rights	150.00	-
Total	151.54	1.55

Note 14 : Current Investment

₹ in Million

Particulars	As at March 31, 2017		As at March 31, 2016	
	No.	₹ in Million	No.	₹ in Million
Quoted Investment				
(Valued at lower of cost and fair value unless stated otherwise)				
Investment in Mutual Funds				
Axis Liquid Fund	177	0.22	177	0.22
(Market value as on March 31, 2017 is ₹ 0.32 million)				
Total	177	0.22	177	0.22

Note 15 : Inventories

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
Traded goods (Acquired for trading)	2.86	0.39
(Valued at lower of cost and net realizable value)		
Total	2.86	0.39

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended March 31, 2017

Note 16 : Trade Receivables

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
Unsecured, considered good		
(a) Trade receivable outstanding for a period exceeding 6 months from the date they were due for payment	24.04	31.67
(b) Others	274.08	285.13
Total	298.12	316.80

Note 17 : Cash and cash equivalents

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Cash in Hand	55.12	55.59
(b) Balance with banks		
in current account	422.81	774.26
Other Bank deposits	757.73	520.75
(c) Cheques, Drafts on hand	100.98	57.00
Total	1,336.64	1,407.60

Note 18 : Short Term loans and advances

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Loans and advances to related parties	150.54	76.32
(b) Others		
Advances recoverable in cash or kind for value to be received	332.40	338.92
Prepaid expenses	58.78	17.65
Earmarked balance for Demerger expenses	70.00	-
Total	611.72	432.88

Note 19 : Other Current Assets

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Earnest Money	10.68	13.54
(b) Contractually reimbursable expenses	67.50	17.24
(c) Receivable on sale of assets	25.70	-
(d) Retention money	32.00	25.26
(e) Input Credit Receivable	4.05	13.68
(f) Others	15.81	5.72
Total	155.73	75.43

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended March 31, 2017

Note 20 : Revenue from Operations

₹ in Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(a) Sale of services	2,856.54	2,513.68
(b) Sale of products	3.45	0.02
Total	2,859.99	2,513.71

Note 21 : Other Income

₹ in Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(a) Sundry credit balances no longer payable	0.43	0.43
(b) Dividend income	0.05	2.33
(c) Other Non-operating income	3.66	5.74
(d) Interest on bank term deposits	1.02	59.08
(e) Gain / (Loss) on foreign currency transactions and translation	0.01	0.06
Total	5.17	67.64

Note 22 : Changes in Inventory

₹ in Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Inventories at the beginning of the year		
Traded goods	0.39	0.42
Inventories at the end of the year		
Traded goods	2.86	0.39
(Increase) / Decrease	(2.47)	0.03

Note 23 : Employee Benefit Expenses

₹ in Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(a) Salaries, wages and bonus	62.17	55.27
(b) Contract fees for labour/ security/ housekeeping	350.64	313.83
(c) Directors' remuneration	14.40	22.43
(d) Staff welfare & other amenities	1.61	1.44
(e) Contribution towards provident & other funds	0.89	0.59
Total	429.70	393.56

Note 24 : Finance Costs

₹ in Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(a) Interest expenses	185.23	168.68
(b) Other borrowing costs	8.47	8.76
Total	193.70	177.44

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended March 31, 2017

Note 25 : Other Expenses

₹ in Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(a) Administrative & other expenses		
Payment to auditors	4.20	3.72
Internal audit fees	2.90	3.13
Electricity & fuel expenses	94.53	89.79
Insurance charges	4.73	2.63
Printing & stationery	4.97	4.67
Professional fees	32.52	17.22
Rates & taxes	9.34	8.79
Interest on late payment of statutory dues	14.78	5.98
Rent	427.40	421.16
Repairs & maintenance		
- Building, Gym Equipment & Machinery	22.26	15.75
- Others	2.66	13.90
Telephone expenses	9.24	10.54
Travelling & conveyance expenses	4.31	4.23
Water charges	6.89	6.76
Asset management fees	33.71	26.38
Directors' sitting fees	0.48	0.47
Expenses related to CSR activities	1.47	10.06
Other expenses	13.13	12.67
Total	689.53	657.86
(b) Selling & marketing expenses		
Advertising expenses	22.57	23.04
Business promotion expenses	4.26	3.85
Total	26.83	26.89
Total (a+b)	716.36	684.75

Note 26 : Exceptional Items

₹ in Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Profit/(Loss) on sale of assets	(3.92)	(0.28)
Total	(3.92)	(0.28)

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended March 31, 2017

OTHER NOTES TO THE FINANCIAL STATEMENTS

Note: 27 Contingent Liabilities:

Contingent liabilities not provided for in respect of:

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016
Claim from a landlord, case pending before the Judiciary - Hyderabad	29.49	29.49
Cases pending before consumer courts	1.10	0.20

- The operations of one of our Fitness Centers at Hyderabad had to be shifted 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 favorable outcome and early recommencement of operations of the branches. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

Note: 28 Related Party Disclosures:

Disclosure as required by the Accounting Standard-18, "Related Party Disclosures" is given below. Transactions with related parties have been disclosed in the standalone financial statements.

List of Related Parties:

Key Management Personnel:

- Talwalkars Better Value Fitness Limited (Holding Company)**
 - Mr. Anant Gawande (Whole-time Director)
 - Mr. Girish Talwalkar (Executive Chairman)
 - Mr. Harsha Bhatkal (Whole-time Director)
 - Mr. Madhukar Talwalkar (Whole-time Director)
 - Mr. Prashant Talwalkar (Managing Director & Chief Executive Officer)
 - Mr. Vinayak Gawande (Whole-time Director)
 - Mr. Girish Nayak (Chief Financial Officer w.e.f. February 9, 2017)
 - Ms. Avanti Sankar (Company Secretary)
- Equinox Wellness Private Limited**
 - Mr. Abhishek Sharma (Director)
- Aspire Fitness Private Limited**
 - Mr. Virendra Sherlekar (Director)
- Jyotsna Fitness Private Limited**
 - Mr. Vishwas Shinde (Director)
 - Mrs. Jyotsna Shinde (Director)
- Inshape Health & Fitnez Private Limited**
 - Andali Nambiappan Rajendran (Director)
 - Jawahar Deepa (Director)
- Power World Gyms Limited**
 - Talavou F. Alailima (Director)

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

- Better Value Properties Private Limited
- Empower Systech Private Limited
- Gawande Consultants Private Limited

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended March 31, 2017

- Life Fitness India Private Limited
- Pinnacle Fitness Private Limited
- Popular Prakashan Private Limited
- R2 Infrastructure Private Limited
- R2 Spa Systems
- Talwalkars
- Talwalkars Spa System
- Talwalkars Fitness Club
- Talwalkars Health & Leisure
- Talwalkars Health Club
- Talwalkars Health Commune
- Talwalkars Health Complex
- Talwalkars Nutrition Centre

Note: 29 Earnings per Share:

Particulars	2016-17	2015-16
Net profit after tax attributable to equity shareholders [₹ in Millions]	656.28	550.20
Weighted average number of equity shares	2,97,04,856	2,89,05,705
Nominal value of shares [₹]	10.00	10.00
Earnings per share – Basic [₹]	22.09	19.03
Earnings per share – Diluted [₹]	22.09	19.03

Note 30: Disclosure of details of specified bank notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016 as provided in the table below:

₹ in Million			
Details	SBNs	Other Denomination notes	Total
Closing cash in hand as on November 8, 2016	14.98	0.51	15.49
(+) Permitted receipts	-	23.69	23.69
(-) Permitted payments	-	0.30	0.30
(-) Amount deposited in Banks	14.98	18.87	33.85
Closing cash in hand as on December 30, 2016	-	5.04	5.04

Note: 31

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 companies 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.

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended March 31, 2017

Note: 32 Additional information, as required under schedule III to the Act, of enterprises consolidated as subsidiary/Associate/Joint Ventures

	2017				2016			
	Net Assets		Share in profit or loss		Net Assets		Share in profit or loss	
	% of consolidated net Assets	₹ in Million	% of consolidated profit or loss	₹ in Million	% of consolidated net Assets	₹ in Million	% of consolidated profit or loss	₹ in Million
Parent								
Talwalkars Better Value Fitness Limited	96.43%	4,748.33	94.02%	617.05	96.75%	4,131.27	97.04%	533.91
Subsidiary								
Denovo Enterprises Pvt. Ltd.	4.05%	199.65	2.26%	14.82	4.33%	184.83	(0.01%)	(0.04)
Equinox Wellness Pvt. Ltd.	0.21%	10.38	(0.14%)	(0.92)	0.26%	11.31	(0.17%)	(0.92)
Aspire Fitness Pvt. Ltd.	0.98%	48.30	0.51%	3.32	1.05%	44.98	0.45%	2.46
Jyotsna Fitness Pvt. Ltd.	0.87%	42.65	2.37%	15.54	0.63%	27.11	0.80%	4.40
Talwalkars Club Pvt. Ltd.	0.20%	9.82	-	-	0.23%	9.82	-	-
Talwalkars Club Systems Pvt. Ltd.	0.28%	13.90	0.00%	(0.01)	0.33%	13.91	2.51%	13.81
Inshape Health and Fitnez Pvt. Ltd.	0.06%	3.12	(0.03%)	(0.20)	0.64%	27.45	0.01%	0.05
PWG Fitness Pvt. Ltd.	0.40%	19.79	2.98%	19.59	-	-	-	-
Talwalkar Lifestyles Ltd.	0.00%	0.10	-	-	-	-	-	-
Minority Interest	(3.36%)	(165.61)	(4.06%)	(26.63)	(3.26%)	(139.00)	(0.63%)	(3.45)
Associate								
Power World Gyms Ltd.	0.28%	13.75	2.09%	13.72	-	-	-	-
Adjustment arising out of consolidation	(0.41%)	(20.09)	-	-	(0.98%)	(41.67)	-	-
Total	100.00%	4,924.09	100.00%	656.28	100.00%	4,270.01	100.00%	550.20

Note: 33

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. Dandekar & Co.,**
Chartered Accountants
ICAI FRN: 000679S

S. Poosaidurai
Partner
Membership No. 223754

Place : Mumbai
Date: May 30, 2017

For and on behalf of the Board of Directors

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

Forward-looking statement

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions.

We have tried wherever possible to identify such statements by using words such as ‘anticipates’, ‘estimates’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’ and words of similar substance in connection with any discussion on future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions.

Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



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