Talwalkars Better Value Fitness Ltd.
Regd. Off.: 801/813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai 400 026.
Tel.: 6612 6300. Fax: 6612 6363. Website: www.talwalkars.net CIN: L92411MH2003PLC140134

Talwalkars
Spreading fitness since 1932

Date: 31st August, 2018

To,	To,
BSE Limited	**National Stock Exchange of India Ltd.**
Corporate Service Department	Exchange Plaza,Plot No. C/1,
Phiroze Jeejeebhoy Towers,	G Block, Bandra-Kurla Complex,
Dalal Street, Mumbai - 400 001.	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 2017-18**

We enclose herewith Annual Report of the Company for the financial year 2017-18.

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

Thanking You.

Yours faithfully,

For Talwalkars Better Value Fitness Ltd.

TALWALKARS BETTER VALUE FITNESS LTD. ★ MUMBAI

Avanti Sankav
Company Secretary & Compliance Officer

Encl: a/a

India's unique wellness destination

TALWALKARS BETTER VALUE FITNESS LIMITED

ANNUAL REPORT 2017-18

CORPORATE INFORMATION

BOARD OF DIRECTORS

Girish Talwalkar	-	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
Mrunalini Deshmukh	-	Independent Director

COMPANY SECRETARY

Avanti Sankav

CHIEF FINANCIAL OFFICER

Girish Nayak

STATUTORY AUDITORS

M.K. Dandeker & 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

15th ANNUAL GENERAL MEETING

Thursday, 27th September, 2018 at 11.30 a.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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INDIA'S PURE-PLAY LISTED WELLNESS COMPANY.

This is the annual report of Talwalkars Better Value Fitness Limited as pure - play wellness company.

The Company is committed to enhance its respect as a focused play that provides a holistic world-class wellness proposition.

From club infrastructure at one end to a range of products and services like yoga, weight loss and nutrition on the other making it one of the most attractive proxies. One of most visible manifestations of India's consumer revolution.

THIS IS AN INDIA WHERE HEALTH IS CONSIDERED THE BIGGEST ASSET AND WHERE LEISURE MEANS DOING DIFFERENT THINGS

Tushar wants to spend an evening with the family without going to a mall or the multiplex – and feels a club would be the best idea.

Shikha has a vibrant group centred around yoga where each one is encouraged to stretch beyond what was considered possible.

Sharon feels the time has come when fitness and fun need to go together; she enrolled for Zumba.

Tina was resigned to the fact that every weight-loss initiative involved giving something up until she came across Reduce.

Fatima was tired working long hours, showing signs of depression until she found hope in Medastouch- Theme Therapies

Shailesh, an executive, often works round-the-clock. He hardly gets time to check his health. He was relieved when he heard of Nuform services which needed a mere 20-minute weekly workout regime.

THIS IS AN INDIA WHERE 'WELL' IS A STATE OF BODY BUT 'WELLNESS' IS A STATE OF INCOME, MIND AND MINDSET

The last couple of decades have decisively transformed India.

Increased incomes have translated into enriched lifestyles.

Increased fitness requirements have evolved into increased wellness needs.

Increased wellness has translated into a widening range of requirements.

The result is a complete revolution in the way people need to stay fit – in the body and the mind.

What used to be a solitary workout with gymnasium weights has become a widening experiment with variations.

What used to be a dreary communion with boring gymnasium equipment has become a fun-driven engagement with new wellness forms.

What used to be a singular focus on the body has since extended into a balance of body, mind and soul.

Laying the foundation for an entirely new sector (wellness) where Talwalkars Better Value Fitness Limited is among the largest and possibly among a handful of pure-play Indian listed companies – an exciting company in a sunrise sector.

THIS IS AN INDIA WHERE 'WHICH CLUB DO YOU BELONG TO?' HAS ALWAYS BEEN – AND LIKELY TO REMAIN - AN ENDURING STATUS SYMBOL

There was a time when getting membership access to a private club in urban India was something reserved for the well-heeled and the exclusive.

India has not changed. A membership to a good urban club is still seen as a badge of having arrived in life. The result is that 'We are spending the evening at the club' continues to have an exclusive ring to it – partly because few clubs are being created and partly because memberships continue to remain exclusive.

At Talwalkars Better Value Fitness Limited, we are capitalising on this reality by planning to build modern club facilities in urban India. Clubs that comprise a range of facilities relevant to modern-day needs. Clubs that reach out to a wider audience while retaining the touch of the exclusive. Clubs that address personal and family time.

The Company is engaged in creating a valuable club franchise through a joint venture with David Lloyd Leisure Limited, Europe's leading premium sports, health and leisure group. This venture will launch its inaugural club in Pune.

Creating the framework for a national chain of modern leisure and lifestyle infrastructure that emerges as the new hub where like-minded communities meet, engage and unwind.

CHAIRMAN'S OVERVIEW

WE ARE ONE OF A HANDFUL OF INDIAN ORGANISED WELLNESS COMPANIES, BRINGING TO OUR BUSINESS MODEL A COMPLEMENT OF SCALE, BRANDING, VISIBILITY, PROCESSES AND ORGANISED VALUE.

I am pleased to present the first performance of Talwalkars Better Value Fitness Limited in its demerged form in 2017-18.

The demerger was carried out on appointed date April 1, 2016. The result is that 2017-18 represents the first full year of standalone demerged performance of the two companies. One share held in Talwalkars Better Value Fitness Limited has generated one additional share in Talwalkars Lifestyles Limited.

For nearly 3-4 years, the wellness business of Talwalkars was a part of Talwalkars Better Value Fitness Limited, complementing its gym business.

There were two reasons for the patient incubation of the wellness business what was essentially a gym company: we perceived both businesses to be synergic; there were cross-transfer of customers from one business segment to another; the management of both companies were the same, enhancing a sense of governance and the ability to capture all value within a listed entity.

Over the years, the wellness business of the Company grew beyond incubation and began to acquire scale and character: revenues from the wellness business grew and the proportion of revenues from the gym business to the wellness business (and vice versa) began to grow attractively.

Over the period of incubation we were able to scale studios largely within the Company's existing infrastructure. The wellness business now needed to grow beyond the gym infrastructure to capitalise on the vast wellness opportunity – the principal reason for the demerger.

Besides, the rationale for the demerger was also rooted in the modest respective valuations of the two businesses when the concept was taking off, making it imperative to provide a transparent platform that would translate into an attractive valuation for the demerged entities across the foreseeable future.

In 2017-18, our efforts were to empower the Lifestyle business to stand independently. We reported fair progress in this direction. With Zorba we were able to reach 78 centers with expansion plans in SriLanka, Dubai, Singapore and Canada.

We were able to take Nuform to 76 centers and are working on opening standalone centers and entering corporate tie-ups to address increasing demand.

Our club business rolled out its initial membership plan in August 2018 that received an encouraging response and is expected to be inaugurated by the end of this year.

The online sales from Reduce attracted significant scale and we are expecting to grow this product the FMCG way. The growth of Zumba merchandise improved over the previous levels. While taking over the Wellness Temple studios of Dr Mickey Mehta, where free floor exercises and various engaging formats for diverse age groups were conducted, we extended to covered Ayurveda under the brand Medastouch with the possibility of including theme therapies, nutraceuticals, personalised consultation etc.

At Talwalkars Better Value Fitness Limited, we believe that we possess an attractive operating structure to grow these businesses. The Company's wellness business represents a unique approach where the business will identify a range of wellness constituents, incubate them, mature them to profitability and generate direct value through enhanced earnings as well as a sum of the parts. The fact that this business will keep adding wellness constituents in response to the prevailing lifestyle environment could potentially translate into a sustainable growth opportunity for the Company and its valuation.

At the Company, we believe that a singular focus on wellness is imperative for good reasons. This segment is accounting for a larger spending among upwardly mobile urban Indians. The subject of wellness is becoming increasingly central to people's lives on account of an increase in the incidence of lifestyle-induced ailments and diseases. While this is a reality that will only increase, we believe that sustained urban population growth will continue to widen our market.

At Talwalkars Better Value Fitness Limited, we are attractively placed to capitalise on the opportunities that the market has to offer. We are one of a handful of Indian organised wellness companies, bringing to our business model a complement of scale, branding, visibility, processes and organised value. As urban Indian needs become increasingly sophisticated, we would be better equipped to provide a combination of leisure and lifestyle supports under the wellness model, strengthening our business relevance.

We are optimistic that our fundamentals will enrich our company and its stakeholders. I must assure shareholders that the Company is at the cusp of burgeoning wellness sector to capture unlimited opportunities in its demerged state. During the course of the current year, we expect to invite memberships for our under-construction Pune club, strengthening our foundation. We expect to reinvest our cash flows into growing our presence across India, transforming a regional club presence into a pan-India brand. In doing so, we expect to enhance value for our stakeholders in a secure and sustainable way.

In conclusion let me appreciate the dedication of our employees and thank our stakeholders for their confidence in us.

Girish Talwalkar
Chairman, Talwalkaras Better Value Fitness Limited

At the Company, we believe that a singular focus on wellness is imperative for good reasons. This segment is accounting for a larger spending among upwardly mobile urban Indians.

TALWALKARS BETTER VALUE FITNESS LIMITED IN NUMBERS

581
Revenues
FY2017-18, (₹ million)

391
EBITDA
FY2017-18, (₹ million)

88
Net profit
FY2017-18, (₹ million)

67
Operating margin
FY2017-18, (%)

2.88
EPS
FY2017-18, (₹)

0.69
Net Debt-equity ratio
FY2017-18, (x)

6 THINGS THAT TALWALKARS BETTER VALUE FITNESS LIMITED STANDS FOR

01. EXPERIENCE: In 1932, Mr. Vishnupant Talwalkar launched Talkwalkars in Bombay. Over the years, the Company has expanded its network and services.

02 STANDALONE: During the year under review, the Company spun off its Gyms Business into a separate company. The independence of the lifestyle services from the gym business will enable the former to generate superior value, higher average revenue per user, widen the catchment area and increase cash flows from the proposed club business.

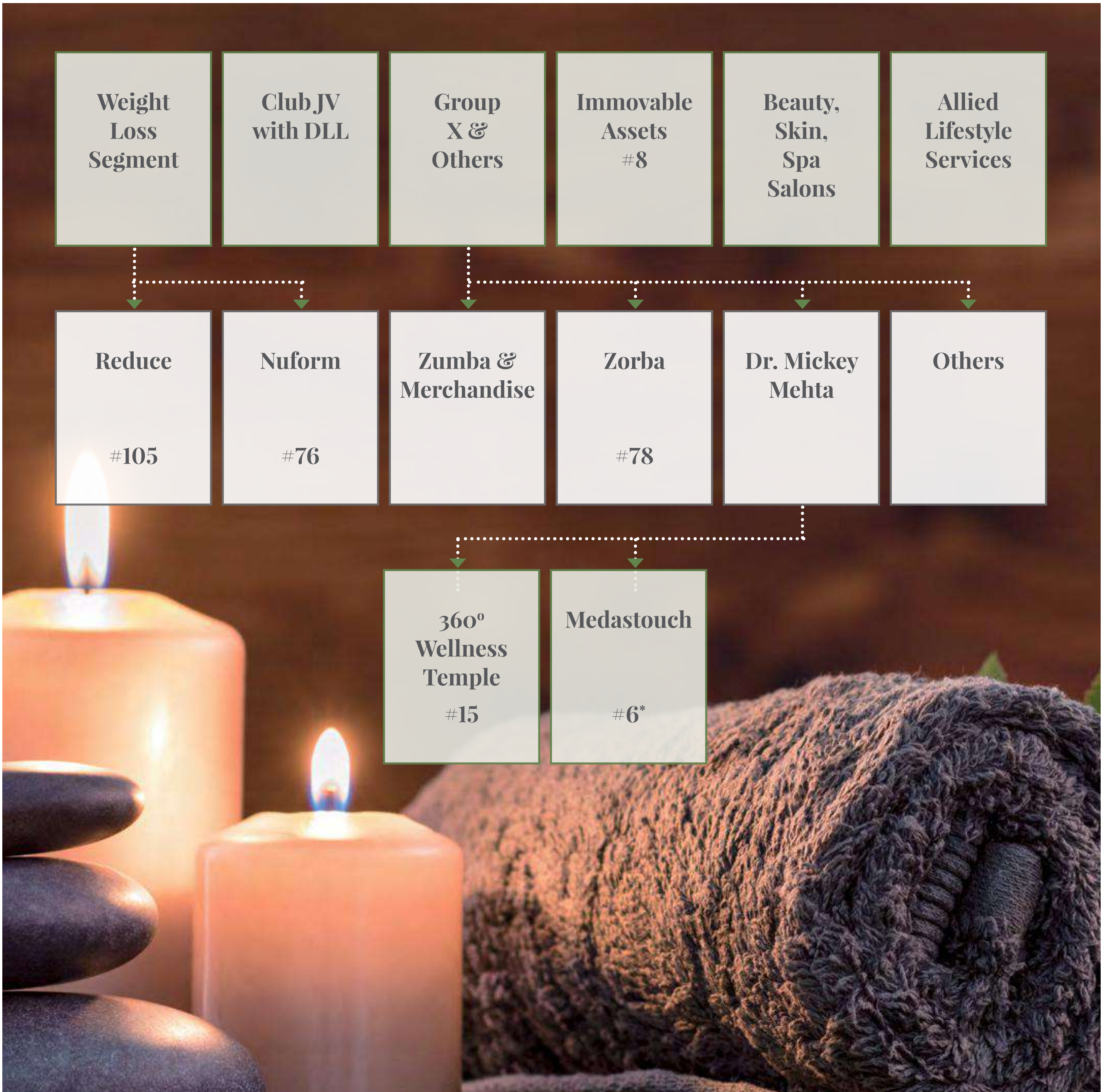
03 SERVICES: Talwalkars provides a range of wellness programmes comprising Zumba ® programme, Zorba–The Yoga Studio, Nuform, Reduce and Group X, among others. The Company entered into a strategic alliance with Dr. Mickey Mehta and with Mickey Mehta Health Beyond Fitness Pvt. Ltd to scale Dr. Mickey Mehta's 360° Wellness Temple centres. The Company also incorporated brand Medastouch to include ayurveda as an extension to its services.

04 FOOTPRINT: The brand Reduce is accessible through 105+ centres, online and offline media. The Company was successful in scaling Zorba to 78 studios in FY18. The Company scaled Nuform to 76 centers. Talwalkar soft-launched 6 theme therapy centers across Hyderabad under its Ayurveda line Medastouch. The Company announced the launch of its first club in Pune (Wakad).

05 CUSTOMER-FOCUS: The Company not only offers the latest technology in fitness but also excellent service and expertise. The door-step delivery of the products provides enhanced convenience.

06 LISTING: The Company was listed in 2010. The Company recently underwent demerger which became effective from February 20, 2018. The promoters of the Company possess an experience of over five decades in the Indian wellness industry. The promoters' shareholding was 37.36% as on March 31, 2018.

OUR WELLNESS BUSINESS



Number of centres as on March 31, 2018.
* Soft launched at Hyderabad

OUR WELLNESS PROPOSITION

Reduce
A convenient weight loss programme

Nuform
The use of electrical impulses to enhance fitness

Club
Recreation club that will offer a wide range of sports and fitness facilities of an international standards.

Zorba-the yoga studio
A comprehensive suite of six courses and eight alternative therapies and 25 forms of Yoga.

Group X
Fun-filled, exciting and energetic fitness regimen combining Zumba, Yoga, TRX, Aerobics etc.

Mickey Mehta
An alliance with Dr. Mickey Mehta and with Mickey Mehta Health Beyond Fitness Pvt. Ltd. to offer holistic cum wellness soloution for all age groups comprises signature workouts and brand Medastouch.

Zumba and Zumba merchandise
A total workout, combining all elements of fitness. Exclusive distribution of zumba merchandise in India.

BRAND EXTENSION

REDUCE

Devika was alarmed to see her weight rising. She tried virtually everything under the sun to remedy the situation. Finally, someone whispered Talwalkars' REDUCE. She was surprised to find The Company propose something completely lateral – eat more of a specific kind of product. She sounded distrusting but attempted this as a last resort. In exactly four months, the REDUCE proposition helped her lose...36.6 pounds. She is a reborn personality today.

Overview

Nearly 21% of India's population is overweight, which translates into possibly the largest such population cluster in any country. This problem, in turn, represents the origin of various mental health and lifestyle diseases.

Over the years, Talwalkars (merged company) provided a fitness-driven solution to thousands even as a number of intending weight-losers complained of a paucity of time. The result was the introduction of REDUCE that made it possible for individuals to shed weight through a time-efficient process.

The REDUCE proposition

At the Company, the unusual REDUCE proposition comprised the following advantages: minimal change was required in the existing lifestyle and food pattern, no visits were required to a fitness centre, no need to cook separately, no change in dishes or taste, no need to consume medicines and no additional demands on personal time. This home-based weight loss solution was designed to offer an effective, convenient and flexible three-meal diet program comprising portion control with the inclusion of foods low in calories but high in fibres.

REDUCE involved a measured modification of the frequency, timing and quantity of meals with ready-to-eat/cook food products. Customers were personally motivated by trainers to ensure strict enforcement. Reduce was re-launched with an attractive package in line with international standards; this generated superior online and offline responses.

REDUCE's 65+ ready-to-eat and ready-to-cook products are tasteful. The Company introduced five varieties of herbal tea, healthy puffs, soups, muesli options etc. in FY2018. It transformed packaging to premiumise products and reinvigorate the brand. These products are licensed with FSSAI and catering to all age groups. In a campaign 'Make earth lighter', over 15,500 Reduce members contributed towards the earth's cause by shedding over 51,500 kgs.

These products can be consumed even by those suffering from obesity, hypertension, diabetes, arthritis and PCOD, among others.

REDUCE is easily accessible through 105 centres across online and offline media (Nyka, Snapdeal, Growfitter, American Express offer page, mobile apps like Free Charge and Cheep as well as in-house fitness centres). The door-step delivery of the product system provides enhanced convenience.

REDUCE has been formulated following three years of dedicated research by trained dieticians and nutritionists from National Nutrition Centre, licensed under FSSAI and addressing needs across age groups. The package comprises a dedicated dietician and weight control kit to monitor and guide users throughout their weight-loss journey.

Strengthening the business, 2017-18

Over the years of incubating this business, the Company premiumised the packaging and reinvigorate the brand and meet international standards. The ready-to-eat and ready-to-cook products were strengthened to build an emotional connect with customers. The Company plans to grow this business FMCG way by opening kiosks and strengthen tie-ups with online portals.

REDUCE: Our success stories

"When I joined Talwalkars, my hopelessness was as heavy as my weight – 112 kgs! It took me 90 days, a persuasive diet coach and an easy REDUCE plan that helped shed 14kgs and 14 inches. At 96 kgs now, I feel more confident, lighter and fitter - without rigorous exercise." - ***Haresh Mehta, professional, 38***

"At 41, I weighed 92 kgs and suffered from hypothyroid and an irregular menstrual cycle. I felt old. That's when I heard of the Talwalkars' REDUCE program. Although sceptical, I enjoyed the routine meal plans - convenient and tasty. The Amla Ginger drink and the Choco Cookies were my favourites. At the end of a 6-month journey I lost 26 kgs and 46 inches but gained more: my hypothyroid dosage was reduced and my periods are regular now." – ***Jayshree Nimbargi, homemaker, 41***

"I enrolled in the REDUCE program with misgivings. At 135 kgs what chances did I have? Besides, I love to eat rice. But thanks to a structured program and supportive nutrition expert, I lost 30 kgs. I like what I see in the mirror now!" – ***Srikanth Sagar, businessman, 32***

"The increase in my weight seemed inversely proportional to my confidence. The former was winning and I started getting treated for depression. I preferred staying alone at home. At 108 kgs, I suffered health issues too. Exercises didn't work on me, neither did crash diets or weight-loss pills. The REDUCE program helped shed 17 kgs and 14 inches. It looks I am winning the war against obesity!" – ***Kimaya Desai, student, 26***

BRAND EXTENSION

NUFORM

Rajat, star footballer, nursed a dream: to play for India. However, he injured his anterior cruciate ligament. Post-surgical repair, Rajat lacked agility, slipped into depression and gained weight. Most wrote him off. That's when he heard of Talwalkars' Nuform treatment, an advanced Electro Muscle Stimulation technology. Just when he had lost hope, the treatment worked wonders: helped him shed weight and enhance fitness. Rajat is back to playing again. Nuform was the 'game changer'!

**One product.
Diverse applications**

- Cardiac insufficiency / cardio-rehab
- Back complaint / trunk stability / core training
- Whole-body training / muscular imbalances
- Overweight / obesity / metabolic syndrome / fat reduction
- Weight loss / body-shaping
- Cellulite / toning
- Men's health / women's health / silver medicine
- Osteoporosis treatment / frailty prevention
- Holistic fitness / time-efficient workout
- Personal performance / individual performance enhancement

Overview

Nuform is a German technology introduced in India for the first time in 2013 by the Company. Nuform uses electrical impulses to stimulate and exercise deep muscle groups, resulting in weight loss, improved muscular strength and endurance, enhanced flexibility and back pain relief - an efficient alternative to the traditional gym.

As per a research study conducted by the University of Bayreuth, 88% of the participants who went through this reduced their back complaints significantly and after two weeks of these sessions, 20% no longer suffered from any back pain; in six weeks, this figure grew to 50% while 44% of chronic patients were completely cured. According to University of Bayreuth, 87% participants reported clearly visible body-shaping effects.

A study conducted by the Friedrich-Alexander University of Erlangen-Nuremberg on elderly people showed positive results arising out of this alternative therapy. Alongside a significant improvement in the basal metabolic rate – an important key indicator for permanent weight reduction – the study provided evidence of clear effects on overall body fat and abdominal fat.

Electrical Muscle Stimulation technology used on athletes at least for a year reported significant and objectively measurable improvements. Using this technology on its own and in conjunction with conventional training translated into a new level of performance and power.

This advanced Electro Muscle Stimulation technology provides a full body workout that enables participants to get fit with one 20 minute session per week.

The Nuform proposition

Nuform multiplies potential and results in a range of applications capable of being used in a way previously considered impossible.

Unlike traditional training methods, Nuform is a weight reduction technique that comes without muscle soreness.

A strong and active muscle system is the key to a high-performing body and is a precondition to health, fitness, well-being and aesthetic human form. In other words, it opens the door to every form of physical and mental performance. Virtually 100% of the large muscles of the body are stimulated simultaneously – Nuform guarantees extraordinary, rapidly visible and perceptible results.

Nuform is safe and simple. The program is coupled with monitoring by skilled fitness trainers who evaluate a member's fitness level and provide a customized workout plan by considering personal goals and constraints.

Since sedentary lifestyle and job-related stress can take a toll on one's health, Nuform boosts circulation and helps keep core muscles active. It also strengthens the back muscles to improve posture and eliminate pains. Nuform's muscle contractions improve blood flow and nutrient supply, enhances metabolism, fat utilization and muscle regeneration, while reducing cellulite to provide a toned physique.

Strengthening the business, 2017-18

The Company scaled from 43 centers in FY17 to 76 centers in FY18 across India. The Company strengthened its home-based personalised exercise programme in FY18, enabling customers to avail services at one's doorstep. The Company scouted for locations across metro cities to launch standalone studios in Metros and Tier 1 with the intent to enhance corporate services.

BRAND EXTENSION

ZORBA

As Simi grew older, she encountered an increased incidence of stiffness. The result is that she could bend less and she generally climbed down stairs one foot at a time. She turned to Zorba–The Yoga for help. Something remarkable resulted within the space of a few months. She started feeling lighter. Her flexibility returned. And – miracle in her case – she began touching her toes once again.

Overview

Yoga represents the wisdom of the ages translated into an exercise regimen that makes it possible to get fit without the use of weights and equipment. Over the last few decades, yoga has inspired a large number of people revert to this ancient healing form – across the world.

Zorba is India's largest organised yoga chain. It is a wellness service aimed at providing quality health through its 78 studios. Zorba introduced 25 forms of yoga along with contemporary props to the traditional practice, each prop and form judiciously designed to engage the mind, body and soul.

The Zorba proposition

The Company plans to increase its footprint nationally and internationally, venturing into Dubai, Singapore, SriLanka and Canada across more than 100 centers in the coming quarters.

The Company provides a choice of courses and alternative therapies, including 25 forms of yoga – Hot Yoga, Pre-Post Natal yoga, Aerial Yoga, Aqua Yoga, etc.

Promotions for DIVA yoga (women's only) will commence in 2018-19 with Malaika Arora as the Brand Ambassador.

This service is offered within fitness centres and studios. The specialized healing courses address asthma, diabetes and stress management etc.

This model is highly EBITDA-assertive with robust return ratios.

Strengthening the business, 2017-18

The Company was successful in scaling from 31 studios in FY17 to 78 in FY18.

The Company transformed the interiors, aesthetics and ambience to give a distinctive experience for customers.

Recently Zorba raised ₹150 Million in equity for expansion of its centers across India and in overseas.

Yoga's benefit: Body & Mind

- The physical benefits of yoga: lower chronic pain, carpal tunnel syndrome, lower blood pressure, reduced insomnia, increased flexibility, increased muscle strength and tone, improved respiration, energy and vitality, maintaining a balanced metabolism, weight reduction, cardio and circulatory health, improved athletic performance and protection from injury, among others.
- The mental benefits of yoga: stress management, development of coping skills, mental clarity and calmness; increases body awareness; relieves chronic stress patterns; relaxes the mind; centers attention and sharpens concentration, among others.

Yoga in a snapshot

Worldwide, there are about 300 million yoga practitioners.

Yoga decreases the secretion of cortisol, the primary stress hormone.

Yoga is becoming increasingly common as an adjunct therapy to improve life quality

Yoga addresses sleep deficit, obesity, high blood pressure and depression, among other disorders.

Yoga possesses deep strength-building benefits.

BRAND EXTENSION

DR. MICKEY MEHTA'S 360° WELLNESS TEMPLE & AYURVEDA UNDER 'MEDASTOUCH'

Anjali, mother of 11-year-old Shiv, had a problem on her hands. She didn't just need piecemeal development for her son. She needed holistic development. Something that would reconcile the physical with the spiritual. Something that would enrich his personality. Then she heard of Grow Tall with Mickey Mehta. Mickey Mehta's workout programs provided a one-stop solution. The program added to Shiv's personality and height. Since the offerings were curated and supervised by experts, Anjali spent a worry-free summer even as Shiv spent a fun-filled vacation. Win-win.

Overview

Dr. Mickey Mehta has brought distinctive value to the Company table: 360º Wellness Temple, which is a holistic fitness cum wellness proposition for all age groups . The Company introduced Medastouch, which extends to cover Ayurveda- Theme Therapy, nutrition, catering and nutraceuticals etc.

The Company, alongside Dr Mickey Mehta, has set up a new company to acquire the assets (including brand and goodwill of Dr Mickey Mehta). In response to huge gap existing within Ayurveda, the Company integrated brand Medastouch. The Company plans to scale this venture pan-India.

Dr Mickey Mehta's Proposition

The complement of Dr Mickey Mehta's branded workout programs, products, services, wellness intellectual property, coupled with Talwalkars' organizational strengths, infrastructure and national network will help the Company reinvent fitness standards for the benefit of diverse age groups (age 6 to 90). The Company plans to launch signature workouts across existing infrastructure. The Company is also working on strategies to appropriately accommodate and package over 20+ verticals of holistic wellness that Dr Mickey Mehta offers – Learn Swimming in 24 hours, Grow Tall with Mickey Mehta etc.

The Company intends to franchise, organise and manage brand endorsements, seminars, corporate tie-ups and weekend diploma programmes under this format.

Strengthening the business, 2017-18

The Company provided an excellent platform to Dr. Mickey Mehta. The Company has also worked on various packages and services to capitalise on the brand. The Company soft-launched 6 theme therapy centers across Hyderabad under brand Medastouch.

Who is Dr. Mickey Mehta?

"Let wellness be the religion number 1" pronounces global leading holistic health guru Mickey Mehta — life coach, philosopher, author, poet, the institution & the brand

Mickey has interwoven the philosophies of Zen, Tao, Tantra, Vedas and more to develop holistic health systems that form the base of his signature wellness workouts and natural healing concepts.

He promotes the healing systems of meditation and prayer science, spreading the message of Holistic Health.

He has revolutionised the concept of 'Learn Swimming in 24 hours' which has put him in the Limca Book of World Records. He has been a pioneer of equipment-free training in India. His global initiative for a disease-free world is India's largest and one of the world's top ten portals on holistic health, wellness and well-being.

BRAND EXTENSION

THE DAVID LLOYD CLUB

Overview

Talwalkars Better Value Fitness Limited has entered into an equal joint venture with David Lloyd Leisure to build and operate world-class health & leisure clubs in India. David Lloyd Leisure invested ₹165 million in May 2018 to buy into the joint venture company. By combining Talwalkars' knowledge of the Indian Health & Fitness market with David Lloyd Leisure's expertise in premium family orientated clubs, the Company aims to provide a new standard of clubs in India, targeting the growing upper middle-class population.

Whilst club construction requires a significant initial capex investment, the Company expects to generate attractive cash flows through one-time membership joining fees as well as annual maintenance fees and secondary revenue lines

The Club Proposition

The first club commenced construction in November 2017 in Wakad, Pune, and is expected to be operational by year-end. Pre-sales have commenced and a sales suite has been set up close to the site to give potential members an understanding of the club to drive advance sales numbers. The club will offer a range of sports and fitness facilities around an international standard including a heated outdoor swimming pool and jacuzzi, tennis courts, squash courts, multi-purpose hall, gym and group exercise studios. These are complemented by a range of leisure facilities such as kids activity rooms and soft play zone, billiards room, spa, TV and business lounges and three distinct dining areas; poolside café, the clubroom and a global bar-and-restaurant.

Alongside the excellent facilities will be outstanding coaching programmes for children and expertise available in every sport to help members learn to play, develop their techniques and reach their desired fitness goals. A range of quality group exercise classes will also be on offer with more than 50 scheduled each week alongside a program of free kids activities and a crèche for smaller children to ensure there is always something for families and individuals to do.

David Lloyd Leisure is Europe's largest and fastest growing group of premium racquets, health and fitness clubs. It has 98 clubs in the UK and a further 13 across mainland Europe. David Lloyd Leisure has approximately 570,000 members and employs 8,600 people, including an expert health and fitness team of over 2000 and more than 680 tennis professionals.

Across all of the clubs, there are over 180 swimming pools and more than 13,000 exercise classes on offer every week. The racquet facilities are unrivalled, with 1000 tennis courts, and more than 400 badminton and squash courts. David Lloyd Leisure also offers outstanding coaching programmes for children and every week 25,000 children learn to swim and 16,000 learn to play tennis in the clubs. It provides more than just amazing fitness facilities; it also offers health and beauty spas, lounges with free Wi-Fi, crèches, nurseries and specialist sports shops.

Strengthening the business, 2017-18

The Company roped in the international company to set up its first club. The Company put into proper systems and procedures to ensure time bound-completion. These developments are closely monitored by Hazel Geary, COO. After its first success, the Company envisages the development of 7-10 such clubs in India. However additional investment will only be considered after opening the first club and its success being measured through profitability and return ratios.

BRAND EXTENSION

ZUMBA

Anita needed to address two objectives – fitness and weight reduction. She found most programmes addressing the subject to be boring. Then someone mentioned the Zumba offering of Talwalkars Better Value Fitness Limited. She enrolled with hesitation. The sessions turned out to be bigger fun than she had expected. Her group was vibrant. Her trainer was inspiring. The result was that she soon turned to dance. The spin-off benefit is that her personality has reinvented – and yes, she has lost weight as well!

Overview

Zumba comprises a total workout, combining all elements of fitness – cardio, muscle conditioning, balance and flexibility.

The offering also comprises a range of classes for strength training, muscle toning and core training.

The Company is the sole distributor for Zumba merchandise in India.

A Zumba class is like any other instructor-led workout, but with simple dance moves heavy on the hips and step counts. Grooving to the beats of salsa, flamenco, and merengue music feels more like a dance party than a workout, which is what makes Zumba popular. The Latin-inspired dance workout is one of the most popular group exercise classes in the world. Working up a sweat in the 60-minute classes burns an average 369 calories - more than cardio kick-boxing or step aerobics. This cardio workout melts fat, strengthens the core and improves flexibility.

A study in the American Journal of Health Behaviour showed that when women with Type 2 diabetes and obesity did Zumba three times a week for 16 weeks, they lost an average 2.5 pounds and lowered their percentage of body fat 1%. More importantly, the women enjoyed the class so much that they made it a habit— unusual for an aerobic exercise program.

For diabetics, Zumba is a great way to lose weight and build muscle. The blood sugars decline as energy levels rise. Besides losing weight, Zumba can help lower the risk of heart disease, reduce blood pressure and bad cholesterol, while boosting good cholesterol.

In Zumba, every time a person exercises, (s)he releases endorphins, which triggers positive feelings throughout the body. This is a perfect workout to rid stress.

The Zumba proposition

The Company plans to encash the craze of ZIN and ZES network. Further the Company is using its exclusive portal www.zumbashop.in to market Zumba apparels, shoes, bands etc

Strengthening the business, 2017-18

The Company scaled Zumba offerings across its existing infrastructure to cash in on the growing craze in India.

The Company announced a tie-up with Zumba Fitness, USA, for the sale of merchandise in India. The Company is the sole distributor for high-fashion Zumba merchandise in India, Bangladesh, Nepal, SriLanka and Maldives.

The team is working closely with the Zumba instructor community in India to create awareness of product availability.

Talwalkars Better Value Fitness Limited is the sole distributor for Zumba merchandise in India. The Company targets the Zumba Instructor Network and Zumba Education Specialist network, promoting online sales through the website www.zumbashop.in and enjoying a high conversion rate.

OUR ROBUST BUSINESS MODEL

Sectoral context

YOUTH: India has the second largest population in the world with approximately 15 million people being added every year. India has one of the youngest populations with an average age of around 27 years. A large number of this population is income-earning, strengthening its capacity to invest in wellness.

INCREASING LIFESTYLE DISEASES: India has the highest number of diabetics at 50.8 million according to the World Health Organization, though only 11% of the population has health insurance. This figure is set to increase to 73.5 million by 2025. Twenty-five million suffer from cardiovascular diseases, which amounts to 60% of the global figure. Overcrowding and bad living conditions also increase stress leading to coronary heart diseases, asthma and cancers. Urbanization has contributed to a sedentary life leading to obesity.

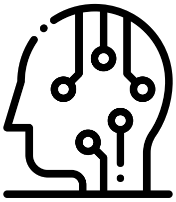
OBESITY: The number of overweight and obese people in India doubled between 2005 and 2015. Among individuals aged between 15-49 years, 20.7 % of women and 18.6 % of men have been found to be overweight or obese.

HECTIC SCHEDULES: With the faster growth in the Indian economy, the lifestyle of people has gradually changed. Increased working hours with minimal focus on body has resulted in constant stress and tiredness, impacting productivity and health.

SELF-CONSCIOUSNESS: With globalization transforming the world, the aspirations of people have increased. The younger generation is laying a focus on enhancing their overall personality including wellness and fitness.

URBANISATION: India's urban population is ~33.5% of the total population and contributes >60% of the country's GDP. It is estimated that the urban population will contribute ~75% of the GDP by 2030. By 2050, it is estimated that people living in Indian cities could reach a staggering 850 million.

AYURVEDA: The Indian ayurveda industry is expected to report a CAGR of 16% during 2016-2021. More than 10% of the Indian population goes to Ayurveda centers, marking a greater sectoral opportunity.



With the faster growth in the Indian economy, the lifestyle of people has gradually changed.


Addressing the sectoral opportunity

DEMERGER: The Company demerged its gym business with the objective to generate superior value, ARPU and focus.

CUSTOMER ENGAGEMENT AND EXPERIENCE: The Company launched service-centric software where the nutritionist can track daily weights of members and prepare their progress charts in real-time. The Company transformed the interiors of its wellness centers as well as its ambience to provide a distinctive experience.

EXPANDING EXPONENTIALLY: The Company expanded its reach. The Zorba centers reported robust growth from 3 centers in FY2015-16, increasing to 78 in FY2017-18. The brand plans to grow nationally and internationally. The Company added 30 Nuform centres in FY2018 and now plans to add standalone centres in Metro and Tier I cities and accelerate doorstep services.

COMPLEMENT: The Company has coupled the lifestyle business with the club business, marrying infrastructure with services. The Company is positioned as a lifestyle incubator, a concept unique in India where it will keeping adding lifestyle segments at will in response to evolving societal requirements and preferences.

DEBT-LIGHT: The Company will engage in monetising its physical infrastructure of making it possible to moderate the overall load on the Company's Balance Sheet. The membership enrollment and fees would be leveraged to service financial obligations and liquidate debt.

INDEPENDENT: The demerged nature of the Company has resulted in a standalone wellness status that has facilitated lifestyle business price discovery. This positioning of the Company as a proxy of India's lifestyle (fitness-leisure) business has attracted a different investor kind.

RELAUNCHING BRAND: The Reduce brand was relaunched in a new package to premiumise the product that garnered superior responses online and offline. The Company plans to go the FMCG way with this product.

SYNERGY: Talwalkars Better Value Fitness Limited is positioned well to reap the benefits of its existing synergy with group company Talwalkars Lifestyle (which manages gyms).

SUSTAINABILITY: The lifestyle services are high EBIDTA-accretive, accelerating payback and enhancing return ratios. The differentiating factor of our club business model – one-time capex for infrastructure – is covered through membership fees while opex is driven by the annual charges. This positions us well to achieve early break-even and steady increase in revenues and profits.

STRATEGIC ALLIANCES: The Company intends to carve a niche and become significant in wellness and allied health related activities. The Company's cross referencing with customers in the growing wellness space can ride organic means (eg: Reduce/Nuform) and inorganic expansion (eg: Zorba - The Yoga, Dr. Mickey Mehta, Zumba). The Company's ability to leverage existing brands would be a recurring feature.

Business strengthening initiatives

MULTI-AGE RELEVANCE: The Company addresses a wide range of customers – from 6 to 90, strengthening its relevance.

STRATEGIC ALLIANCES: The Company will enter into strategic alliances with established brands. It signed an MOU with Mickey Mehta Health Beyond Fitness Pvt. Ltd. The Company plans to utilize its existing infrastructure to scale Mickey Mehta's 360° Wellness Temple centres.

PRODUCT INNOVATION: The Company is investing in innovative products and services that represent the cutting-edge of wellness developments. The Company introduced 'Healthy Puffs', soups, muesli options and herbal tea, widening its choice and customer base.

SERVICE PROVISION: The Company enhanced convenience by elevating services (Nuform brand) called Home-PEP (personalised exercise program).

YOGA CHAIN: The Company widened its yoga chain. Zorba 'A Renaissance Studio' is one of India's largest yoga chains. The chain is EBITDA-accretive and enjoys a high return ratio.

ONLINE PRESENCE: The Company partnered online retailers to cater to untapped customers. The Company also developed a website www.zumbashop.in to address the Zumba craze for apparels, shoes, etc. The Company also developed www.reducetalwalkars.com to promote varied weight-loss packages.

CUSTOMISED: The Company launched an SMS report to enable members to access daily personalised reports via SMS.

OPTIMISING RESOURCES: The Company engaged in increasing its ARPU by utilising its existing infrastruture resourcefully.

The outcomes of our resilient business model

Economic outperformance: The Company's net revenues stood at ₹580.84 million against ₹496.83 million, a 16.91% growth Y-o-Y

Profitable growth: The Company's EBITDA margin grew 470 bps to 67.33% in FY2017-18 (62.63% in FY2016-17)

Balance Sheet right-sizing: The net debt-equity ratio stood at 0.69 in FY2017-18.

Delivering value to customers in a consistent way

Brands	No. of centers	Values	Future agenda
Reduce	105 centers with availability on online portals and apps	• Robust growth since its inception. • Changed its packaging to premiumised products making it international standard.	• Enhance range of products. • Strengthen distribution channels to reach online and offline. • To go the retail way.
Nuform	76 centers with doorstep and corporate services	• First company to get EMS technology into India.	• Elevating home-based services and corporate programs. • To open standalone centers. • To market Nuform nationally.
Zorba	78 centers across India.	• One of India's largest Yoga chain in the organised space. • Exclusive 25 forms of yoga.	• Plans to increase the footprint both nationally and internationally. Reach over 100 centers in coming quarters. • Promote DIVA yoga-women only yoga that seeks to empower women.
Mickey Mehta Ayurveda under brand 'Medastouch'	15 Wellness Temple Studios. Recently soft-launched 6 Theme Therapy centers across Hyderabad.	• The brand value of India's celebrity fitness guru Dr. Mickey Mehta. • Plans to scale this venture pan-India not just in the fitness segment but also as a synergic extension of Ayurveda.	• The Company has provided this brand a significant platform and has plans to scale its presence pan-India. • Under brand Medastouch the company plans to venture into Theme Therapy, Nutraceuticals, Catering etc.
David Lloyd and Talwalkars Club	First club to be inaugerated in Wakad, Pune, by the year-end	David Lloyd's exceptional expertise in building world-class clubs and Talwalkars' domain knowledge are expected to create an exemplary model – a significant cash flow driver in the lifestyle business.	Envisages to add 7-10 clubs across India

MANAGEMENT DISCUSSION & ANALYSIS

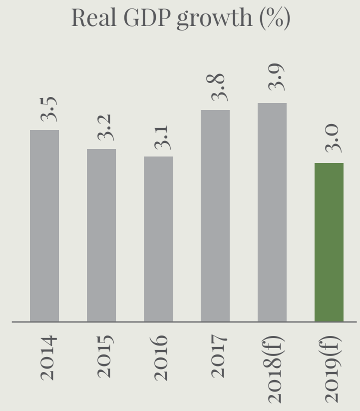
Global economic overview

In 2017, a decade after the global economy spiraled into a meltdown, a revival in the global economy became visible. Consider the realities, every major economy expanded and a growth wave created jobs. This reality was marked by ongoing growth in the eurozone, modest growth in Japan, a late revival in China and improving conditions in Russia and Brazil leading to an estimated 3.7% growth in the global economy in 2017, 60 bps higher than the previous year.

Outlook

The outlook for advanced economies improved, notably for the eurozone, but in many countries inflation remained weak, indicating that prospects of GDP growth were being held back by weak productivity levels and rising dependency ratios. Prospects of emerging market and developing economies in sub-Saharan Africa, the Middle East, and Latin America remained lacklustre with several countries experiencing stagnant per capita incomes. Fuel exporters were particularly affected by protracted adjustments to lower commodity revenues. Global growth forecasts for 2018 and 2019 were revised upward by 20 bps to 3.9%, reflecting an improved momentum and the impact of tax policy changes in the US. (Source: WEO, IMF)

Global economic growth for six years



[Source: World Economic Outlook, January 2018] f: forecasted

Indian economic overview

After registering a GDP growth of over 7% for the third year in succession in 2016-17, the Indian economy headed for somewhat slower growth, estimated to be 6.7% in 2017-18. Even with this lower growth for 2017-18, GDP growth averaged 7.3% for the period from 2014-15 to 2017-18, the highest among the major economies. This was achieved on the back of lower inflation, an improved current account balance and a reduction in fiscal deficit-to-GDP ratio.

After remaining in the negative territory for a couple of years, export growth rebounded during 2016-17 and strengthened in 2017-18. Foreign exchange reserves rose to US$ 414 billion as on January 2018. (Source: CSO, Economic Survey 2017-18)

Outlook

The World Bank projected India's economic growth to accelerate to 7.3% in 2018-19 and 7.5% in 2019-20. Strong private consumption and a growth in the services sector are expected to continue supporting economic activity. Private investments are expected to revive as the corporate sector adjusts to the GST. Over the medium-term, the introduction of the GST is expected to catalyse economic activity and fiscal sustainability by reducing the cost of tax compliance drawing informal activity into the formal sector and expanding the tax base. The recapitalisation package for public sector banks announced by the Government of India is expected to resolve banking sector balance sheets, enhance credit to the private sector and spur investment inflows. (Source: IMF, World Bank)

Estimation for FY2017-18 versus FY 2016-17

	2017-18	2016-17
GDP growth	6.7%	7.1%
GVA growth	6.4%	9.0%
Per capita income growth	8.3%	9.7%

(Source: Press Information Bureau)

Global health club industry overview and outlook

The global health club industry earned revenues worth US$87.2 billion in 2017 via >201,000 clubs serving 174 million members across the world. The top-10 markets across the globe accounted for a >66% share of the overall fitness club member base and 71% of the overall sectoral revenues. The US led the market with 60.9 million members in 2017 compared to 45.6 million in 2008, growing at a CAGR of ~3%. Germany came second in terms of number of members (10.6 million). The US was also the market leader in terms of number of clubs (38,477), followed by Brazil (34,509). The US led in terms of revenues as well (US$30 billion), followed by Germany (US$5.6 billion) and the United Kingdom (US$5.5 billion). 22 million members working out at >25,000 fitness clubs across the Asia Pacific generated US$16.8 billion in revenues in 2017. Australia and New Zealand accounted for the highest penetration rates with 15.3% and 13.6%, respectively. Looking ahead, the fitness market shows signs of rapid growth and professionalisation in Hong Kong, Singapore and Japan with penetration levels of 5.85%, 5.8% and 3.3%, respectively. Prospects of growth remain bright in the Philippines, Thailand, Indonesia, and India with penetration levels of 0.53%, 0.5%, 0.18% and 0.15%, respectively.

(Source: IHRSA)

Indian health club industry overview

Compared to 38,477 in the US, the club count in India was pegged at 3,800 in 2017. Owing to this huge under-penetration in the country, pegged at 0.15%, the industry is expected to grow briskly. The fitness industry of the country was pegged at ₹95,000 crore, growing at ~18% whereas the value of the Indian fitness retail market stood at ~₹7,000 crore in 2017. The health and fitness industry in India has come a long way with several global players entering the fray and numerous homegrown fitness start-ups and online apps becoming a part of the everyday lives of the average Indian. At the end of FY2018, revenues earned by the Indian fitness market were pegged at US$ 908 million. The segment is estimated to grow at CAGR of 9.3% between 2018 and 2022, totaling a market value of US$ 1,296 million. The wellness industry in India has evolved from its nascent unstructured beginnings in the early 90s to occupy a comprehensive ecosystem today. The Central Government set up the Department of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy to showcase the efficacy of these early healthcare systems in the modern world. It's on the back of developments like these that the Indian wellness industry is estimated to earn a whopping ₹1.4 trillion by 2020 and generate >3 million jobs. Furthermore, with 100%-FDI being allowed in the sector and a growing awareness regarding health and wellness among Indians, the health club industry is looking towards the future with optimism. The Indian Government is also launching a number of other programmes like the Make in India initiative to promote the wellness industry by bringing in more investments. Last but not the least; the yoga segment has grown by leaps and bounds during the past few years. ~35% of the fitness enthusiasts part of India Inc. prefer to take part in yoga classes rather than going to gym or embrace other fitness trends like body weight training, aquatic therapy, kick-boxing, pilates, zumba and other dance workouts, indicating its mass appeal.

Emerging yoga trends

Mobile apps
Mobile apps are enabling users to seek guidance and posture details to perform yoga as per their convenience.

Floatation Yoga
This is a form of yoga that involves balancing oneself atop a floating surfboard and warrants body balance and physical awareness.

Musical Yoga
This is a form of yoga that involves music in the background so as to allow the practitioners to focus better on their postures by using the inherent rhythm.

Beer Yoga
This is a form of yoga that involves doing yoga while sipping beer so as to use the calming effect of the beer to make yoga more relaxing.

Yoga vacation
This is a form of yoga that involves going to exotic locations to practice the postures for a few days.

Acrobatic Yoga
This is a form of yoga that involves fusing with a partner to practice specific yoga postures.

(Source: Times of India, Economic Times, Franchise India, ASSOCHAM, Indian Retailer)

Awareness about alternative fitness techniques (%)

TRX suspension	7
Pilates	29
Rope workouts	31
Aqua fitness	19
Cross functional training	37
Crawling workout	11
Body combat	18
Martial arts	56
Zumba	63
Aerobics	74
Bodyweight training	51
High-intensity interval training	31
Kick-boxing	51

(Source: Economic Times)

Demand drivers

Demographic dividend: 1.34 billion people make India is home to the second-largest consumer base in the world. With the expectation of India becoming the youngest country in the world by 2020 (average age of 29), the country is likely to become one of the biggest prospective markets for health clubs.

Rising incomes: The GDP of the country was pegged at 6.7% in 2017-18. Correspondingly, India's per capita GDP increased from ₹1,03,219 in 2016-17 to ₹1,11,782 in 2017-18, growing at 8.3%. The growth in GDP in turn has increased disposable incomes, driving consumption levels. *(Source: Economic Times)*

Obese population: By 2025, India is expected to have >17 million obese children compared to 14.4 million in 2017, taking it to the second spot among 184 countries in terms of childhood obesity. 21% of the total population of the country is overweight, amounting to 155 million people. Furthermore, 16% of adult men and 22% of adult women in the country are overweight.

Gross under-penetration: Compared to ~38,477 fitness clubs in the US (the world's largest market), India has a paltry ~3,800 fitness clubs. This is despite the fact that India's population is >3x that of the US. Even when compared with China, the most populous nation, India's penetration is only 0.15% with ~2 million members, while China with fewer clubs (~2,700 fitness clubs) has a penetration of 2.98% with ~4.52 million members. *(Source: IHRSA Asia Pacific Health Club Report 2018)*

Increasing awareness: Increasing awareness among the masses about the need to stay fit has led community centres in residential societies and apartment complexes across Tier-II and III cities being equipped with gymming amenities. Furthermore, few multinational fitness chains and gyms have also started taking the franchisee route to enter India.

Peer influence: Fitness, as a social trend, has been gaining momentum over the years. It is more than likely that members of a group will be influenced by the lifestyles of others. The peer influence of the people leading a healthy lifestyle has been driving the demand for the industry since quite some time now.

Growing urbanisation: Urbanisation is one of the major factors behind the growth of the health and wellness sector. Migration from rural areas to cities during the year continued to gain steam (33.2% in 2018) due to a variety of reasons such as better job opportunities and educational facilities and is expected to reach 36.2% by 2025. *(Source: Worldometers)*

Health issues: 70 million people in India are diabetic while 50 million are heart patients. 100 million Indians suffer from high blood pressure because of stress, obesity, genetic factors and unhealthy eating habits. 89% of the population suffers from stress compared to a global average of 86%, increasing the demand for gymming services. *(Source: Hindustan Times)*

Risk management

Economic risk: A slowdown in the economy could impact the Company's growth.	**Mitigation:** Talwalkars Better Value Fitness Limited offers the full range of fitness services with value-added offerings to its customers, enabling people from different economic background to buy into the services offered by the Company. This diversified portfolio enables it to cushion itself from an economic slowdown, making it possible to report reasonable earnings from each offering. The Company has a multi-brand strategy which targets both the classes and the masses. The various value-added services it offers fall under different time-based packages, enhancing affordability.
Competition risk: An intensely competitive marketplace can be detrimental for the Company.	**Mitigation:** The Indian fitness industry is largely underpenetrated (0.15% in 2017), indicating that the scope for growth is immense. Talwalkars Better Value Fitness Limited aims to capitalise on these incipient opportunities by prudently expanding its presence across the value chain. The Company aims to target both the affordable fitness segment and the premium fitness segment.
Personnel risk: The lack of skilled instructors could affect the quality of services offered by the Company.	**Mitigation:** The Company provides periodic training (online and on-site) across each of its centres. This has enabled the Company's personnel to hone their skills on a regular basis and stay abreast of emerging sectoral trends.
Accessibility risk: Clients prefer a centralised and accessible location and an inability to ensure that can be detrimental to the Company's prospects.	**Mitigation:** Talwalkars Better Value Fitness Limited believes in locating its health clubs at centralised locations, making them accessible for both the masses and the classes. As a means to this end, the Company conducts studies with respect to location-specific demographic profiles before setting centres up.
Financial risk: Unavailability of funds at competitive rates could affect organisational viability.	**Mitigation:** The Company closely tracks its funding requirements and ensures the availability of sufficient funds at competitive rates, indicating the Company's financial robustness.

Financial review

The highlights of the Company's financial performance for the year ended March 31, 2018 are mentioned hereunder:

(₹ million)

Particulars	2017-18	2016-17
Total Revenues	580.84	496.83
EBITDA	391.07	311.17
Depreciation and amortisation	178.72	126.17
Profit before tax	109.14	106.52
Profit after tax	87.75	61.28

Revenues: Total Revenues during FY2017-18 increased by 16.91% to reach ₹580.84 million.

EBITDA: EBITDA during FY2017-18 increased by 25.68% to reach ₹391.07 million, largely because of improved operational efficiencies.

Depreciation: Depreciation during FY2017-18 stood at ₹178.72 million, compared to ₹126.17 million during FY2016-17.

Finance costs: Finance costs during FY2017-18 stood at ₹103.22 million, compared to ₹78.49 million during FY2016-17.

Tax expenses: Tax expenses during FY2017-18 stood at ₹21.39 million, compared to ₹45.24 million during FY2016-17.

Net profit: Consolidated net profit during FY2017-18 stood at ₹87.75 million, compared to ₹61.28 million in 2016-17, registering a y-o-y growth of 43.20%.

Human resources

While fitness may be a lifestyle choice for many, it unfortunately is not the foremost career choice. Talwalkars Better Value Fitness Limited believes that its competitive advantage lies within its people. The Company's people bring to the stage a multi-sectoral experience, technological experience and domain knowledge. The Company's HR culture is rooted in its ability to subvert age-old norms in a bid to enhance competitiveness. The Company always takes decisions which are in alignment with the professional and personal goals of employees. The employee count stood at ~200 as on March 31, 2018.

Outlook

The Company enjoys a unique positioning in India and plans to grow by leveraging its string-of-pearls strategy. The Company's multiple brands and diversified portfolio across the wellness segment allows it to shore up its profitability with relative ease. The Company intends to monetise eight of its properties and to pay back debts. The Company also plans to deepen its pan-India footprint and venture into countries with similar demographics. On the financial front, the Company hopes that the demerger will mean that it no longer needs to stay shackled to the existing infrastructure and grow revenues and improve margins independently.

Internal control systems and their adequacy

The internal control and risk management system is structured and applied in accordance with the principles and criteria established in the corporate governance code of the organisation. It is an integral part of the general organisational structure of the Company and involves a range of personnel who act in a coordinated manner while executing their respective responsibilities. The Board of Directors offers its guidance and strategic supervision to the Executive Directors and management, monitoring and support committees. The control and risk committee and the head of the audit department work under the supervision of the Board-appointed Statutory Auditors. The system is under constant review by the Chairman, Managing Director, COO, CFO and a few others, which ensures any discrepancies are immediately noted and suitable action can be taken in case of any lapses.

Directors' Report

Dear Shareholders,

Your Directors are pleased to present 15th Annual Report on business and operations with the audited financial statement for the year ended 31st March, 2018:

Demerger

The National Company Law Tribunal (NCLT), Mumbai Bench by its order dated 9th March, 2017 directed the Company to convene a meeting of Shareholders. Accordingly a Court Convened Meeting of Shareholders 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 approved the said Scheme of Arrangement. The Scheme of Arrangement was sanctioned by the Hon'ble National Company Law Tribunal, Mumbai Bench on 21st December, 2017. The certified true copy of order of Hon'ble National Company Law Tribunal was filed with the Registrar of Companies on 20th February, 2018 and accordingly, the scheme has become effective from 20th February, 2018.

Accordingly, the Resulting Company named as on the date of this report as Talwalkars Lifestyles Limited (TLL), is the Company to which the entire Gym business is transferred and the cost of acquisition of its share is 71.04%. The existing Company i.e. Talwalkars Better Value Fitness Limited (TBVFL) has retained all other business other than the Gym business and its cost is 28.96%.

In consideration of the demerger scheme, Talwalkars Lifestyles Limited has issued and allotted equity shares to the shareholders of Talwalkars Better Value Fitness Limited in the share entitlement ratio of 1:1 i.e. one (1) equity share of ₹ 10/- (Rupees Ten only) each in TLL for every one (1) equity share of ₹10/- (Rupees Ten only) each in TBVFL, held by each shareholder as on record date of 28th March, 2018.

Financial Highlights

The Company has adopted Indian Accounting Standards ('IndAS') pursuant to notification issued by the Ministry of Corporate Affairs dated 16th February, 2015 and as prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules made thereunder from 1st April, 2016 being the date of transition as per IndAS.

Financial statement for the year ended and as at 31st March, 2017 has been restated to confirm to IndAS. The highlights of your Company's standalone financial performance for the year ended 31st March, 2018 are summarised below:

₹in millions

Summarized Financial Results	March 31, 2018	March 31, 2017
Revenue from operations	572.83	493.49
Other Income	31.98	30.53
Total Income	**604.81**	**524.02**
Profit before interest, depreciation and taxation	421.45	343.46
Financial Expenses	103.22	78.49
Depreciation	178.72	126.17
Exceptional Items	-	-
Profit before tax	**139.51**	**138.80**
Provision for taxation	26.17	21.50
Deferred Tax	11.13	26.18
Profit after tax but before minority interest	102.21	91.12
Share of minority interest	-	-
Profit after tax	**102.21**	**91.12**
Excess provision of Income Tax written back	-	-
Balance brought forward	617.34	526.22
Total available for appropriation	**719.55**	**617.34**
Proposed Dividend	-	-
Corporate Dividend Tax	-	-
Debenture Redemption Reserve	-	-
General Reserve	-	-
Balance carried forward	**719.55**	**617.34**

Our Business

Vide the Scheme of Arrangement between Talwalkars Better Value Fitness Limited ("Demerged Company") and Talwalkars Lifestyles Limited ("Resulting Company") and their respective shareholders, the management of Demerged Company has demerged the Gym Business by transferring the same to Talwalkars Lifestyles Limited. Post sanction of the Scheme of Arrangement by NCLT, the business of your Company is to render different types of healthcare and beauty services including diet, nutrition-based weight-loss programs like Reduce, Nuform, yoga, physiotherapy, Zumba, Zorba, and other allied lifestyle and wellness activities etc.

Review of Operations

Riding the brand goodwill and management competence, our Income from Operations (Net) on a standalone basis grew at a 2 year CAGR (Financial Years 2016-17 and 2017-18) of 16.08% achieving ₹572.83 millions during financial year. Similarly, our EBITDA and Profits after Tax on a standalone basis for the year ended 31st March, 2018, were ₹ 389.47 millions and ₹ 102.20 millions respectively, growing at a 2 year CAGR (Financial Years 2016-17 and 2017-18) of 24.47% and 12.18% 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 0.53% and 12.18% respectively. The volume of the business also displayed an increase of 16.08% over last year.

No material changes affecting the financial position of the Company have occurred between the end of the financial year 2017-18 and the date of this Report, 7th May, 2018.

Share capital

During the year, the Company issued 13,00,000 Equity shares of ₹ 10/- each at a premium of ₹ 308.33/- on a preferential basis in terms of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. The funds have been used 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.

Dividend

Your Directors are pleased to recommend for the consideration of shareholders, a dividend @5% (Re.0.50/- per equity share of ₹10/-) for the year ended on 31st March, 2018. 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 have decided to retain the entire amount of ₹ 719.55 millions 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

The Company has two subsidiaries as on 31st March, 2018. There has been no material change in the nature of the business of the subsidiaries. There are no Associate Companies or Joint Venture Companies within the meaning of Section 2(6) of the Act.

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 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/PolicyforMaterialSubsidiary12716164544408-7249c.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. CSR Policy may be accessed at http://www.talwalkars.net/admin/investor/CSRPolicy12716164414123-0a542.pdf

Secretarial Standards

The Company complies with all the applicable Secretarial Standards.

Directors and Key Managerial Personnel

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Vinayak Gawande (DIN: 00324591) and Mr. Girish Talwalkar (DIN: 00341675), Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Resolutions for their re-appointment will be placed for your approval at the ensuing Annual General Meeting.

During the year Mr. Girish Talwalkar (DIN: 00341675), Executive Chairman of the Company was re-designated as Non-Executive Chairman with effect from 29th March, 2018.

Mr. Dinesh Afzulpurkar (DIN:05313394), Independent Director of the Company of the Company resigned from the Board with effect from 29th March, 2018 due to preoccupation. Your Directors placed on record its heartfelt gratitude for his valuable contribution towards the success of the Company.

Mr. Prashant Talwalkar, Managing Director and Chief Executive Officer, Mr. Madhukar Talwalkar, Mr. Girish Talwalkar, Mr. Anant Gawande, Mr. Vinayak Gawande, Mr. Harsha Bhatkal, Whole-time Directors, Mr. Girish Nayak, Chief Financial Officer and Ms. Avanti Sankav, Company Secretary and Compliance Officer of the Company are the Key Managerial Personnel of the Company in terms of Section 2 (51) read with Section 203 (1) of the Companies Act, 2013.

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

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 SEBI Listing Regulations Requirements of the Stock Exchanges.

Ten Board meetings were held during the Financial Year 2017-18 with requisite quorum present for each of them, the details of which are given in the Corporate Governance Report.

Board Evaluation

The Board of Directors has carried out an annual evaluation of its own performance as well as that of its 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. The Guidance Note issued by the Securities and Exchange Board of India on Board Evaluation was duly considered while conducting the evaluation.

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

In line with the requirements of the Companies Act, 2013 and SEBI Listing Regulations, your Company has formulated a Policy on Related Party Transactions which is also available on the Company's website at http://www.talwalkars.net/admin/investor/PolicyonRelatedPartyTransactions12716165958474-995fe.pdf

The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions on a quarterly basis for transactions which are of repetitive nature and / or entered in the ordinary course of Business and are at Arm's Length basis. These transactions were entered as per the Company's Policy on Related Party transactions. No related party transaction was in conflict with the interests of the Company.

No Significant Material Related Party Transactions were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013, in Form AOC-2 is not applicable.

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 2017-18, 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 2017-18 and the percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary during the financial year 2017-18:

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	Non-Executive Chairman	--	--
2	Madhukar Talwalkar	Whole-time Director	6.07	--
3	Prashant Talwalkar	Managing Director & CEO	--	--
4	Vinayak Gawande	Whole-time Director	--	--
5	Anant Gawande	Whole-time Director	--	--
6	Harsha Bhatkal	Whole-time Director	--	--
7	Manohar Bhide	Independent Director	0.13	--
8	Raman Maroo	Independent Director	0.09	--
9	Mohan Jayakar	Independent Director	0.03	--
10	Avinash Phadke	Independent Director	0.07	--
11	Abhijeet Patil	Independent Director	0.28	--
12	Dinesh Afzulpurkar#	Independent Director	--	--
13	Mrunalini Deshmukh	Independent Director	0.06	--
14	Avanti Sankav	Company Secretary	Not Applicable	15.32
15	Girish Nayak	Chief Financial Officer	Not Applicable	32.41

Mr. Dinesh Afzulpurkar has resigned as Independent Director w.e.f. 29th March, 2018

(ii) The percentage increase in the median remuneration of employees in the financial year: 15.08%.

(iii) Permanent employees on the roll as on 31st March, 2018: 9

(iv) During the Financial year 2017-18, there was an average 19.05 % increasein the salaries of employees other than the managerial personnel in the last financial year. Managerial Remuneration rose by 23.86 % 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 2017-18.

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	2017-18	2016-17
Total foreign exchange earnings	-	-
Total foreign exchange outgo	1.27	1.05

Auditors

Statutory Auditor

M. K. Dandeker & Co., Chartered Accountants (Firm Registration Number: 000679S) were appointed as Statutory Auditors of your Company at the Annual General Meeting held on 8th September, 2016, for a term of five consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by Members at every Annual General Meeting.

Auditors report and Secretarial Audit Report

The Auditors Report and Secretarial Audit Report do not contain any qualification, reservation or adverse remarks. Secretarial Audit Report is attached to this report.

Details of the statutory orders impacting the Company

Hon'ble National Company Law Tribunal, Mumbai Bench passed an order on 21st December, 2017 approving the Scheme of Arrangement between Talwalkars Better Value Fitness Limited ("Demerged Company") and Talwalkars Lifestyles Limited ("Resulting Company") and their respective shareholders.

Other than the one mentioned above, 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 annual return in Form MGT-9 as required under Section 92(3) of the Act and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as an Annexure -IV to this Annual Report.

Corporate Governance

As per SEBI Listing Regulations, Corporate Governance Report with a certificate of Practicing Company Secretary is attached, which forms 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 its services.

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 in the growth of company.

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

Prashant Talwalkar	**Anant Gawande**
Managing Director & CEO	Whole-time Director
DIN: 00341715	DIN: 00324734

Date:7th May, 2018
Place: Mumbai

ANNEXURE-I TO THE DIRECTORS' REPORT

(FORM AOC – 1)

Statement containing salient features of the financial statement 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	Talwalkars Club Pvt. Ltd.	Talwalkars Club Systems Pvt. Ltd.
Sr. No.	1	2
The date since when subsidiary was acquired	8th May, 2014	17th March, 2016
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	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
Share capital	0.10	0.10
Reserves & surplus	346.28	165.54
Total assets	822.86	168.08
Total Liabilities	476.48	2.43
Investments	-	165.00
Turnover	0.22	2.50
Profit before taxation	0.22	0.78
Provision for taxation	-	0.24
Profit after taxation	0.22	0.54
Proposed Dividend	-	-
% of shareholding	100%	100%

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:7th May, 2018
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: ₹ 96.66 millions
2. Prescribed CSR Expenditure (two per cent of the amount as in item 1 above): ₹1.93 millions
3. Details of CSR spent during the financial year:
   a. Total amount to be spent for the financial year: ₹ 1.93 millions
   b. Amount unspent: ₹0.28 millions
   c. Manner in which the amount spent during the financial year is detailed below:

(In ₹)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	**CSR project or activity identified.**	**Sector in which the project is covered**	**Projects or programs: (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects or programs subheads (1) Direct expenditure on projects or programs. (2) Overheads**	**Cumulative expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency**
1	Cultural activity	Protection of national heritage, art, promotion and development of traditional arts	Pan India	6,18,070	5,30,000	5,30,000	Direct
2	Promotion of education/ awareness	Promoting education including special education and employment enhancing vocation skills especially among children, women, elderly and differently abled	Pan India	6,68,722	5,73,472	5,73,472	Direct
3	Healthcare	Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation	Pan India	1,95,068	1,67,260	1,67,260	Direct
4	Promotion of Sports	Promotion of Nationally recognized sports	Pan India	81,585	69,990	69,990	Direct
5	Environment care and ecological balance	Protection of environment and maintenance of ecological balance	Pan India	3,69,837	3,17,065	3,17,065	Direct
	Total			**19,33,282**	**16,57,787**	**16,57,787**	

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 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:7th May, 2018
Place: Mumbai

ANNEXURE - III TO THE DIRECTORS' REPORT

Secretarial Audit Report for the financial year ended 31st March, 2018

[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- 400026

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, 2018 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, 2018 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules madethereunder;

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. Mr. Dinesh Afzulpurkar resigned from the Board with effect from 29th March, 2018.
- Adequate notice is given to all directors to schedule the Board Meetings. Except where consent of the directors was received for scheduling meeting at a shorter notice, agenda and detailed notes on agenda were sent at least seven days in advance. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- 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;

- 13,00,000 equity shares at a price of ₹ 318.33/- each fully paid up for cash aggregating to ₹ 41,38,29,000/- (Rupees Forty-One Crores Thirty-Eight Lakhs and Twenty-Nine Thousand Only) were issued on Preferential basis to persons belonging to Promoter Group.
- The Scheme of Arrangement (the Scheme) between Talwalkars Better Value Fitness Limited (Demerged Company) and Talwalkars Lifestyles Limited (Resulting Company) for transferring gym business of Talwalkars Better Value Fitness Limited to Talwalkars Lifestyles Limited was sanctioned by National Company Law Tribunal (NCLT) Mumbai vide Order dated 21st December 2017.
- The Company has twice issued secured, taxable, redeemable, non-convertible debentures (NCDs) of ₹ 30 crores and ₹ 50 crores each, aggregating to ₹ 80 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: 7th May, 2018

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- 400026

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: 7th May, 2018

ANNEXURE - IV TO THE DIRECTORS' REPORT

Extract of Annual Return as on the year ended 31st March, 2018

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	24th 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	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 Sharesheld	Applicable Section
1	Talwalkars Club Private Limited 801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026	U93000MH2014PTC254851	Subsidiary	100%	2(87)
2	Talwalkars Club Systems Private Limited 801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026	U93000MH2016PTC274581	Subsidiary	100%	2(87)

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 01.04.2017				No. of Shares held at the end of the year 31.03.2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	11,276,060	-	11,276,060	37.96	11,576,060	-	11,576,060	37.34	(0.62)
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	7,683	-	7,683	0.03	7,683	-	7,683	0.02	(0.01)
e) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
f) Any Others	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	**11,283,743**	**-**	**11,283,743**	**37.99**	**11,583,743**	**-**	**11,583,743**	**37.36**	**(0.63)**
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)	**11,283,743**	**-**	**11,283,743**	**37.99**	**11,583,743**	**-**	**11,583,743**	**37.36**	**(0.63)**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	1,440,657	0	1,440,657	4.85	1,421,185	0	1,421,185	4.58	(0.27)
b) Banks/Financial Institutions	654,750	0	654,750	2.20	32,649	0	32,649	0.11	(2.10)
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
h) Foreign Portfolio Investor (Corporate)	3,957,583	0	3,957,583	13.32	4,042,696	0	4,042,696	13.04	(0.28)
Sub-Total (B)(1)	**6,052,990**	**0**	**6,052,990**	**20.38**	**5,496,530**	**0**	**5,496,530**	**17.73**	**(2.65)**
2. Non-Institutions									
a) Individuals i) Individual Shareholders holding nominal share capital upto ₹1 Lakh	4,048,537	10,236	4,058,773	13.66	4,049,672	10,236	4,859,908	15.67	2.01

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2017				No. of Shares held at the end of the year 31.03.2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual Shareholders holding nominal share capital in excess of ₹1 Lakh	3,090,703	0	3,090,703	10.40	4,220,106	0	4,220,106	13.61	3.21
b) Any Others i) Clearing Member	312,424	0	312,424	1.05	343,699	0	343,699	1.11	0.06
ii) Non-Resident Indians (Repat)	375,562	0	375,562	1.26	304,009	0	304,009	0.98	(0.28)
iii) Non-Resident Indians (Non-Repat)	166,049	0	166,049	0.56	127,316	0	127,316	0.41	(0.15)
iv) Trusts	131,700	0	131,700	0.44	4,000	0	4,000	0.01	(0.43)
v) HUF	261,736	0	261,736	0.88	293,239	0	293,239	0.95	0.06
vi) Bodies Corporate	3,971,176	0	39,71,176	13.37	3,772,306	0	3,772,306	12.17	(1.20)
Sub-Total (B)(2)	**12,357,887**	**10,236**	**12,368,123**	**41.64**	**13,914,347**	**10,236**	**13,924,583**	**44.91**	**3.27**
Total Public Shareholding (B) =(B)(1) +(B)(2)	**18,410,877**	**10,236**	**18,421,113**	**62.01**	**19,410,877**	**10,236**	**19,421,113**	**62.64**	**0.63**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**29,694,620**	**10,236**	**29,704,856**	**100.00**	**30,994,620**	**10,236**	**31,004,856**	**100.00**	**0.00**

ii) Shareholding of Promoters:

Sr No	Shareholders Name	Shareholding at the beginning of the year 01.04.2017			Shareholding at the end of the year 31.03.2018			% change in share holding 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	2,875,980	9.68	--	2,275,980	7.34	6.67	(2.34)
2	Madhukar Talwalkar	100,000	0.34	--	520,000	1.68	--	1.34
3	Vinayak Gawande	1,931,900	6.50	1.43	1,531,900	4.94	4.29	(1.56)
4	Prashant Talwalkar	2,887,780	9.72	--	2,887,780	9.31	2.90	(0.41)
5	Harsha Bhatkal	1,560,200	5.25	3.03	1,860,200	6.00	3.03	0.75
6	Anant Gawande	1,920,200	6.46	--	2,500,200	8.06	--	1.60
7	Better Value Leasing and Finance Ltd.	7,683	0.03	--	7,683	0.02	--	(0.01)
	Total	**11,283,743**	**37.99**	**4.46**	**11,583,743**	**37.36**	**16.89**	**(0.63)**

Note: Shareholding Percentage is calculated considering the increased paid up share capital of the Company except for percentage 'At the beginning of the year'.

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	11,283,743	37.99	11,283,743	37.99
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (Eg. Allotment/ transfer/bonus/sweat equity etc.)				
1.	Madhukar Talwalkar	100,000	0.34		
	08.09.2017 (Preferential Allotment) –Increase in Shareholding	420,000	1.34	520,000	1.68
2.	Harsha Bhatkal	1,560,200	5.03		
	08.09.2017 (Preferential Allotment) - Increase in Shareholding	300,000	0.97	1,860,200	6.00
3.	Anant Gawande	1,920,200	6.19		
	08.09.2017 (Preferential Allotment)- Increase in Shareholding	580,000	1.87	2,500,200	8.06
4.	Girish Talwalkar	2,875,980	9.28		
	30.08.2017 (Purchase from open market) - Increase in Shareholding	24,230	0.08	29,002,100	9.35
	30.08.2017 (Sale at open market) – Decrease in Shareholding	624,230	2.01	2,275,980	7.34
5.	Vinayak Gawande	1,931,900	6.23		
	31.08.2017 (Sale at open market) – Decrease in Shareholding	200,000	0.65	1,731,900	5.59
	06.09.2017 (Sale at open market) – Decrease in Shareholding	100,000	0.32	1,631,900	5.26
	06.09.2017 (Sale at open market) – Decrease in Shareholding	100,000	0.32	1,531,900	4.94
	At the end of the year	**11,583,743**	**37.36**	**11,583,743**	**37.36**

Note: Shareholding Percentage is calculated considering the increased paid up share capital of the Company except for percentage 'At the beginning of the year'.

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 01.04.2017		Cumulative Shareholding at the end of the year 31.03.2018	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Small Cap World Fund, Inc.	2,389,000	8.04	2,389,000	7.71
2	Laxmi Shivanand Mankekar and Kedar Shivanand Mankekar	1,573,520	5.30	1,953,520	6.30
3	Unit Trust of India Investment Advisory Services Limited A/C Ascent India Fund III	1,475,400	4.97	1,475,400	4.76
4	American Funds Insurance Series Global Small Capitalisation Fund	1,020,000	3.43	1,020,000	3.29
5	Bajaj Allianz Life Insurance Company Limited	913,801	3.08	998,801	3.22
6	Tata Mutual Fund- Tata Equity P/E Fund	480,000	1.62	757,185	2.44
7	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life India Gennext Fund	910,457	3.07	557,000	1.80
8	Morgan Stanley (France) S.A.	--	--	316,779	1.02
9	Wallfort Financial Services Ltd	200,000	0.67	300,000	0.97
10	The Master Trust Bank Of Japan, Ltd. As Trustee For Nissay World Sports Mother Fund	210,338	0.71	206,653	0.67

Note:

- The shares of the Company are traded on a daily basis and hence the date wise increase/decrease in shareholding is not indicated.
- Shareholding Percentage is calculated considering the increased paid up share capital of the Company except for percentage 'At the beginning of the year'.

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	Girish Talwalkar (Non-Executive Chairman) At the beginning of the year	2,875,980	9.28	2,875,980	9.28
	30.08.2017 (Purchase from open market) - Increase in Shareholding	24,230	0.08	29,002,100	9.35
	30.08.2017 (Sale at open market) – Decrease in Shareholding	624,230	2.01	2,275,980	7.34
	At the end of the year	--	--	2,275,980	7.34
2.	Madhukar Talwalkar (Whole Time Director) At the beginning of the year	1,00,000	0.34	1,00,000	0.34
	08.09.2017 (Preferential Allotment) –Increase in Shareholding	420,000	1.34	520,000	1.68
	At the end of the year	--	--	520,000	1.68
3	Vinayak Gawande (Whole Time Director) At the beginning of the year	1,931,900	6.23	1,931,900	6.23
	31.08.2017 (Sale at open market) – Decrease in Shareholding	200,000	0.65	1,731,900	5.59
	06.09.2017 (Sale at open market) – Decrease in Shareholding	100,000	0.32	1,631,900	5.26
	06.09.2017 (Sale at open market) – Decrease in Shareholding	100,000	0.32	1,531,900	4.94
	At the end of the year	--	--	1,531,900	4.94
4	Prashant Talwalkar (Managing Director & CEO) At the beginning of the year	2,887,780	9.31	2,887,780	9.31
	At the end of the year	--	--	2,887,780	9.31
5	Harsha Bhatkal (Whole Time Director) At the beginning of the year	1,560,200	5.03	1,560,200	5.03
	08.09.2017 (Preferential Allotment) - Increase in Shareholding	300,000	0.97	1,860,200	6.00
	At the end of the year	--	--	1,860,200	6.00
6	Anant Gawande (Whole Time Director) At the beginning of the year	1,920,200	6.19	1,920,200	6.19
	08.09.2017 (Preferential Allotment)- Increase in Shareholding	580,000	1.87	2,500,200	8.06
	At the end of the year	--	--	2,500,200	8.06

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
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	1400.90	--	--	1400.90
ii) Interest due but not paid	-	--	--	-
iii) Interest accrued but not due	23.50	--	--	23.50
Total (i+ii+iii)	**1424.40**	**--**	**--**	**1424.40**
Change in during the financial year				
Addition	250.00	--	--	250.00
Reduction	--	--	--	--
Net Change	250.00	--	--	250.00
Indebtedness at the end of the financial year				
i) Principal Amount	1650.90	--	--	1650.90
ii) Interest due but not paid	-	--	--	-
iii) Interest accrued but not due	46.86	--	--	46.86
Total (i+ii+iii)	**1697.76**	**--**	**--**	**1697.76**

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	--	2.90	--	-	--	--	2.90
	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 (A)	**--**	**2.90**	**--**	**--**	**--**	**--**	**2.90**
	Ceiling as per the Act	₹10.51millions (being 10% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013).						

Mr. Girish Talwalkar, Executive Chairman was re-designated as Non-Executive Chairman with effect from 29th March, 2018

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	0.09	0.05	0.02	0.14	--	0.03	0.39
	Commission	--	--	--	--	--	--	--	--
	Others, Please Specify	--	--	--	--	--	--	--	--
	Total (1)	**0.06**	**0.09**	**0.05**	**0.02**	**0.14**	**--**	**0.03**	**0.39**
2	Other Non-Executive Directors								
	Fee for attending Board/ Committee Meetings	--	--	--	--	--	--	--	--
	Commission	--	--	--	--	--	--	--	--
	Total (2)	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
	Total (B)= (1+2)	**0.06**	**0.09**	**0.05**	**0.02**	**0.14**	**--**	**0.03**	**0.39**
	Total Managerial Remuneration	**0.06**	**0.09**	**0.05**	**0.02**	**0.14**	**--**	**0.03**	**0.39**
	Overall Ceiling as per the Act	₹1.05 millions (being 1% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013 (197(1)(ii)) or ₹1 lakh per meeting of the Board or Committee thereof (197(5)Rule 4))							

Mr. Dinesh Afzulpurkar has resigned as Independent Director w.e.f. 29th March, 2018

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
1	Gross Salary	--	--
	a) Salary as per Provisions contained in Section 17(1) of the Income Tax Act, 1961	1.40	2.39
	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	1.40	2.39

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	None				
Punishment					
Compounding					
B. Directors					
Penalty	None				
Punishment					
Compounding					
C. Other Officers in Default					
Penalty	None				
Punishment					
Compounding					

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:7th May, 2018
Place: Mumbai

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 twelve. It comprises of one Non Executive Promoter Director, five Executive Promoter Directors including a Managing Director & Chief Executive Officer and six Non-Executive Independent Directors including a Woman Director. The composition of the Board is in confirmity 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, ten board meetings were held on 30th May, 2017, 20th July, 2017, 4th September, 2017, 8th September, 2017 (2.20 p.m.), 8th September, 2017 (7.45 p.m.), 14th September, 2017, 12th December, 2017, 8th February, 2018, 16th March, 2018 and 29th March, 2018 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 28.09.2017	No. of Directorship in all other Companies*	Committee Membership/ Chairmanship in all Companies **	
					Member	Chairman
Mr. Girish Talwalkar#	NEC	10	Yes	01	03	Nil
Mr. Madhukar Talwalkar	WTD	08	Yes	01	Nil	Nil
Mr. Vinayak Gawande	WTD	10	Yes	02	Nil	Nil
Mr. Prashant Talwalkar	MD & CEO	07	Yes	01	Nil	Nil
Mr. Harsha Bhatkal	WTD	10	Yes	02	Nil	Nil
Mr. Anant Gawande	WTD	09	Yes	02	02	Nil
Mr. Manohar Bhide	ID	06	Yes	02	02	01
Mr. Raman Maroo	ID	10	No	01	Nil	Nil
Mr. Mohan Jayakar	ID	01	No	04	01	01
Dr. Avinash Phadke	ID	08	Yes	01	01	Nil
Mr. Abhijeet Patil	ID	09	Yes	Nil	Nil	02
Mr. Dinesh Afzulpurkar##	ID	04	No	01	02	02
Mrs. Mrunalini Deshmukh	ID	07	Yes	01	Nil	Nil

NEC – Non-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.

\# Change in Designation from Executive Chairman to Non-Executive Chairman with effect from 29th March, 2018.

\## Resigned as Director with effect from 29th March, 2018

Relationship between Directors

Mr. Girish Talwalkar, Non-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, 2018

Details of remuneration paid to Directors of the Company for the year ended 31st March, 2018 is as follows:

Name of Director	Designation	Gross Salary & Perquisites (₹)	Name of Director	Designation	Gross Salary & Perquisites (₹)
Mr. Girish Talwalkar #	Non-Executive Chairman	--	Mr. Prashant Talwalkar	Managing Director & CEO	--
Mr. Madhukar Talwalkar	Whole-time Director	29,00,000	Mr. Harsha Bhatkal	Whole-time Director	--
Mr. Vinayak Gawande	Whole-time Director	--	Mr. Anant Gawande	Whole-time Director	--

Change in Designation from Executive Chairman to Non-Executive Chairman with effect from 29th March, 2018

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, 2018 are enumerated below:

Name of Director	No. of Shares held	Name of Director	No. of Shares held
Mr. Girish Talwalkar	22,75,980	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 ("SEBI Listing Regulations") and other applicable laws, rules and regulations.

During the year, four Audit Committee meetings were held on 30th May, 2017, 14th September, 2017, 12th December, 2017 and 8th February, 2018.

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	04
Dr. Avinash Phadke	Member	Independent Director	04
Mr. Anant Gawande	Member	Whole-time Director	02

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 SEBI Listing Regulations. 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 SEBI Listing Regulations.

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 SEBI Listing Regulations are the foundation for quality comparison of the performance of Independent Directors.

During the year, one Nomination and Remuneration Committee meeting was held on 30th May, 2017.

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	Attendance at Meeting
Mr. Raman Maroo	Chairman	Independent Director	No
Dr. Avinash Phadke	Member	Independent Director	Yes
Mr. Abhijeet Patil	Member	Independent Director	Yes

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 SEBI Listing Regulations. 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 SEBI Listing Regulations.

During the year, two Stakeholders' Relationship Committee Meetings were held on 14th September, 2017 and 8th February, 2018

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	Non-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, 2018, 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 four Whole-time Directors, one Non Executive Non-Independent Director and two Independent Directors as on 31st March, 2018. 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, six Management Committee Meetings were held on 11th April, 2017, 30th May, 2017, 14th September, 2017, 25th October, 2017, 12th December, 2017 and 8th February, 2018.

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	Non-Executive Chairman	06
Mr. Vinayak Gawande	Member	Whole-time Director	06
Mr. Prashant Talwalkar	Member	Managing Director & CEO	04
Mr. Harsha Bhatkal	Member	Whole-time Director	06
Mr. Anant Gawande	Member	Whole-time Director	05
Mr. Manohar Bhide	Member	Independent Director	05
Mr. Abhijeet Patil	Member	Independent Director	06

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 13th April, 2017 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	Non-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 SEBI Listing Regulations. 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 29th May, 2017 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, 2018 and all members were present at the meeting.

The composition of the Committee is given below:

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

During the Financial year 2017-18, 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, 2018.

Meeting of Independent Directors

During the year, a separate meeting of Independent Directors was held on 8th February, 2018 to review the performance of the Non-Independent Directors, the Board as a whole and the Chairman of the Company. Mr. Mohan Jayakar and Mrs. Mrunalini Deshmukh were absent at the meeting, which was Chaired by Mr. Dinesh Afzulpurkar.

Familiarisation programme for Board Members

Your Company furnished detailed information to its Independent Directors about the functioning of the Company comprising of the various financial, legal and operational matters with a view to give an insight into the working of the Company. Familiarisation Programme may be accessed at http://www.talwalkars.net/admin/investor/FamiliarisationProgramme12716164444828-46adc.pdf)

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
2014-15	10th September, 2015 at 11.30 a.m.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 4th 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	8th September, 2016 at 11.30 a.m.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 4th Floor Kala Ghoda, 18/20, K. Dubash Marg, Mumbai - 400 001.	• Approval for Private Placement of NCDs
2016-17	28th September, 2017 at 1.15 p.m.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 4th Floor Kala Ghoda, 18/20, K. Dubash Marg, Mumbai - 400 001.	• Approval for Private Placement of NCDs

• Extra-Ordinary General Meeting (EGM)

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

• Postal Ballot

Details of Postal Ballots conducted during the financial year 2017-18 are as follows:

1. One resolution was passed through Postal Ballot, details of business along with voting pattern for the said resolution is 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	%
Approval on the Scheme of Arrangement proposed between Talwalkars Better Value Fitness Limited ("Demerged Company") and Talwalkars Lifestyles Limited ("Resulting Company")	Special	18,171,520	18,171,352	99.99	168	0.01

Date of Postal Ballot Notice: 14th March, 2017	Voting Period: 28th March, 2017 to 26th April, 2017
Date of Declaration of Result: 27th April, 2017	Date of Approval: 27th April, 2017

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.

2. Four resolutions were passed through Postal Ballot, details of business along with voting pattern for the said resolutions is 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	%
Issuance of equity shares on preferential basis to persons belonging to promoter group	Special	14,222,822	14,220,476	99.98	2,346	0.02
Increase in borrowing limits of the company to ₹ 675 crores	Special	15,157,279	15,156,712	99.99	567	0.01
Creation of charges on the movable and immovable properties of the company both present and future, in respect of the borrowings	Special	15,157,279	15,156,499	99.99	780	0.01
Offer or invitation to subscribe to non-convertible debentures on private placement basis	Special	15,157,269	15,156,572	99.99	697	0.01

Date of Postal Ballot Notice: 20th July, 2017	Voting Period: 25th July, 2017 to 23rd August, 2017
Date of Declaration of Result: 23rd August, 2017	Date of Approval: 23rd August, 2017

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, 2018. The Annual Report of the Company contains a certificate by the CEO and Managing Director in terms of SEBI Listing Regulations 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 SEBI Listing Regulations 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 SEBI Listing Regulations.

Qualification in the Auditors Report

There is no qualification in the Auditors Report for the year ended 31st March, 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, 27th September, 2018 at 11.30 a.m.** M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturer's Association, Bhogilal Hargovindas Building, 4th Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai – 400 001
Financial Year	1st April to 31st March
Financial Calendar (2017-18)	
Unaudited results for the quarter ending 30th June, 2017	14th September, 2017
Unaudited results for the quarter ending 30th September, 2017	12th December, 2017
Unaudited results for the quarter ending 31st December, 2017	8th February, 2018
Audited results for the quarter and year ending 31st March, 2018	7th May, 2018
Financial Calendar (2018-19)	
Unaudited results for the quarter ending 30th June, 2018	On or before 14th August, 2018
Unaudited results for the quarter ending 30th September, 2018	On or before 14th November, 2018
Unaudited results for the quarter ending 31st December, 2018	On or before 14th February, 2019
Audited results for the quarter and year ending 31st March, 2019	On or before 29th May, 2019
Book closure dates	Saturday, 22nd September, 2018 to Thursday, 27th September, 2018 (both days inclusive)
Dividend payment date	On or after 27th September, 2018
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.	The National Stock Exchange of India Ltd.
Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001	Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051

The Company has duly paid the Listing Fees of the Stock Exchanges for the year 2017-18 within the stipulated time.

Debt Securities

1. 250 non-convertible debt securities (NCDs) of ₹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 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

3. 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

4. 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

5. 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

6. 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

7. 300 non-convertible debt securities (NCDs) of ₹1,000,000/- each aggregating to ₹300,000,000/- issued and allotted on 11th April, 2017 on private placement basis are listed with BSE Limited in the List of securities of 'F - Group - Debt Instruments' effective from 19th April, 2017

   Stock codes: Scrip code: 956175; Scrip ID: 96TBVFL23
   ISIN Number for NSDL and CDSL for dematerialised securities: INE502K07112

8. 500 non-convertible debt securities (NCDs) of ₹1,000,000/- each aggregating to ₹500,000,000/- issued and allotted on 25th October, 2017 on private placement basis are listed with BSE Limited in the List of securities of 'F - Group - Debt Instruments' effective from 6th November, 2017

   Stock codes: Scrip code: 957102; Scrip ID: 95TBVFL24
   ISIN Number for NSDL and CDSL for dematerialised securities: INE502K07120

   The Company prepaid 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 were 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: 980TBVFL21
   ISIN Number for NSDL and CDSL for dematerialised securities: INE502K07054

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

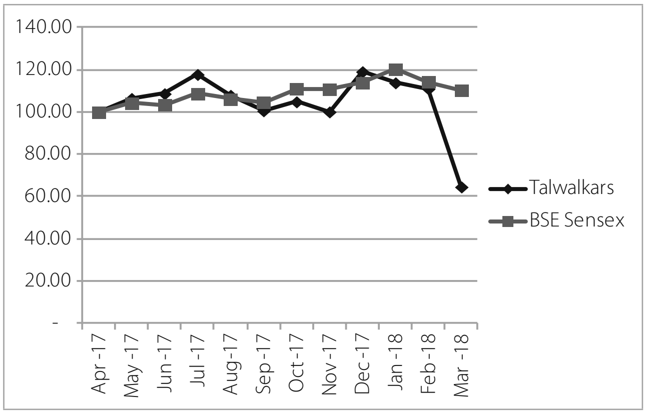
The Company has not issued any GDRs, ADRs, Warrants or any other convertible instruments.

Stock market price data for the year on NSE & BSE

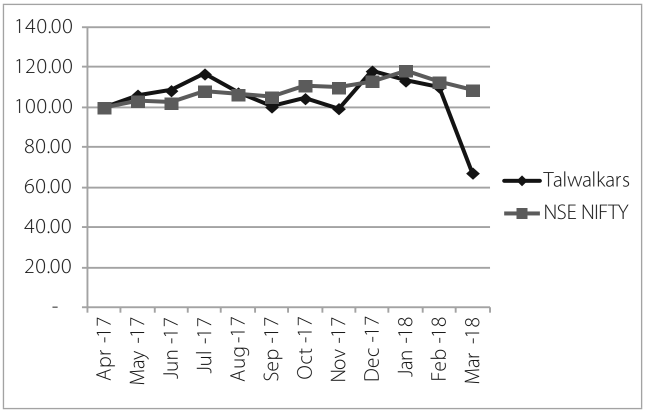
The monthly high and low prices of the Company's shares during 2017-18 on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) are as under:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2017	284.90	249.10	285.35	249.00
May, 2017	300.50	258.50	301.45	257.40
June, 2017	320.25	275.65	320.20	275.00
July, 2017	333.15	289.25	334.00	284.80
August, 2017	319.50	271.85	319.80	272.00
September, 2017	299.90	262.00	300.85	261.00
October, 2017	295.30	262.00	296.00	260.70
November, 2017	282.90	253.50	283.70	252.60
December, 2017	339.90	278.45	340.00	278.15
January, 2018	358.05	299.60	359.00	298.60
February, 2018	316.95	281.90	318.00	281.50
March, 2018	299.50	173.30	298.80	181.45

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, 2018.

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, 2018

No. of Equity Shares held	No. of Shareholders	No. of Shares held	% of Shareholding
1 to 5,000	21,966	2,251,988	7.26
5,001 to 10,000	1,089	871,572	2.81
10,001 to 20,000	552	839,532	2.70
20,001 to 30,000	172	442,960	1.43
30,001 to 40,000	84	302,890	0.98
40,001 to 50,000	65	309,158	1.00
50,001 to 100,000	133	985,248	3.18
100,001 and above	142	25,001,508	80.64
Total	**24,203**	**31,004,856**	**100**

Shareholding pattern as on 31st March, 2018

Category	No. of Shares held	% of Shareholding
Promoters & Promoters Group	11,583,743	37.36
Clearing Member	343,699	1.11
Other Bodies Corporate	3,772,306	12.17
Financial Institutions	6,187	0.02
Hindu Undivided Family	293,239	0.95
Mutual Funds	1,421,185	4.58
Non-Nationalised Banks	26,462	0.09
Non-Resident Indians (Repatriable)	304,009	0.98
Non-Resident Indians (Non-Repatriable)	127,316	0.41
Public	9,080,014	29.28
Trusts	4,000	0.01
Foreign Portfolio Investor (Corporate)	4,042,696	13.04
Total	**31,004,856**	**100**

Dematerialisation of shares

As on 31st March, 2018, 99.97% of the total paid up capital representing 30,994,620 shares, was held in dematerialised form and the balance 0.03% 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. SEBI has decided that securities of Listed Companies can be transferred only in dematerialised form which is yet to be notified. In view of the above and to avail various belefits of dematerialisalion, members are advised to dematerialise their physical shares.

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: 7th May, 2018
Place: Mumbai

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, 2018.

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

Prashant Talwalkar
Managing Director & CEO
DIN: 00341715

Date: 7th May, 2018
Place: Mumbai

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, 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46 (2) and paragraphs C and D 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 as stipulated in the said Clause. 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 in the SEBI Listing Regulations, 2015 during the year ended 31st March, 2018.

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
FCS 8702 CP 8330

Geeta Canabar
Proprietor

Date: 7th May, 2018
Place: Mumbai

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

To
The Board of Directors
Talwalkars Better Value Fitness Limited

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, 2018 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.

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

Prashant Talwalkar	Girish Nayak
Managing Director & CEO	Chief Financial Officer
DIN: 00341715	DIN: 00767287

Date: 7th May, 2018
Place: Mumbai

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TALWALKARS BETTER VALUE FITNESS LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Talwalkars Better Value Fitness Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Changes in Equity, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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 Ind AS 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 Ind AS 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the state of affairs of the Company as at March 31, 2018, its financial performance including Other Comprehensive Income, changes in equity 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 following:

i) Pursuant to the scheme of arrangement for Demerger, with effect from the Appointed Date of April 01, 2016, the Gymnasium business of the Company stands transferred to the newly formed Company namely "Talwalkars Lifestyles Limited" (Resulting Company). The scheme of arrangement has been given effect in the financial statements by transferring the carrying amount of assets and liabilities as identified by the management pertaining to the Gymnasium business with effect from the Appointed Date. Also, the Income and Expenses of the Demerged Company ("the Company") have been determined based on management evaluation of relevant business activities to be continued in the Demerged Company. Hence, we have relied on the management's evaluation for segregation of accounts.

ii) We have not received independent confirmation for certain Financial Assets and Liabilities. 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 including Other Comprehensive Income, the statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015. However, the accounting impact of Company's policy on impairment of assets needs to be reviewed at regular intervals.

(e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 does not have any pending litigations which would impact its financial position.

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.

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

S. Poosaidurai
Partner
Chartered Accountants
Membership No. 223754

Date: May 07, 2018
Place: Mumbai

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 generally regular in depositing undisputed statutory dues including income-tax, service tax, duty of customs, goods and service tax, value added tax, cess and any other statutory dues with the appropriate authorities.

   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 made preferential allotment of equity shares during the year under review and the requirement of Section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used generally for the purpose for which the funds were raised.

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. Dandeker & Co.,
(ICAI Regn. No.000679S)

S. Poosaidurai
Partner
Chartered Accountants
Membership No.223754

Date: May 07, 2018
Place: Mumbai

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, 2018 in conjunction with our audit of the standalone Ind AS 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 Ind AS 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 Ind AS 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.

Modified opinion on operating effectiveness of Internal Financial Controls over Financial Reporting and 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, 2018;

The Company's operating effectiveness and internal control system for Revenue from Operations with regard to Fees and Subscription 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, 2018, 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, 2018.

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 Ind AS financial statements of the Company, and these material weaknesses does not affect our opinion on the Ind AS financial statements of the Company.

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

S. Poosaidurai
Partner
Chartered Accountants
Membership No.223754

Date: May 07, 2018
Place: Mumbai

Standalone Balance Sheet as at March 31, 2018

(₹ in million)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
I) Non- Current Assets				
(a) Property, Plant and Equipment	3	2,785.89	2,540.75	2,594.89
(b) Capital work in progress		39.68	120.68	-
(c) Financial Assets				
(i) Investments	4	338.07	213.04	101.83
(ii) Loans	5	189.09	461.27	668.73
(iii) Other financial assets	6	0.58	0.58	-
(d) Other non-current assets	7	60.00	-	-
		3,413.31	**3,336.32**	**3,365.45**
II) Current Assets				
(a) Inventories	8	3.14	2.86	0.39
(b) Financial Assets				
(i) Loans	9	36.00	-	-
(ii) Trade receivables	10	70.39	154.22	-
(iii) Cash and cash equivalents	11	539.47	71.10	159.63
(c) Other current assets	12	133.00	133.00	-
		782.00	**361.18**	**160.02**
Total Assets (I+II)		**4,195.31**	**3,697.50**	**3,525.47**
EQUITY & LIABILITIES				
I) Equity				
(i) Equity share capital	13	310.05	297.05	297.05
(ii) Other equity	14	1,719.55	1,617.34	1,526.22
Total Equity		**2,029.60**	**1,914.39**	**1,823.27**
II) Liabilities				
(i) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	15	1,640.47	1,140.21	999.37
(ii) Other financial liabilities	16	20.99	-	3.85
(b) Deferred tax liabilities (net)	20	373.77	368.95	342.78
		2,035.23	**1,509.16**	**1,346.00**
(ii) Current Liabilities				
(a) Financial Liabilities				
(i) Trade payables	17	42.98	-	-
(ii) Other financial liabilities	18	45.18	272.44	356.20
(b) Liabilities for current tax (net)	20	7.49	1.50	-
(c) Other current liabilities	19	34.83	-	-
		130.48	**273.94**	**356.20**
Total Liability (i+ii)		**2,165.71**	**1,783.10**	**1,702.20**
Total Equity and Liabilities (I+II)		**4,195.31**	**3,697.50**	**3,525.47**
Summary of significant accounting policies	1			
See accompanying notes forming part of the financial statements	(2-35)			

As per our report of even date attached

For M. K. Dandeker & Co.,

(ICAI Regn. No. 000679S)

S. Poosaidurai
Partner
Chartered Accountants
Membership No. 223754

For and on behalf of the Board of Directors

P. S. Talwalkar
Managing Director & CEO

V. R. Gawande
Whole time Director

Girish Nayak
Chief Financial Officer

Avanti Sankav
Company Secretary & Compliance Officer

Standalone Statement of Profit and Loss for the year ended March 31, 2018

(₹ in million)

Particulars	Note No.	Year Ended March 31, 2018	Year Ended March 31, 2017
1. Revenue			
(a) Revenue from Operations	21	572.83	493.49
(b) Other Income	22	31.98	30.53
Total Revenue		**604.81**	**524.02**
2. Expenses			
(a) Changes in Inventories	23	(0.28)	(2.47)
(b) Purchase of stock-in-trade		4.07	5.36
(c) Employee benefit expense	24	85.41	84.52
(d) Finance costs	25	103.22	78.49
(e) Depreciation and amortization expense	26	178.72	126.17
(f) Other expenses	27	94.16	93.15
Total Expenses		**465.30**	**385.22**
3. Profit before tax (1 -2)		139.51	138.80
4. Tax expense:	20		
(a) Current tax		32.49	21.50
(c) Deferred tax		11.13	26.18
(b) MAT Credit Reversal / (Entitlement)		(6.32)	-
Income tax expenses		37.30	47.68
5. Profit for the year (3 - 4)		**102.21**	**91.12**
Other Comprehensive Income		-	-
Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)		**102.21**	**91.12**
6. Earning per equity share (of ₹10 each) :	28		
(a) Basic		3.36	3.07
(b) Diluted		3.36	3.07
Summary of significant accounting policies	1		
See accompanying notes forming part of the financial statements	(2-35)		

As per our report of even date attached
For M. K. Dandeker & Co.,
(ICAI Regn. No. 000679S)

S. Poosaidurai
Partner
Chartered Accountants
Membership No. 223754

For and on behalf of the Board of Directors

P. S. Talwalkar
Managing Director & CEO

V. R. Gawande
Whole time Director

Girish Nayak
Chief Financial Officer

Avanti Sankav
Company Secretary & Compliance Officer

Statement of Changes in Equity for the year ended March 31, 2018

A) EQUITY SHARE CAPITAL

(₹ in million)

Particulars	Amount
Balance as at April 1, 2016	**297.05**
Changes in equity share capital during the year	-
Balance as at March 31, 2017	**297.05**
Changes in equity share capital during the year	13.00
Balance as at March 31, 2018	**310.05**

B) OTHER EQUITY

(₹ in million)

Particulars	Debenture Redemption Reserve	Securities Premium Reserve	Retained Earnings	Total
Balance as at April 1,2016	**81.15**	**918.85**	**526.22**	**1,526.22**
Total comprehensive income for the year	-		91.12	91.12
Balance as at March 31, 2017	81.15	918.85	617.34	1,617.34
Total comprehensive income for the year	-	-	102.21	102.21
Balance as at March 31, 2018	81.15	918.85	719.55	1,719.55

As per our report of even date attached
For M. K. Dandeker & Co.,
(ICAI Regn. No. 000679S)

S. Poosaidurai
Partner
Chartered Accountants
Membership No. 223754

For and on behalf of the Board of Directors

P. S. Talwalkar
Managing Director & CEO

V. R. Gawande
Whole time Director

Girish Nayak
Chief Financial Officer

Avanti Sankav
Company Secretary & Compliance Officer

Statement of standalone Cash Flow Statement for the year ended March 31, 2018

(₹ in million)

Particulars		Year Ended March 31, 2018	Year Ended March 31, 2017
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Net profit before tax	**139.51**	**138.79**
	Adjustment for :		
	Depreciation & Amortisation	178.72	126.17
	Finance cost (Net) (including financial liabilities measured at amortised cost)	103.22	78.49
	Finance Income (including financial assets measured at amortised cost)	(26.69)	(27.19)
	Operating Profit before Working capital changes	**394.76**	**316.26**
	Adjustment for Working Capital Changes :		
	(Increase)/Decrease in Trade Receivables	83.83	(154.22)
	(Increase)/Decrease in Other Advances & Receivables	(36.00)	(0.58)
	(Increase)/Decrease in Other Current Assets	-	(133.00)
	(Increase)/Decrease in Inventories	(0.29)	(2.47)
	Increase/(Decrease) in Trade payables	42.98	-
	Increase/(Decrease) in other payables	34.83	-
	Cash generated from operations	**520.12**	**25.99**
	Net Income Tax (Paid) / Refund	(26.50)	(20.00)
	Net cash from operating activities	**493.62**	**5.99**
B.	**CASH FLOW FROM INVESTING ACTIVITES:**		
	Capital Expenditure on Property, Plant & Equipments including Capital Advances	(402.87)	(192.68)
	Loan (given)/repayment from subsidiary	262.83	218.37
	Share application money refund	100.00	(100.00)
	Investment in share application money	(165.00)	-
	Net cash (used in)/from Investing activities	**(205.04)**	**(74.31)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from issue of Shares	13.00	-
	Redemption of Non Convertible Debentures	(248.95)	(249.17)
	Issue proceeds from Non Convertible Debentures	498.86	298.65
	Proceeds from Term Loan	1.41	(5.66)
	Finance cost paid (net)	(84.53)	(64.03)
	Net cash used in Financing Activities	179.79	(20.21)
	NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**468.37**	**(88.53)**
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	71.10	159.63
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**539.47**	**71.10**

Notes:

Components of cash and cash equivalent considered only for the purpose of cash flow statements

(₹ in million)

For the year ended	Year Ended March 31, 2018	Year Ended March 31, 2017
Cash and Cash Equivalent comprises of:		
Cash on hand	0.01	-
Balances with Banks:		
- Current Accounts	539.46	71.10
Cash and cash equivalents	**539.47**	**71.10**

a) The Cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard - 7 ('Ind AS 7') on Cash Flow Statement prescribed in Companies (Indian Accounting Standard) Rules, 2015, notified under section 133 of the Companies Act, 2013

b) Net of Cash and cash equivalents of ₹ 530.99 million transferred on demerger (refer note 32)

c) Amendment to Ind AS 7

The amendments to Ind AS 7 Cash flow statements requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities,including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities and financial assets arising from financing activities, to meet the disclosure requirement. This amendment has become effective from April 1, 2017 and the required disclosure is made below. There is no other impact on the financial statements due to this amendments.

March 31, 2018	Opening balance	Cash flows	Non cash changes		Closing balance
			Fair value changes	Current/ (non current) Classification	
Long term secured borrowings	1,140.21	268.68	1.33	230.27	1,640.48
Total liabilities from financing activities	**1,140.21**	**268.68**	**1.33**	**230.27**	**1,640.48**

March 31, 2018	Opening balance	Cash flows	Non cash changes		Closing balance
			Fair value changes	Current/ (non current) Classification	
Long term secured borrowings	999.37	64.45	(6.18)	82.55	1,140.20
Total liabilities from financing activities	**999.37**	**64.45**	**(6.18)**	**82.55**	**1,140.20**

As per our report of even date attached

For M. K. Dandeker & Co.,

(ICAI Regn. No. 000679S)

S. Poosaidurai
Partner
Chartered Accountants
Membership No. 223754

For and on behalf of the Board of Directors

P. S. Talwalkar
Managing Director & CEO

V. R. Gawande
Whole time Director

Girish Nayak
Chief Financial Officer

Avanti Sankav
Company Secretary & Compliance Officer

Notes forming part of standalone financial statements for the year ended March 31, 2018

Company Overview:

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, yoga 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.

1. Statement of Significant Accounting Policies, estimates and Judgements:

1.1 Basis of preparation of financial statements

The Standalone Financial Statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended; and the other relevant provisions of the Act and Rules thereunder.

The Standalone Financial Statements have been prepared under historical cost convention basis, except for certain assets and liabilities measured at fair value.

The Company has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Generally Accepted Accounting Principles in India (Indian GAAP) as prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendments Rules, 2014, which was the "Previous GAAP".

The amounts in the accompanying financial statements have been stated in million of Indian rupees and rounded off to two decimals.

Authorisation of Financial Statements: The Ind AS Financial Statements were authorized for issue in accordance with a resolution of the Board of Directors in its meeting held on May 7, 2018.

1.2 Property, Plant and Equipment (PPE)

Under the previous GAAP (Indian GAAP), all assets were carried in the balance sheet at cost, less accumulated depreciation and accumulated impairment losses, if any. On the date of transition to Ind AS, all items of property, plant and equipments have been measured at fair value and same has been considered as deemed cost as at April 01, 2016 (date of transition).

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any and borrowing cost for qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use). 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 property, plant and equipments and capitalized.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

An item of property, plant and equipment and any significant part initially recognized separately as part of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognized.

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at regular intervals and changes, if any, are accounted in line with revisions to accounting estimates.

Depreciation on property, plant and equipment is provided from the date the assets are put to use on straight-line method using the useful lives of the assets estimated by management and in the manner prescribed in Schedule II of the Companies Act 2013.

Based on management estimates/evaluation, the certain category of assets has different residual value other than prescribed in Schedule II of the Companies Act 2013.

The company has elected the option of fair value as deemed cost for all items of property, plant & equipment as on the date of transition to Ind AS.

Capital work in progress is stated at cost less impairment losses, if any. Cost of assets not ready for use at the balance sheet date is disclosed under capital work-in-progress. Expenditure incurred during construction period is included under capital work in progress & the same is allocated to the respective PPE on the completion of its construction.

1.3 Financial Instruments

1.3.1 Financial Assets

Initial recognition and measurement

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial assets. The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

i). Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

ii). Debt instruments at Fair value through Other Comprehensive Income (FVTOCI)

A 'debt instrument' is measured at the fair value through other comprehensive income if both the following conditions are met:

a) The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, these assets are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognized in the Statement of Profit and Loss. Other net gains and losses are recognized in Other Comprehensive Income.

iii). Debt instruments at Fair value through profit or loss (FVTPL)

Fair value through profit or loss is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

iv). Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI).

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's Balance Sheet) when any of the following occurs:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

a) The Company has transferred substantially all the risks and rewards of the asset, or

b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition, any gains or losses on all equity instruments (measured at FVTPL) are recognised in the Statement of Profit and Loss. Accumulated gains or losses on equity instruments measured at FVTOCI are never reclassified to the Statement of Profit and Loss.

Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model to the following:

i). Trade Receivables,

ii). Financial asset measured at amortised cost and

iii). Financial asset measured at fair value through other comprehensive income

Expected credit losses are measured through a loss allowance at an amount equal to:

a) 12 months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

b) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For financial assets other than trade receivables, as per Ind AS 109, the Company recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables, considering historical trend, industry practices and the business environment in which the Company operates or any other appropriate basis.

The Company's trade receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

1.3.2 Financial Liabilities

Initial recognition and measurement

The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial liabilities. The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Intercompany loans not repayable on demand are discounted to its present value using incremental borrowing rate applicable to the borrower entity. The difference between the carrying value of the loan and its present value is accounted based on the relationship with the borrower for e.g. in case of subsidiary, the difference is shown as further equity infusion in the subsidiary. The unwinding of discount from the date of loan to the transition date is shown as an income and recognised in "Retained Earnings" of the Lender.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

1.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.5 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

1.6 Employee Benefits

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

1.7 Cash and Cash equivalents

Cash and cash equivalents include cash at bank, cash, cheque and draft on hand. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

The amendments to Ind AS 7 require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Company has provided the information for both the current and the comparative period in Cash Flow Statement.

1.8 Cash Flows

Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

1.9 Borrowing costs

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

Borrowing costs that are attributable to the acquisition or construction of qualifying assets (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use) are capitalized as a part of the cost of such assets. All other borrowing costs are charged to the Statement of Profit and Loss.

1.10 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties.

1.10.1 Revenue 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.

1.10.2 Revenue from sale of goods is recognized when all significant contractual obligation have been satisfied, the property in the goods is transferred for a price, significant risks and rewards of ownership are transferred to the customer and no effective ownership is retained.

1.10.3 Lease income is recognised in the Statement of Profit and Loss on straight line basis over the lease term, unless there is another systematic basis which is more representative of the time pattern of the lease. Revenue from lease rentals is disclosed net of indirect taxes, if any.

1.10.4 Finance income is recognised as it accrues using the Effective Interest Rate (EIR) method. Finance income is included in other income in the Statement of Profit and Loss.

1.10.5 Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

1.11 Taxes on Income

1.11.1 Current Tax

Income-tax Assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the end of reporting period.

Current Tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity.

1.11.2 Deferred tax

Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax asset and liability are measured at the tax rates that are expected to apply in the year when the asset is realized or liability is settled based on rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, Other Comprehensive Income or directly in equity.

Deferred tax assets and Deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax includes Minimum Alternate Tax (MAT) recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

1.12 Impairment of Non - financial Assets

The carrying amounts of assets are reviewed at each reporting date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less cost of disposals and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value is the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for the Company Cash Generating Unit's (CGU) to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the Statement of Profit and Loss in expense categories.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

1.13 Inventories

Inventories of stock-in-trade are valued at cost or net realizable value, whichever is lower. Cost comprises of all cost of purchases and other costs incurred in bringing the inventory to their present location and conditions. Cost is arrived at on FIFO basis. Due allowance is estimated and made for defective and obsolete items, wherever necessary, based on the past experience.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

In respect of assets taken on operating lease, lease rentals are recognized as an expense in the Statement of Profit and Loss on straight line basis over the lease term unless;

(1) another systematic basis is more representative of the time pattern in which the benefit is derived from the leased asset; or

(2) the payments to the lessor are structured to increase in the line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

1.15 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit/(loss) for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the profit/(loss) for the year attributable to equity shareholders and the weighted average numbers of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

1.16 Provisions, Contingent Liabilities and Capital Commitments

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation

The expenses relating to a provision is presented in the Statement of Profit and Loss net of reimbursements, if any.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

1.17 Foreign Currency Transactions

Functional and Presentation Currency

The Financial Statements are presented in Indian rupees which is the functional currency for the Company. All amounts have been rounded off to the nearest million, unless otherwise indicated.

Monetary items

Transactions in foreign currencies are initially recorded at their respective exchange rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing on the reporting date.

Exchange differences arising on settlement or translation of monetary items (except for long term monetary items taken prior to April 1, 2016) are recognised as:-

- Upto March 31, 2008, recognized 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.

The Company has elected to continue the policy adopted under Previous GAAP for accounting the foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items outstanding as on March 31, 2016 ie. foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset and in other cases, if any, accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of the asset or liability.

Non – Monetary items

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

1.18 Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, the ministry of Corporate Affairs (the MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21 Foreign currency transactions and advance consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in foreign currency.

The amendment will come into force from April 1, 2018. The company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115, Revenue from Contract with Customers: On March 28, 2018, the MCA notified the Ind AS 115. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contract with customers.

The effective date for adoption of Ind AS 115 is financial period beginning on or after April 1, 2018.

1.19 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements,which have the most significant effect on the amounts recognised in the financial statements.

a. Operating lease commitments — Company as lessee

The Company has taken various commercial properties on leases. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, and that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

b. Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in tax jurisdictions.

Estimates and assumptions

a. Classification of Assets and Liabilities as Current and Non-Current

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle (determined at 12 months) and other criteria set out in Schedule III of the Act.

b. Impairment of assets

In assessing impairment, management estimates the recoverable amounts of each asset or CGU (in case of non-financial assets) based on expected future cash flows and uses an estimated interest rate to discount them. Estimation relates to assumptions about future cash flows and the determination of a suitable discount rate.

c. Useful lives of depreciable / amortisable assets (Property, Plant and Equipments, and intangible assets)

Management reviews its estimate of the useful lives of depreciable / amortisable assets at each reporting date, based on the expected usage of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the usage of certain assets.

d. Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash generating unit or groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

e. Defined benefit obligation (DBO)

The cost of defined benefit gratuity plan and the present value of the gratuity obligation along with leave salary are determined using actuarial valuations. An actuarial valuation involves making various assumptions such as standard rates of inflation, mortality, discount rate, attrition rates and anticipation of future salary increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

f. Deferred Tax assets

In assessing the realisability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realize the assets considered realizable, however, could be reduced in the near term if estimates of future taxable benefits of those deductible differences are reduced.

g. Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument / assets. Management bases its assumptions on observable data as far as possible but this may not always be available. In that case, the management uses the best relevant information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Note 2 : Disclosures as required by Indian Accounting Standard (Ind AS) 101 First time adoption of Indian Accounting Standard

These are the Company's first financial statements prepared in accordance with Ind AS. The Company has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Generally Accepted Accounting Principles in India (Indian GAAP) as prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, which was the "Previous GAAP".

The Significant Accounting Policies set out in Note No. 1 have been applied in preparing the financial statements for the year ended March 31, 2018, March 31, 2017 and the opening Ind AS Balance Sheet on the date of transition i.e. April 1, 2016.

In preparing its Ind AS Balance Sheet as at April 1, 2016 and in presenting the comparative information for the year ended March 31, 2017, the Company has adjusted amounts previously reported in the financial statements prepared in accordance with Previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with Previous GAAP, and how the transition from Previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

I) Explanation of transition to Ind AS

Set out below are the Ind AS 101 optional exemptions availed as applicable and mandatory exceptions applied in the transition from Previous GAAP to Ind AS.

A. Optional Exemptions availed

Fair valuation of Property, Plant and Equipment

The company has elected the option of fair value as deemed cost for property, plant & equipment on the date of transition to Ind AS instead of carrying value under previous Indian GAAP as on April 1, 2016.

Investment in Subsidiaries

The Company has elected either the Indian GAAP carrying amount or fair value at the date of transition as deemed cost for its investment in each subsidiary.

Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.The Company has availed the said exemption and elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Accordingly, business combinations occurring prior to the transition date have not been restated.

B. Applicable Mandatory Exceptions

Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Previous GAAP (after adjustments to reflect any difference in accounting policies).

Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with Previous GAAP.

The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in equity instruments carried at FVTPL or FVTOCI;
- Investment in debt instruments carried at FVTPL;
- Impairment of financial assets based on expected credit loss model

Derecognition of Financial Assets and Liabilities

Financial Assets and Liabilities derecognized before April 1, 2016 are not re-recognized under Ind AS. The company has not choosen to apply the Ind AS 109 Financial Instruments derocognizing criteria to an earlier date. No significant arrangements were identified that has to be assessed under this exception.

Impairment of Financial Asset

Ind AS 101 requires an entity to assess and determine the impairment allowance on financial assets as per Ind AS 109 using the reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments which were initially recognised and compare that to the credit risk at the date of transition to Ind AS. The Company has applied this exception prospectively. The company has applied the impairment requirements of Ind AS 109 retrospectively based on facts and circumstances at the date of transition to Ind AS

Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

C. Transition to IND AS-Reconciliations

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Previous GAAP to Ind AS as required under Ind AS 101:-

I) Reconciliation of Balance sheet as at April 1, 2016 (Transition Date) and March 31,2017

II) Reconciliation of Total Comprehensive Income for the year ended March 31, 2017

III) Reconciliation of Equity as on March 31, 2017 & April 1, 2016

IV) Notes to Reconciliation

The presentation requirements under Previous GAAP differs from Ind AS. Hence, Previous GAAP information has been regrouped for ease of reconciliation with Ind AS. The Regrouped Previous GAAP information is derived from the Financial Statements of the Company prepared in accordance with Previous GAAP.

I) Reconciliation of Balance Sheet as at April 1, 2016

(₹ in million)

Particulars	Reference Note No.	As at March 31, 20 17 (Previous GAAP regrouped)	IND AS Adjustments	As at March 31, 20 17 (IND AS)	As at April 1, 2016 (Previous GAAP regrouped)	IND AS Adjustments	As at April 1, 2016 (IND AS)
ASSETS							
I) Non-current assets							
(a) Property, Plant and Equipment	A	1,823.91	716.83	2,540.75	1,894.33	700.56	2,594.89
(b) Capital Work in Progress	A, B (ii)	131.00	(10.32)	120.68	-	-	-
(c) Goodwill	A						
(d) Intangible assets under development	A	3.32	(3.32)	-	3.32	(3.32)	-
(e) Financial Assets							
(i) Investments	B (i)	150.20	62.84	213.04	50.20	51.63	101.83
(ii) Loans	B (i)	485.00	(23.72)	461.27	703.36	(34.63)	668.73
(iii) Other financial assets		0.58		0.58	-	-	-
		2,594.01	**742.31**	**3,336.32**	**2,651.21**	**714.24**	**3,365.45**
II) Current assets							
(a) Inventories	-	2.86	-	2.86	0.39	-	0.39
(b) Financial Assets							
(i) Trade receivables		154.22	-	154.22			-
(ii) Cash and Cash Equivalents		71.10	-	71.10	159.63	-	159.63
(c) Other Current Assets		133.00	-	133.00			-
		361.18	**-**	**361.18**	**160.02**	**-**	**160.02**
TOTAL ASSETS (I+II)		2,955.19	742.31	3,697.50	2,811.23	714.24	3,525.47
EQUITY AND LIABILITIES							
I) Equity							
(a) Equity Share Capital		297.05	-	297.05	297.05	-	297.05
(b) Other Equity		1,109.35	507.99	1,617.34	1,043.71	482.51	1,526.22
		1,406.40	**507.99**	**1,914.39**	**1,340.76**	**482.51**	**1,823.27**
II) Liabilities							
Non-current liabilities							
(a) Financial Liabilities							
(i) Borrowings	B (ii)	1,150.90	(10.69)	1,140.21	1,003.40	(4.03)	999.37
(ii) Other financial liabilities	B (iii)	-	-	-	-	3.85	3.85
(b) Deferred tax liabilities (Net)	C	122.90	246.05	368.95	110.53	232.25	342.78
		1,273.80	**235.36**	**1,509.16**	**1,113.93**	**232.07**	**1,346.00**
Current Liabilities							
(a) Financial Liabilities							
Other financial liabilities	B (ii) & (iii)	273.50	(1.05)	272.44	356.54	(0.34)	356.20
(b) Current tax liabilities (Net)		1.50		1.50			-
(c) Other current liabilities		-		-			-
		275.00	**(1.05)**	**273.94**	**356.54**	**(0.34)**	**356.20**
TOTAL EQUITY AND LIABILITIES (I+II)		2,955.19	742.31	3,697.50	2,811.23	714.24	3,525.47

II. Reconciliation of Statement of Profit and Loss for the year ended March 31, 2017

(₹ in million)

Particulars	Note No.	Year ended March 31, 2017 (Regrouped GAAP)	IND AS Adjustments	Year ended March 31, 2017 (IND AS)
1. Revenue				
(a) Revenue from Operations		493.49	-	493.49
(b) Other Income	B(i) & B(iii)	3.33	27.19	30.53
Total Revenue		**496.82**	**27.19**	**524.02**
2. Expenses				
(a) Changes in Inventories		(2.47)	-	(2.47)
(b) Purchase of stock-in-trade		5.36	-	5.36
(c) Employee benefit expense		84.52	-	84.52
(d) Finance Costs	B (ii)	74.34	4.15	78.49
(e) Depreciation and amortization expense	A	142.40	(16.23)	126.17
(f) Other expenses		93.16	-	93.16
Total expenses		**397.31**	**(12.08)**	**385.23**
3. Profit before tax (1-2)		99.52	39.27	138.79
4. Tax expense:				
(a) Current tax		21.50	-	21.50
(b) Deferred tax	C	12.37	13.81	26.18
5. Profit for the year (3-4)		**65.65**	**25.46**	**91.12**
Other Comprehensive Income / (expenses) for the year		-	-	-
Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)		**65.65**	**25.46**	**91.12**

III) Reconciliation of Equity as on March 31, 2017 & April 1, 2016

(₹ in million)

Particulars	Note No.	As at March 31, 2017	As at April 1, 2016
Total Equity (Shareholder's funds) as per previous GAAP		4,748.35	4,131.27
Add/(Less)			
On account of scheme of demerger		(3,341.92)	(2,790.54)
Recalculation of transaction cost for borrowing as per effective interest rate	B(ii)	1.43	5.58
Financial assets measured at amortised cost(interest free loan)	B(i)	32.46	10.33
Financial liability measured at amortised cost (corporate gaurantee)	B(iii)	-	1.59
Fair valuation as deemed cost for Property, Plant and Equipment	A	720.13	697.28
Deferred Tax impact of above Ind AS adjustments	C	(246.05)	(232.24)
Total Impact		**(2,833.94)**	**(2,308.00)**
Total Equity as per Ind AS		**1,914.39**	**1,823.27**

IV) Notes to reconciliation of Balance Sheet as at April 1, 2016 and March 31, 2017 and the total comprehensive income for the year ended March 31, 2017

Note A : Property, Plant and Equipment

(a) The Company has elected to consider fair value of property, plant & equipment and other intangible assets as its deemed cost on the date of transition to Ind AS. Accordingly, depreciation on such revalued items has been calculated on deemed cost with corresponding increase in deferred tax liability.

(b) Under the previous GAAP, the intangible assets were amortized using the straight-line method. Under Ind AS, the useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with indefinite useful life are not amortised, hence the same is written-off.

Note B : Amortised cost of financial assets and financial liabilities

(i) Loan to subsidary

Under the previous Indian GAAP, the interest free inter-company loans were carried at nominal amount. Under Ind AS such loans are measured at fair value on initial recognition. The discounting rate to be used is the borrowing rate applicable to the borrower on the date of the loan. The difference between the fair value and the nominal value of loan is considered as investment in subsidiaries .Subsequently such loans are measured at amortised costs. The unwinding of discount is treated as interest income and is accrued as per the EIR method.

(ii) Borrowings

Under the previous GAAP, transaction costs incurred in connection with borrowings are amortized upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

(iii) Corporate Gaurantee

Under Ind AS, corporate financial guarantee given are measured at their fair value on initial recognition. Subsequently these contracts are measured at the higher of amount of impairment loss allowance as per Ind AS 109 and amount initially recognised less, where appropriate,cumulative amortisation recognised.

Note C : Deferred Tax

Under Ind-AS accounting for deferred taxes is done using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

3. Property, plant and equipment

(₹ in million)

Particulars	Building	Leasehold improvements & Furniture & Fittings	Electrical Installation	Office equipments	Computer	Gym Equipments	Total
Year Ended March 31, 2017							
Deemed Cost *							
As at April 1, 2016	**1,315.83**	**749.36**	**193.58**	**35.07**	**25.94**	**275.11**	**2,594.89**
Additions	72.00	-	-	-	-	-	72.00
Disposals	-	-	-	-	-	-	-
Closing Gross Carrying Amount	**1,387.83**	**749.36**	**193.58**	**35.07**	**25.94**	**275.11**	**2,666.89**
Accumulated Depreciation							
For the year	25.81	46.90	19.16	9.36	5.04	19.87	126.14
Reversal on account of disposals	-	-	-	-	-	-	-
Closing Accumulated Depreciation	**25.81**	**46.90**	**19.16**	**9.36**	**5.04**	**19.87**	**126.14**
Net Carrying Amount as at March 31, 2017	**1,362.02**	**702.46**	**174.42**	**25.71**	**20.90**	**255.24**	**2,540.75**
Year Ended March 31, 2018							
Gross Carrying Amount							
As at April 1, 2017	1,387.83	749.36	193.58	35.07	25.94	275.11	2,666.89
Additions	-	185.86	100.58	-	6.07	131.36	423.87
Disposals							
Closing Gross Carrying Amount	**1,387.83**	**935.22**	**294.16**	**35.07**	**32.01**	**406.47**	**3,090.76**
Accumulated Depreciation							
Upto March 31, 2017	25.81	46.90	19.16	9.36	5.04	19.87	126.14
For the year	26.85	94.16	22.74	12.63	7.18	15.17	178.73
Reversal on account of disposals							
Closing Accumulated Depreciation	**52.66**	**141.06**	**41.90**	**21.99**	**12.22**	**35.04**	**304.87**
Net Carrying Amount as at March 31, 2018	**1,335.17**	**794.16**	**252.26**	**13.08**	**19.79**	**371.43**	**2,785.89**

* Refer note 2 - Transition to Ind AS

4. Non Current Financial Assets - Investments (₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
A. Investments in unquoted equity instruments			
Investment in subsidiaries			
Talwalkars Club Pvt.Ltd [10,000 (March 31,2017:10,000, April 1,2016:10,000)Equity Shares of ₹10/- each fully paid]	122.97	62.94	51.73
Talwalkars Club Systems Pvt.Ltd [10,000 (March 31,2017:10,000, April 1,2016:10,000) Equity Shares of ₹10/- each fully paid]	0.10	0.10	0.10
B. Investments in equity instruments (carried at FVTPL)			
Splendor Fitness Private Limited (formerly known as Talwalkars Pantaloon Fitness Pvt. Ltd.) [1,40,000 (March 31,2017: 1,40,000, April 1,2016:140,000) Equity Shares of ₹100/- each fully paid]	50.00	50.00	50.00
C. Share application money pending allotment			
Zorba Renaissance Pvt. Ltd.	-	100.00	-
Talwalkars Club Systems Pvt.Ltd	165.00	-	-
	338.07	**213.04**	**101.83**

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Aggregate of non-current investments:			
Aggregate amount of quoted investments and market value thereof	-	-	-
Aggregate amount of unquoted investments	338.07	213.04	101.83
Aggregate amount of impairment in value of investments	-	-	-

5. Non Current Financial Asset - Loan (₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Loans to related parties	189.09	461.27	668.73
(For related party transactions:- Refer note no. 29)			
	189.09	**461.27**	**668.73**

6. Non Current Financial Assets - Others (₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(Unsecured and considered good)			
Security Deposits	0.58	0.58	-
	0.58	**0.58**	**-**

7. Other Non-Current Assets

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Capital advances	60.00	-	-
	60.00	-	-

8. Inventories

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Traded goods	3.14	2.86	0.39
	3.14	2.86	0.39

9. Current Financial Assets - Loans

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(Unsecured And Considered Good)			
Other loans and advances	36.00	-	-
	36.00	-	-

10. Trade Receivables

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(Unsecured And Considered Good)			
Trade receivables	70.39	154.22	-
	70.39	**154.22**	-

11. Cash & Cash Equivalents

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Cash on hand	0.01	-	-
Balances with Banks			
In current accounts	539.46	71.10	159.63
	539.47	71.10	159.63

12. Other Current Assets

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Property Advance	133.00	133.00	-
	133.00	133.00	-

13. Share Capital

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
SHARE CAPITAL			
AUTHORISED:			
3,20,00,000 (March 31, 2017: 3,20,00,000, April 1, 2016 3,20,00,000) Equity Shares of ₹ 10/- each with voting rights	320.00	320.00	320.00
	320.00	**320.00**	**320.00**
ISSUED, SUBSCRIBED & PAID-UP:			
Equity Shares of ₹ 10/- each with voting rights	310.05	297.05	297.05
	310.05	**297.05**	**297.05**

(i) Terms/ Rights attached to Equity Shares

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

(b) 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.

(c) 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.

The Board of Directors of the Company has proposed dividend of ₹ 0.50 per equity share for the financial year 2017-18. The payment of dividend is subject to approval of the shareholders in the ensuing Annual General Meeting of the Company.

(d) 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

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No.	₹ in Million	No.	₹ in Million	No.	₹ in Million
Fully Paid up Shares Outstanding as at beginning of the year	29,704,856	297.05	29,704,856	297.05	29,704,856	297.05
Fully paid up shares issued during the year	1,300,000	13.00	-	-	-	-
Fully paid up shares Outstanding as at end of the year	31,004,856	310.05	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

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of shares held	% of holding	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	9.31%	2,887,780	9.72%	2,884,580	9.71%
2) Girish Madhukar Talwalkar & Nanda Girish Talwalkar	2,275,980	7.34%	2,875,980	9.68%	2,872,780	9.67%
3) Anant Ratnakar Gawande & Yamini Anant Gawande	2,500,200	8.06%	1,920,200	6.46%	1,920,200	6.46%
4) Vinayak Ratnakar Gawande & Madhuri Vinayak Gawande	1,531,900	4.94%	1,931,900	6.50%	1,928,700	6.49%
5) Harsha Ramdas Bhatkal & Smeeta Harsha Bhatkal	1,860,200	6.00%	1,560,200	5.25%	1,560,200	5.25%
6) Smallcap World Fund, Inc	2,389,000	7.71%	2,389,000	8.04%	2,389,000	8.04%
7) Laxmi Shivanand Mankekar & Kedar Shivanand Mankekar	1,953,520	6.30%	1,573,520	5.30%	1,573,520	5.30%
	1,53,98,580		1,51,38,580		1,51,28,980	

(iv) 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

(v) Forfeited shares and calls unpaid- Nil

14. Other Equity

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Debenture redemption reserve			
Opening Balance	81.15	81.15	81.15
	81.15	81.15	81.15
Securities premium account			
Opening balance	918.85	918.85	918.85
	918.85	918.85	918.85
Surplus/(Deficit) in statement of profit and loss			
Opening balance	617.34	526.22	526.22
Total comprehensive income as per statement of profit and loss	102.21	91.12	-
	719.55	617.34	526.22
	1,719.55	1,617.34	1,526.22

15. Non Current Financial Liabilities - Borrowings (₹ in million)

Particulars		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured				
1.	Redeemable Non-Convertible Debentures			
	(Face value of ₹1 million each fully paid up unless otherwise stated)			
	Nil (March 31,2017:Nil ,April 1, 2016:250), 11.75% debentures redeemable on January 3, 2018	-	-	256.33
	500 (March 31,2017:Nil,April 1, 2016:Nil), 9.50% debentures redeemable on October 25, 2024	519.11	-	-
	Nil (March 31,2017: 250, April 1, 2016:250), 9.80% debentures	-	250.83	250.54
	300 (March 31,2017:300,April 1, 2016:NIL), 9.85% debentures redeemable on July 8,2021	320.29	319.98	-
2.	Term Loan			
	- From bank	843.25	841.84	847.49
		1,682.65	**1,412.65**	**1,354.36**
Less : Current maturities of Non Convertible Debentures		42.18	272.44	258.21
Less : Current maturities of Long term debt		-	-	96.78
		1,640.47	**1,140.21**	**999.37**

Notes:

a) All the secured Non-covertible 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 The South Indian Bank Ltd. 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 (exclusive of transaction cost)**

Year	(₹ in million)
2018-19	-
2019-20	41.27
2020-21	137.85
2021-22	193.58
2022-23	184.65
2023-24	183.80
2024-25	109.76

16. Non-Current Financial Liabilities - Others

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Financial guarantee contracts	20.99	-	3.85
(For related party transactions:- Refer note no. 29)			
	20.99	**-**	**3.85**

17. Trade Payables

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Total outstanding dues of creditors other than micro enterprises and small enterprises	42.98	-	-
	42.98	**-**	**-**

18. Current Financial Liabilities - Others

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current maturities of long-term debts	-	-	96.78
Current maturities of Non Convertible Debentures	42.18	272.44	258.21
Financial guarantee contracts	3.00	-	1.21
(For related party transactions:- Refer note no. 29)			
	45.18	**272.44**	**356.20**

19. Other Current Liabilities

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Other payables			
Statutory dues	34.83	-	-
	34.83	**-**	**-**

20. Tax Expenses

(a) Amounts recognised in Statement of Profit and Loss

(₹ in million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Current tax expense (A)		
Current year	32.49	21.50
MAT Credit Reversal / (Entitlement)	(6.32)	-
	26.17	**21.50**
Deferred tax expense (B)		
Origination and reversal of temporary differences	11.13	26.18
Tax expense recognised in the income statement (A+B+C)	**37.30**	**47.68**

(b) Reconciliation of effective tax rate (₹ in million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Profit before tax	**139.51**	**138.79**
Tax using the Company's domestic tax rate (Current year 33.063% and Previous Year 34.608%)	46.13	48.03
Tax effect of:		
Adjustment for expenses disallowed under Income Tax Act	59.94	45.10
Adjustment for allowable under Income Tax Act	(67.87)	(61.65)
Adjustment for income not taxable	(8.82)	(9.41)
Others	(3.20)	(0.58)
Tax expense as per Statement of Profit & Loss	**26.17**	**21.50**
Effective tax rate	**18.76%**	**15.49%**

(c) Deferred Tax Liablility (Net) (₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deferred tax liabilities			
Property, Plant & Equipment	390.09	381.23	364.80
Deferred tax assets			
Others	(10.00)	(12.28)	(22.02)
MAT Credit Entitlement	(6.32)	-	-
	373.77	**368.95**	**342.78**

(d) Liabilities for current tax (net) (₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Income tax (net of provisions)	7.49	1.50	-
	7.49	**1.50**	**-**

21. Revenue From Operations (₹ in million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Revenue from operations		
Sale of services	563.61	490.05
Sale of Products	9.22	3.45
	572.83	**493.49**

22. Other Income (₹ in million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Interest income on		
Financial assests measured at amortised cost	23.77	22.13
Fair valuation of financial assets measured through Profit and Loss A/c	2.92	5.06
Other non-operating income	5.29	3.33
	31.98	**30.53**

23. Changes In Inventories (₹ in million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Inventories at the beginning of the year		
Traded goods	2.86	0.39
Inventories at the end of the year		
Traded goods	3.14	2.86
	(0.28)	**(2.47)**

24. Employee Benefits Expense (₹ in million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Salaries, Wages and Bonus	6.45	5.71
Contract fees for Labour/Security/ Housekeeping	75.97	75.91
Directors' Remuneration	2.90	2.90
Staff Welfare & Other Amenities	0.09	-
	85.41	**84.52**

25. Finance Costs (₹ in million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Interest expenses	101.15	76.94
Bank & finance charges	2.07	1.55
	103.22	**78.49**

26. Depreciation And Amortisation (₹ in million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Depreciation on property, plant & equipment	178.72	126.17
	178.72	**126.17**

27. Other Expenses (₹ in million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
(a) Administrative & Other Expenses		
Payment to Auditors	0.33	0.61
Internal Audit Fees	0.34	0.46
Electricity & Fuel expenses	9.21	9.14
Insurance Charges	0.96	0.73
Printing & Stationery	0.69	0.55
Professional Fees	2.22	2.06
Rates & Taxes	1.04	1.46
Interest on late payment of Statutory dues	3.17	3.01
Rent	55.92	55.96
Repairs & Maintenance		
- Building, Gym Equip. & Machinery	3.93	3.80
- Others	-	-
Telephone Expenses	1.63	1.47
Traveling & Conveyance Expenses	0.59	0.47
Water Charges	0.79	0.80
Other Expenses	2.79	1.21
Asset management fees	5.96	5.59
Directors' Sitting fees	0.38	0.48
Expenses related to CSR Activities	1.66	1.47
	91.60	89.27
(b) Selling & Marketing Cost		
Advertising expenses	2.19	3.29
Business promotion expenses	0.37	0.59
	2.56	3.88
Total (a+b)	**94.16**	**93.15**

28. Earnings Per Share (Eps) (₹ in million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Profit after tax as per statement of profit and loss	102.21	91.12
Weighted average number of equity shares for basic EPS (in No.)*	3,04,34,993	2,97,04,856
Basic earnings per share (₹)	**3.36**	**3.07**
Diluted earnings per share (₹)	**3.36**	**3.07**

29. Related Party disclosure

A Name of related party and nature of its relationship:

(a) Related parties where control exists

Subsidiaries

Talwalkars Club Pvt.Ltd

Talwalkars Club Systems Pvt.Ltd

(b) **Name of KMP and their relatives with whom transactions have taken place during the year**

Mr. Madhukar Talwalkar

(c) **Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year**

Mr. Girish Nayak

Ms. Avanti Sankav

B **Closing Balances of related parties**

Particulars	Subsidiaries		
	March 31, 2018	March 31, 2017	April 1, 2016
Investment in equity Shares			
Talwalkars Club Pvt.Ltd	122.97	62.94	51.73
Talwalkars Club Systems Pvt.Ltd	0.10	0.10	0.10
Loans and advances given			
Talwalkars Club Pvt.Ltd	189.09	461.27	168.70
Talwalkars Club Systems Pvt.Ltd	-	-	500.03
Corporate gaurantee			
Talwalkars Club Pvt.Ltd	292.86	-	225.89
Investment in share application money			
Talwalkars Club Systems Pvt.Ltd	165.00	-	-

C **Disclosure in respect of material related party transaction during the year:**

(₹ in million)

Transactions	Name	Relationship	Year Ended March 31, 2018	Year Ended March 31, 2017
Equity component of interest free loan	Talwalkars Club Pvt.Ltd	Subsidiary	33.12	11.22
Equity component of corporate gaurantee given	Talwalkars Club Pvt.Ltd	Subsidiary	26.91	-
Loans and Advances given	Talwalkars Club Systems Pvt.Ltd	Subsidiary	1.74	-
	Talwalkars Club Pvt.Ltd	Subsidiary	-	281.66
Repayament of Loans and Advances	Talwalkars Club Pvt.Ltd	Subsidiary	264.58	-
	Talwalkars Club Systems Pvt.Ltd	Subsidiary	-	500.03
Investment in share application money	Talwalkars Club Systems Pvt.Ltd	Subsidiary	165.00	-
Interest income (measured at amortised cost)	Talwalkars Club Pvt.Ltd	Subsidiary	23.72	22.13
Corporate Guarantee Given	Talwalkars Club Pvt.Ltd	Subsidiary	292.86	-
Remuneration	Mr. Madhukar Talwalkar	KMP	2.90	2.90
	Mr. Girish Nayak	KMP	5.05	1.34
	Ms. Avanti Sankav	KMP	1.40	1.22

D Summary of related party transactions during the year:

Transactions	Subsidiaries		KMP	
	2017-2018	2016-2017	2017-2018	2016-2017
Equity component of financial asset	122.87	62.84	-	-
Loans and Advances given	1.74	281.66	-	-
Repayament of Loans and Advances	264.58	500.03	-	-
Investment in share application money	165.00	-	-	-
Interest Income (measured at amortised cost)	33.08	23.72	-	-
Remuneration	-	-	9.35	5.45

30. Contingent liabilities and commitments

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
a. Claims against the company not acknowledged as debt	-	-	-
b. Corporate gaurantee given	292.86	-	225.89
	292.86	**-**	**225.89**

In accordance with the scheme of demerger, company has bifurcated its assets and liabilities between the demerged and resultant companies. Company has assured its lenders that necessary documents and guarantees have been issued to ensure security creation for facilities granted to them, its subsidiaries and associates.

31. Segment Reporting

a) Primary (Business) Segment:

(i) Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (“CODM”) of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Cheif Finance Officer of the Company. The Company operates only in one Business Segment i.e. “Lifestyle Business”, hence does not have any reportable Segments as per Ind AS 108 “Operating Segments”.

As the Company’s business consists of one reportable business segment and hence, no separate disclosure pertaining to attributable Revenues, Profits, Assets, Liabilities and Capital employed are given.

(ii) The company does not have revenue from external customer outside India and assets located outside India ,hence not disclosed seperately.

(iii) Further, the Company does not have revenue more than 10% of total revenue from single external customer.

Geographical Information:

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.

32. Business Combination: Scheme of arrangement with Talwalkars Better Value Fitness Limited

The Board of directors of the Talwalkars Better Value Fitness Limited" ("TBVFL") on November 24, 2016 approved the Scheme of Arrangement under Sections 391 – 394 of the Companies Act, 1956 (‘the Scheme’) between Talwalkars Better Value Fitness Limited ("TBVFL"or ‘Demerged Company’) and Talwalkars Lifestyles Limited ("TLL" or ‘Resulting Company’ or 'Company') & their respective shareholders & creditors for the demerger of gymnasium business into the Company. The Scheme of Arrangement for Demerger has been approved by National Company Law Tribunal (NCLT), Mumbai Bench on December 21, 2017 and it came into effect on February 20, 2018 (the "Effective Date"), the date on which the Order from National Company Law Tribunal (NCLT) was filed with the Registrar of Companies. Pursuant to the scheme of arrangement ('the scheme'), with effect from the Appointed date ie., April 01, 2016 the Gymnasium business of the company stands transferred to the newly formed company namely "Talwalkars Lifestyles Limited". The scheme has been considered in these results by transferring the assets and liabilities as identified by the management as pertaining to the Gymnasium business with effect from the Appointed Date. Also, the Income and Expenses of the Demerged Company have been determined based on management evaluation of relevant business activities to be continued in the Demerged Company.

Pursuant to the scheme, all assets, liabilities, rights, business operations and activities forming part of the Demerged undertaking have been transferred to the Resulting Company at their respective Book value as follows:

Particulars	(₹ in million)
Assets	
Property, plant and equipment	2,397.16
Capital Work in Progress	592.68
Goodwill	53.86
Financial Assets- Non Current	811.13
Other Non Current Assets	170.00
Financial Assets-other	1,010.86
Other Current Assets	179.15
	5,214.84
Liabilities	
Financial Liabilities- Non current	1,758.26
Deferred tax liabilities (net)	151.85
Financial Liabilities-current	293.66
Liabilities for current tax (net)	65.88
Other current liabilities	154.59
	2,424.25
Net Assets Transferred	**2,790.58**

As a consideration for the value of net assets transferred, the Company shall issue 1 (One) fully paid up equity shares of INR 10 each in resulting Company for every 1 (One) Equity share of INR 10 each held in the demerged undertaking to the existing shareholders of the demerged undertaking as on the record date, aggregating to shares of INR 1 each. There is no contingent consideration payable on this acquisition.

Further, as per the Scheme, the excess of book value of assets over the book value of liabilities of the demerged undertaking shall be adjusted against the securities premium account/ capital reserve/general reserve/ balance in the statement of profit /loss of demerged undertaking.

Particulars	(₹ in million)
Excess of book value of assets over the book value of liabilities	2,790.58
Adjusted against:	
Debenture Redemption Reserve	121.72
General Reserve	83.52
Profit & Loss Account	1,459.60
Securities Premium Account	1,125.74

33. Financial instruments – Fair values and risk management

A. Accounting classification

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(₹ in million)

Particulars	As at March 31, 2018			As at March 31, 2017			As at April 1, 2016		
	FVTOCI	Fair value through profit & loss	Amortised Cost	FVTOCI	Fair value through profit & loss	Amortised Cost	FVTOCI	Fair value through profit & loss	Amortised Cost
Financial Assets									
Investment In other companies	-	50.00	-	-	50.00	-	-	50.00	-
Other financial assets	-	-	0.58	-	-	0.58	-	-	-
Trade receivables	-	-	70.39	-	-	154.22	-	-	-
Cash and cash equivalents	-	-	539.47	-	-	71.10	-	-	159.63
Loans- current	-	-	36.00	-	-	-	-	-	-
	-	50.00	646.44	-	50.00	225.90	-	50.00	159.63
Financial Liabilities									
Borrowings			1,682.65			1,412.65			1,354.36
Trade Payables			42.98			-			-
Other financial liabilities			23.99			-			5.06
	-	-	1,749.62	-	-	1,412.65	-	-	1,359.42

B. Fair Value

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Particulars	As at March 31, 2018			As at March 31, 2017			As at April 1, 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Assets									
Investment In other companies	-	-	50.00	-	-	50.00	-	-	-
Financial Liabilities									
Borrowings	-	1,682.65	-	-	1,412.65	-	-	1,354.36	-

The management assessed that carrying amount of cash and cash equivalents, trade receivables, loans, trade payable and other financial liabilities approximate their fair values largely due to the short-term maturities of these instruments.

C. Financial Risk Management

i. Risk management framework

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade and other receivables, cash and cash equivalents and other bank balances.The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amount.

(a) Trade and other receivables from customers

Credit risk in respect of trade and other receivables is managed through credit approvals, establishing credit limits and monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

The Company measures the expected credit loss of trade receivables based on historical trend, industry practices and the business environment in which the entity operates. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors such as credit ratings from credit rating agencies, financial condition, ageing of accounts receivable and the Company's historical experience for customers.

Financial Assets are considered to be of good quality and there is no significant increase in credit risk

(b) Cash and cash equivalents and Other Bank Balances

The Company held cash and cash equivalents and other bank balances of ₹ 539.46 million at March 31, 2018 (March 31, 2017: ₹ 71.10 million, April 1, 2016 : ₹ 159.63 million). The cash and cash equivalents are held with bank with good credit ratings and financial institution counterparties with good market standing. Also, Company invests its short term surplus funds in bank fixed deposit, which carry no / low mark to market risks for short duration therefore does not expose the Company to credit risk.

iii. Market risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

a Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company does not have significant foreign currency exposure and hence, is not exposed to any significant foreign currency risk.

b Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. The Company manages its interest rate risk by monitoring the movements in the market interest rates closely.

Exposure to interest rate risk

Company's interest rate risk arises primarily from borrowings. The interest rate profile of the Company's interest-bearing financial instruments is as follows.

(₹ in million)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Term Loan From Bank	843.25	841.84	847.49
Total of Variable Rate Financial Liabilities	**843.25**	**841.84**	**847.49**

Cash flow sensitivity analysis for variable-rate instruments

The sensitivity analysis below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting year and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates :

(₹ in million)

Cash flow sensitivity (net)	Profit or loss	
	50 bp increase	50 bp decrease
March 31, 2018		
Variable-rate loan instruments	(4.22)	4.22
Cash flow sensitivity (net)	**(4.22)**	**4.22**
March 31, 2017		
Variable-rate loan instruments	(4.21)	4.21
Cash flow sensitivity (net)	**(4.21)**	**4.21**

c Other price risk

The Company invests its surplus funds in various Equity and debt instruments . These comprise of mainly liquid schemes of mutual funds (liquid investments), Equity shares and fixed deposits. This investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. However due to the very short tenor of the underlying portfolio in the liquid schemes, these do not pose any significant price risk.

iv. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is managed by Company through effective fund management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and other borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

Maturity Analysis of Significant Financial Liabilities (₹ in million)

As at March 31, 2018	Total	Upto 1 year	1-5 years	More than 5 years
Non current borrowings (including current maturities)				
- Debentures	839.40	42.18	298.67	498.55
- Term Loans	843.25	-	734.60	108.65
Trade and other payables	42.98	42.98	-	-
Other Financial Liabilities	23.99	3.00	15.00	5.99

As at March 31, 2017	Total	Upto 1 year	1-5 years	More than 5 years
Non current borrowings (including current maturities)				
- Debentures	570.80	272.44	298.36	-
- Term Loans	841.84	-	377.28	464.56
Trade and other payables	-	-	-	-

As at March 31, 2016	Total	Upto 1 year	1-5 years	More than 5 years
Non current borrowings (including current maturities)				
- Debentures	506.87	258.21	248.66	-
- Term Loans	847.49	96.78	750.71	-
Trade and other payables	-			
Other Financial Liabilities	5.06	1.21	3.85	-

34. Capital Management

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. Management monitors the return on capital as well as the debt equity ratio and make necessary adjustments in the capital structure for the development of the business. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day - to - day needs. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company's adjusted net debt to equity ratio is as follows:

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Total liabilities	1,682.65	1,412.65	1,354.36
Less : Cash and cash equivalent	539.47	71.10	159.63
Adjusted net debt	**1,143.18**	**1,341.55**	**1,194.73**
Total equity	2,029.60	1,914.39	1,823.26
Adjusted equity	**2,029.60**	**1,914.39**	**1,823.26**
Adjusted net debt to adjusted equity ratio	0.56	0.70	0.66

Note : For the purpose of computing debt to equity ratio, equity includes Equity share capital and Other Equity and Debt includes Long term borrowings, Short term borrowings and current maturities of long term borrowings.

35. Other Notes

Previous year figures have been regrouped, re-arranged and re-classified wherever necessary to conform to current year's classification.

As per our report of even date attached

For M. K. Dandeker & Co.,

(ICAI Regn. No. 000679S)

S. Poosaidurai
Partner
Chartered Accountants
Membership No. 223754

For and on behalf of the Board of Directors

P. S. Talwalkar
Managing Director & CEO

V. R. Gawande
Whole time Director

Girish Nayak
Chief Financial Officer

Avanti Sankav
Company Secretary & Compliance Officer

INDEPENDENT AUDITORS' REPORT

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **Talwalkars Better Value Fitness Limited** (hereinafter referred to as "the Holding Company") and its Subsidiary Companies (collectively referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated statement of changes in equity and 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 Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS 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 including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

The respective Board of Directors of the Company and its Subsidiary 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 consolidated Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting 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 consolidated Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 Ind AS 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS 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, 2018 and their consolidated profit, consolidated total comprehensive income, consolidated changes in equity and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of two subsidiaries whose financial statements reflect total assets of ₹1,001.39 Million as at March 31, 2018 total revenues of ₹2.72 Million and net cash flows amounting to ₹2.82 Million for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated Ind AS 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.

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 Ind AS financial statements with the exception of the following in Holding Company:

(i) Pursuant to the scheme of arrangement for Demerger of the Holding Company, with effect from the Appointed date of April 01, 2016, the Gymnasium business of the Holding Company stands transferred to the newly formed Company namely "Talwalkars Lifestyles Limited" (Resulting Company). The scheme of arrangement has been given effect in the Ind AS financial statements of the Holding Company by transferring the carrying amount of assets and liabilities as identified by the management pertaining to the Gymnasium business with effect from the Appointed Date. Also, the Income and Expenses of the Demerged Company ("the Holding Company") have been determined based on management evaluation of relevant business activities to be continued in the Demerged Company. Hence, we have relied on the management's evaluation for segregation of accounts.

(ii) We have not received independent confirmation for certain Financial Assets and Liabilities of the Holding Company. 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 Ind AS 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 (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity 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 Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 as amended. However, the accounting impact of Holding Company's policy on impairment of assets needs to be reviewed at regular intervals.

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its Subsidiary Companies, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2018 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 and the operating effectiveness of such controls, refer to our separate report in "Annexure A", which is based on the auditors' reports of the Holding Company and its Subsidiary Companies incorporated in India.

(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 Holding Company and its Subsidiary Companies does not have any pending litigations which would impact its financial position.

   ii. The Holding Company and its Subsidiary Companies 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 incorporated in India..

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

S. Poosaidurai
Partner
Chartered Accountants
Membership No.223754

Date: May 07, 2018
Place: Mumbai

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, 2018 in conjunction with our audit of the consolidated Ind AS 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 IND AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the Subsidiary Companies incorporated in India, in terms of their reports referred to in the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on internal financial controls system over financial reporting of the Holding Company and its Subsidiary Companies incorporated in India.

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.

Modified opinion on operating effectiveness of Internal Financial Controls over Financial Reporting and 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, 2018:

The Holding Company's operating effectiveness and internal control system for Revenue from Operations with regard to Fees and Subscription 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 and based on the consideration of the reports of the other auditors referred to in the Other Matter paragraph below, the Holding Company and its Subsidiary Companies have maintained adequate internal financial controls over financial reporting as of March 31, 2018, based on the internal control over financial reporting criteria established by the respective Companies 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, 2018.

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 Ind AS financial statements of the Company.

Other Matters

Our aforesaid report under section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two Subsidiary Companies, which are incorporated in India, is based solely on the corresponding reports of the auditors of such Companies incorporated in India.

Our opinion is not modified in respect of the above matters.

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

S. Poosaidurai
Partner
Chartered Accountants
Membership No. 223754

Date: May 07, 2018
Place: Mumbai

Consolidated Balance Sheet as at March 31, 2018

(₹ in million)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
I) Non- Current Assets				
(a) Property, Plant and Equipment	3	3,034.44	2,789.22	2,843.39
(b) Capital work in progress		331.91	286.26	104.44
(c) Financial Assets				
(i) Investments	4	50.00	150.00	50.00
(ii) Other financial assets	5	10.62	0.58	-
(d) Other non-current assets	6	283.62	172.00	370.00
		3,710.59	**3,398.06**	**3,367.83**
II) Current Assets				
(a) Inventories	7	3.14	2.86	0.39
(b) Financial Assets				
(i) Loans	8	36.00	-	-
(ii) Trade receivables	9	73.34	171.81	32.66
(iii) Cash and cash equivalents	10	542.50	81.35	293.83
(c) Other current assets	11	137.39	134.63	172.30
		792.37	**390.64**	**499.18**
Total Assets (i+ii)		**4,502.96**	**3,788.70**	**3,867.01**
EQUITY & LIABILITIES				
I) Equity				
(i) Equity share capital	12	310.05	297.05	297.05
(ii) Other equity	13	1,763.38	1,689.43	1,628.15
Total Equity		**2,073.43**	**1,986.48**	**1,925.20**
II) Liabilities				
(i) Non-current Liabilities				
(a) Financial liabilities				
Borrowings	14	1,930.50	1,139.15	1,223.24
(b) Deferred tax liabilities (net)	18	365.75	377.19	353.42
		2,296.25	**1,516.34**	**1,576.66**
(ii) Current Liabilities				
(a) Financial Liabilities				
(i) Trade payables	15	45.26	0.86	-
(ii) Other financial liabilities	16	42.18	273.50	354.99
(b) Liabilities for current tax (net)	18	7.60	7.50	6.00
(c) Other current liabilities	17	38.24	4.02	4.16
		133.28	**285.88**	**365.15**
Total Liability (i+ii)		**2,429.53**	**1,802.22**	**1,941.84**
Total Equity and Liabilities (I+II)		**4,502.96**	**3,788.70**	**3,867.01**
Summary of significant accounting policies	1			
See accompanying notes forming part of the financial statements	(2-34)			

As per our report of even date attached

For M. K. Dandeker & Co.,

(ICAI Regn. No. 000679S)

S. Poosaidurai
Partner
Chartered Accountants
Membership No. 223754

For and on behalf of the Board of Directors

P. S. Talwalkar
Managing Director & CEO

V. R. Gawande
Whole time Director

Girish Nayak
Chief Financial Officer

Avanti Sankav
Company Secretary & Compliance Officer

Consolidated Statement of Profit and Loss for the year ended March 31, 2018

(₹ in million)

Particulars	Note No.	Year Ended March 31, 2018	Year Ended March 31, 2017
1. Revenue			
(a) Revenue from Operations	19	575.33	493.50
(b) Other Income	20	5.51	3.33
Total Revenue		**580.84**	**496.83**
2. Expenses			
(a) Changes in Inventories	21	(0.28)	(2.47)
(b) Purchase of stock-in-trade		4.07	5.36
(c) Employee benefit expense	22	85.41	84.52
(d) Finance costs	23	103.22	78.49
(a) Depreciation and amortization expense	24	178.72	126.17
(a) Other expenses	25	100.56	98.24
Total Expenses		**471.70**	**390.31**
3. Profit before tax (1 -2)		109.14	106.52
4. Tax expense:	18		
(a) Current tax		32.80	21.50
(b) Deferred tax		(5.09)	23.74
(c) MAT Credit Reversal / (Entitlement)		(6.32)	-
Income tax expenses		21.39	45.24
5. Profit for the year (3 - 4)		**87.75**	**61.28**
Other Comprehensive Income		-	-
Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)		**87.75**	**61.28**
6. Earning per equity share (of ₹ 10 each) :	26		
(a) Basic		2.88	2.06
(b) Diluted		2.88	2.06
Summary of significant accounting policies	1		
See accompanying notes forming part of the financial statements	(2-34)		

As per our report of even date attached
For M. K. Dandeker & Co.,
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Company Secretary & Compliance Officer

Consolidated Statement of Changes in Equity for the year ended March 31, 2018

A) EQUITY SHARE CAPITAL

(₹ in million)

Particulars	Amount
Balance as at April 1, 2016	297.05
Changes in equity share capital during the year	-
Balance as at March 31, 2017	**297.05**
Changes in equity share capital during the year	13.00
Balance as at March 31, 2018	**310.05**

B) OTHER EQUITY

(₹ in million)

Particulars	Debenture Redemption Reserve	Securities Premium Reserve	Retained Earnings	Total
Balance as at April 1, 2016	**81.15**	**918.85**	**628.15**	**1,628.15**
Total comprehensive income for the year	-	-	61.28	61.28
Balance as at March 31, 2017	**81.15**	**918.85**	**689.43**	**1,689.43**
Total comprehensive income for the year	-	-	87.75	87.75
Re-statement of Subsidiary Financials	-	-	(13.80)	(13.80)
Balance as at March 31, 2018	**81.15**	**918.85**	**763.38**	**1,763.38**

As per our report of even date attached
For M. K. Dandeker & Co.,
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Statement of Consolidated Cash Flow Statement for the year ended March 31, 2018

(₹ in million)

Particulars		Year Ended March 31, 2018	Year Ended March 31, 2017
A.	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net profit before tax	**109.14**	**106.52**
	Adjustment for :		
	Depreciation & Amortisation	178.72	126.17
	Finance cost (Net) (including financial liabilities measured at amortised cost)	103.22	78.49
	Interest Income (including financial assets measured at amortised cost)	(0.22)	-
	Operating Profit before Working capital changes	**390.86**	**311.18**
	Adjustments for Working Capital Changes :		
	(Increase)/Decrease in Trade Receivables	98.46	(139.14)
	(Increase)/Decrease in Other Advances & Receivables	(36.00)	(0.28)
	(Increase)/Decrease in Other Current Assets	(16.55)	235.37
	(Increase)/Decrease in Inventories	(0.29)	(2.47)
	Increase/(Decrease) in Trade payables	44.40	0.86
	Increase/(Decrease) in other payables	34.22	(0.17)
	Cash generated from operations	**515.10**	**405.35**
	Net Income Tax (Paid) / Refund	(32.70)	(20.00)
	Net cash (used in)/from operating activities	**482.40**	**385.35**
B.	CASH FLOW FROM INVESTING ACTIVITES:		
	Capital Expenditure on Property, Plant & Equipments including Capital Advances	(581.25)	(253.75)
	Interest Income	0.22	-
	Share application money given	-	(100.00)
	Refund of share application money	100.00	-
	Net (investment in)/ Proceeds from bank deposits	(10.04)	-
	Net cash (used in)/from Investing activities	**(491.07)**	**(353.75)**
C.	CASH FLOW FROM FINANCING ACTIVITIES:		
	Proceeds from Issue of Shares	13.00	-
	Redemption of Non Convertible Debentures	(248.95)	(249.17)
	Issue proceeds from Non Convertible Debentures	498.86	298.65
	Proceeds from term loan	289.31	-
	Repayment of Long term and other borrowings	-	(229.53)
	Finance cost paid (net)	(82.40)	(64.03)
	Net cash generated (used in)/from Financing Activities	**469.82**	**(244.08)**
	NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**461.15**	**(212.48)**
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	81.35	293.83
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**542.50**	**81.35**

Notes:

Components of cash & cash equivalents considered only for the purpose of cash flow statements:-

(₹ in million)

For the year ended	Year Ended March 31, 2018	Year Ended March 31, 2017
Cash and Cash Equivalent comprises of:		
Cash on hand	0.10	0.11
Balances with Banks:		
- Current Accounts	542.40	81.24
Cash and cash equivalents in Cash Flow Statement	**542.50**	**81.35**

Notes:

a) The Cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard - 7 ('Ind AS 7') on Cash Flow Statement prescribed in Companies (Indian Accounting Standard) Rules, 2015, as amended, notified under section 133 of the Companies Act, 2013.

b) Net of Cash and cash equivalents of ₹ 533.89 million transferred on demerger (refer note 29)

c) Amendment to Ind AS 7

The amendments to Ind AS 7 Cash flow statements requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities,including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities and financial assets arising from financing activities, to meet the disclosure requirement. This amendment has become effective from April 1, 2017 and the required disclosure is made below. There is no other impact on the financial statements due to this amendments.

March 31, 2018	Opening balance	Cash flows	Non cash changes		Closing balance
			Fair value changes	Current/ (non current) Classification	
Long term secured borrowings	1,139.15	561.54	(1.50)	231.32	1,930.50
Total liabilities from financing activities	**1,139.15**	**561.54**	**(1.50)**	**231.32**	**1,930.50**

March 31, 2017	Opening balance	Cash flows	Non cash changes		Closing balance
			Fair value changes	Current/ (non current) Classification	
Long term secured borrowings	1,223.24	(161.44)	(4.16)	81.50	1,139.15
Total liabilities from financing activities	**1,223.24**	**(161.44)**	**(4.16)**	**81.50**	**1,139.15**

As per our report of even date attached
For M. K. Dandeker & Co.,
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For and on behalf of the Board of Directors

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Whole time Director

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Chief Financial Officer

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Company Secretary & Compliance Officer

Notes forming part of consolidated financial statements for the year ended March 31, 2018

Company Overview:

Talwalkars Better Value Fitness Limited (the 'Company') a public limited company is incorporated in India under provisions of the Companies Act applicable in India. The consolidated financial statement comprises financial statements of the Company together with its subsidiaries (collectively referred to as the 'Group') for the year ended March 31, 2018. The Group is engaged primarily in the business of gyms, spas, aerobics, yoga and health counseling.

The company domiciled and incorporated in Mumbai, India. The shares of the Company are listed on the BSE Limited and National Stock Exchange of India Limited. Its registered office is situated at 810-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai-400026.

1. Statement of Significant Accounting Policies, estimates and Judgements:

1.1 Basis of preparation of financial statements

The consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended; and the other relevant provisions of the Act and Rules thereunder.

The consolidated financial statements have been prepared under historical cost convention basis, except for certain assets and liabilities measured at fair value.

The Group has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Generally Accepted Accounting Principles in India (Indian GAAP) as prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendments Rules, 2014 which was the "Previous GAAP".

The amounts in the accompanying financial statements have been stated in million of Indian rupees and rounded off to two decimals.

1.2 Basis of consolidation

The consolidated financial statements comprise of financial statements of the Company and its subsidiaries for which the Company fulfils the criteria pursuant to Ind AS 110

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists if and only if all of the following conditions are satisfied –

(a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(b) Exposure, or rights to variable returns from its involvement with the investee; and

(c) The ability to use its power over the investee to affect the amount of the investors' returns

Subsidiaries are consolidated from the date control commences until the date control ceases. The financial statements of the subsidiaries are consolidated on a line-by-line basis and intra-Group balances and transactions including unrealised gain / loss from such transactions are eliminated upon consolidation. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All the subsidiaries are wholly owned subsidiaries and therefore there is no non-controlling interest.

Details of subsidiaries considered in the CFS are as under:

Name of the Company	Country of Incorporation	% ownership interest as at March 31, 2018
Talwalkars Club Private Limited	India	100.00
Talwalkars Club System Private Limited	India	100.00

1.3 Property, Plant and Equipment (PPE)

Under the Previous GAAP (Indian GAAP), all assets were carried in the balance sheet at cost, less accumulated depreciation and accumulated impairment losses, if any. On the date of transition to Ind AS, all items of property, plant and equipments have been measured at fair value and same has been considered as deemed cost as at April 01, 2016 (date of transition).

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by the management, the initial estimate of any decommissioning obligation, if any, and borrowing cost for qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use). 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 property, plant and equipments and capitalized.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

An item of property, plant and equipment and any significant part initially recognized separately as part of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognized.

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at regular intervals and changes, if any, are accounted in line with revisions to accounting estimates.

Depreciation on property, plant and equipment is provided from the date the assets are put to use on straight-line method using the useful lives of the assets estimated by management and in the manner prescribed in Schedule II of the Companies Act 2013.

Based on management estimates/evaluation, the certain category of assets has different residual value other than prescribed in Schedule II of the Companies Act 2013.

The Group has elected the option of fair value as deemed cost for all items of property, plant & equipment as on the date of transition to Ind AS.

Capital work-in-progress, representing expenditure incurred in respect of assets under development and not ready for their intended use, are carried at cost. Cost includes related acquisition expenses, construction cost, related borrowing cost and other direct expenditure.

1.4 Depreciation

Depreciation on Plant, Property and Equipment has been provided on the Straight - Line basis, over the estimated useful lives of assets. The Company provides pro-rata depreciation from the date of addition / up to the date of deletion made during the reporting period.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The useful lives determined are in line with the useful lives as prescribed in the Schedule II of the Act.

1.5 Financial Instruments

1.5.1 Financial Assets

Initial recognition and measurement

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial assets. The Group classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

i). Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

ii). Debt instruments at Fair value through Other Comprehensive Income (FVTOCI)

A 'debt instrument' is measured at the fair value through other comprehensive income if both the following conditions are met:

a) The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, these assets are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognized in the Statement of Profit and Loss. Other net gains and losses are recognized in other comprehensive Income.

iii). Debt instruments at Fair value through profit or loss (FVTPL)

Fair value through profit or loss is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

iv). Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group decides to classify the same either as at FVTOCI or FVTPL. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI).

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognized (i.e. removed from the Group's Balance Sheet) when any of the following occurs:

The rights to receive cash flows from the asset have expired, or

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

a) The Group has transferred substantially all the risks and rewards of the asset, or

b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition, any gains or losses on all equity instruments (measured at FVTPL) are recognised in the Statement of Profit and Loss. Accumulated gains or losses on equity instruments measured at FVTOCI are never reclassified to the Statement of Profit and Loss.

Impairment of financial assets

The Group assesses impairment based on expected credit losses (ECL) model to the following:

i). Trade Receivables,

ii). Financial asset measured at amortised cost and

iii). Financial asset measured at fair value through other comprehensive income

Expected credit losses are measured through a loss allowance at an amount equal to:

a) 12 months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

b) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For financial assets other than trade receivables, as per Ind AS 109, the Group recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables, considering historical trend, industry practices and the business environment in which the Group operates or any other appropriate basis.

The Group's trade receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

1.5.2 Financial Liabilities

Initial recognition and measurement

The Group recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial liabilities. The Group classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Intercompany loans not repayable on demand are discounted to its present value using incremental borrowing rate applicable to the borrower entity. The difference between the carrying value of the loan and its present value is accounted based on the relationship with the borrower for e.g. in case of subsidiary, the difference is shown as further equity infusion in the subsidiary. The unwinding of discount from the date of loan to the transition date is shown as an income and recognised in "Retained Earnings" of the Lender.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

1.6 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.7 Fair Value Measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

1.8 Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as a short term employee benefits. Benefits such as salaries, wages, contractual labour charges and short term compensated absences, etc. is 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 Group 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.

1.9 Cash and Cash equivalents

Cash and cash equivalents include cash at bank, cash, cheque and draft on hand. The Group considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

The amendments to Ind AS 7 require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has provided the information for both the current and the comparative period in Cash Flow Statement.

1.10 Cash Flows

Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

1.11 Borrowing costs

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Also the EIR amortization is included in finance cost. Borrowing costs that are attributable to the acquisition or construction of qualifying assets (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use) are capitalized as a part of the cost of such assets. All other borrowing costs are charged to the Statement of Profit and Loss.

1.12 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

1.12.1 Revenue 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.

1.12.2 Revenue from sale of goods is recognized when all significant contractual obligation have been satisfied, the property in the goods is transferred for a price, significant risks and rewards of ownership are transferred to the customer and no effective ownership is retained. Revenue from the sale of goods is measured at the fair value of consideration received or receivable, net of returns and allowances and discounts.

1.12.3 Lease income is recognised in the Statement of Profit and Loss on straight line basis over the lease term, unless there is another systematic basis which is more representative of the time pattern of the lease. Revenue from lease rentals is disclosed net of indirect taxes, if any.

1.12.4 Finance income is recognised as it accrues using the Effective Interest Rate (EIR) method. Finance income is included in other income in the Statement of Profit and Loss.

1.12.5 Dividend income is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

1.12.6 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

1.13 Taxes on Income

Income tax comprises of current and deferred income tax. Income tax is recognised as an expense or income in the Statement of Profit and Loss, except to the extent it relates to items directly recognised in equity or in OCI.

1.13.1 Current Tax

Income-tax Assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the end of reporting period.

Current Tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity.

1.13.2 Deferred tax

Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred Tax asset and liability are measured at the tax rates that are expected to apply in the year when the asset is realized or liability is settled based on rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity.

Deferred tax assets and Deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax includes Minimum Alternate tax (MAT) recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. The Group reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

1.14 Impairment of Non - financial Assets

The carrying amounts of assets are reviewed at each reporting date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset’s fair value less cost of disposals and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value is the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for the Group Cash Generating Units' (CGU) to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the Statement of Profit & Loss in expense categories.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

1.15 Inventories

Inventories of stock-in-trade are valued at cost or net realizable value, whichever is lower. Cost comprises of all cost of purchases and other costs incurred in bringing the inventory to their present location and conditions. Cost is arrived at on FIFO basis. Due allowance is estimated and made for defective and obsolete items, wherever necessary, based on the past experience.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

In respect of assets taken on operating lease, lease rentals are recognized as an expense in the Statement of Profit and Loss on straight line basis over the lease term unless;

(1) another systematic basis is more representative of the time pattern in which the benefit is derived from the leased asset;

or

(2) the payments to the lessor are structured to increase in the line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

1.17 Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the net profit/(loss) for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) 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 profit/(loss) for the year attributable to equity shareholders and the weighted average numbers of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

1.18 Provisions, Contingent Liabilities and Capital Commitments

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expenses relating to a provision is presented in the Statement of Profit and Loss net of reimbursements, if any.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Group, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

1.19 Foreign Currency Transactions

Functional and Presentation Currency

The Financial Statements are presented in Indian rupees which is the functional currency for the Group. All amounts have been rounded off to the nearest million, unless otherwise indicated.

Monetary items

Transactions in foreign currencies are initially recorded at their respective exchange rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing on the reporting date.

Exchange differences arising on settlement or translation of monetary items (except for long term monetary items taken prior to April 1, 2016) are recognised as:-

- Upto March 31, 2008, recognized 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.

Non – Monetary items

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

1.20 Exceptional Items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

1.21 Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, the ministry of Corporate Affairs (the MCA) notified the Companies (Indian Accounting Standards) Amendment Rules 2018 containing Appendix B to Ind AS 21 Foreign currency transactions and advance consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in foreign currency.

The amendment will come into force from April 1, 2018. The company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115, Revenue from Contract with Customers: On March 28, 2018, the MCA notified the Ind AS 115. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contract with customers.

The effective date for adoption of Ind AS 115 is financial period beginning on or after April 1, 2018.

1.22 Business combinations and goodwill

Business combinations are accounted for using the acquisition method.

The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non- controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are recognised in the Statement of Profit and Loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date on fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, operating or accounting policies and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Any impairment loss for goodwill is recognised in the Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

1.23 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements,which have the most significant effect on the amounts recognised in the financial statements.

a. Operating lease commitments — Company as lessee

The Group has taken various commercial properties on leases. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, and that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

b. Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in tax jurisdictions.

Estimates and assumptions

a. Classification of Assets and Liabilities as Current and Non-Current

All assets and liabilities are classified as current or non-current as per the Group's normal operating cycle (determined at 12 months) and other criteria set out in Schedule III of the Act.

b. Impairment of assets

In assessing impairment, management estimates the recoverable amounts of each asset or CGU (in case of non-financial assets) based on expected future cash flows and uses an estimated interest rate to discount them. Estimation relates to assumptions about future cash flows and the determination of a suitable discount rate.

c. Useful lives of depreciable / amortisable assets (Property, plant and equipments and intangible assets)

Management reviews its estimate of the useful lives of depreciable / amortisable assets at each reporting date, based on the expected usage of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the usage of certain assets.

d. Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash generating unit or Groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

e. Defined benefit obligation (DBO)

The cost of defined benefit gratuity plan and the present value of the gratuity obligation along with leave salary are determined using actuarial valuations. An actuarial valuation involves making various assumptions such as standard rates of inflation, mortality, discount rate, attrition rates and anticipation of future salary increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

f. Deferred Tax assets

In assessing the realisability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the period in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realize the assets considered realizable, however, could be reduced in the near term if estimates of future taxable benefits of those deductible differences are reduced.

g. Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument / assets. Management bases its assumptions on observable data as far as possible but this may not always be available. In that case the management uses the best relevant information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Note 2 : Disclosures as required by Indian Accounting Standard (Ind AS) 101 First time adoption of Indian accounting standard

These are the Group's first consolidated financial statements prepared in accordance with Ind AS. The Group has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Generally Accepted Accounting Principles in India (Indian GAAP) as prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2014 which was the "Previous GAAP".

The Significant Accounting Policies set out in Note No. 1 have been applied in preparing the consolidated financial statements for the year ended March 31, 2018, March 31, 2017 and the opening Ind AS Balance Sheet on the date of transition i.e. April 1, 2016.

In preparing its Ind AS Balance Sheet as at April 1, 2016 and in presenting the comparative information for the year ended March 31, 2017, the Group has adjusted amounts previously reported in the financial statements prepared in accordance with Previous GAAP. This note explains the principal adjustments made by the Group in restating its consolidated financial statements prepared in accordance with Previous GAAP, and how the transition from Previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

I) Explanation of transition to Ind AS

Set out below are the Ind AS 101 optional exemptions availed as applicable and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A. Optional Exemptions availed

Fair valuation of Property, Plant and Equipment

The Group has elected the option of fair value as deemed cost for property, plant & equipment on the date of transition to Ind AS instead of carrying value under Previous Indian GAAP as on April 1, 2016.

Investment in Subsidiaries, Joint Ventures

The Company has elected either the Indian GAAP carrying amount or fair value at the date of transition as deemed cost for its investment in each subsidiary, joint venture or associate.

Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.The Company has availed the said exemption and elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Accordingly, business combinations occurring prior to the transition date have not been restated.

B. Applicable Mandatory Exceptions

Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Previous GAAP (after adjustments to reflect any difference in accounting policies).

Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

The Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in equity instruments carried at FVTPL or FVTOCI;

- Investment in debt instruments carried at FVTPL; and

- Impairment of financial assets based on expected credit loss model.

Derecognition of Financial Assets and Liabilities

Financial Assets and Liabilities derecognized before April 1, 2016 are not re-recognized under Ind AS. The Group has not choosen to apply the Ind AS 109 Financial Instruments derocognizing criteria to an earlier date. No significant arrangements were identified that has to be assessed under this exception.

Impairment of Financial Asset

The Group has applied the impairment requirements of Ind AS 109 retrospectively based on facts and circumstances at the date of transition to Ind AS

Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

C. Transition to IND AS-Reconciliations

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Previous GAAP to Ind AS as required under Ind AS 101:-

I) Reconciliation of Balance sheet as at April 1, 2016 (Transition Date) and March 31,2017

II) Reconciliation of Total Comprehensive Income for the year ended March 31, 2017

III) Reconciliation of Equity as on March 31, 2017 & April 1, 2016

IV) Notes to Reconciliation

The presentation requirements under Previous GAAP differs from Ind AS. Hence, Previous GAAP information has been regrouped for ease of reconciliation with Ind AS. The Regrouped Previous GAAP information is derived from the Financial Statements of the group prepared in accordance with Previous GAAP.

I) Reconciliation of Balance sheet as at April 1, 2016

(₹ in million)

Particulars		Reference Note No.	As at 31-Mar-17 (Previous GAAP regrouped)	IND AS Adjustments	As at 31-Mar-17 (IND AS)	As at 1-Apr-16 (Previous GAAP regrouped)	IND AS Adjustments	As at 1-Apr-16 (IND AS)
ASSETS								
Non-current assets								
(a)	Property, Plant and Equipment	A	1,964.32	824.90	2,789.22	2,034.74	808.65	2,843.39
(b)	Capital Work in Progress	B (i)	296.59	(10.33)	286.26	106.47	(2.03)	104.44
(c)	Intangible assets under development	A	3.32	(3.32)	-	3.32	(3.32)	-
(d)	Financial Assets							
	(i) Investments		150.00	-	150.00	50.00	-	50.00
	(ii) Other financial assets		0.58	-	0.58	-	-	-
(e)	Other Non Current Assets		172.00	-	172.00	370.00	-	370.00
Total non-current assets (i+ii)			**2,586.81**	**811.25**	**3,398.06**	**2,564.53**	**803.30**	**3,367.83**
Current Assets								
(a)	Inventories	-	2.86	-	2.86	0.39	-	0.39
(b)	Financial Assets							
	(i) Trade receivables	B (iii)	183.98	(12.17)	171.81	39.75	-7.09	32.66
	(ii) Cash and Cash Equivalents		81.35	-	81.35	293.83	-	293.83
(c)	Other Current Assets		134.63	-	134.63	172.30	-	172.30
Total Current Assets			**402.82**	**(12.17)**	**390.64**	**506.27**	**(7.09)**	**499.18**
TOTAL ASSETS			**2,989.63**	**799.08**	**3,788.70**	**3,070.80**	**796.91**	**3,867.01**
EQUITY AND LIABILITIES								
Equity								
(a)	Equity Share Capital		297.05	-	297.05	297.05	-	297.05
(b)	Other Equity		1,132.88	556.56	1,689.43	1,067.19	560.93	1,628.15
Total Equity			**1,429.93**	**556.56**	**1,986.48**	**1,364.24**	**560.93**	**1,925.20**
Liabilities								
Non-current liabilities								
(a)	Financial Liabilities							
	Borrowings	B (i)	1,150.90	(11.75)	1,139.15	1,229.29	(6.05)	1,223.24
(b)	Deferred tax liabilities (Net)	C	122.92	254.27	377.19	110.54	242.88	353.42
Total Non - Current Liabilities			**1,273.82**	**242.52**	**1,516.34**	**1,339.83**	**236.83**	**1,576.66**
Current Liabilities								
(a)	Financial Liabilities							
	(i) Trade payable		0.86	-	0.86	-	-	-
	(ii) Other financial liabilities	B (i) & (ii)	273.50	-	273.50	356.54	(1.55)	354.99
(b)	Current tax liabilities (Net)		7.50	-	7.50	6.00	-	6.00
(c)	Other current liabilities		4.02	-	4.02	4.19	-	4.16
Total Current Liabilities			**285.88**	**-**	**285.88**	**366.73**	**(1.55)**	**365.15**
TOTAL EQUITY AND LIABILITIES			**2,989.63**	**799.08**	**3,788.70**	**3,070.80**	**796.21**	**3,867.01**

Note (a): The opening balance sheet under Indian GAAP as at 1 April 2016 is after giving effect to the demerger of gym business. Refer Note 29 for details.

II. Reconciliation of Statement of Profit and Loss for the year ended March 31, 2017

(₹ in million)

Particulars	Note No.	Year ended March 31, 2017 (Previous GAAP Regrouped)	IND AS Adjustments	Year ended March 31, 2017 (IND AS)
1. Revenue				
(a) Revenue from Operations		493.50	-	493.50
(b) Other Income		3.33	-	3.33
Total Revenue		496.83	-	496.83
2. Expenses				
(a) Changes in Inventories		(2.47)	-	(2.47)
(b) Purchase of stock-in-trade		5.36	-	5.36
(c) Employee benefit expense		84.52	-	84.52
(d) Finance Costs	B (i)	74.34	4.15	78.49
(e) Depreciation and amortization expense	A	142.40	(16.23)	126.17
(f) Other expenses	B (iii)	93.17	5.07	98.24
Total expenses		397.32	(7.01)	390.31
3. Profit before tax (1-2)		99.51	7.01	106.52
4. Tax expense:				
(a) Current tax		21.50	-	21.50
(b) Deferred tax	C	12.37	11.37	23.74
5. Profit for the year (3-4)		65.64	(4.36)	61.28
Other Comprehensive Income / (expenses) for the year				
Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)		65.64	(4.36)	61.28

III) Reconciliation of Equity as on March 31, 2017 & April 1, 2016

(₹ in million)

Particulars	Note No.	As at March 31, 2017	As at April 1, 2016
Total Equity (Shareholder's funds) as per Previous GAAP		4,924.09	4,270.01
Add/(Less)			
On account of scheme of arrangement		(3,494.19)	(2,905.77)
Recalculation of transaction cost for borrowing as per effective interest rate	B(i)	1.43	5.58
Fair valuation of current Investment			
Expected credit loss on Loans to subsidiaries & trade receivebles	B(iii)	(12.17)	(7.09)
Fair valuation as deemed cost for PPE	A	821.58	805.33
Deferred Tax impact on above Ind AS adjustment	C	(254.26)	(242.89)
Total Impact		(2,937.61)	(2,344.84)
Total Equity as per Ind AS		1,986.48	1,925.17

IV) Notes to reconciliation of Balance Sheet as at April 1, 2016 and March 31, 2017 and the total comprehensive income for the year ended March 31, 2017

Note A : Property, Plant and Equipment

(a) The Group has elected to consider fair value of property, plant & equipment and other intangible assets as its deemed cost on the date of transition to Ind AS. Accordingly, depreciation on such revalued items has been calculated on deemed cost with corresponding increase in deferred tax liability.

(b) Under the previous GAAP, the intangible assets were amortized using the straight-line method. Under Ind AS, the useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with indefinite useful life are not amortised, hence the same is written-off.

Note B : Amortised cost of financial assets and financial liabilities

(i) Borrowings:- Under the previous GAAP, transaction costs incurred in connection with borrowings are amortized upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

(ii) Corporate Gaurantee:- Under Ind AS, corporate financial guarantee given are measured at their fair value on initial recognition. Subsequently these contracts are measured at the higher of amount of impairment loss allowance as per Ind AS 109 and amount initially recognised less, where appropriate,cumulative amortisation recognised.

(iii) Trade Receivable:- Under Indian GAAP, the group has created provision for impairment of receivables which consists only in respect of specific amount for probable losses. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss (ECL) model.

Note C : Deferred Tax

Under Ind-AS accounting for deferred taxes is done using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

3. Property, plant and equipment

(₹ in million)

Particulars	Building	Land	Leasehold improvements & Furniture & Fittings	Electrical Installation	Office equipments	Computer	Gym Equipments	Total
Year Ended March 31, 2017								
Deemed Cost *								
As at April 1, 2016	**1,315.84**	**248.49**	**749.36**	**193.58**	**35.07**	**25.94**	**275.11**	**2,843.39**
Additions	72.00	-	-	-	-	-	-	72.00
Disposals	-	-	-	-	-	-	-	-
Closing Gross Carrying Amount	**1,387.84**	**248.49**	**749.36**	**193.58**	**35.07**	**25.94**	**275.11**	**2,915.39**
Accumulated Depreciation								
For the year	25.84	-	46.90	19.16	9.36	5.04	19.87	126.17
Reversal on account of disposals	-	-	-	-	-	-	-	-
Closing Accumulated Depreciation	**25.84**	**-**	**46.90**	**19.16**	**9.36**	**5.04**	**19.87**	**126.17**
Net Carrying Amount as at March 31, 2017	**1,362.00**	**248.49**	**702.46**	**174.42**	**25.71**	**20.90**	**255.24**	**2,789.22**
Year Ended March 31, 2018								
Gross Carrying Amount								
As at April 1, 2017	1,387.84	248.49	749.36	193.58	35.07	25.94	275.11	2,915.39
Additions	-	-	185.86	100.58	0.00	6.13	131.36	423.94
Disposals	-	-	-	-	-	-	-	-
Closing Gross Carrying Amount	**1,387.84**	**248.49**	**935.22**	**294.16**	**35.07**	**32.07**	**406.47**	**3,339.33**
Accumulated Depreciation								
Upto March 31, 2017	25.84	-	46.90	19.16	9.36	5.04	19.87	126.17
For the year	26.85	-	94.16	22.74	12.63	7.18	15.17	178.72
Reversal on account of disposals		-	-	-	-	-	-	-
Closing Accumulated Depreciation	**52.69**	**-**	**141.06**	**41.90**	**21.99**	**12.22**	**35.04**	**304.89**
Net Carrying Amount as at March 31, 2018	**1,335.15**	**248.49**	**794.16**	**252.26**	**13.08**	**19.85**	**371.43**	**3,034.44**

* Refer note 2 - Transition to Ind AS

4. Non Current Financial Assets - Investments

(₹ in million)

Particulars		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
A.	**Investments in equity instruments (carried at FVTPL)**			
	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	50.00
B.	**Share application money pending allotment**			
	Zorba Renaissance Pvt. Ltd.	-	100.00	-
		50.00	**150.00**	**50.00**

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Aggregate of non-current investments:			
Aggregate amount of quoted investments and market value thereof	-	-	-
Aggregate amount of unquoted investments	50.00	150.00	50.00
Aggregate amount of impairment in value of investments	-	-	-

5. Non Current Financial Asset

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Security Deposits (unsecured and considered good)	0.58	0.58	-
Bank Deposits with original maturity of more than 12 months (lien marked)	10.04	-	-
	10.62	**0.58**	**-**

6. Other Non-Current Assets

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Capital advances	111.62	-	-
Other advances			
Advances recoverable in cash or kind	172.00	172.00	370.00
	283.62	**172.00**	**370.00**

7. Inventories

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Stock in Trade	3.14	2.86	0.39
	3.14	**2.86**	**0.39**

8. Current Financial Assets - Loans

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Other Advances	36.00	-	-
	36.00	-	-

9. Trade Receivable

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(Unsecured And Considered Good)			
Trade receivables	73.34	171.81	32.66
	73.34	171.81	32.66

10. Cash & Cash Equivalents

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Cash on hand	0.10	0.11	-
Balances with Banks			
In current accounts	542.40	81.24	293.83
	542.50	81.35	293.83

11. Other Current Assets

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(Unsecured and considered good)			
Advances recoverable in cash or kind	4.37	1.63	172.30
Advance given for property	133.02	133.00	-
	137.39	134.63	172.30

12. Share Capital

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
SHARE CAPITAL			
AUTHORISED:			
3,20,00,000 (March 31, 2017: 3,20,00,000, April 1, 2016 3,20,00,000) Equity Shares of ₹ 10/- each with voting rights	320.00	320.00	320.00
	320.00	320.00	320.00
ISSUED, SUBSCRIBED & PAID-UP:			
3,10,04,856 (March 31,2017 :2,97,04,856,April 1,2016 :2,97,04,856) equity Shares of ₹ 10/- each with voting rights	310.05	297.05	297.05
	310.05	297.05	297.05

(i) Terms/ Rights attached to Equity Shares

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

(b) 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.

(c) 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.

The Board of Directors of the Company has proposed dividend of ₹ 0.50 per equity share for the financial year 2017-18. The payment of dividend is subject to approval of the shareholders in the ensuing Annual General Meeting of the Company.

(d) 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

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No.	₹ in Million	No.	₹ in Million	No.	₹ in Million
Fully Paid up Shares Outstanding as at beginning of the year	29,704,856	297.05	29,704,856	297.05	29,704,856	297.05
Fully paid up shares issued during the year	1,300,000	13.00	-	-	-	-
Fully paid up shares Outstanding as at end of the year	31,004,856	310.05	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

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of shares held	% of holding	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	9.31%	2,887,780	9.72%	2,884,580	9.71%
2) Girish Madhukar Talwalkar & Nanda Girish Talwalkar	2,275,980	7.34%	2,875,980	9.68%	2,872,780	9.67%
3) Anant Ratnakar Gawande & Yamini Anant Gawande	2,500,200	8.06%	1,920,200	6.46%	1,920,200	6.46%
4) Vinayak Ratnakar Gawande & Madhuri Vinayak Gawande	1,531,900	4.94%	1,931,900	6.50%	1,928,700	6.49%
5) Harsha Ramdas Bhatkal & Smeeta Harsha Bhatkal	1,860,200	6.00%	1,560,200	5.25%	1,560,200	5.25%
6) Smallcap World Fund, Inc	2,389,000	7.71%	2,389,000	8.04%	2,389,000	8.04%
7) Laxmi Shivanand Mankekar & Kedar Shivanand Mankekar	1,953,520	6.30%	1,573,520	5.30%	1,573,520	5.30%
	15,398,580		**15,138,580**		**15,128,980**	

(iv) 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

(v) Forfeited shares and calls unpaid- Nil

13. Other Equity (₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Debenture redemption reserve			
Opening Balance	81.15	81.15	81.15
	81.15	**81.15**	**81.15**
Securities premium account			
Opening balance	918.85	918.85	918.85
	918.85	**918.85**	**918.85**
Surplus/(Deficit) in statement of profit and loss			
Opening balance	689.43	628.15	628.15
Total comprehensive income for the year as per statement of profit and loss	87.75	61.28	-
Re-statement of Subsidiary Financials	(13.80)	-	-
	763.38	**689.43**	**628.15**
	1,763.38	**1,689.43**	**1,628.15**

14. Non Current Financial Liabilities - Borrowings (₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured			
1. Redeemable Non-Convertible Debentures			
(Face value of ₹1 million each fully paid up unless otherwise stated)			
Nil (March 31,2017:Nil ,April 1, 2016:250), 11.75% debentures redeemable on January 3, 2018	-	-	256.33
500 (March 31,2017:Nil,April 1, 2016:Nil), 9.50% debentures redeemable on October 25, 2024	519.11	-	-
Nil (March 31,2017: 250, April 1, 2016:250), 9.80% debentures	-	250.83	250.54
300 (March 31,2017:300,April 1, 2016:NIL), 9.85% debentures redeemable on July 8,2021	320.29	319.98	-
2. Term Loan			
- From bank	1,133.28	841.84	1,071.36
	1,972.68	**1,412.65**	**1,578.23**
Less: Current maturities of Non Convertible Debentures	42.18	273.50	258.21
Less: Current maturities of Long term debt	-	-	96.78
Non current borrowings	**1,930.50**	**1,139.15**	**1,223.24**

Notes:

a) All the secured Non-covertible debentures are secured by first pari passu charge on the specified assets of the Group as identified in the Debenture Trust Deed.

b) All loans are sanctioned by Axis Bank Ltd.and South Indian Bank are secured primarily against the first hypothecation / mortgage charge on the entire movable and immovable fixed assets and current assets of the Group including Gymnasium Equipments, Furniture & Fixtures and any other equipment installed in the Gymnasiums, equitable mortgage or registered mortgage of immovable premises of the Group, 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 (exclusive of transaction cost)

Year	(₹ in million)
2018-19	-
2019-20	65.27
2020-21	185.85
2021-22	278.66
2022-23	269.73
2023-24	234.50
2024-25	109.76

15. Trade Payables

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	45.26	0.86	-
	45.26	**0.86**	**-**

16. Other Current Financial Liabilities

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current maturities of long-term debts	-	-	96.78
Current maturities of Non Convertible Debentures	42.18	273.50	258.21
	42.18	**273.50**	**354.99**

17. Other Current Liabilities

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Other payables			
Statutory dues	38.20	4.02	4.16
Others	0.04	-	0.03
	38.24	**4.02**	**4.19**

18. Tax Expenses

(a) Amounts recognised in Statement of Profit and Loss

(₹ in million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Current tax expense (A)		
Current year	32.80	21.50
MAT Credit Reversal / (Entitlement)	(6.32)	-
	26.48	**21.50**
Deferred tax expense (B)		
Origination and reversal of temporary differences	(5.09)	23.74
Tax expense recognised in the income statement (A+B)	**21.39**	**45.24**

(b) Reconciliation of effective tax rate

(₹ in million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Profit before tax	**109.14**	**106.52**
Tax using the Company's domestic tax rate (Current year 33.063% and Previous Year 34.608%)	36.08	36.87
Tax effect of:		
Adjustment for expenses disallowed under Income Tax Act	59.94	46.48
Adjustment for allowable expenses under Income Tax Act	(67.87)	(61.65)
Others	(1.67)	(0.20)
Tax expense as per Statement of Profit & Loss	**26.48**	**21.50**
Effective tax rate	**24.27%**	**20.18%**

(c) Deferred Tax Liablility (Net)

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deferred tax liabilities			
Property, Plant & Equipment	390.09	381.23	364.80
Deferred tax assets			
Others	(18.02)	(4.04)	(11.38)
MAT Credit Entitlement	(6.32)	-	-
	365.75	**377.19**	**353.42**

(d) Liabilities for current tax (net)

(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Income tax (net of provisions)	7.60	7.50	6.00
	7.60	**7.50**	**6.00**

19. Revenue From Operations (₹ in million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Sale of services	566.11	490.05
Sale of Products	9.22	3.45
	575.33	**493.50**

20. Other Income (₹ in million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Interest income on		
Bank fixed deposits	0.22	-
Other non-operating income	5.29	3.33
	5.51	**3.33**

21. Changes In Inventories (₹ in million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Inventories at the beginning of the year		
Stock in trade	2.86	0.39
Inventories at the end of the year		
Stock in trade	3.14	2.86
	(0.28)	**(2.47)**

22. Employee Benefits Expense (₹ in million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Salaries, Wages and Bonus	6.45	5.71
Contract fees for Labour/Security/ Housekeeping	75.97	75.91
Directors' Remuneration	2.90	2.90
Staff Welfare & Other Amenities	0.09	-
	85.41	**84.52**

23. Finance Costs (₹ in million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Interest expenses	101.15	76.94
Bank & finance charges	2.07	1.55
	103.22	**78.49**

24. Depreciation And Amortisation (₹ in million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Depreciation on property, plant & equipment	178.72	126.17
	178.72	**126.17**

25. Other Expenses (₹ in million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
(a) Administrative & Other Expenses		
Payments to Auditor	0.33	0.61
Internal Audit Fees	0.34	0.46
Electricity & Fuel expenses	9.21	9.14
Insurance Charges	0.96	0.73
Printing & Stationery	0.69	0.55
Professional Fees	2.23	2.06
Rates & Taxes	1.04	1.46
Interest on late payment of Statutory dues	3.17	3.01
Rent	55.92	55.96
Repairs & Maintenance		
- Building, Gym Equip. & Machinery	3.93	3.80
- Others	-	-
Telephone Expenses	1.63	1.47
Traveling & Conveyance Expenses	0.59	0.47
Water Charges	0.79	0.80
Other Expenses	9.17	6.29
Asset management fees	5.96	5.59
Directors' Sitting fees	0.38	0.48
Expenses related to CSR Activities	1.66	1.47
	98.00	**94.36**
(b) Selling & Marketing Cost		
Advertising expenses	2.19	3.29
Business promotion expenses	0.37	0.59
	2.56	3.88
Total (a+b)	**100.56**	**98.24**

26. Earnings Per Share Capital (₹ in million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Profit after tax as per statement of profit and loss	87.75	61.28
Weighted average number of equity shares for basic EPS (in No.)	30,434,993	29,704,856
Basic earnings per share (₹)	**2.88**	**2.06**
Diluted earnings per share (₹)	**2.88**	**2.06**

27. Related Party disclosure

A Name of related party and nature of its relationship:

(a) Name of KMP and their relatives with whom transactions have taken place during the year

Mr. Madhukar Talwalkar

(b) Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year

Mr. Girish Nayak

Ms. Avanti Sankav

B Closing Balances of related parties

Particulars	Subsidiaries	
	March 31, 2018	March 31, 2017
Key Mangerial personnel	-	-

C Disclosure in respect of material related party transaction during the year:

(₹ in million)

Transactions	Name	Relationship	Year Ended March 31, 2018	Year Ended March 31, 2017
Remuneration	Mr. Madhukar Talwalkar	KMP	2.90	2.90
	Mr. Girish Nayak	KMP	5.05	1.34*
	Ms. Avanti Sankav	KMP	1.40	1.22

* Chief Finanacial Officer - w.e.f. February 9, 2017

28. Segment Reporting

a) Primary (Business) Segment:

(i) Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the group. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Cheif Finance Officer of the group. The group operates only in one Business Segment i.e. "Lifestyle Business", hence does not have any reportable Segments as per Ind AS 108 "Operating Segments".

As the group's business consists of one reportable business segment and hence, no separate disclosure pertaining to attributable Revenues, Profits, Assets, Liabilities and Capital employed are given.

(ii) The Group does not have revenue from external customer outside India and assets located outside India ,hence not disclosed seperately.

(iii) Further, the Group does not have revenue more than 10% of total revenue from single external customer.

Geographical Information:

Secondary segmentation based on geography has not been presented as the group operates primarily in India and the group perceives that there is no significant difference in its risk and returns in operating from different geographic areas within India.

29. Business Combination: Scheme of arrangement with Talwalkars Better Value Fitness Limited

The Board of directors of the Talwalkars Better Value Fitness Limited" ("TBVFL") on November 24,2016 approved the Scheme of Arrangement under Sections 391 – 394 of the Companies Act, 1956 ('the Scheme') between Talwalkars Better Value Fitness Limited ("TBVFL"or 'Demerged Company') and Talwalkars Lifestyles Limited ("TLL" or 'Resulting company' or 'Company') & their respective shareholders & creditors for the demerger of gymnasium business into the Company .The Scheme of Arrangement for Demerger has been approved by National Company Law Tribunal (NCLT), Mumbai Bench on December 21, 2017 and it came into effect on February 20, 2018 (the "Effective Date"), the date on which the Order from National Company Law Tribunal (NCLT) was filed with the Registrar of Companies. Pursuant to the scheme of arrangement ('the scheme'), with effect from the Appointed date ie., April 1, 2016 the Gymnasium business from TBVFL of the company stands transferred to the newly formed company namely TLL. The scheme has been considered in these results by transferring the assets and liabilities as identified by the management as pertaining to the Gymnasium business with effect from the" Appointed Date". Also, the Income and Expenses of the Demerged Company have been determined based on management evaluation of relevant business activities to be continued in the Demerged Company.

Pursuant to the scheme the following assets, liabilities pertainind to Gym Business of group have been transferred from TBVF to TLL w.e.f from April 1, 2016 at their respective Book value as follows:

Particulars	(₹ in million)
Assets	
Property, plant and equipment	2,747.99
Capital Work in Progress	720.77
Goodwill	32.19
Financial Assets- Non Current	835.21
Other Non Current Assets	171.70
Financial Assets-Other	1,039.70
Other Current Assets	184.42
	5,731.98
Liabilities	
Financial Liabilities- Non current	1,845.73
Deferred tax liabilities (net)	158.51
Financial Liabilities-current	320.16
Liabilities for current tax (net)	95.15
Other current liabilities	267.68
	2,687.23
Minority Interest	139.00
Net Assets Transferred	**2,905.75**

As a consideration for the value of net assets transferred, the Demerged Company shall issue 1 (One) fully paid up equity shares of INR 10 each in Resulting Company for every 1 (One) Equity share of INR 10 each held in the demerged undertaking to the existing shareholders of the demerged undertaking as on the record date, aggregating to shares of INR 1 each. There is no contingent consideration payable on this acquisition.

Further, as per the Scheme, the excess of book value of assets over the book value of liabilities of the demerged undertaking shall be adjusted against the securities premium account/ capital reserve/general reserve/ balance in the statment of profit /loss of demerged undertaking.

Particulars	(₹ in million)
Excess of book value of assets over the book value of liabilities	**2,905.75**
Adjusted against:	
Debenture Redemption Reserve	121.72
General Reserve	83.53
Profit & Loss Account	1,574.76
Securities Premium Account	1,125.74

30 Financial instruments – Fair values and risk management

A. Accounting classification

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(₹ in million)

Particulars	As at March 31, 2018			As at March 31, 2017			As at April 1, 2016		
	FVTOCI	Fair value through profit & loss	Amortised Cost	FVTOCI	Fair value through profit & loss	Amortised Cost	FVTOCI	Fair value through profit & loss	Amortised Cost
Financial Assets									
Investments in Equity Instruments		50.00			50.00			50.00	
Investment in share application money				100.00					
Loans- Non Current	-	-							
Other financial assets			10.62			0.58			
Trade receivables	-	-	73.34			171.81			32.66
Cash and cash equivalents	-	-	542.50			81.35			293.83
Loans- Current	-	-	36.00						
	-	50.00	662.46	100.00	50.00	253.74	-	50.00	326.49
Financial Liabilities									
Borrowings	-	-	1,972.68			1,412.64			1,578.24
Trade payables	-	-	45.26			-			
Other financial liabilities	-	-				-			
	-	-	2,017.94	-	-	1,412.64	-	-	1,578.24

B. Fair Value

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The following table provides the fair value measurement hierarchy of the group's assets and liabilities.

Particulars	As at March 31, 2018			As at March 31, 2017			As at April 1, 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Assets									
Investments in Equity Instruments			50.00			50.00	-	-	50
Investment in share application money			-	-	-	100.00	-	-	-
Other financial assets			10.62	-	-	-	-	-	-
Financial Liabilities									
Borrowings	-	1,973	-	-	1,413	-	-	1,578	-

The management assessed that carrying amount of cash and cash equivalents, trade receivables, loans, trade payable and other financial liabilities approximate their fair values largely due to the short-term maturities of these instruments.

C. Financial Risk Management

i. Risk management framework

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

ii. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables, cash and cash equivalents and other bank balances. To manage this, the group periodically assesses financial reliability of customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of accounts receivable. The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amount.

(a) Trade and other receivables from customers

Credit risk in respect of trade and other receivables is managed through credit approvals, establishing credit limits and monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business.

The Group measures the expected credit loss of trade receivables based on historical trend, industry practices and the business environment in which the entity operates. The Group uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors such as credit ratings from credit rating agencies, financial condition, ageing of accounts receivable and the Group's historical experience for customers.

Financial Assets are considered to be of good quality and there is no significant increase in credit risk.

(b) Cash and cash equivalents and Other Bank Balances

The Group held cash and cash equivalents and other bank balances of ₹ 542.50 million at March 31, 2018 (March 31, 2017: ₹ 81.35 million, April 1, 2016 : ₹ 293.83 million). The cash and cash equivalents are held with bank with good credit ratings and financial institution counterparties with good market standing. Also, Company invests its short term surplus funds in bank fixed deposit, which carry no / low mark to market risks for short duration therefore does not expose the Company to credit risk.

iii. Market risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

a Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group does not have significant foreign currency exposure and hence, is not exposed to any significant foreign currency risk.

b Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. The Group manages its interest rate risk by monitoring the movements in the market interest rates closely.

Exposure to interest rate risk

Group's interest rate risk arises primarily from borrowings. The interest rate profile of the Group's interest-bearing financial instruments is as follows.

(₹ in million)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Term Loan From Bank	1,133.28	841.84	1,071.36
Total of Variable Rate Financial Liabilities	**1,133.28**	**841.84**	**1,071.36**

Cash flow sensitivity analysis for variable-rate instruments

The sensitivity analysis below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting year and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates :

(₹ in million)

Cash flow sensitivity (net)	Profit or loss	
	50 bp increase	50 bp decrease
March 31, 2018		
Variable-rate loan instruments	(5.67)	5.67
Cash flow sensitivity (net)	**(5.67)**	**5.67**
March 31, 2017		
Variable-rate loan instruments	(4.21)	4.21
Cash flow sensitivity (net)	**(4.21)**	**4.21**

c **Other price risk**

The Group invests its surplus funds in various Equity and debt instruments . These comprise of mainly liquid schemes of mutual funds (liquid investments), Equity shares and fixed deposits. This investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. However due to the very short tenor of the underlying portfolio in the liquid schemes, these do not pose any significant price risk.

iv. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is managed by Group through effective fund management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and other borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

Maturity Analysis of Significant Financial Liabilities (₹ in million)

As at March 31, 2018	Total	Upto 1 year	1-5 years	More than 5 years
Non current borrowings (including current maturities)				
- Debentures	839.40	42.18	298.67	498.55
- Term Loans	1,133.28	-	1,024.63	108.65
Trade and other payables	45.26	45.26	-	-

As at March 31, 2017	Total	Upto 1 year	1-5 years	More than 5 years
Non current borrowings (including current maturities)				
- Debentures	570.80	272.44	298.36	-
- Term Loans	841.84	-	377.28	464.56
Trade and other payables	0.86	0.86	-	-

As at March 31, 2016	Total	Upto 1 year	1-5 years	More than 5 years
Non current borrowings (including current maturities)				
- Debentures	506.87	258.21	248.66	-
- Term Loans	1,071.36	112.78	958.58	-

31. Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary

Name of the Enterprise	Net Assets i.e. total assets minus total liabilities		Share in Profit & Loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	(₹ in Millions)	As % of consolidated profit & loss	(₹ in Millions)	As % of consolidated profit & loss	(₹ in Millions)	As % of consolidated profit & loss	(₹ in Millions)
For the year ended March 31,2018								
Parent								
Talwalkars Better Value Fitness Ltd	94.28%	1,954.75	99.21%	87.06	-	-	99.21%	87.06
Subsidiaries								
Indian								
Talwalkars Club Pvt. Ltd	5.69%	118.05	0.17%	0.15	-	-	0.17%	0.15
Talwalkars Club system Pvt Ltd	0.03%	0.64	0.62%	0.54	-	-	0.62%	0.54
Net Total		2,073.43		87.75		-		87.75
Minority Interest in all subsidiaries	-	-	-	-	-	-	-	-
Total	100.00%	2,073.44	100.00%	87.75	-	-	100.00%	87.75

Name of the Enterprise	Net Assets i.e. total assets minus total liabilities		Share in Profit & Loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	(₹ in Millions)	As % of consolidated profit & loss	(₹ in Millions)	As % of consolidated profit & loss	(₹ in Millions)	As % of consolidated profit & loss	(₹ in Millions)
For the year ended March 31,2017								
Parent								
Talwalkars Better Value Fitness Ltd	93.37%	1,854.68	100.00%	61.28	-	-	100.00%	61.28
Subsidiaries								
Indian								
Talwalkars Club Pvt. Ltd	5.93%	117.90	-	-	-	-	-	-
Talwalkars Club system Pvt Ltd	0.70%	13.90	-	-	-	-	-	-
Net Total		**1,986.48**		**61.28**		**-**		**61.28**
Minority Interest in all subsidiaries		-		-	-	-	-	-
Total	**100.00%**	**1,986.48**	**100.00%**	**61.28**	**-**	**-**	**100.00%**	**61.28**

32. Capital Management

The Group aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. Management monitors the return on capital as well as the debt equity ratio and make necessary adjustments in the capital structure for the development of the business. The capital structure of the Group is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day - to - day needs. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group's adjusted net debt to equity ratio is as follows:

(₹ in million)

Particulrs	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Total liabilities	1,972.68	1,412.65	1,578.23
Less : Cash and cash equivalent	542.50	81.35	293.83
Adjusted net debt	**1,430.18**	**1,331.31**	**1,284.40**
Total equity	2,073.43	1,986.48	1,925.17
Adjusted equity	**2,073.43**	**1,986.48**	**1,925.17**
Adjusted net debt to adjusted equity ratio	0.69	0.67	0.67

Note : For the purpose of computing debt to equity ratio, equity includes Equity share capital and Other Equity and Debt includes Long term borrowings, Short term borrowings and current maturities of long term borrowings.

33. Contingent liabilities and commitments

In accordance with the scheme of demerger, company has bifurcated its assets and liabilities between the demerged and resultant companies. Company has assured its lenders that necessary documents and guarantees have been issued to ensure security creation for facilities granted to them, its subsidiaries and associates.

34. Other Notes

Previous year figures have been regrouped, re-arranged and re-classified wherever necessary to conform to current year's classification.

As per our report of even date attached	For and on behalf of the Board of Directors	
For M. K. Dandeker & Co.,		
(ICAI Regn. No. 000679S)		
S. Poosaidurai	**P. S. Talwalkar**	**V. R. Gawande**
Partner	Managing Director & CEO	Whole time Director
Chartered Accountants		
Membership No. 223754	**Girish Nayak**	**Avanti Sankav**
	Chief Financial Officer	Company Secretary & Compliance Officer

Notes

Forward looking statement

This statement made in this section describes the Company's objectives, projections, expectation and estimations which may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Forward–looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised by the Company. Actual result could differ materially from those expressed in the statement or implied due to the influence of external factors which are beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward–looking statements on the basis of any subsequent developments.

Registered office
801 - 813, Mahalaxmi Chambers
22, Bhulabhai Desai Road
Mumbai 400026
Tel: +91 22 6612 6300
Fax: +91 22 6612 6363
www.talwalkars.net

Notice

Notice is hereby given that the Fifteenth Annual General Meeting of the members of Talwalkars Better Value Fitness Limited will be held on Thursday, the 27th September, 2018 at 11.30 a.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, 2018, 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, 2018, together with the Report of the Auditors thereon.

2. To declare dividend on Equity Shares for the year ended 31st March, 2018;

3. To appoint a Director in place of Mr. Vinayak Gawande (DIN: 00324591), who retires by rotation and being eligible, offers himself for re-appointment;

4. To appoint a Director in place of Mr. Girish Talwalkar (DIN: 00341675), who retires by rotation and being eligible, offers himself for re-appointment;

5. To ratify appointment of M/s. M. K. Dandeker & 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. Dandeker & 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, 2018 to 30th September, 2019 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."

7. Approval for Investment(s), Loans, Guarantees and Security in excess of limits specified u/s. 186 of the Companies Act, 2013 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 Section 186(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under (including any statutory modification thereof for the time being in force and as may be enacted from time to time) and in terms of Articles of Association of the Company and subject to such approvals, consents, sanctions and permissions as may be necessary, the consent of the members be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose or any person(s) authorized by the Board) for making investment(s) in excess of limits specified under section 186 of Companies Act, 2013 from time to time in acquisition of securities of any Body Corporate or for giving loans, guarantees or providing securities to any Body Corporate or other person / entity whether in India or outside India, as may be considered appropriate for an amount not exceeding ₹500 crore (Rupees Five Hundred Crores only), notwithstanding that such investment and acquisition together with the Company's existing investments in all other bodies corporate, loans and guarantees given and securities provided shall be in excess of the limits prescribed under Section 186(3) of the Companies Act, 2013.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board of Directors of the Company be and is hereby authorized to finalize and execute all agreements, documents and writings and to do all acts, deeds and things in this connection and incidental thereto as they may in their absolute discretion deem fit 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: 7th May, 2018
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 FIFTEENTH 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 22nd September, 2018 to 27th September, 2018 (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, 2018 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 21st September, 2018. 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:

    Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

    The Company has approached NSDL for providing e-voting services through our e-voting platform. In this regard, your Demat Account/Folio Number has been enrolled by the Company for your participation in e-voting on resolution placed by the Company on e-Voting system.

    The Notice of the Annual General Meeting (AGM) of the Company inter alia indicating the process and manner of e-Voting process along with printed Attendance Slip and Proxy Form can be downloaded from the link https://www.evoting.nsdl.com or http://www.talwalkars.net.

    The e-voting period commences on 24th September, 2018 (9:00 am) and ends on 26th September, 2018 (5:00 pm). During this period shareholders' of the Company, may cast their vote electronically. The e-voting module shall also be disabled for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

    The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 20th September, 2018. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 20th September, 2018, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or ig@talwalkars.net.

    The facility for voting through remote e-voting / ballot paper / Polling Paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

    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.

    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 NSDL. The results shall simultaneously be communicated to the Stock Exchanges.

    Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 27th September, 2018.

    The procedure to login to e-Voting website consists of two steps as detailed hereunder:

Step 1 : Log-in to NSDL e-Voting system

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details will be as per details given below :

   a) For Members who hold shares in demat account with NSDL: 8 Character DP ID followed by 8 Digit Client ID (For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******).

   b) For Members who hold shares in demat account with CDSL: 16 Digit Beneficiary ID (For example if your Beneficiary ID is 12************** then your user ID is 12**************).

   c) For Members holding shares in Physical Form: EVEN Number followed by Folio Number registered with the company (For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***).

5. Your password details are given below:

   a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

   b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c. How to retrieve your 'initial password'?

      i. If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      ii. If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

   a. Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b. "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically on NSDL e-Voting system.

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of the Company.

4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders:

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail(Scrutinizer mail ID) to with a copy marked to evoting@nsdl.co.in.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

Please note the following:

A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

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 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith

Other information:

- o Your login id and password can be used by you exclusively for e-voting on the resolutions placed by the companies in which you are the shareholder.

- o It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.

In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of https://www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

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

Item No. 6

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, 2018 to 30th September, 2019. 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. 6 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 in any way, concerned or interested in the above resolution except to the extent of their shareholding interest.

Item No. 7

In order to make investments in securities of bodies corporate which includes Treasury Bills, Call Money Market, Term Deposit, Mutual Funds and Short Term Rated Papers, Treasury Bills, Call Money market, Term Deposit, Mutual Funds and Short Term Rated Papers or for giving loans, guarantees or providing securities to any Body Corporate or other person in excess of limits specified under section 186 of Companies Act, 2013, the Company requires approval from the shareholders in a general meeting.

The members are therefore, requested to accord their approval authorizing the Board of Directors to make investment, loans, guarantees as set out in the Special Resolution at Item No. 7 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 in any way, 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: 7th May, 2018

Place: Mumbai

Registered Office:

801-813, Mahalaxmi Chambers,

22, Bhulabhai Desai Road,

Mumbai - 400026, India.

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. Vinayak Gawande	Mr. Girish Talwalkar
Date of Birth	24.08.1958	01.06.1961
Date of Appointment	24.04.2003	25.04.2003
Qualification	Bachelors degree in Commerce	Masters Degree in Physiotherapy
Expertise in specific functional area	Taxation, Law, Finance and Hospitality Industry	Strategic planning, project management, execution, corporate tie ups and other promotional activities
Listed Companies (other than Talwalkars) in which he holds directorship and committee membership	Nil	Talwalkars Lifestyles Limited
Disclosure of relationship between directors inter-se	Mr. Vinayak Gawande, Whole-time Director and Mr. Anant Gawande, Whole-time Director of the Company being brothers, are related to each other.	Mr. Girish Talwalkar, Chairman and Mr. Madhukar Talwalkar, Whole-time Director of the Company being son and father, are related to each other.
Nos. of Shares held in the Company	1,531,900	2,275,980

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 15th Annual General Meeting of the Company on Thursday, the 27th September, 2018 at 11.30 a.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)

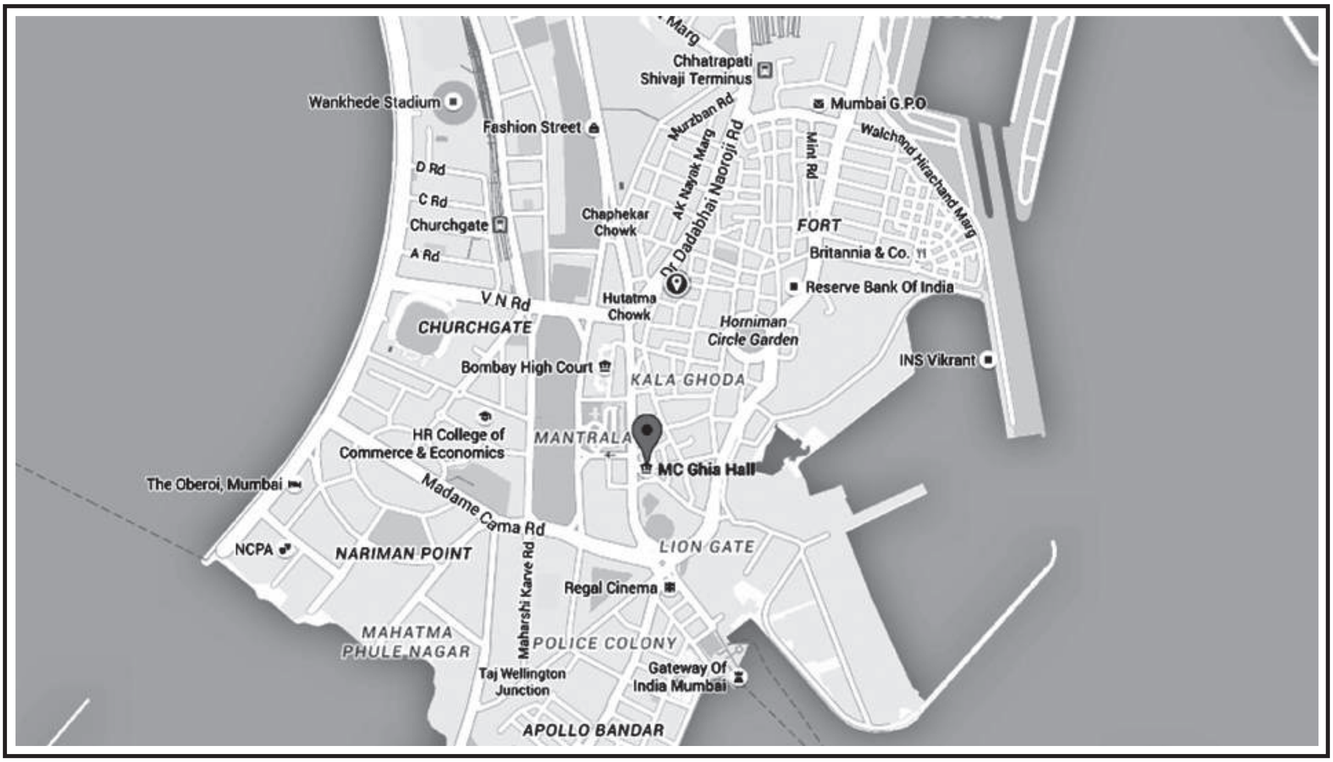
Member's / Proxy's Signature

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.



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

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) holding ______________________ shares of Talwalkars Better Value Fitness Limited, hereby appoint:

1. ______________________ residing at ______________________
______________________ having email id ______________________ or failing him/her
2. ______________________ residing at ______________________
______________________ having email id ______________________ or failing him/her
3. ______________________ residing at ______________________
______________________ having email id ______________________

as my/our proxy to vote for me/us on my/our behalf at the 15th Annual General Meeting of the Company to be held on Thursday, the 27th September, 2018 at 11.30 a.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 31st March, 2018, the reports of the Board of Directors and Auditors thereon
2	Declaration of dividend on Equity Shares for the year ended 31st March, 2018
3	Re-appointment of Mr. Vinayak Gawande, who retires by rotation and being eligible offers himself for re-appointment
4	Re-appointment of Mr. Girish Talwalkar, who retires by rotation and being eligible offers himself for re-appointment
5	Ratification of Appointment of M/s. M. K. Dandeker & Co., Chartered Accountants, Mumbai as Statutory Auditors
6	Approval for the offer or invitation to subscribe to Non-Convertible Debentures on private placement basis
7	Approval for Investment(s), Loans, Guarantees and Security in excess of limits specified u/s. 186 of the Companies Act, 2013

Revenue Stamp of ₹ 1/-

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Signature of Shareholder

______________________ 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.

Notes

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