

Spreading fitness

20 | 20
09 | 10

A N N U A L R E P O R T

Talwalkars Better Value Fitness Limited



Contents

• Corporate Information	03
• Chairman's Speech	05
• Financial Performance	06
• Dynamics of Growth	08
• Management Discussion & Analysis	12
• Notice	25
• Directors' Report	32
• Report on Corporate Governance	37
• Auditors' Report	55
• Balance Sheet	58
• Profit and Loss Account	59
• Cash Flow Statement	60
• Schedules forming part of the Balance Sheet	61
• Schedules forming part of the Profit and Loss Account	64
• Notes to Accounts	66
• Balance Sheet Abstract and General Business Profile	76

Corporate Information

Board of Directors:

Madhukar Talwalkar - Executive Chairman

Prashant Talwalkar - Managing Director & CEO

Vinayak Gawande - Whole time Director

Girish Talwalkar - Whole time Director

Harsha Bhatnagar - Whole time Director

Anant Gawande - Whole time Director & CFO

Manohar Bhide - Director

Raman Maroo - Director

Mohan Jayakar - Director

Avinash Phadke - Director

Glenn Saldanha - Director

Abhijeet Patil - Director

COMPANY SECRETARY

Niraj Oza

BANKERS

Union Bank of India

AUDITORS

Saraf Gaurkar & Associates, Chartered Accountants,
201, Shreyas, Mogul Lane, Mahim (West), Mumbai - 400016.

REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West),
Mumbai - 400 078. | Tel: +91 22 25946970 | Email: mt.helpdesk@linktime.co.in

REGISTERED OFFICE

801 – 813, Mahalaxmi Chambers, 22, Bhamburda Road, Mumbai – 400 026.
Tel: +91 22 66126300 | Fax: +91 22 66126363 | Website: www.talwalkars.net

7TH ANNUAL GENERAL MEETING ON

23rd September, 2010 at 11.30 a.m.
Venue: M. C. Ghis Hall, Dubash Marg, Mumbai - 400 001.





Chairman's Speech

Dear Shareholders,

India is one of the few economies in the world to have had a quick turnaround during the year 2009-10 despite the global slowdown. The Indian economy is poised to achieve a 9% GDP growth for 2010-11. It is in the process of an economic transformation.

The year 2010-11 started with 58 health clubs and as of date we have 63 health clubs on a consolidated basis in the Company. We are in various stages of completion to increase this to 79 health clubs by September 2010. A further expansion of 27 health clubs will be undertaken thereafter.

I ask myself, "What is the propellant for our growth?"

Firstly, it is the conviction of the consumer in the brand "Talwalkars" which promises to deliver health and fitness to each and every citizen of India.

Secondly, it is consistency in our service through a state-of-the-art training academy set up in Thane.

Lastly, it is a promise to ourselves to reach the magic number of at least 100 health clubs by March 2011.

Talwalkars has been able to sustain momentum by building strong regional teams, decentralising authority and being responsive to the needs of the customer. Apart from the standardised gym packages we have several products such as weight loss, spa, aerobics, etc. to cater to the diverse needs of our customers.

I wish to thank each and every one of our new shareholders who gave us an overwhelming response in the company's IPO in April 2010. The expansion of 27 more health clubs through these funds are on schedule. As we tread our path to success cautiously, we will aim higher and innovate on our way so as to be the forerunner in the health and wellness space in India.

I would like to thank each and every employee of our 63 branches spread across the country, for it is their unflinching loyalty and hardwork which has made your company the brand leader in its category in India today.

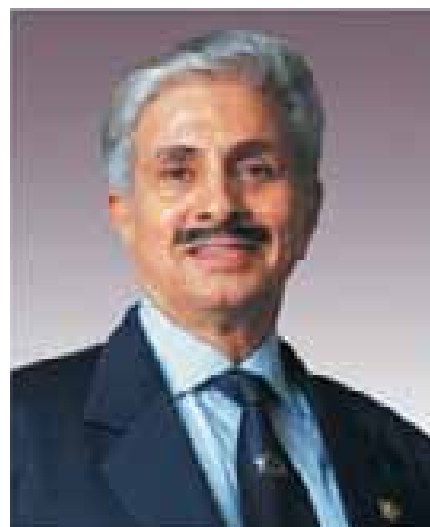
I conclude by thanking all my colleagues on the Board for their invaluable support and guidance.

Last but not least I thank you all for your belief in and continued support to the company.

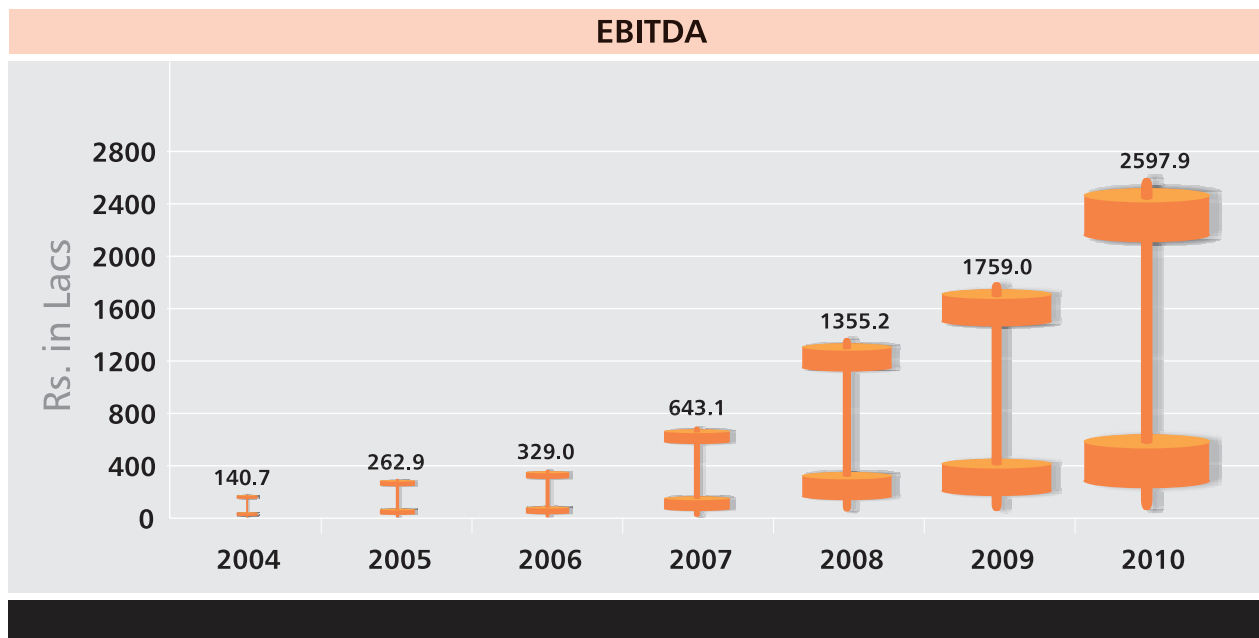
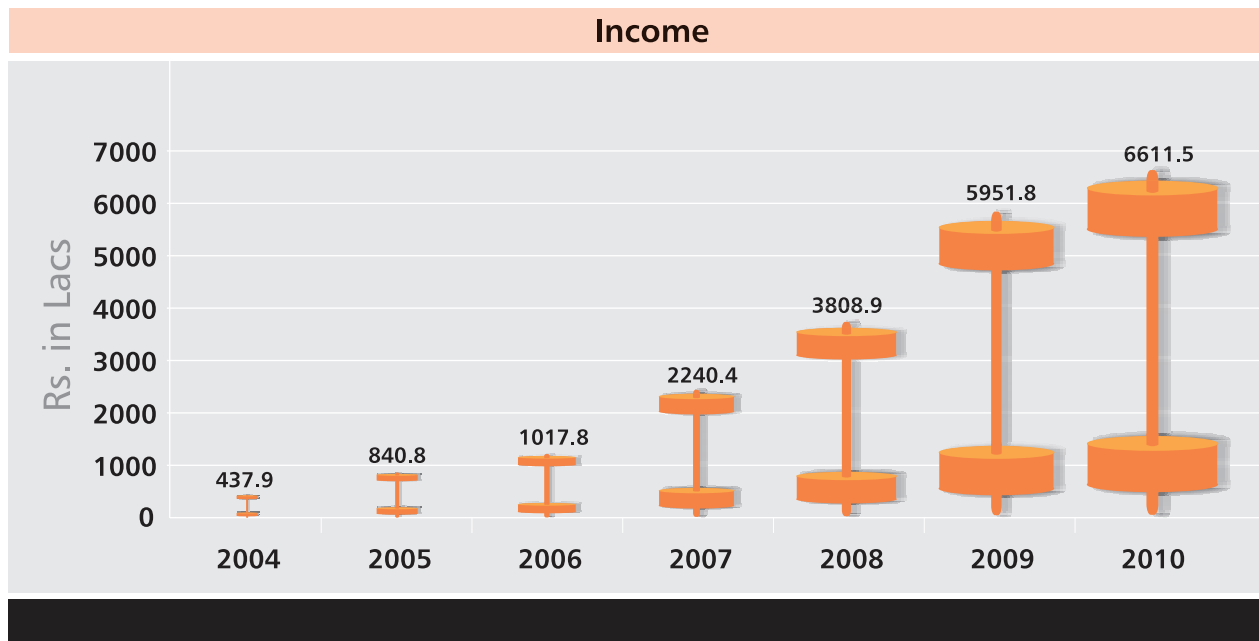
With warm Regards,

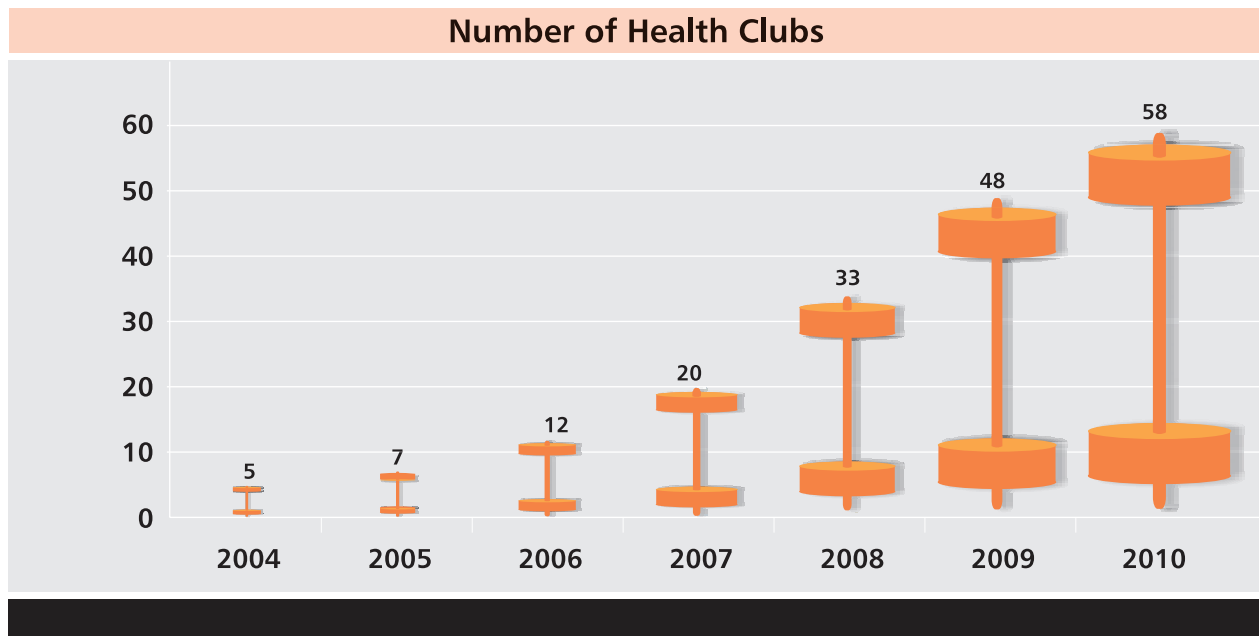
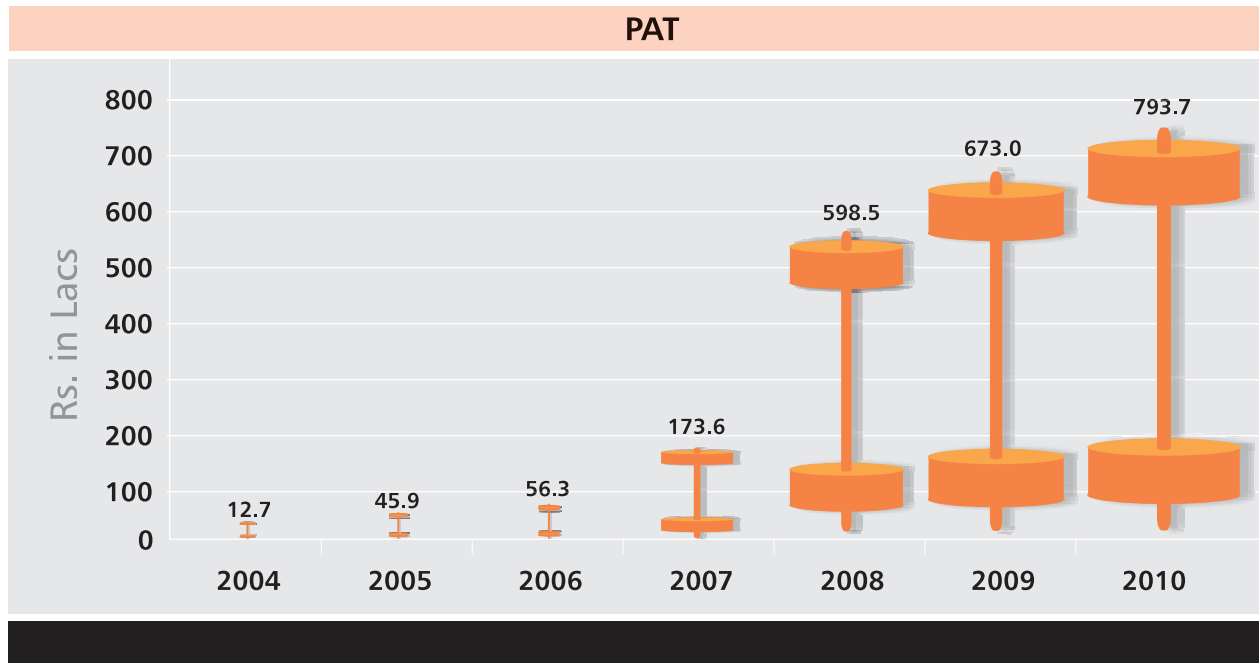
Mr. Madhukar Talwalkar
Chairman

July 7th, 2010.



Financial Performance



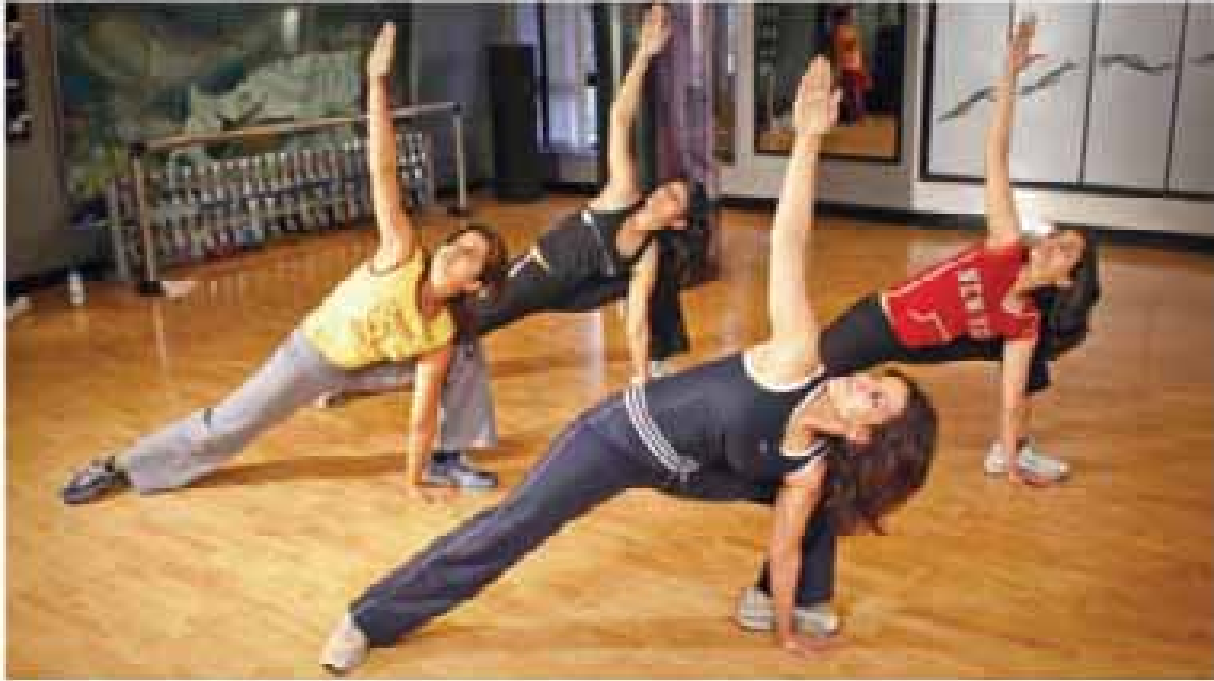


Dynamics of Growth





Dynamics of Growth





Management Discussion & Analysis



Talwalkars Better Value Fitness Limited (TBVF) is a leading player in the health and wellness space – offering quality fitness designed to bettering your overall health and wellness needs. In this process we have been able to open and operate a total of 63 health clubs as on 6th July, 2010. By delivering a unique umbrella of fitness services we have been able to create a significant and growing market out of this space.

With its innovative brand offering Talwalkars has revolutionised the entire health, fitness and wellness concept and created a distinct brand image for itself in the markets in which it operates. Indeed, by virtue of its successful growth over the years and scale of operations, the Company has redefined health and wellness as a new and relevant segment in the market.

Talwalkars offers a complete suite of fitness solutions to its customers, drawing on its wide range of products and services. These include the actual gym experience, nutrition counseling, spa therapy, physiotherapy guidance, aerobic, yoga etc. Today the Company is well positioned to leverage its branding, expertise and capabilities to further grow and expand the business in terms of geographical coverage, product innovation and scale.

This chapter presents an overview of the markets as also that of the operational and financial performance of the Company during the year. It also brings out Talwalkars strategy and discusses important initiative undertaken by the management during the year to achieve its growth and performance objectives, and the broad outlook for future expansion.

INTRODUCTION:

As you all know 2008-09 was a very difficult time for the world economy. The stock, money and financial markets crashed, and with it the other real sectors. This affected the domestic macro environment as well. Several developed countries suffered negative GDP growth and socio economic pain. Governments across the globe reacted swiftly

with large interest cuts, massive injection of liquidity and other fiscal stimuli. The two major emerging markets, China and India recovered better than most other economies.

The year 2009-10 saw an upswing in economic activity where the Industrial Production Index (IIP) registered a growth of 10.4% for the period April 09 to March 10. Accordingly, the Indian economy is expected to record a GDP growth of about 9% in the FY 2009-10. These positive developments have had important consequences for the operations of the Company and its future strategy. Two of these need to be mentioned upfront.

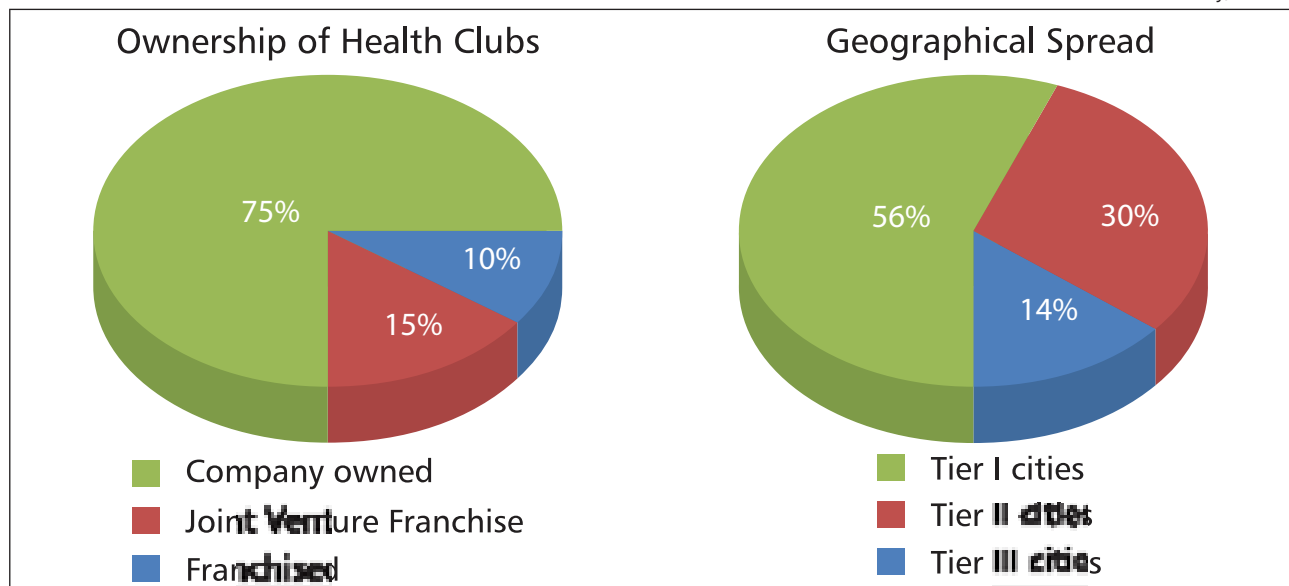
Firstly, with a steady acceleration in economic growth, consumer confidence improved significantly as the year progressed. This improved confidence led to greater customer interest leading to greater penetration in membership numbers. As a result your Company has now crossed the 75,000 membership mark across its formats.

Secondly, with the revival of market sentiments, your Company was able to tap capital markets to finance its future growth plans. During the year Talwalkars successfully carried out an Initial Public Offer of 6,050,000 equity shares which was oversubscribed by more than 28 times. The net proceeds to the Company from this issue was Rs. 774.4 million and the shares were listed on the National stock Exchange and the Bombay Stock Exchange on 10th May, 2010.

Operational growth at a glance:

- Since April 2009 the Company has on a consolidated basis opened 15 new health clubs in 12 more cities taking the total number of health clubs to 63 across all formats of ownership, in 32 cities of India.
- The further expansion of 16 new health clubs, by the Company on a consolidated basis is on schedule and is expected to be completed by the 2nd quarter of 2010.
- Identification of new health club spaces and rental negotiations have also begun for additional 27 new health clubs, to be opened with the IPO proceeds and is on schedule for opening by March 2011.
- Thus the Company, on a consolidated basis hopes to achieve its short term objective of reaching the magic number of 100 health clubs in over 50 cities of India, by March 2011.

As on 6th July, 2010



MARKETS AND OPPORTUNITIES

The Indian health and wellness services industry is about Rs. 11,000 crore and is expected to grow at about 30-35% for the next five years according to a FICCI E&Y report of April 2009. In 2008 the global health club market was estimated to be \$68.2 billion serving 117.5 million members.

India is a hugely under penetrated market compared to several developed and developing countries in the world. The market also appears to have a shortage of talent, since qualified personal trainers; nutrition consultants and professional managers are scarce. Your Company has found unique ways to get this talent at a local level to maintain a uniform level of service.

At the same time awareness about fitness and a healthy lifestyle is growing; along with higher disposable incomes and a growing young population. As per Census India 2001 India had over 65 towns with a population of more than 500,000. During the last decade this number definitely has gone up substantially. All these towns present a huge opportunity for the health and fitness industry.

These factors have resulted in huge pent-up demand for quality health and fitness services at an affordable price. This is where the organized sector can step in. To tap this vast potential, organized domestic players like your Company have stepped in.

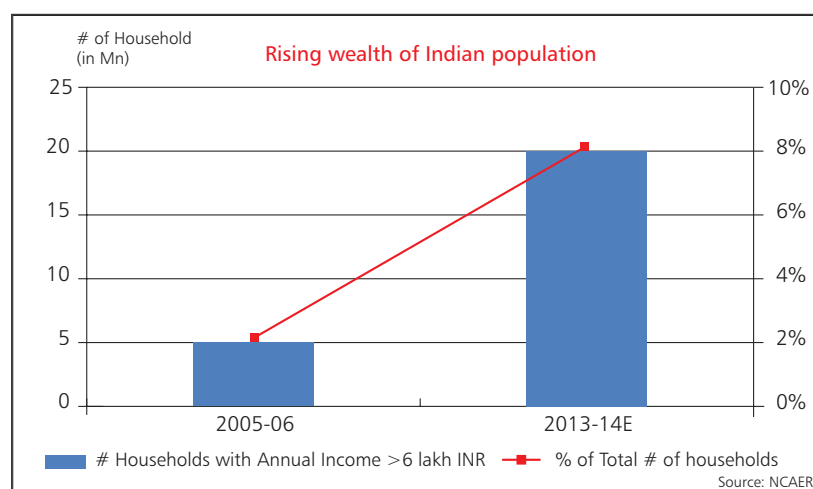
Several factors provide an opportunity for growth which we shall briefly enumerate below:

1. Change in demographic profile

India has a population of around a billion which is growing at a rate of about 1.7%. In India the age group 20-44 can be identified as the prime user of fitness centers. The proportion of people in the age group of 20-44 is projected to go up from 37% in 2006 to 39% in 2011 and 40% in 2016. Besides this age group people over 44 join health clubs to address lifestyle related health issues as well as to ensure general health concerns. Ladies are an increasing part of the demographic profile of health clubs.

2. Higher disposable income

The urbanization, industrialization and economic liberalization have led to a rapid rise in the middle and upper class in Indian population. The middle and upper class households will rise to an estimated 20 million by FY 2014 as per NCAER. They will remain the primary audience for our health clubs.



3. Increasing incidence of lifestyle diseases

Significant changes in lifestyles related to lack of physical activity among the affluent, increased use of fast foods, substance abuse, increasing proportion of working class people will lead to the greater need for healthy lifestyles. This will be channelled mainly through health clubs, sports centres and counselling on dietary habits among other things.

According to International Diabetic Federation (IDF)'s latest report released at the 20th Annual World Diabetes Congress in October 2009 India leads the world in the number of people suffering from diabetes and by 2030, nearly 9 percent of the country's population is likely to be affected by the disease. About 50.8 million people are now suffering from diabetes. IDF estimates that up to 80% of type II diabetes is preventable by adopting a healthy diet and increasing physical activity.

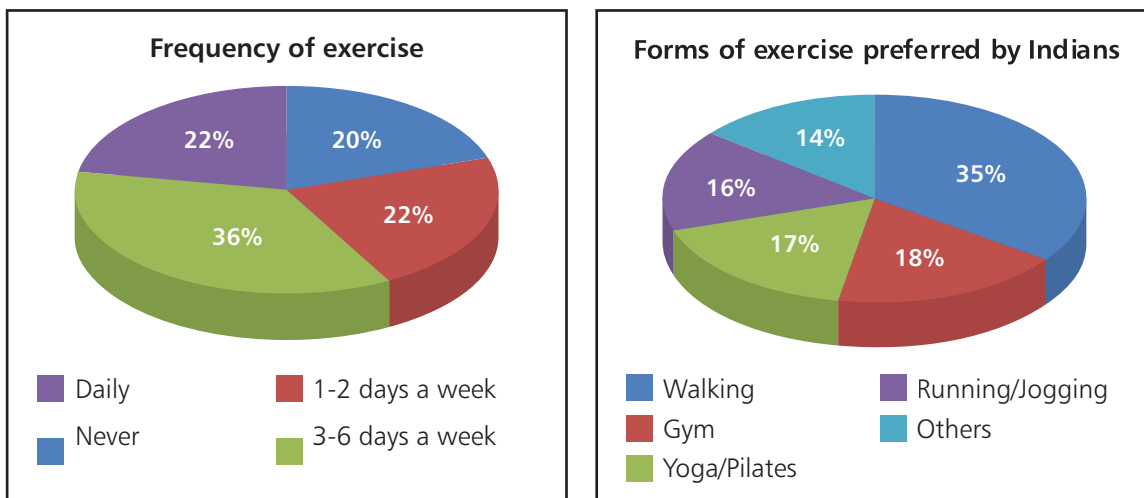
4. High stress lifestyles

Living in urbanized centres and in highly congested cities, has caused a tectonic change in the patterns of modern day Indians. The ambition of the executive to scale up the career ladder in a short span of time has led to high incidence of hypertension, cardio vascular diseases and other heart conditions. Going to a health club will mitigate risks of hypertension, regulate blood flow and indicate any serious changes that may need immediate attention and correction.

5. Growing realisation of the need for a healthy lifestyle

Awareness in the country on diseases like diabetes is increasing. According to the global market research and Media Company, AC Nielsen's Global Online Consumer Survey findings released in February 2009, 54 percent Indian respondents think they have issues with their weight. 79 percent respondents plan to exercise more: 69 percent of Indians are changing their diet plans to lose weight: About 80% people said they exercise at least once a week.

Going to a gym is the most preferred option for exercise after walking



6. Low Penetration levels

Lifestyle related diseases are restricted not just to the developed markets. Even developing nations face a mounting risk of large number of people suffering from diseases like diabetes.

Country	Estimated income loss - 2005 (USD bn)	Estimated income loss - 2015 (USD bn)	Accumulated loss 2005-15 (in 2005 value) (USD bn)
China	18.3	131.8	557.7
Russia	11.1	66.4	303.2
India	8.7	54	236.6
Brazil	2.7	9.3	49.2

Source: World Health Organisation, World Economic Forum

Interestingly, India is following a similar trajectory in potential income losses due to unhealthy lifestyle. Yet, Indian penetration rates are lower than even the Asia-Pacific average. Total membership in India is only 0.23 million members compared to 2.6 million in China. As the realization mounts on Indian population of the various healthcare related costs, more people are expected to enroll into a fitness club and the penetration rates would thus inch up.

As far as the market for health and wellness is concerned there has been a considerable increase in the awareness and acceptance of the concept in India over the last few years. Besides, Talwalkars also benefits tremendously from the credibility and brand image that it has developed with successful execution of its health clubs and the delivery of quality health experiences to its members. An important indication of this is the considerable growth in membership through renewals and referrals from existing customers.

For its future growth, the Company is actively looking at newer cities and designing innovate products to suit the needs of specific consumer segments. As of 6th July, 2010 the Company has a presence in 32 cities in India in 63 health clubs either owned by the Company wholly, through a joint venture franchisee or a pure franchisee model.

PERFORMANCE DRIVERS:

The focus of the Company is on providing a complete health, fitness and wellness package designed to suit the needs of the entire family. By offering quality services at attractive rates the Company has not only expanded the market for fitness, but established the "health and wellness" as a new and relevant segment in the fitness industry.

During the year, the Company continued to deliver to its customers, quality fitness and health with its vision of "Spreading Fitness"! Your Company believes that the following are the principal competitive strengths which have contributed to its present leadership position in the health and fitness industry.

We have more than doubled our number of health clubs in the last two years. By achieving this level of growth we have proved our expertise to enhance our presence and continue to grow ourselves further from here broadening our member base and revenues. Efforts are constantly made to increase growth in value and volume.

The Company has worked out new innovate products to increase value and thus Return on capital employed per health club. Some of the drivers to increase ROCE are PEP training, Spa, Aerobic training and weight loss programs.

- **Brand Equity**

The brand "Talwalkars" relates to the concept of "health and fitness" in India. We believe the 75 year existence and the strength of our brand equity enables us to stay ahead of the competition. "Talwalkars" is known for providing consistent standardized quality offerings in its health clubs under all formats, both old and new. Ownership of the brand "Talwalkars" is in the Company and today, we are one of the largest health club chains in India on the brand recall and brand image of the Company.

- **Standardized Quality Offering**

We provide a quality service consistently across all our health club locations, both old and new. All major parameters are listed below:

Fitness equipment: Imported, state-of-the-art equipment is, procured from foreign manufacturers directly like PRECOR, Matrix, LifeFitness and others from USA, Taiwan, etc. This ensures superior products and better quality services to our members.

Standardised Décor: The look and feel of each and every health club is maintained in a uniform manner. We have an in-house team of architects and design planners along with contractors who regularly work in terms of time and quality.

Gen Set back up: Almost all the health clubs have a 100% power back up, where all machines including air cons run at all times. In some cities where power cuts are frequent coming to the health club becomes a very good option for our members.

Gym hall: Comprises of cardio equipment, free weights and strength training. Generally adequate space is kept for the easy flow of movement of the trainers and the customers.

Wet areas: Separate massage, changing and locker rooms for both ladies and gents are provided along with hot and cold showers. Lockers are given to members for usage during the time that they spend in the health club.

Nutrition Counselling: Each centre has a dietician counselor for the benefit of its members. This is a separate profit centre as well as advisory to our normal members. Good health, correct nutrition and dietary habits go hand in hand.



Training Academy: We have an 8,000 sq. ft. residential training academy at Thane where we offer a 4-6 weeks training programme for our staff joining at the new centres. This enables us to maintain standardised high quality services at all health clubs from Bengaluru to Bhopal and Jalandar to Jabalpur! The academy has accomodation for the staff who are housed in comfort during the training period. Equipment and décor at the academy is similar to that used in the actual health clubs.



BUSINESS STRATEGY

We intend to pursue the following strategies in order to consolidate our position and grow further:

1. Geographic Spread and Penetration

The Company generally follows a hub and spoke model for expansion of its health clubs. That is to say a gym is opened first in say, Hyderabad, where the team is stationed. Thereafter rapid strides are made in surrounding cities such as Vijaywada, Vishakapatnam in the first phase, then to smaller centres such as Nellore, Kakinada in the next phase. The team is empowered, at the same time, controls—financial and qualitative are ensured at each location, old or new.

2. Expand Service Offerings

We offer a diverse suite of services including gyms – cardio vascular machines, free weights, strength training and muscle building; spas, aerobics, weight loss and health counseling under the brand “Talwalkars”. We constantly innovate our offerings viz., we have spa facilities in 10 of our health clubs, aerobics and spinning facility in 8 of our health clubs, etc. Additionally, we provide personal training program and dieticians separately working on weight management program.

3. Location Entry Strategy

We follow one of the three strategies to enhance our presence i.e. either directly or through joint venture franchises or through franchisee route. Our preferred strategy is to enter a new market on our own, however, we are also constantly in lookout for partnering with strong local players in cities we do not have a presence in. In case of JV franchises or franchise operations, the Company keeps a strict tab on equipment, décor, ancillary equipment as well as training the staff of these health clubs. The quality aspect as well as pricing is dictated by your Company.

4. Increasing Customer Satisfaction and our base of Members

We believe that understanding the needs of our customers is of prime importance for the continuous growth of our business. We continuously undertake such initiatives to increase the satisfaction of our customers and reach out to a wider audience through such initiatives. The rate of our renewal is generally significantly higher than industry average and any member loss is seriously analyzed. We have recently started tapping corporate clients on an all India basis. We expect this to yield revenues at very little incremental costs in the years to come.

5. Brand Promotion and Enhancement

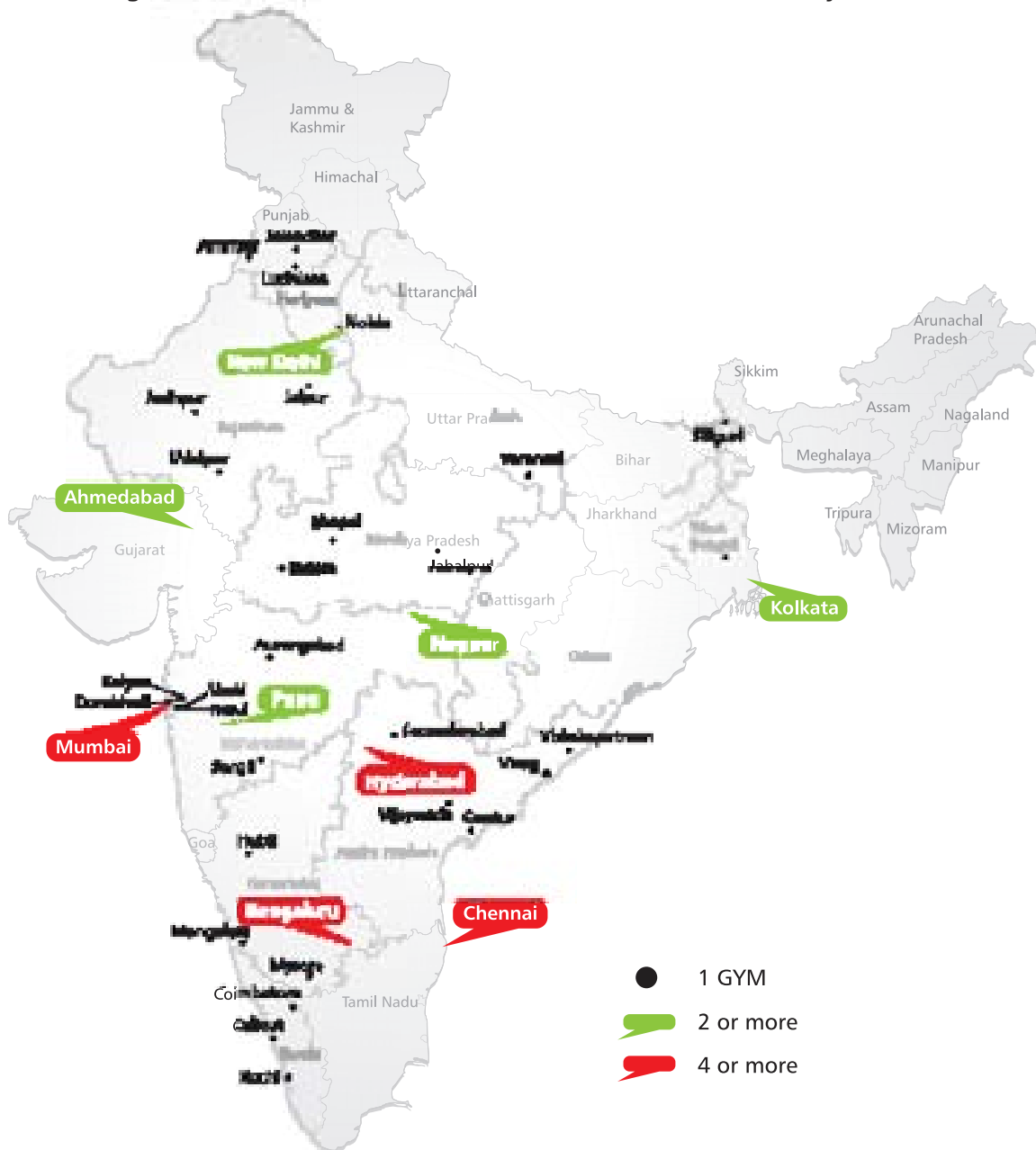
We are constantly looking for opportunities to promote our brand on a nationwide platform. For instance, we were the Official Fitness Partners for Standard Chartered Mumbai Marathon in 2008 and 2009 and Femina Miss India Contest in 2009. The Company has an elaborate strategy to create and increase awareness at the time of opening a new health club. We use the print, television, internet and other media to optimally gain visibility and customers.



MARKET LEADERSHIP

We are one of the largest fitness chains in India as per the statistics of the IHRSA Asia Pacific Report, 2008. We have grown rapidly since our inception and, as of 6th July, 2010 we operate 63 health clubs in 32 cities across the country serving over 75,000 members. We believe our continuous expansion plans will further enhance our brand visibility on pan India basis. We have expanded our reach in all corners of India right from Siliguri to Udaipur and Kochi to Amritsar! The network of health clubs created by this Company in all types of towns will be a key differentiator.

Our short-term goal is to reach, at least 100 health clubs in about 50 cities by March 2011.



Map not to scale



FINANCIAL REPORTING

1. TOTAL INCOME:

Driven by a robust economic recovery, the Company started new health clubs, towards the end of the FY 2009-10. The Company posted an increase in total income from 5,951.85 lakhs to Rs.6,611.55 lakhs registering a growth of 11.1% over the last year. Large majority of the healthclubs for FY 2009-10 were set up only in March 2010. The full impact of the new health clubs revenues will be apparent in the FY 2010-11, as the Company recognizes revenues on a cash basis.

The CAGR of income over the last six years is 50.86%

2. OPERATING COSTS:

At the same time, the Company was able to control its costs well. Operating expenses which include employee costs, sales and marketing expenses grew at a much lower rate from Rs.4215.22 in 2008-09 to Rs. 4051.95 in 2009-10. This was because the Company has been able to negotiate pan India based advertising rates, due to increase in scale of operations. The Company has also devised innovative salary structure which includes a fixed and variable component. All rental costs for premises are also monitored closely and not contracted where this cost exceeds the threshold set by the Company. Efficient energy conservation methods have helped in controlling electricity costs.

The CAGR of operating costs over the last six years is 46.74%

3. PBDIT:

Profit before depreciation, interest and taxes and extraordinary items, increased from Rs. 1759.04 lakhs in 2008-09 to Rs. 2597.89 lakhs in 2009-10 a growth of 48% over the previous year. This was mainly due to expansion in margins due to a tighter control of operating costs.

The CAGR of EBDITA over the last six years is 58.17%.

4. FINANCIAL EXPENSES:

Financial expenses grew marginally from Rs.799.96 lakhs to Rs.808.76 lakhs on a larger base due to better terms of credit with the suppliers of equipment, securing zero margin letter of credit; The Company also used a judicious mix of equity and debt funds to fund capital outlays.

5. DEPRECIATION:

The Company has been providing depreciation according to industry norms. The depreciation is higher at Rs.608.90 lakhs in 2009-10 from Rs.458.29 lakhs in 2008-09. The Company has entered into agreements with some of its suppliers for buy back of old and obsolete equipments, so as to minimize the impact of obsolescence of assets in its books.

6. PROFIT BEFORE TAX:

The profits before exceptional items and tax, have registered an increase of 136% from Rs. 500.79 lakhs in 2008-09 to Rs. 1,180.23 lakhs in 2009-10.

7. PROFIT AFTER TAX:

The Profit after tax (including all exceptional income) grew from Rs.673.04 lakhs in 2008-09 to Rs.793.70 lakhs in 2009-10, registering a growth of 18% over the previous year. The exceptional item of revenue for the year 2008-09 was surplus realized due to sale of a Company owned property amounting to Rs. 280.35 lakhs. In the current year the same is a loss of Rs.21.32 lakhs incurred due to shifting of a health club premise.

The CAGR of PAT over the last six years is 73.75%

OPERATING PERFORMANCE

Efficient and effective health club operations are a key to the functioning of your Company. where the focus is on delivering a quality health, fitness and wellness experience to its members. All health clubs have a centralized gym hall, standardized décor, personal trainers, nutrition counseling and steam, sauna areas for its members.

Talwalkars ensures that the quality of infrastructure and facilities are well maintained and upgraded regularly to meet the expectations of its members. In its endeavour to deliver a complete health and wellness package to its customers, Talwalkars continues to design and introduce innovative service offerings at its health clubs. Some of which are enumerated hereunder:

1. PEP TRAINING:

We provide specialized personalised training to our customers who may need physio therapy, or may be undergoing treatment for any illness under the advice of doctors or orthopedic surgeons. This focused training helps the customer achieve their targets in a faster and structured manner which is a value enhancing activity for both the Company and customer.

2. SPAS:

The Spa is designed with the same ambience as you would experience in any five star hotel, but at the right price point. Thus it caters to a larger section of our members who use these therapies to relax or for nerve stimulation and acupressure points. All the massage areas in our health clubs are made anew enhancing the experience for the member within the health club itself. This is a profit centre for the Company in itself.

3. OTHER PRODUCTS:

We have a variety of gym offerings such as Yoga sessions, Aerobic activity classes, Spinning studio, Pilates, Weight loss regimen, etc. to bring about a change and excitement in the fitness regimen. All these products cater locally to the members needs and provide group stimulation, interaction and commitment from the members.



Management Discussion & Analysis

4. ECONOMIES OF SCALE:

Due to the sheer number of health clubs under operations, your Company has been able to contract several benefits in negotiating better credit terms and prices for state of the art imported cardio and strength equipment.

5. SALARY:

We follow a structure of fixed and variable component of salary for its floor staff, which contributes to better sales and profitability. The pyramid structure of the team ensures that all members are responsible depending on designation and ability to enhance service to customer and thus revenue and profit.

6. ADVERTISING & SALES PROMOTION:

We have been able to contract nationwide rates for better visibility and brand promotion. The Company has a pan India presence now and several media, print and internet promotions are undertaken at competitive rates. Several local competitions are also held on a time to time basis to create awareness and interest amongst the members.

7. RENT:

The Company has decided to follow a long lease model for occupation of the premises in which we operate. We have been able to keep the rent at about 12% of the revenue generated, through long-term leases contracted. For all future expansion in Tier I to Tier III cities, this cost has been maintained in similar range.

8. TRAVEL COSTS:

Since we generally follow a hub and spoke model of expansion, the Company has been able to keep this costs under control without foregoing the personal touch. The focus is on hiring local talents for health club management with regional heads.

RISKS AND CONCERNS

Your Company has put in place an effective Risk Management framework under which all internal and external risks across the various businesses and functions are periodically identified, assessed and acted upon by designated risk owners to minimize and mitigate their impact. Your Company continues to satisfactorily address the various financial risks related to, interest rates and credit risks as well as operating risks arising out of high input costs, changes in technology, changes in customer preferences and competitive pressures.

Macroeconomic Risks:

The global economic slowdown affected India and the health and wellness industry. Although the situation has improved considerably, such cyclical downturns may continue to resurface in the future. Besides, inflation also continues to be on the high side. If the situation persists. It might adversely affect the consumer confidence and impact the ability of the people to spend on discretionary items, affecting the growth of the industry.

The Company recognizes these risks and has initiated measures to minimize its impact. This includes expanding the bouquet of products and services offered to the customers. It has also tried to de risk itself by expanding to mini metros and tapping the corporate clientele.

Operational Risks:

Operational risks mainly relate to meeting the customer expectations in terms of quality of service and maintaining a balance between rapid expansion and membership numbers. These assume significance given the importance of quality service offerings.

For this the Company has a full fledged residential training academy in Thane, to provide quality trained manpower and consistency of service presently. In due course your Company may set up some more academies in other major cities to provide a pool of manpower for the expansion of health clubs.

As regards, setting up of new health clubs the Company has been careful in expanding to new geographical locations using the hub and spoke model for a well thought of expansion strategy, where the managers are given powers and duties with layered controls.

Financial Risks:

The Company's business involves setting up health clubs for its operations. These expose the Company to risks in terms of timely and adequate funds at competitive rates to finance its growth. The Company is also seeking a rating to mitigate this problem and has also sought better terms from its bankers for all transactions.

Currently, the Company has repaid a substantial part of the high cost debt and has raised funds for setting up 27 new health clubs in the year 2010-11. The Company has also secured favorable terms from its equipment manufacturers, through letter of credits and rate negotiations. The Company continually evaluates its finance options and undertakes to mitigate risks relating to finance and credit.

Regulatory and Legal Risks:

Talwalkars is exposed to regulatory and legal risks in carrying out its business. These include risks in relating to acquisition of the property on long lease basis, securing commercial permission for carrying out business, tax proceedings, legal proceedings, customer complaints, non compliance of regulations including environmental regulations and those pertaining to the health and wellness industry.

The Company has systems and controls in place to mitigate these risks and minimize instances of non-compliance.

INTERNAL CONTROLS AND THEIR ADEQUACY

Your Company remains committed to ensure the prevalence of an effective internal control environment that provides reliable financial and operational information, ensures compliance of corporate policies and applicable statutory regulations and safeguards Company assets.

The Company has an internal audit function at each and every branch. Given the rapid expansion both in numbers and locations, the Company has appointed independent internal audit teams to conduct periodic review and audits, in line with a plan that is drawn up at the beginning of the year. The scope of the exercise includes ensuring adequacy of internal control systems, adherence to management policies and compliance with the laws and regulations of the country.

Reports of the internal auditor are placed every quarter before the Audit committee of the Board of Directors, which reviews the adequacy and effectiveness of the internal control systems and suggests improvements for strengthening them.

HUMAN RESOURCES

Human Relations is the key to the Company's business. Talwalkars has designed some practices to attract and retain skilled talent and its HR processes and policies are aligned to enable employees to meet their career objectives.

Your Company increased salaries and awards variable incentives based on productivity and performance of each health club and for senior managerial persons on an overall basis. The Company was able to achieve standardization and upgrade the knowledge base of its manpower through intensive training at its Training academy at Thane. Thus, your Company intends to replicate its training academy across various zones in India. Your Company also regularly sends its senior personal to USA and Europe to attend trade fairs, seminars to keep them abreast of latest techniques and industry insight.



BRAND EQUITY

Your Company has made substantial investments in building brand equity over the last few years. The Company carries out field activities for furthering customer relationship management, customer events which are critical and have gone a long way in complementing mass media campaigns and strengthening brand equity.

INFORMATION TECHNOLOGY

Your Company has got a robust information system which operates seamlessly across all zones. The MIS reporting has also gained steam and almost all reports are generated on real time basis. With the increase in the footprint, new solutions are being developed to achieve uniformity in business process and streamline business processes; increasing productivity in operations with a role based solution and centralized information; and improving operational performance with strategic business insight.

ENVIRONMENT, HEALTH AND SAFETY

To mitigate the risks arising to its members and damage to the equipments from serious electrical fluctuations, Company employs latest electronic devices like UPS and automatic panels. Safety systems and processes are developed and implemented across the sites, creating a safe workplace for all stakeholders. Based on periodic safety audits, necessary corrective and preventive measures were undertaken on priority basis.

ENERGY CONSERVATION

Your Company is highly committed to the cause of protecting the environment. Consistent efforts are made to conserve energy through use of efficient air conditioners using eco-friendly refrigerants and lighting systems. Your Company organizes camps for public for enlightening them with hazards arising out of the modern lifestyles. In some of our health clubs the Company has installed solar panels for certain part of the power requirements.

OUTLOOK

In spite of the weak economic environment, your Company continued to grow due to effective cost control and favorable input costs, with the year ending on encouraging note. Thus, consumer confidence is expected to remain strong and improve during the period.

We believe that the fundamental growth story of the Indian Economy is intact and the health and wellness sector will continue to see significant growth in the foreseeable future. In fact, given the strong growth of the domestic economy and changing aspirations of the population of the country, we believe that your Company is placed favorably to benefit from this opportunity.

The Company is on a steady path of health club expansion in sheer numbers and coverage of new cities in India. The strategy will be to expand the hub & spoke model, enter all towns with a population of over 5,00,000+ in the coming years. We would like to provide world-class services in fitness and health to each and every member. We believe that the new products and services, launched in the current year will open up newer opportunities and increase the Company's penetration and reach in the domestic market. Simultaneously it will widen the base and so mitigate the risks associated with addressing a relatively smaller segment of the market.

With the successful completion of its IPO, the Company is well positioned in terms of having necessary long-term equity capital, important for unencumbered growth. We are confident of meeting targets set internally and grow at a pace similar to our track record historically achieved. Therefore, the Company's outlook for 2010-11 is optimistic.

Notice

Notice is hereby given that the Seventh Annual General Meeting of the members of Talwalkars Better Value Fitness Limited will be held on Thursday, the 23rd September, 2010 at 11.30 a.m. at M. C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 2nd Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai - 400 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010 and the audited Profit and Loss Account for the year ended as on that date together with the Reports of the Board of Directors and Auditors thereon;
2. To declare dividend on Equity Shares for the year ended 31st March, 2010;
3. To appoint a Director in place of Mr. Madhukar Vishnu Talwalkar, who retires by rotation and being eligible, offers himself for re-appointment;
4. To appoint a Director in place of Mr. Vinayak Ratnakar Gawande, who retires by rotation and being eligible, offers himself for re-appointment;
5. To appoint a Director in place of Mr. Girish Madhukar Talwalkar, who retires by rotation and being eligible, offers himself for re-appointment;
6. To appoint a Director in place of Mr. Harsha Ramdas Bhatkal, who retires by rotation and being eligible, offers himself for re-appointment;
7. To appoint Auditors and fix their remuneration 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 provisions of Section 224 and other applicable provisions, if any of the Companies Act, 1956, Saraf Gurkar & Associates, Chartered Accountants, Mumbai be and are hereby re-appointed as the Statutory Auditors of the Company for the financial year 2010-2011, to hold office from the conclusion of Seventh Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration that may be determined and fixed by the Board of Directors."

SPECIAL BUSINESS:

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

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

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

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



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

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

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

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

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

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

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

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

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

Niraj Oza
Company Secretary & Compliance Officer

Place: Mumbai
Date: 7th July, 2010

Registered Office:

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

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE SEVENTH ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxy form(s) duly completed and stamped should be deposited at the Registered Office of the Company not less than 48 hours before the Commencement of the Meeting.
3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to Special Business to be transacted at the meeting is annexed hereto.
5. Members are requested to note that entry to the Meeting Hall / Premises is strictly restricted to the Members / Beneficial Owners holding duly filled in attendance slips and proxies holding valid proxy forms.
6. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. The Register of Members and Share Transfer Books of the Company will remain closed from 16th September, 2010 to 23rd September, 2010 (both days inclusive) for the purpose of payment of dividend, if any, approved by the Members.
9. The Dividend for the year ended 31st March, 2010 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 15th September, 2010. In Respect of Shares in electronic form, the dividend will be payable on the basis of beneficial ownership as per the details furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
10. Members are requested to notify changes if any in their addresses immediately to the Company / Registrar (for Shares held in physical form) and to Depository Participants (for Shares held in dematerialized form).
11. As per the SEBI Notification dated 16th February, 2000, the equity shares of the Company have been compulsorily dematerialized and sale / purchase of the same is required to take place in dematerialized form only.
12. Pursuant to SEBI Notification No. MED/DOP/Circular/05/2009 dated 20th May, 2009 it has become mandatory for the transferee(s) to furnish copy of PAN Card to the Company / RTA to enable / effect transfer of shares in physical forms.
13. Members desiring any information as regards the Accounts are requested to write to the Company at least 5 days before the date of the meeting to enable the management to keep the information ready.
14. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking re-appointment / appointment at the forthcoming Annual General Meeting is attached hereto.



Disclosure pursuant to Clause 49 of the Listing Agreement.

Details of Directors seeking re-appointment / appointment at the ensuing Annual General Meeting.

Name of the Director	Mr. Madhukar Talwalkar	Mr. Vinayak Gawande	Mr. Girish Talwalkar	Mr. Harsha Bhatkal
Date of Birth	28.11.1933	24.08.1958	01.06.1961	15.08.1962
Date of Appointment	24.04.2003	24.04.2003	25.04.2003	25.04.2003
Qualification	Bachelors Degree in Textile Engineering	Bachelors Degree in Commerce	Masters Degree in Physiotherapy	Bachelors Degree in Commerce and Masters Degree in Business Administration
Expertise in specific functional area	Health and Fitness Industry	Taxation, Law and Finance Industry	Project Management and Execution	Publishing and Marketing Industry
Directorships held in other Public Companies (including foreign Companies)	Nil	Better Value Leasing & Finance Ltd.	Nil	Better Value Leasing & Finance Ltd.
Chairmanships / Memberships of the Committee of the Board of Directors of the Company	Nil	Nil	Nil	Nil
Chairmanships / Memberships of the Committees of other Public Companies				
a) Audit Committee	Nil	Nil	Nil	Nil
b) Shareholders / Investors Grievance, Share Allotment and Share Transfer Committee	Nil	Nil	Nil	Nil

Name of the Director	Mr. Manohar Bhide	Mr. Raman Maroo	Mr. Mohan Jayakar
Date of Birth	14.02.1939	06.12.1950	08.10.1951
Date of Appointment	09.10.2009	09.10.2009	09.10.2009
Qualification	Masters Degree in Arts in Economics	Bachelors Degree in Science	Bachelors degree in Law from Government Law Collage and Solicitors Degree
Expertise in specific functional area	Banking and Finance	Entertainment Industry	Law & Regulatory matters
Directorships held in other Public Companies (including foreign Companies)	Mahindra Shubhlabh Services Ltd. IOT Infrastructure & Energy Services Ltd. Asset Reconstruction Company (India) Ltd. Mahindra & Mahindra Financial Services Ltd. India First Life Insurance Company Ltd.	Orbit Corporation Ltd. MSM Satellite (Singapore) Pte. Ltd. MSM Asia Limited	Photoquip India Ltd. Everest Kanto Cylinder Ltd. Satyagiri Shipping Co. Ltd. Mysore Pertochemicals Ltd. Shree Ram Urban Infrastructure Ltd. Birla Cotsyn (I) Ltd.
Chairmanships / Memberships of the Committee of the Board of Directors of the Company	Nil	Nil	Nil

Name of the Director	Mr. Manohar Bhide	Mr. Raman Maroo	Mr. Mohan Jayakar
Chairmanships / Memberships of the Committees of other Public Companies			
a) Audit Committee	Mahindra & Mahindra Financial Services Ltd. - Member Mahindra Shubhlabh Services Ltd. - Chairman	Nil	Nil
b) Shareholders / Investors Grievance, Share Allotment and Share Transfer Committee	Nil	Nil	Nil
Nos. of Shares held in the Company	6,296 Equity Shares	Nil	Nil

Name of the Director	Dr. Avinash Phadke	Mr. Glenn Saldanha	Mr. Abhijeet Patil
Date of Birth	28.04.1954	26.11.1969	18.04.1966
Date of Appointment	09.10.2009	09.10.2009	11.11.2009
Qualification	D.P.B and M.D (Path)	Bachelors Degree in Pharmacy and Masters Degree in Business Administration	Bachelors Degree in Commerce
Expertise in specific functional area	Pathologic Practice	Pharmaceutical Industry	Tourism Industry
Directorships held in other Public Companies (including foreign Companies)	Nil	Glenmark Pharmaceuticals Ltd. Glenmark Generics Ltd. Glenmark Exports Ltd. Glenmark Generics Inc., USA. Glenmark Dominicana S.A Glenmark Pharmaceuticals S.A, Switzerland. Glenmark Holding S.A. Switzerland Glenmark Generics Holding S.A. Glenmark Generics Finance S.A. Glenmark Therapeutics Inc., USA	Nil
Chairmanships / Memberships of the Committee of the Board of Directors of the Company	Audit Committee - Member	Nil	Audit Committee - Chairman Shareholders / Investors Grievance, Share Allotment and Share Transfer Committee - Chairman
Chairmanships / Memberships of the Committees of other Public Companies			
a) Audit Committee	Nil	Nil	Nil
b) Shareholders / Investors Grievance, Share Allotment and Share Transfer Committee	Nil	Glenmark Pharmaceuticals Ltd. - Member	Nil
Nos. of Shares held in the Company	64,000 Equity Shares	Nil	Nil

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



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

Item No. 8

Mr. Manohar Gopal Bhide was appointed as Additional Director of the Company with effect from 9th October, 2009 to hold office upto the conclusion of the ensuing Annual General Meeting.

He has 49 years of experience in the area of banking and finance. He has been the Chairman and Managing Director of Bank of India. He was also associated with State Bank of India as Managing Director and Group Executive (National Banking Division). Prior to that he served State Bank of India as Deputy Managing Director and Chief Credit Officer. He has also worked as Chief Executive Officer – State Bank of India (London), Chairman – National Institute of Banking Management, Pune, Chairman – Bank of India Shareholding Limited, Chairman – Bank of India Asset Management Company Limited and Chairman – Bank of India (Africa) Limited. He has been a member of the high level committee set up investigate activities of the Unit Trust of India and the expert committee appointed by the Government of India to review the system of administered interest rates and other related issues. He has been inducted on the Board of the Company as an Independent Director.

The Directors recommend the Resolution for approval of the Shareholders.

None of the Directors except Mr. Manohar Gopal Bhide is concerned or interested in the said resolution.

Item No. 9

Mr. Raman Hirji Maroo was appointed as Additional Director of the Company with effect from 9th October, 2009 to hold office upto the conclusion of the ensuing Annual General Meeting.

He has a 30 years experience in the field of Entertainment Industry. Currently, he is the Managing Director of Shemaroo Entertainment Private Limited (“Shemaroo”). Mr. Maroo joined Shemaroo in 1974. In the year 1987, he acquired Hindi Film Video Rights for Home Video and cable and satellite distribution. He was responsible for Shemaroo’s joint venture partnership with Sony Pictures Entertainment (LS, USA) to set up Sony Entertainment Television in India. He has been inducted on the Board of the Company as an Independent Director.

The Directors recommend the Resolution for approval of the Shareholders.

None of the Directors except Mr. Raman Hirji Maroo is concerned or interested in the said resolution.

Item No. 10

Mr. Mohan Motiram Jayakar was appointed as Additional Director of the Company with effect from 9th October, 2009 to hold office upto the conclusion of the ensuing Annual General Meeting.

He was a partner with M/s. Gagrat & Co. for 22 years, having attended to all the aspects of law and specialized in customs, central excise and foreign exchange matters including writs and criminal procedure. He was a member of shipping committee of the Bombay Chamber of Commerce and has attended to International Commercial Commodity Arbitrations and Shipping and other Maritime Arbitrations. He was also a member of the panel of Arbitrators of Bombay Incorporated Law Society. He has attended to Joint Ventures, Acquisitions and Mergers and advised corporates in setting up entities in Free Trade Zone in India as well as Tax Havens worldwide including the Free Trade Zone – Dubai. He has vast experience in commercial litigations, writ litigations, election petitions, Public Interest Litigations and has appeared before various court including Board of Industrial and Financial Reconstruction & Appellate Authority of Industrial and Financial Reconstruction and Commissionerates of both customs and central excise, Customs, Excise and Gold Control (Appellate) Tribunal, appellate tribunal of Forex, arbitrations before Grain and Feed Trade Association, Federation of Oil, Seeds and Fats Association and arbitrations held as per the rules of the Indian Chamber of Commerce and Singapore International Arbitration Centres. He is presently the senior partner in M/s. Khaitan, Jayakar, Sud and Vohra and heads the entire operations of the Mumbai branch of the firm. He has been inducted on the Board of the Company as an Independent Director.

The Directors recommend the Resolution for approval of the Shareholders.

None of the Directors except Mr. Mohan Motiram Jayakar is concerned or interested in the said resolution.

Item No. 11

Dr. Avinash Achyut Phadke was appointed as Additional Director of the Company with effect from 9th October, 2009 to hold office upto the conclusion of the ensuing Annual General Meeting.

He has 30 years of experience in pathological practice. He has participated in many regional, national and international conferences. He is Honorary Secretary to Prince Aly Khan Hospital and president of executive committee and advisor to Prince Aly Khan Hospital and Aga Khan Health Foundation. He is also a faculty member at Tata Institute of Social Science, Bhabha Atomic Research Centre, advisor to Family Planning Association of India, Dhanwantari Hospital, Teacher for M.D. Pathology, Bombay University. He has been awarded with Times of India group of publication – Professional of the year award by Maharashtra Times in year 2008, Healthcare express award – selected as one of the best fifty healthcare professionals in the country in the year 2008, Best Laboratory award – one of the best quality labs in the country in the group of top seven quality laboratories in India in May 2009 by Healthcare Express, Distinguished Doctor Award by Indian Medical Association, Mumbai at special felicitation function held at IMA hall on July 05, 2009. He has been inducted on the Board of the Company as an Independent Director.

The Directors recommend the Resolution for approval of the Shareholders.

None of the Directors except Dr. Avinash Achyut Phadke is concerned or interested in the said resolution.

Item No. 12

Mr. Glenn Mario Saldanha was appointed as Additional Director of the Company with effect from 9th October, 2009 to hold office upto the conclusion of the ensuing Annual General Meeting.

He has 15 years of experience in Pharmaceutical Industry. He has worked with PriceWater House Copper, USA and has had an opportunity to work for pharmaceutical companies like, Rone Poulenc Rhorer, Bristol Myers Squibb, Astra Merck and Smith Kline Beecham, as a consultant. Currently, he is the Managing Director and Chief Executive Officer of Glenmark Pharmaceuticals Limited. He has been inducted on the Board of the Company as an Independent Director.

The Directors recommend the Resolution for approval of the Shareholders.

None of the Directors except Mr. Glenn Mario Saldanha is concerned or interested in the said resolution.

Item No. 13

Mr. Abhijeet Rajaram Patil was appointed as Additional Director of the Company with effect from 11th November, 2009 to hold office upto the conclusion of the ensuing Annual General Meeting.

He has worked with Eli Lilly's global marketing team, USA and is involved in the family travel business since the age of 12 years. Currently, he is the Chairman and Chief Executive Officer of Raja Rani Travels Private Limited. He has been inducted on the Board of the Company as an Independent Director.

The Directors recommend the Resolution for approval of the Shareholders.

None of the Directors except Mr. Abhijeet Rajaram Patil is concerned or interested in the said resolution.

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

Niraj Oza
Company Secretary & Compliance Officer

Place: Mumbai

Date: 7th July, 2010

Registered Office:

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



Directors' Report

To,
The Members of

Talwalkars Better Value Fitness Limited,
{Formerly known as Talwalkars Better Value Fitness Pvt. Ltd.}

Your Directors are pleased to present 7th Annual Report on the business and operations together with the audited financial statements and Auditor's Report for the financial year ended 31st March, 2010:

Financial Results:

The financial performance of the Company for the financial year ended 31st March, 2010 is summarised below:

	(Rs. in Lacs)	
	31-Mar-2010	31-Mar-2009
Gross Income (Income from Operations)	6,611.55	5,951.85
Other Income	38.29	22.41
Total Income	6,649.84	5,974.26
Gross Profit before Interest, Depreciation and Amortization, Extra Ordinary Items and Taxes	2,553.81	1,706.59
Less: Interest	764.68	747.51
Depreciation and Amortization	608.90	458.29
Net Profit for the year before Taxes and Extra Ordinary Items	1,180.23	500.79
Add: Extra Ordinary Items	(21.32)	280.35
Net profit for the year before Taxes	1,158.91	781.14
Less: Provision for Taxes	212.31	108.10
Deferred Tax (Liability)/Asset	152.90	–
Profit after tax	793.70	673.04
Add: Balance Brought Forward from Previous Year	1,522.86	852.12
Surplus Available for Appropriation	2,316.56	1,525.16
Appropriations		
Effect on Change in AS - 11	23.86	–
Effect of previous year's Deferred Tax Liability	329.19	–
Proposed Equity Dividend	120.58	1.97
Provision for Dividend Tax	20.49	0.33
Balance Carried to Balance sheet	1,822.44	1,522.86
Total	2,316.56	1,525.16

Dividend:

The Directors recommend for consideration of the shareholders at the ensuing annual general meeting, payment of a dividend of Re. 0.50/- (Fifty Paise only) per equity share (5%) for the year ended 31st March, 2010. The amount of dividend and tax thereon aggregates to Rs. 1,41,07,065/- (Rupees One Crore Forty One Lacs Seven Thousand Sixty Five only).

Increase in Authorised Share Capital:

During the year the Authorised Share Capital of the Company was increased from Rs. 3,60,00,000/- (Rupees Three Crores Sixty Lacs only) to Rs. 30,00,00,000/- (Rupees Thirty Crores only).

Increase in Paid-up Share Capital:

The Company allotted 2,91,339 equity shares on private placement basis on 5th October, 2009, at a price of Rs. 635/- per equity share of face value of Rs. 10/- each at a premium of Rs. 625/- per equity share. The Company collected Rs. 18,50,00,265/- (Rupees Eighteen Crores Fifty Lacs Two Hundred Sixty Five only) from this allotment on private placement basis.

The Company issued seven (07) bonus equity shares for existing one (01) equity share held in the Company i.e. in the ratio of 7:1. On total 22,58,209 equity shares, the Company allotted 1,58,07,463 equity shares as bonus shares on 16th November, 2009.

Joint Venture Company:

The Company formed a 50:50 Joint Venture Company (JVC) known as Aspire Fitness Private Limited along with Life Fitness India Private Limited. The JVC is set up to operate health clubs in Pune. Mr. Madhukar Talwalkar, Mr. Girish Talwalkar and Mr. Anant Gawande, Directors of the Company are appointed as directors of the JVC.

Performance / State of Company's Affairs:

As on 31st March, 2010, the Company was operating total fifty eight (58) health clubs, out of which forty four (44) health clubs belong to the Company and fourteen (14) health clubs belong to the Joint Venture Companies, Associate Companies and Franchisee. The Company also has one (01) training centre at Thane.

During the year under review the Company started nine (09) new health clubs at Kalyan, Paldi and Navarangpura at Ahmedabad, Jodhpur, Jabalpur, Jalandhar, Varanasi, Jubilee Hills and Kukatpally at Hyderabad.

During the period from 1st April, 2010 to 6th July, 2010 the Company has opened total five (05) health clubs, out of which three (03) health clubs belong to the Company at Bhopal, Calicut and Coimbatore and two (02) health clubs belongs to the JVC at Baner and Viman Nagar in Pune.

Listing of Company's Equity:

The Company was converted into public company from private limited company vide Fresh Certificate of Incorporation issued by Registrar of Companies, Mumbai, dated 7th November, 2009.

The Company made an Initial Public Offer (IPO) of 60,50,000 equity shares of Rs. 10/- (Rupees Ten only) each at the price band of Rs. 123/- to Rs. 128/-. The issue was opened on 21st April, 2010 and was closed on 23rd April, 2010. There was overwhelming response from all categories of the investors and the Company's shares were oversubscribed by 28.21 times. The category wise subscription details are given below:

Category	No. of Applications Received	No. of Equity Shares	No. of times Subscribed
Qualified Institutional Buyers	101	10,71,70,250	35.4282
Non-Institutional Investors	83	4,61,61,200	50.8663
Retail Individual Investors	36,204	1,73,58,550	8.1977
Total	36,388	17,03,90,000	28.2132

The Company in consultation with India Infoline Limited, Book Running Lead Manager determined the price of Rs. 128/- per equity share (including a share premium of Rs. 118/- per equity share) for cash aggregating to Rs. 77,44,00,000/- (Rupees Seventy Seven Crores Forty Four Lacs only). The issue constituted 25.09% of the fully diluted post issue paid up capital of the Company.

The Company has appointed National Stock Exchange of India Limited (NSE) as its designated stock exchange. The Company applied to National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) for listing approval. The Company got listing approval from both stock exchanges



Directors' Report

on 6th May, 2010. The Company's equity shares were listed on both the Stock Exchanges on Monday, 10th May, 2010 at a premium to the Issue Price.

Operations:

The operations of the Company are elaborated in the annexed Management Discussion and Analysis Report.

Related Parties:

Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the Register maintained under Section 301 have been so entered.

Fixed Deposits:

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

Disclosure under Section 274(1)(G):

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

Directors:

Mr. Madhukar Vishnu Talwalkar, Chairman of the Company was appointed as the Executive Chairman of the Company for the period of five years from 1st October, 2009 to 30th September, 2014.

Mr. Prashant Sudhakar Talwalkar, Director of the Company was appointed as the Managing Director & Chief Executive Officer of the Company for the period of five years from 18th June, 2009 to 17th June, 2014.

Mr. Anant Ratnakar Gawande, Director of the Company was appointed as Whole-time Director & Chief Financial Officer of the Company for the period of five years from 1st October, 2009 to 30th September, 2014.

Mr. Vinayak Ratnakar Gawande, Mr. Girish Madhukar Talwalkar and Mr. Harsha Ramdas Bhatkal, Directors of the Company were appointed as Whole-time Directors of the Company for the period of five years from 1st October, 2009 to 30th September, 2014.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Madhukar Vishnu Talwalkar, Mr. Vinayak Ratnakar Gawande, Mr. Girish Madhukar Talwalkar and Mr. Harsha Ramdas Bhatkal, retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

During the year the Company appointed Mr. Manohar Gopal Bhide, Mr. Raman Hirji Maroo, Mr. Mohan Motiram Jayakar, Dr. Avinash Achyut Phadke, Mr. Abhijeet Rajaram Patil and Mr. Glenn Mario Saldanha as Additional Directors of the Company in the capacity of Independent Directors liable to retire by rotation. The appointment of the Independent Directors needs to be regularized in the ensuing Annual General Meeting of the Company.

Directors' Responsibility Statement:

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

- (a) That in preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent; so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on 31st March, 2010 and of the profit of the Company for that year;

- (c) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records for the year ended 31st March, 2010 in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities;
- (d) That the Directors have prepared the Annual Accounts on a going concern basis.

Constitution of Committees of the Board of Directors:

During the year the Company constituted five (05) Committees of the Board of Directors, namely IPO Committee; Audit Committee; Remuneration / Compensation Committee; Shareholders / Investors Grievance, Share Allotment and Share Transfer Committee and Management Committee. Details on various committees are provided in the Report on Corporate Governance.

Review of Annual Accounts by Audit Committee:

Financials of your Company for the year ended 31st March, 2010 were reviewed by the Audit Committee before being placed before the Board.

Listing of Securities:

The Company's equity shares are listed on the National Stock Exchange of India Limited (NSE) and on the Bombay Stock Exchange Limited (BSE). The Company has paid the listing fees to both NSE & BSE for listing of its equity shares on both the Stock Exchanges.

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

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

- Part A & B pertaining to conservation of energy and technology absorption are not applicable to the Company.
- Foreign Exchange earnings and outgo:

Earnings	-	Rs. Nil.
Outgo	-	Rs. 8,38,71,939/-

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

Particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, form part of this Report.

However, having regard to the provision of Section 219 (1)(b)(iv) of the Companies Act, 1956, the Annual Report and Accounts are being sent to the members excluding the statement of particulars of employees under Section 217 (2A) of the Companies Act, 1956. Any member interested in obtaining the copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

Corporate Governance:

Pursuant to Clause 49 of the listing agreement, a detailed report on Corporate Governance is given as a part of the Annual Report along with the reports on Management Discussion and Analysis. A Certificate from Practicing Company Secretary of the compliance with Corporate Governance requirements by the Company is attached to the Report on Corporate Governance.

Auditors' Report:

The observations made in the Auditors' Report, read together with the relevant notes thereon are self-explanatory and hence, do not call for any comments under Section 217 of the Companies Act, 1956.



Directors' Report

Auditors:

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

Acknowledgement:

The Board wishes to place on record its appreciation of sincere efforts put in by the employees of the Company, in helping it reach its current growth level.

Your Directors place on record their appreciation for the support and assistance received from the investors, customers, vendors, bankers, financial institutions, business associates, regulatory and government authorities.

For and on behalf of the Board

Talwalkars Better Value Fitness Limited

Prashant Talwalkar

Managing Director & CEO

Date: 7th July, 2010.

Place: Mumbai

Anant Gawande

Whole-time Director & CFO

Report on Corporate Governance

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

Company's Philosophy on Corporate Governance:

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

I. Board of Directors:

- A.** The Board of Directors comprises six Whole-time Directors (one is Executive Chairman; one is Managing Director & CEO and one is Whole-time Director & CFO and three are Whole-time Directors) and six Non-Executive Directors / Independent Directors.

During the year, sixteen (16) Board Meetings were held on 14th April, 2009, 8th June, 2009, 18th June, 2009, 8th July, 2009, 8th August, 2009, 24th August, 2009, 10th September, 2009, 5th October, 2009, 9th October, 2009, 29th October, 2009, 4th November, 2009, 9th November, 2009, 11th November, 2009, 16th November, 2009, 10th December, 2009 and 23rd March, 2010.

- B.** The Composition of the Board of Directors, their attendance at the board meeting during the year and at the last Annual General Meeting along with number of other directorships, committee chairmanship / memberships is as follows:

Name of Directors	Category of Directorship	No. of Board Meetings Attended	Attendance at last AGM held on 10.09.2009	No. of other Directorship in all Companies*	Committee Membership / Chairmanship in all Companies **	
					Member	Chairman
Mr. Madhukar Talwalkar	EC	16	Yes	Nil	Nil	Nil
Mr. Prashant Talwalkar	MD & CEO	15	Yes	Nil	Nil	Nil
Mr. Vinayak Gawande	WTD	16	Yes	01	Nil	Nil
Mr. Girish Talwalkar	WTD	15	Yes	Nil	01	Nil
Mr. Harsha Bhatkal	WTD	16	Yes	01	Nil	Nil
Mr. Anant Gawande	WTD & CFO	16	Yes	01	02	Nil
Mr. Manohar Bhide	ID	01	N. A.	05	01	01
Mr. Raman Maroo	ID	01	N. A.	01	Nil	Nil
Mr. Mohan Jayakar	ID	01	N. A.	06	Nil	Nil
Dr. Avinash Phadke	ID	01	N. A.	Nil	01	Nil
Mr. Abhijeet Patil	ID	01	N. A.	Nil	02	02
Mr. Glenn Saldanha	ID	Nil	N. A.	03	01	Nil

Note:

- * Membership across all the companies excluding Private Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956.
- ** Chairmanship and Membership of Audit Committee and Shareholders / Investors Grievance, Share Allotment and Share Transfer Committee only.



Report on Corporate Governance

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

Non-Executive / Independent Directors of the Company namely, Mr. Manohar Gopal Bhide, Mr. Raman Hirji Maroo, Mr. Mohan Motiram Jayakar, Dr. Avinash Achyut Phadke and Mr. Glenn Mario Saldanha were appointed on 9th October, 2009 and Mr. Abhijeet Rajaram Patil was appointed on 11th November, 2009.

Except sitting fees, no other remuneration is paid to Non-Executive / Independent Directors. Leave of absence is granted to the directors absent for meetings.

C. Relationship between Directors:

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

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

D. Appointment of Directors retiring by rotation:

Mr. Madhukar Vishnu Talwalkar, Executive Chairman; Mr. Vinayak Ratnakar Gawande, Mr. Girish Madhukar Talwalkar and Mr. Harsha Ramdas Bhatkal, Whole-time Directors of the Company retiring by rotation are proposed to be re-appointed at the ensuing Annual General Meeting.

E. Confirmation of Appointment of Independent Directors who were appointed as Additional Directors:

Mr. Manohar Gopal Bhide, Mr. Raman Hirji Maroo, Mr. Mohan Motiram Jayakar, Dr. Avinash Achyut Phadke, Mr. Abhijeet Rajaram Patil, Mr. Glenn Mario Saldanha; Independent Directors of the Company were initially appointed as Additional Directors. It is proposed to confirm their appointment as Directors at the ensuing Annual General Meeting.

F. Code of Conduct:

The Company's equity shares got listed at NSE & BSE on 10th May, 2010 and the Code of Conduct ("the code") of the Company was placed in the first Meeting of the Board of Directors after listing on 7th July, 2010. The Company has laid down a code of conduct ("the code") applicable to all Board Members and senior management of the Company. The code of conduct will be placed on the website of the Company at www.talwalkars.net.

G. Remuneration paid / payable to Managing Director / Whole-time Directors for the year ended 31st March, 2010

Details of remuneration paid / payable to Managing Director / Whole-time Directors is as follows:

Names of Managing Director / Whole-time Directors	Gross Salary (Rs.) *	Commission (Rs)	Perquisites (Rs.)	Retirement Benefits (Rs.)	Stock Option
Mr. Madhukar Vishnu Talwalkar	36,82,059	–	–	–	–
Mr. Prashant Sudhakar Talwalkar	26,52,000	–	–	–	–
Mr. Vinayak Ratnakar Gawande	17,67,998	–	–	–	–
Mr. Girish Madhukar Talwalkar	26,52,000	–	–	–	–
Mr. Harsha Ramdas Bhatkal	17,67,998	–	–	–	–
Mr. Anant Ratnakar Gawande	17,67,998	–	–	–	–

* Note: - The Company got converted from private limited company to public limited company as per fresh C.O.I. dated 7th November, 2009. The above remuneration was paid for the period from 1st April, 2009 to 30th September, 2009 when the Company was private limited company. The Company has not paid or provided any remuneration from 1st October, 2009 to 31st March, 2010.

H. Sitting Fees to Non-Executive Directors:

The Non-Executive Directors are paid sitting fees @ Rs. 10,000/- per meeting of the Board or its Committees. Details of sitting fees paid / payable to Non-Executive Directors as on 31st March, 2010 is as follows:

Names of the Non-Executive Directors	Sitting Fees (in Rs.)
Mr. Manohar Gopal Bhide	30,000
Mr. Raman Hirji Maroo	10,000
Mr. Mohan Motiram Jayakar	10,000
Dr. Avinash Achyut Phadke	20,000
Mr. Abhijeet Rajaram Patil	10,000
Mr. Glenn Mario Saldanha	–

I. Details of shares held by Non-Executive Directors:

Details of Shares held by the Non-Executive Directors as on date are as follows:

Names of the Non-Executive Directors	No. of Shares held
Mr. Manohar Gopal Bhide	6,296
Mr. Raman Hirji Maroo	–
Mr. Mohan Motiram Jayakar	–
Dr. Avinash Achyut Phadke	64,000
Mr. Abhijeet Rajaram Patil	–
Mr. Glenn Mario Saldanha	–

II. Board Committees:

The Board has constituted five (05) Committees:

1. Audit Committee;
2. Remuneration / Compensation Committee;
3. Shareholders / Investors Grievance, Share Allotment and Share Transfer Committee;
4. IPO Committee; and
5. Management Committee.

1) Audit Committee:

The Audit Committee was constituted vide Board Resolution dated 11th November, 2009 under the Chairmanship of Mr. Abhijeet Rajaram Patil, who comes with finance and accounting background. The terms of reference of the Audit Committee cover the matters specified under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The Audit Committee consists of the following Directors:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Abhijeet Rajaram Patil	Chairman	Independent Director
Dr. Avinash Achyut Phadke	Member	Independent Director
Mr. Anant Ratnakar Gawande	Member	Whole-time Director and CFO

The Audit Committee enjoys following powers: –

1. To invite such of the executives, as it considers appropriate (and particularly the head of finance function) to be present at the meetings of the Committee;
2. To investigate any activity within its terms of reference;
3. To seek information from any employee;



Report on Corporate Governance

4. To obtain outside legal or other professional advice; and
5. To secure attendance of outsiders with reasonable expertise, if considered necessary.

The scope of Audit Committee shall include but shall not be restricted to the following:

1. Overseeing Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Appointment, removal and terms of remuneration of internal auditors;
5. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgement by management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to the financial statements;
 - Disclosure of any related party transactions;
 - Qualifications in the draft audit report;
6. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
7. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
8. Monitoring the use of the proceeds of the proposed initial public offering of the Company;
9. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
10. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
11. Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors;
12. Discussion with internal and statutory auditors on any significant findings and reviewing findings of internal investigations by internal auditors, like matters of fraud or irregularity or failure of internal control systems, if any;
13. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
14. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

15. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
16. To review the functioning of the Whistle Blower mechanism, when the same is adopted by the Company and is existing;
17. Carrying out any other function as may be statutorily required to be carried out by the Audit Committee.

The Audit Committee shall mandatorily review the following information:

- a) Management discussion and analysis of financial condition and results of operations;
- b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d) Internal audit reports relating to internal control weaknesses; and
- e) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Committee, reasons for disagreement shall have to be minuted in the Board Meeting and the same has to be communicated to the shareholders. The Chairman of the committee has to attend the Annual General Meetings of the Company to provide clarifications on the matters relating to the audit.

During the year two Audit Committee meetings were held on 15th January, 2010 and 19th March, 2010.

The attendance record of the Audit Committee members is given below:

Name of the Members	No. of Meetings	
	Held	Attended
Mr. Abhijeet Rajaram Patil	02	02
Dr. Avinash Achyut Phadke	02	02
Mr. Anant Ratnakar Gawande	02	02

2. Remuneration Committee / Compensation Committee:

For Remuneration of Directors, our Company has constituted Remuneration / Compensation Committee vide Board Resolution dated 11th November, 2009. Committee has powers of recommending remuneration package to all Directors as per the requirements of the Clause 49 of the Listing Agreement for Corporate Governance.

The composition of the Remuneration / Compensation Committee is as follows:

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

The scope of Remuneration / Compensation Committee shall include but shall not be restricted to the following:

1. To recommend to the Board, the remuneration packages of Company's Managing / Joint Managing / Deputy Managing / Whole-time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees, etc.);



Report on Corporate Governance

2. To be authorised at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, Company's policy on specific remuneration packages for Company's Managing / Joint Managing / Deputy Managing / Whole-time / Executive Directors, including pension rights and any compensation payment;
3. To implement, supervise and administer any share or stock option scheme of the Company;
4. To attend to any other responsibility as may be entrusted by the Board within the terms of reference.

During the year one Remuneration / Compensation Committee Meeting was held on 23rd March, 2010.

The attendance record of the Remuneration / Compensation Committee members is given below:

Name of the Members	No. of Meetings	
	Held	Attended
Mr. Manohar Gopal Bhide	01	01
Dr. Avinash Achyut Phadke	01	01
Mr. Abhijeet Rajaram Patil	01	01

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

For redressing the Shareholder / Investor complaints, the Company had first constituted Shareholders' / Investors Grievance, Share Allotment and Share Transfer Committee vide resolution dated 16th November, 2009 as per the requirements of the Clause 49 of the Listing Agreement for Corporate Governance. The present committee consists of the following members:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Abhijeet Rajaram Patil	Chairman	Independent Director
Mr. Girish Madhukar Talwalkar	Member	Whole-time Director
Mr. Anant Ratnakar Gawande	Member	Whole-time Director and CFO

This committee will address all grievances of Shareholders / Investors in compliance of the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges and its terms of reference include the following:

1. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
2. Redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, transfer of Equity Shares and issue of duplicate / split / consolidated share certificates;
3. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by our Company, including review of cases for refusal of transfer / transmission of shares and debentures;
4. Allotment and listing of shares in future;
5. Review of cases for refusal of transfer / transmission of shares and debentures;
6. Reference to statutory and regulatory authorities regarding investor grievances;
7. Ensure proper and timely attendance and redressal of investor queries and grievances; and
8. To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.

The Company Secretary of the Company acts as the Secretary to the Committee.

During the year one Shareholders / Investors Grievance, Share Allotment and Share Transfer Committee Meeting was held on 27th January, 2010.

The attendance record of the Shareholders / Investors Grievance, Share Allotment and Share Transfer Committee members is given below:

Name of the Members	No. of Meetings	
	Held	Attended
Mr. Abhijeet Rajaram Patil	01	Nil
Mr. Girish Madhukar Talwalkar	01	01
Mr. Anant Ratnakar Gawande	01	01

4. IPO Committee:

The IPO Committee was constituted vide Board Resolution dated 9th November, 2009 to oversee and inform the Audit Committee when money is raised through prospectus or rights or preferential issues and shall inform of funds received, utilized, pending for project implementation etc. for the information of the Stock Exchanges and Investors and shall keep the information up dated through our Company's website. The composition of the IPO Committee is as follows:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Manohar Gopal Bhide	Chairman	Independent Director
Mr. Vinayak Ratnakar Gawande	Member	Whole-time Director
Mr. Girish Madhukar Talwalkar	Member	Whole-time Director
Mr. Anant Ratnakar Gawande	Member	Whole-time Director and CFO

The terms of reference of the IPO Committee of our Company includes:

1. To decide on the actual size of the Issue, including any reservation shareholders of promoting companies or shareholders of group companies and / or any other reservations or firm allotments as may be permitted, timing, pricing and all the terms and conditions of the Issue of the shares, including the price, and to accept any amendments, modifications, variations or alterations thereto;
2. To appoint and enter into arrangements with the Book Running Lead Manager, Co-Managers to the Issue, Underwriters to the Issue, Syndicate Members to the Issue, Advisors to the Issue, Stabilizing Agent, Brokers to the Issue, Escrow Collection Bankers to the Issue, Registrars, Legal Advisors to the Issue, Legal Advisors to our Company, Legal Advisors as to Indian and overseas jurisdictions, advertising and / or promotion or public relations agencies and any other agencies or persons;
3. To finalize and settle and to execute and deliver or arrange the delivery of the offering documents (Draft Red Herring Prospectus, Red Herring Prospectus, Final Prospectus) (including the international wrap and final international wrap, if required, for marketing of the Issue in jurisdictions outside India), syndicate agreement, underwriting agreement, escrow agreement, stabilization agreement and all other documents, deeds, agreements and instruments as may be required or desirable in connection with the Issue of shares or the Issue by our Company;
4. To open one or more separate current account(s) in such name and style as may be decided, with a scheduled bank to receive applications along with application monies in respect of the Issue of the shares of our Company;
5. To open one or more bank account of our Company in such name and style as may be decided for the handling of refunds for the Issue;
6. To make any applications to the RBI, FIPB and such other authorities, as may be required, for the purpose of Issue of shares by our Company to non-resident investors including but not limited to NRIs, FIIs, FVCI's and other non-residents;
7. To make applications for listing of the equity shares of our Company in one or more stock exchange(s) and to execute and to deliver or arrange the delivery of the listing agreement(s) or equivalent documentation to the concerned stock exchange(s);



Report on Corporate Governance

8. To settle all questions, difficulties or doubts that may arise in regard to the Issue or allotment of shares as it may, in its absolute discretion deem fit; and
9. To do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, or otherwise in relation to the Issue or any matter incidental or ancillary in relation to the Issue, including without limitation, allocation and allotment of the shares as permissible in law, issue of share certificates in accordance with the relevant rules.

During the year three IPO Committee Meetings were held on 14th December, 2009, 1st February, 2010 and 26th March, 2010.

The attendance record of the IPO Committee members is given below:

Name of the Members	No. of Meetings	
	Held	Attended
Mr. Manohar Gopal Bhide	03	01
Mr. Vinayak Ratnakar Gawande	03	03
Mr. Girish Madhukar Talwalkar	03	03
Mr. Anant Ratnakar Gawande	03	03

5. Management Committee:

The Management Committee was constituted vide Board Resolution dated 23rd March, 2010 to review the operations of the committee. The composition of the Management Committee is as follows:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Madhukar Vishnu Talwalkar	Chairman	Whole-time Director
Mr. Prashant Sudhakar Talwalkar	Member	Managing Director and CEO
Mr. Vinayak Ratnakar Gawande	Member	Whole-time Director
Mr. Girish Madhukar Talwalkar	Member	Whole-time Director and CFO
Mr. Harsha Ramdas Bhatkal	Member	Whole-time Director
Mr. Anant Ratnakar Gawande	Member	Whole-time Director
Mr. Manohar Gopal Bhide	Member	Independent Director
Mr. Abhijeet Rajaram Patil	Member	Independent Director

The Company Secretary of the Company shall act as the Secretary to the Management Committee.

The terms of reference of the Management Committee of the Company includes:

1. To review ongoing operations of the Company;
2. To carry out such business as has been delegated by the Board in so far as:
 - a) To open new bank account(s) in the name of the Company or to close any existing bank account(s) as and when required and to authorise directors and / or executives to operate such bank account and with such limits as are approved by the Management Committee from time to time;
 - b) To open domestic or international Letters of Credit (LC) from time to time, on behalf of the Company for its CAPEX or other requirements;
 - c) To open or close any Fixed Deposit Account(s) with any of the banks or any other financial institutions;
 - d) To discuss, negotiate and to give permission to enter into any franchise agreement with any of the existing franchisee to start new gym(s) as a franchisee of the Company or cancel any existing franchise agreement with any of the existing franchisee for any reason; or to appoint as franchisee;
 - e) To shortlist and enter into the Leave and License Agreement or Lease Agreement as the case may be for the proposed new Gyms as well as guest house for the Company or renew any expiring licenses / leases for the existing gyms or guest house;

- f) To appoint any authorised person and to give authority by execution of Special Power of Attorney on behalf of the Company to enter into and register with the Registrar of Assurances the leave and license or lease agreement as the case may be for the execution of agreement for new gyms or guest house or for renewal of the existing agreement(s);
- g) To authorise or appoint any outside professional or consultant for and on behalf of the Company for such work as the Management Committee may deem fit and fix their remuneration.

III. General Body Meetings:

A. Annual General Meeting (AGM):

Location, date and time of the Annual General Meetings held in last three (03) years are as under:

Year	Location	Date	Time
2006-2007	801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026.	27th September, 2007	11.00 a.m.
2007-2008	801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026.	30th September, 2008	10.30 a.m.
2008-2009	801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026.	10th September, 2009	11.00 a.m.

No Special Resolution was passed in the AGM held on 27th September, 2007.

Three (03) Special Resolutions were passed in the AGM held on 30th September, 2008.

Six (06) Special Resolutions were passed in the AGM held on 10th September, 2009.

B. Extra Ordinary General Meeting (EGM):

Location, date and time of the Extra-Ordinary General Meetings held in last 3 years (2007-2010) are as under:

Year	Location	Date	Time
2009-2010	801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026.	8th July, 2009	11.00 a.m.
2009-2010	801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026.	4th August, 2009	11.00 a.m.
2009-2010	801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026.	24th August, 2009	11.00 a.m.
2009-2010	801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026.	1st October, 2009	11.00 a.m.
2009-2010	801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026.	9th November, 2009	12.00 Noon
2009-2010	801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026.	14th November, 2009	1.00 p.m.

One (01) Special Resolution was passed in the EGM held on 8th July, 2009.

One (01) Special Resolution was passed in the EGM held on 4th August, 2009.

One (01) Special Resolution was passed in the EGM held on 24th August, 2009.

One (01) Special Resolution was passed in the EGM held on 1st October, 2009.

Two (02) Special Resolutions were passed in the EGM held on 9th November, 2009.

Five (05) Special Resolutions were passed in the EGM held on 14th November, 2009.

C. Postal Ballot:

No special resolution was passed through postal ballot during the year 2009-2010 and no special resolution is proposed to be passed by postal ballot at the forthcoming Annual General Meeting.



IV. Subsidiary Companies:

As on 31st March, 2010 the Company does not have any subsidiary company.

V. Other Disclosures:

A. Disclosure of Related Party Transactions:

All related party transactions have been entered into in the ordinary course of business and were placed periodically before the Audit Committee and the Board. All transactions with the related parties or others were on an arm's length basis.

B. Disclosure of Accounting Treatment:

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

C. Risk Management Framework:

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

D. Details of Utilisation of the funds out of the proceeds from the Public Issue:

As on 31st March, 2010 the Company was Unlisted and no public offer was made as on that date.

The details of the utilisation of funds out of the proceeds of the Issue as on 30th June, 2010 are as stated below:

(Amount in Rupees)

Particulars	Fund Requirement as stated in Prospectus	Deployment of Funds as on 30th June, 2010
Setting up of additional health clubs	502,200,000	–
Repayment of unsecured loans	205,920,000	205,920,000
Meeting Issue related expenses	66,280,000	66,280,000
Total	774,400,000	272,200,000

The Company utilised Rs. 27,22,00,000/- (Rupees Twenty Seven Crores Twenty Two Lacs only) till 30th June, 2010 out of the total proceeds from the Public Issue of Rs. 77,44,00,000/- (Rupees Seventy Seven Crores Forty Four Lacs only). The Company has fully utilised the funds for Repayment of unsecured loans and Meeting Issue related expenses as stated in the prospectus. The Company has not made any utilisation of funds of Rs. 50,22,00,000/- (Rupees Fifty Crores Twenty Two Lacs only) lying under the head of "Setting up of additional health clubs".

E. Means of Communication:

The Company got listed on 10th May, 2010, hence the question of publishing results in news paper does not arise.

F. General Shareholders Information:

i. Annual General Meeting Date and Time	Thursday, 23rd September, 2010 at 11.30 a.m.
Venue	M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 2nd Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai - 400 001.

ii. Financial Calendar 2010-11 (Tentative) Results	Reporting
Unaudited Results for the quarter ending 30th June, 2010	On or before 15th August, 2010.
Unaudited Results for the quarter ending 30th September, 2010	On or before 15th November, 2010
Unaudited Results for the quarter ending 31st December, 2010	On or before 15th February, 2011
Audited Results for the year ending 31st March, 2011	On or before 31st May, 2011
AGM for the approval of the Audited accounts for the year ended 31st March, 2011	On or before 30th September, 2011
Financial Year	1st April to 31st March
iii. Book Closure Date	16th September, 2010 to 23rd September, 2010 (both days inclusive)
iv. Dividend payment date	On or after 23rd September, 2010
v. Listing on Stock Exchanges and payment of listing fees	1. National Stock Exchange of India Limited (NSE) 2. Bombay Stock Exchange Limited (BSE) NSE is the designated Stock Exchange of the Company. The Company has paid the annual listing fees for the year 2010-2011 to the aforesaid Stock Exchanges within the stipulated time.
vi. Stock Code: Bombay Stock Exchange code: National Stock Exchange Symbol:	533200 TALWALKARS
vii. Dematerialization ISIN Number for NSDL & CDSL	INE502K01016
viii. Outstanding GDR / ADR / Warrants or any convertible instruments, conversion date and impact on equity.	The Company has not issued any GDRs / ADRs / Warrants or any other convertible instrument.
ix. Market Price Data High / Low during each month of the Financial Year 2009-10 at NSE (Designated Stock Exchange).	As the Company got listed on 10th May, 2010 the question of market price data for the financial year 2009-2010 does not apply.

G. Share Transfer System:

The share transfers / transmissions are approved by the Shareholders / Investors Grievance, Share Allotment and Share Transfer Committee. There are no share transfer requests pending as on 31st March, 2010.

The Company's Shares are required to be compulsorily traded in the Stock Exchanges in the dematerialized form. Shares in the physical mode which are lodged for transfer are processed and returned within the stipulated time, from the date of listing of equity shares (10th May, 2010) on both the Stock Exchanges.

The Board of Directors of the Company have delegated the power to approve the share transfers to Registrar and Share Transfer Agents, M/s. Link Intime India Private Limited, having its office at C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai – 400 078.



H. Distribution of Shareholding as on 31st March, 2010:

No. of equity shares held	No. of Folios / Shareholders	No. of Shares held	% of Share holding
Upto 500	–	–	–
501 to 1,000	–	–	–
1,001 to 2,000	–	–	–
2,001 to 3,000	1	2,520	0.01
3,001 to 4,000	2	8,000	0.05
4,001 to 5,000	–	–	–
5,001 to 10,000	10	74,138	0.41
More than 10,000	43	17,981,014	99.53
Total	56	18,065,672	100

I. Shareholding Pattern as on 31st March, 2010:

Category	No. of Share held	% of Share holding
Promoters & Promoters Group	14,346,656	79.41
Other Directors & their relatives	70,296	0.39
Mutual Funds, Financial Institutions, Banks & Insurance Companies	–	–
Foreign Institutional Investors (FII's)	–	–
Non-Resident Indians (NRIs)	177,392	0.98
Resident Individuals	2,549,648	14.12
Bodies Corporate	882,184	4.88
Others	39,496	0.22
Total	18,065,672	100

J. Dematerialisation of Shares:

As on 31st March, 2010, 98.46% of the total paid up capital representing 1,77,87,660 shares, was held in dematerialized form and the balance 1.54% representing 2,78,012 shares was held in physical form.

K. Address for correspondence:

Registered Office Address:

Talwalkars Better Value Fitness Limited

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

Tel. No.: (022) 6612 6300 (324) Fax No.: (022) 6612 6363 / 6612 6314

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

Shareholders correspondence may be directed to the Company's Registrar and Share Transfer Agent, whose address is given below:

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound, L.B.S. Marg,

Bhandup (West), Mumbai - 400 078.

Tel. No.: (022) 2594 6970

Fax No.:(022) 2596 2691

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

L. Health Clubs / Training Centre addresses:

As on 31st March, 2010, the Company was operating total fifty eight (58) health clubs, out of which forty four (44) health clubs belong to the Company and fourteen (14) health clubs belong to the Joint Venture Companies, Associate Companies and Franchisee. The Company also has one (01) training centre at Thane.

During the period from 1st April, 2010 to 6th July, 2010 the Company has opened total five (05) health clubs, out of which three (03) health clubs belong to the Company at Bhopal, Calicut and Coimbatore and two (02) health clubs belongs to the JVC at Baner and Viman Nagar in Pune.

The addresses of the above health clubs forms part of Annexure to this report.

M. Non-Mandatory Requirements:

1. The Company has an Executive Chairman on its Board.
2. The Remuneration / Compensation Committee is constituted by the Board, the details of which are provided under the heading "Remuneration / Compensation Committee".
3. There are no qualifications in the Audit Report for the year 2009-2010.

For and on behalf of the Board

Talwalkars Better Value Fitness Limited

Prashant Talwalkar

Managing Director & CEO

Anant Gawande

Whole-time Director & CFO

Date: 7th July, 2010.

Place: Mumbai

Certificates under Report on Corporate Governance

Declaration on Compliance of the Company's Code of Conduct.

To,
The Shareholders
Talwalkars Better Value Fitness Limited
Mumbai.

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

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31st March, 2010.

For and on behalf of the Board

Talwalkars Better Value Fitness Limited

Prashant Talwalkar

Managing Director & CEO

Date: 7th July, 2010.

Place: Mumbai



CEO/CFO Certificate

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

To,

The Board of Directors

Talwalkars Better Value Fitness Limited.

Dear Sirs,

Sub: CEO / CFO Certificate

(Issued in accordance with provisions of Clause 49 of the Listing Agreement)

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

- (A) We have reviewed the Balance sheet as at 31st March, 2010 and Profit and Loss Account for the year ended as on that date along with all its schedules, notes to the accounts and also the Cash Flow statement for the year ended 31st March, 2010 and based on our knowledge and information, confirm that:
- i) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that may be misleading,
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (B) Based on our knowledge and information, there are no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (C) We along with Company's other certifying officers, accept responsibility for establishing and maintaining internal controls and that we have:
- i) evaluated the effectiveness of internal control system of the Company, and
 - ii) disclosed to the Auditors and the Audit Committee, deficiencies, in the design or operations of internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
- (D) We, along with Company's other certifying officers, have indicated to the Auditors and the Audit Committee:
- (i) Significant changes in the internal control during the year,
 - (ii) Significant changes in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements, and
 - (iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours sincerely,

Prashant Talwalkar
Managing Director & CEO

Anant Gawande
Whole-time Director & CFO

Date: 7th July, 2010.

Place: Mumbai

Annexure to Report on Corporate Governance

Annexure to Report on Corporate Governance

Health Clubs / Training Centre Addresses:

Health Clubs of the Company in operation as on 31st March, 2010:		
Andhra Pradesh		
1	Guntur	3rd Floor, Manibhushan Complex, Main Road, Laxmipuram, 2nd Lane, Guntur - 522 007.
2	Hyderabad	Accent Tower, Ground Floor, 10th Road, Opp. HSBC, Near Bank of Baroda, Banjara Hill, Hyderabad - 531 271.
3	Hyderabad	Madhu Nivas, Ground Floor, Opp. Skyline Theatre, Bashir Bagh, Himayat Nagar, Hyderabad - 500 029.
4	Hyderabad	1st Floor, H. No 1-89/41/42 & 43, Plot No 42 & 43, Kavuri Hills, Madhapur, Hyderabad - (Jubilee Hills) - 500 033.
5	Hyderabad	H. No 18/HIG-18, M. C. K House No 15-29-1000/H-18, Phase-1 & 2 (lop), K. P. H. B Colony, Kukatpally, Hyderabad - 500 072.
6	Secunderabad	1st Floor, 'B' Block, Srila Heights, St. Johns Road, Plot No.25B/B, East Marredpally, Secunderabad - 500 025.
7	Vijaywada	Matha Tower, 2nd Floor, Ring Road, Vijaywada - 520 008.
8	Vizag	1st Floor, Varun Towers, Kasturba Marg, Siripuram, Vishakapatnam - 530 003.
Gujarat		
9	Ahmedabad	2nd Floor, Maurya Atria, Opp. Atithi Dining Hall, Judges Bungalow Road, Bodakdev, Ahmedabad.
10	Ahmedabad	1st Floor, Kshitij, St. Xavier's School Road, Opp. Swati Society, Navarangpura, Ahmedabad - 380 014.
11	Ahmedabad	2nd Floor, P.N. House, Jethabhai Park, Paldi, Ahmedabad - 338 007.
Karnataka		
12	Bengaluru	27/1, 3rd Floor, Batra House, Ulsoor Road, Bengaluru - 560 042.
13	Bengaluru	364, Ashwath Laxmi Mansion, 16th Main, 35th Cross, 4th 'T' Block Jayangar, Bengaluru - 560 041.
14	Bengaluru	212, Bellary Road, Sadashiv Nagar, Bengaluru - 560 080.
15	Bengaluru	683 / A, 2nd Phase, Next to Dalmia, JP Nagar, Bengaluru.
16	Bengaluru	No. 354 & 355, Kamalanehrungar main road, west of chord road, IV stage, 8th main, IV block, Basaveshwaranagar, Bengaluru - 560 079.
17	Hubli	Next to Punjab National Bank, Girls High School, Deshpande Nagar, Hubli - 580 029.
18	Mangalore	1st Floor, Inland Avenue, M.G. Road, Ballal Baug, Mangalore - 575 003.
19	Mysore	No. 10, Livin Corner, Temple Road, 3rd Floor, Above Bata Showroom, VV Mohalla, Mysore - 570 012.
Kerala		
20	Kochi	Puthuran Plaza, 2nd Floor, Maharaja Collage Ground JN, Above Allukas, Kochi - 682 035.
Maharashtra		
21	Aurangabad	Pagariya Tower, Hotel Aurangabad Ashoka Compound, Adalat Road, Aurangabad.
22	Mumbai	Shop No.1, Plot No 112, Mangal Simran, 28th Road, Off Turner Road, Bandra (West), Mumbai - 400 050.
23	Mumbai	196, Tegh House, Andheri-Kurla Link Road, Diagonally Opp. Kohinoor Continental, Near Gurudwara, J.B. Nagar, Andheri (East), Mumbai - 400 059.



Annexure to Report on Corporate Governance

Health Clubs of the Company in operation as on 31st March, 2010:		
24	Mumbai	Samriddhi Building, 1st Floor, Madan Malviya Road, Opp. RaliFan, Mulund, Mumbai - 400 080.
25	Mumbai	Natraj Theatre Building, 3rd & 4th Floor, Chembur (E) Mumbai - 400 071.
26	Mumbai	Prabodhan Krida Bhavan, Prabodhan Krida Bhavan Marg, Siddharth Nagar, Goregaon, Mumbai - 400 104.
27	Kalyan	101/102, Brindavan Vatika, Opp. Cine Max, Besides B Ward K D M C Office, Khadakpada, Kalyan (W), Kalyan - 421 301.
28	Navi Mumbai	Milloni Apartments, Plot No.109, Sector 27, Near Seawoods Station, Nerul (E), Navi Mumbai.
29	Vasai	Sushila Bhavan, Near Parvati Cinema, Station Road, Vasai (West).
30	Bhayander	C - Wing 1st floor, Janki Heritage, Near Fly Over Bridge, 150 feet road, Bhayander (W) - 401 101.
31	Sangli	Shiv Trade Centre, 1st Floor, Opp. Sangli Gymkhana, Ram Mandir Chowk, Sangli - 416 416.
Madhya Pradesh		
32	Jabalpur	Pancharatna Towers, 2nd Floor, 1700/ Model Road, above AXIS Bank Ltd., Near Bus Stand, Jabalpur - 482 002.
Punjab		
33	Amritsar	Cee Tee Mall, 32 A Mall Road, The Mall, Amritsar - 143 001.
34	Ludhiana	Ayalli Towers, 2nd & 3rd floor, S.C.O 9-10, Near Nehru Sidhant Kendra, Ludhiana - 141 001.
35	Jalandhar	Big "C" Mall, 3rd Floor, 255 Lajpat Nagar, Jalandhar - 144 002.
Rajasthan		
36	Udaipur	2nd floor, Govardhan Plaza, Opp. Bhartiya Lok Kala Mandal, Udaipur - 313 001.
37	Jodhpur	V Square, Plot No. 630 A, 1st, 2nd and 3rd Floor, 11th B Road, Sardarpura, Jodhpur - 342 001.
Tamil Nadu		
38	Chennai	Old No: 16, New No: 22/1, 2nd floor, SardarPatel Road, Kasturibai Nagar, Above 6th Sense Gallery, Adyar, Chennai - 20.
39	Chennai	Dev's Ark, Plot No.155, Door No.33, F-Block, II Avenue, Anna Nagar (E), Chennai - 600 102.
40	Chennai	Club Business System, G A Crystal Lounge, Wallace Garden, 20, Haddows Road, 1st Nungabakkam, Chennai - 600 006.
41	Chennai	Shree Sai Hamsa Mahal, No.12 Raja Char Street, Opposite Somasundaram Ground, T Nagar, Chennai - 600 017.
42	Chennai	New No. 215 Old No.95, TTK Road, Behind Reebok Show Room, Alwarpet, Chennai - 600 018.
Uttar Pradesh		
43	Varanasi	D 63/8, Krishna Complex, Mahmoorganj, Varanasi - 221 010 (U.P).
West Bengal		
44	Kolkata	BE - 72, Sector 1, Near Swimming Pool, Salt Lake City, Kolkata - 700 064.
Health Clubs Opened during the period from 1st April, 2010 to 6th July, 2010:		
Kerala		
45	Calicut	1st Floor, Baby Arcade, P.T. Usha Road, Beach P.O., Calicut - 676 032.
Madhya Pradesh		
46	Bhopal	Scheme - 13, M.P. Nagar, Zone - 2, Above India Bulls, Opp. Pragati Petrol Pump, Bhopal - 11.

Annexure to Report on Corporate Governance

Health Clubs Opened during the period from 1st April, 2010 to 6th July, 2010:

Tamil Nadu

47 Coimbatore Sai Ashrya, 2nd Floor, Near Kidney Centre, New Damu Nagar, Coimbatore - 641 045.

Training Centre in operation as on date

* Thane Aggrawal Estate, Chitalisar Manpada, S.V. Road, Thane - 400 610.

Health Clubs of the Joint Venture Companies, Associate Companies and Franchisee as on 31st March, 2010:

Maharashtra

1 Mumbai 3rd Floor, Orchid City Centre Mall, Mumbai Central, Mumbai - 400 018.

2 Nagpur Poonam Mall, 4th Floor, Vardhman Nagar, above Big Bazaar, Nagpur - 440 008.

Karnataka

3 Bengaluru 3rd Floor, Cosmos Mall, Brookfield, Bengaluru - 560 037.

4 Bengaluru 6th Floor, Big Bazaar Mall, Salapuri Nova 1 & 2, Old Madras Road, Bengaluru - 560 093.

Uttar Pradesh

5 Noida The Great India Place, Sec. 38 A, Near Atta Market, Noida, U.P. - 201 301.

West Bengal

6 Siliguri 2nd Mile, Storied Commercial Building, Sevoke Road, Opp. Power House, Siliguri, West Bengal - 734 001.

Maharashtra

7 Navi Mumbai Plot# 10, Nirmal Vyapar Kendra, 3rd floor, above Navratna Hotel, Sector 17, Vashi.

8 Nagpur Plot-12, Municipal House, Ward No. 72, Ramdas Peth, Nagpur - 440 010.

9 Nagpur Behramji Town, Gondvana Chowk, Near 610 shop, J.P. heights, Ground Floor, Nagpur - 440 013.

Madhya Pradesh

10 Indore 153, Y.N. Road, Opp. Rani Sati Gate, Indore - 01.

Rajasthan

11 Jaipur E- 142, Roshan Complex, Behind Mr. Beans, S.P Marg, C-scheme, Jaipur - 1.

West Bengal

12 Kolkata Alipore Hub, 14-A, Burdwan Road, Alipore, Kolkatta - 700 027.

Delhi

13 NCR Vasant Vihar, 12 Community Centre, Basant Lok, Priya Mkt., Near Priya Cinema, 1st floor, above HSBC, New Delhi.

14 NCR Greater Kailash-II, Main Market, M- Block, New Delhi - 110 057.

Health Clubs opened during the period from 1st April, 2010 to 6th July, 2010:

Maharashtra

15 Pune 1st Floor, Anmol Pride, Behind Ratnakar Bank, Opp. B. P. Petrol Pump, Baner, Pune - 411 045.

16 Pune Panchasil Tech Park, Plot No. 43/1, 43/2 and 44/2, Behind ICICI Bank, Viman Nagar - 411 014.

For and on behalf of the Board

Talwalkars Better Value Fitness Limited

Prashant Talwalkar

Managing Director & CEO

Anant Gawande

Whole-time Director & CFO

Date: 7th July, 2010.

Place: Mumbai



Compliance Certificate of Corporate Governance

Certificate from Practicing Company Secretary regarding Compliance of Conditions of Corporate Governance.

SACHIN CHHADAWA

B.Sc, LL.B, FCS

Practicing Company Secretary

48, Ultimate Business Centre, 111-A, M. G. Road,

Opp. Mumbai University, Fort, Mumbai - 400 023

Tel: +91 22 22672626, Cell: + 91 9920618833.

E-mail: sachin@sachinfcs.com

To,

The Members of

Talwalkars Better Value Fitness Limited,

We have examined the compliance of conditions of Corporate Governance by Talwalkars Better Value Fitness Limited, for the year ended on 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

Sachin Chhadawa

Practicing Company Secretary

FCS 5619 C P No. 4617

Date: 6th July, 2010

Place: Mumbai

Auditors' Report

TO THE MEMBERS OF TALWALKARS BETTER VALUE FITNESS LIMITED (FORMERLY KNOWN AS TALWALKARS BETTER VALUE FITNESS PRIVATE LIMITED)

1. We have audited the attached Balance Sheet of TALWALKARS BETTER VALUE FITNESS LIMITED as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far, as appears from our examination of the books;
 - (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, together with the other notes appearing thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010; and
 - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **SARAF GURKAR & ASSOCIATES**
Chartered Accountants
Firm Registration No.: 126518W

S. L. Saraf
Partner
Membership No. 030866

Date: 7th July, 2010
Place: Mumbai



Annexure to Auditors' Report

ANNEXURE TO THE AUDITORS' REPORT OF EVEN DATE ON THE ACCOUNTS OF TALWALKARS BETTER VALUE FITNESS LIMITED (FORMERLY KNOWN AS TALWALKARS BETTER VALUE FITNESS PRIVATE LIMITED) FOR THE YEAR ENDED 31ST MARCH, 2010

(Referred to in Paragraph (3) of the above Report)

1. Fixed Assets:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) As explained to us, physical verification of fixed assets has been carried out by the Management at most of the branches in accordance with a program of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. We have been informed that the reconciliation of assets verified with the fixed assets register is still in progress at some of the branches. Discrepancies, if any, arising out of verification and reconciliation are yet to be determined.
 - (c) During the year no substantial parts of the fixed assets have been disposed off by the Company. Therefore, the provisions of Clause (ic) of paragraph 4 of the aforesaid Order are not applicable to the Company for the year under review.
2. The Company has no inventory hence the provisions of Clause 4(ii) are not applicable to the company for the year under review.
3. Loans:
 - (a) The Company has taken unsecured loans from 8 Companies & 5 related parties listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year in respect of the said loans was Rs. 2,763.73 lacs and at the year end the balance outstanding of the said loans taken was Rs. 3,434.52 lacs.
The Company has not granted loans to a Company / Party listed in the register maintained under Section 301 of the Companies Act, 1956.
 - (b) In our opinion, prima facie, the interest and other terms and conditions of the aforesaid loans are not prejudicial to the interest of the Company.
 - (c) The Company has been regular in the payment of principal amount and the interest on the aforementioned loans.
 - (d) There are no overdue amounts on the above loans.
4. In our opinion and according to the information and explanations given to us, the internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of services need to be strengthened. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
5. Transactions:
 - (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - (b) Based on the information and explanations given to us, in our opinion these transactions have been made at reasonable prices having regard to the prevailing market prices at the relevant time of transactions.
6. The Company has not accepted any deposits from public within the meaning of Sections 58A and 58AA of the Companies Act, 1956 and the rules made under Companies (Acceptance of Deposits) Rules, 1975. Therefore, the provisions of Clause (vi) of paragraph 4 of the aforesaid Order, in our opinion are not applicable to the Company for the year under review.
7. In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and the nature of its business.

8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-clause (1) of Section 209 of the Companies Act, 1956 in respect of services carried out by the Company.
9. Statutory Dues:
 - (a) According to the records of the Company, Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Customs Duty, Service Tax, Excise Duty, Cess and other statutory dues to the extent applicable to the Company, have been generally regularly deposited during the year with the appropriate authorities.
 - (b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Customs Duty, Service Tax, Excise Duty, Cess and other statutory dues outstanding as at 31st March, 2010, for a period more than six months from the date they become payable, except for liabilities on account of TDS (Tax Deducted at Source) aggregating to Rs.36.64 lacs and Service Tax aggregating to Rs.124.38 lacs. The said liabilities have been fully deposited in the Government Treasury till the date of signing these statements.
10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year. Accordingly, paragraph 4(x) of the Order is not applicable.
11. Based on the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution and banks.
12. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for the loans taken by others from banks or financial institutions are not prima facie prejudicial to the interests of the Company.
16. According to the information and explanations given to us, term loans raised by the Company have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on the overall examination of the Balance Sheet of the Company, we report that the Company has not used funds raised on short term basis for long term investment.
18. According to the information and explanation given to us, the Company has made preferential allotment of shares to parties and Companies / firms covered in the register maintained under Section 301 of the Companies Act, 1956. The prices at which these shares have been issued are not prejudicial to the interest of the Company.
19. In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly, the provisions of clause 4(xix) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
20. The Company has not raised any money by public issues during the year. Accordingly, paragraph 4(xx) of the Order is not applicable.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under review.

For **SARAF GURKAR & ASSOCIATES**
Chartered Accountants
Firm Registration No.: 126518W

Date: 7th July, 2010
Place: Mumbai

S. L. Saraf
Partner
Membership No. 030866



Balance Sheet as at 31st March, 2010

	Schedule	(Rs. in lacs)	
		As at 31st March,	
		2010	2009
SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS:			
Share Capital	A1	1,806.57	196.69
Reserves & Surplus	A2	2,398.89	1,859.20
		4,205.46	2,055.89
DEFERRED TAX LIABILITY		482.09	-
LOAN FUNDS:			
Secured Loans	B	6,285.56	5,092.77
Unsecured Loans		3,434.52	3,033.39
		9,720.08	8,126.16
TOTAL		14,407.63	10,182.05
APPLICATIONS OF FUNDS:			
FIXED ASSETS:			
	C		
Gross Block		13,219.23	11,088.62
Less: Accumulated Depreciation / Amortisation		1,608.16	1,009.72
Net Block		11,611.07	10,078.90
Capital Work-in-progress		1,301.87	176.06
		12,912.94	10,254.96
INVESTMENTS	D	494.02	409.75
CURRENT ASSETS, LOANS AND ADVANCES:			
Sundry Debtors	E1	328.73	59.65
Cash and Bank Balances	E2	1,248.71	75.94
Loans and Advances	E3	1,087.21	884.34
		2,664.65	1,019.93
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	F1	1,182.30	1,262.62
Provisions	F2	562.15	239.97
		1,744.45	1,502.59
NET CURRENT ASSETS		920.20	(482.66)
MISCELLANEOUS EXPENDITURE	G	80.47	-
(to the extent not written off or adjusted)			
TOTAL		14,407.63	10,182.05
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	H		

As examined and verified by us

For and on behalf of the Board

For **Saraf Gurkar & Associates**
Chartered Accountants
Firm Registration No.: 126518W

S. L. Saraf
Partner
Membership No. 030866

Place: Mumbai
Date: 7th July, 2010

Madhukar Talwalkar	Executive Chairman
Prashant Talwalkar	Managing Director & CEO
Vinayak Gawande	Whole-time Director
Girish Talwalkar	Whole-time Director
Harsha Bhatkal	Whole-time Director
Anant Gawande	Whole-time Director & CFO
Raman Maroo	Director
Mohan Jayakar	Director
Avinash Phadke	Director
Niraj Oza	Company Secretary

Profit & Loss Account for the year ended 31st March, 2010

		(Rs. in lacs)	
		Year ended 31st March,	
		2010	2009
INCOME:			
Income from Operations	I1	6,611.55	5,951.85
Other Income	I2	38.29	22.41
		6,649.84	5,974.26
EXPENDITURE:			
Personnel Cost	J1	1,568.32	1,601.84
Administrative and other expenses	J2	1,731.12	1,717.35
Selling and Marketing Cost	J3	146.69	272.45
Service Tax Collected and Paid		605.82	623.58
		4,051.95	4,215.22
PROFIT BEFORE INTEREST, DEPRECIATION, EXTRA ORDINARY ITEMS AND TAXES		2,597.89	1,759.04
Finance Cost	J4	808.76	799.96
PROFIT BEFORE DEPRECIATION, EXTRA ORDINARY ITEMS AND TAXES		1,789.13	959.08
Depreciation / Amortisation	K	608.90	458.29
PROFIT BEFORE EXTRA ORDINARY ITEMS AND TAXES		1,180.23	500.79
Profit / (loss) on Sale of Asset		(21.32)	270.35
Compensation for loss of business received		-	10.00
PROFIT BEFORE TAX		1,158.91	781.14
Taxation (Net)	L	212.31	108.10
Deferred Tax (Liability) / asset		152.90	-
PROFIT AFTER TAX		793.70	673.04
Balance Brought Forward		1,522.86	852.12
PROFIT AVAILABLE FOR APPROPRIATIONS		2,316.56	1,525.16
APPROPRIATIONS:			
Effect on Change in AS 11		23.86	-
Effect of previous year's Deferred Tax Liability		329.19	-
Proposed Dividend on Equity Shares		120.58	1.97
Tax on Dividend		20.49	0.33
BALANCE CARRIED TO BALANCE SHEET		1,822.44	1,522.86
Earnings Per Share (Rs.):			
Weighted Average		4.43	4.28
Diluted		4.42	4.28
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	H		

As examined and verified by us

For **Saraf Gurkar & Associates**
Chartered Accountants
Firm Registration No.: 126518W

S. L. Saraf
Partner
Membership No. 030866

Place: Mumbai
Date: 7th July, 2010

For and on behalf of the Board

Madhukar Talwalkar	Executive Chairman
Prashant Talwalkar	Managing Director & CEO
Vinayak Gawande	Whole-time Director
Girish Talwalkar	Whole-time Director
Harsha Bhatkal	Whole-time Director
Anant Gawande	Whole-time Director & CFO
Raman Maroo	Director
Mohan Jayakar	Director
Avinash Phadke	Director
Niraj Oza	Company Secretary



Cash Flow Statement for the year ended 31st March, 2010

	(Rs. in lacs)	
	Year ended 31st March	
	2010	2009
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Taxes	1,158.91	781.14
Non-cash expenses	608.90	458.29
Finance cost (Net)	808.76	799.96
Membership Fees received in Advance	-	(24.30)
(Profit) / Loss on sale of assets	21.32	(270.35)
Provision for Gratuity	0.60	-
	1,439.58	963.60
Operating Profit before Working capital changes	2,598.49	1,744.74
(Increase) / Decrease in Current Assets	(125.65)	(86.10)
(Increase) / Decrease in Trade and other receivables	(269.07)	26.57
Increase / (Decrease) in Trade and other payables	34.03	632.35
	(360.69)	572.82
Cash generated from operations	2,237.80	2,317.56
Direct taxes paid	(107.08)	(107.38)
Net cash from operating activities	2,130.73	2,210.18
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Investment in Joint Venture	(84.27)	(259.75)
Payment towards purchase of Fixed Assets, CWIP	(3,200.80)	(3,666.48)
Proceeds from sale of fixed assets	1.72	374.58
Net cash (used in) / from Investing activities	(3,283.35)	(3,551.65)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Share issue Proceeds (net of refunds inclg Securities Premium)	1,850.00	-
IPO related expenses	(80.47)	-
Borrowings done	8,565.64	5,063.42
Repayment of Long term and other borrowings	(7,198.84)	(3,051.72)
Finance cost paid	(808.76)	(799.96)
Dividend Paid	(1.97)	(1.97)
Net cash used in Financing Activities	2,325.60	1,209.77
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	1,172.98	(131.70)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1.58	133.28
Cash and Bank Balance including Fixed Deposits	1,248.71	75.94
Balance in Cash Credit facility	(74.15)	(74.36)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1,174.56	1.58

As examined and verified by us

For **Saraf Gurkar & Associates**
Chartered Accountants
Firm Registration No.: 126518W

S. L. Saraf
Partner
Membership No. 030866

Place: Mumbai
Date: 7th July, 2010

For and on behalf of the Board

Madhukar Talwalkar	Executive Chairman
Prashant Talwalkar	Managing Director & CEO
Vinayak Gawande	Whole-time Director
Girish Talwalkar	Whole-time Director
Harsha Bhatkal	Whole-time Director
Anant Gawande	Whole-time Director & CFO
Raman Maroo	Director
Mohan Jayakar	Director
Avinash Phadke	Director
Niraj Oza	Company Secretary

Schedules forming part of the Balance Sheet

SCHEDULE	(Rs. in lacs)	
	As at March 31,	
	2010	2009
"A1" SHARE CAPITAL		
AUTHORISED:		
30,000,000 Equity Shares of Rs. 10/- each [Previous year 3,600,000 Equity Shares of Rs. 10/- each]	3,000.00	360.00
	3,000.00	360.00
ISSUED, SUBSCRIBED AND PAID-UP:		
18,065,672 Equity shares of Rs. 10 each Fully Paid-up [Previous Year 1,966,870 Equity Shares of Rs. 10 each]	1,806.57	196.69
(a) of the above, 550,000 shares were allotted as Fully paid-up pursuant to the Agreement for takeover of business and issued in consideration received other than in cash. [Previous Year 550,000 Equity Shares of Rs.10 each]		
(b) of the above, 70,260 Equity Shares were allotted against redemption of Preference Shares [Previous Year 70,260 Equity Shares of Rs.10 each]		
(c) of the above, 15,807,463 Equity Shares have been issued by way of bonus by capitalising Reserves (Previous Year - NIL)		
	1,806.57	196.69
"A2" RESERVES & SURPLUS		
(a) Securities Premium		
Balance in Securities Premium	336.33	336.33
Add : Securities Premium on Private Placement	1,820.87	-
Less : Bonus shares Issued	1,580.75	-
	576.45	336.33
(b) Balance in Profit and Loss Account	1,822.44	1,522.87
	2,398.89	1,859.20
"B" SECURED LOANS		
From Bank		
(a) Term Loans (including interest accrued and due)	4,972.77	4,007.10
(b) Cash Credit Facility	74.15	74.36
(c) Acceptances	1,238.64	1,011.31
(For Security details refer to Note B2 of Schedule H of Notes to Accounts)		
	6,285.56	5,092.77



Schedules forming part of the Balance Sheet

SCHEDULE 'C': FIXED ASSETS

(Rs. in lacs)										
Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1-Apr-09	Additions during the year	Deductions	As on 31-Mar-10	As on 1-Apr-09	For the year	Deductions	As on 31-Mar-10	As on 31-Mar-10	As on 31-Mar-09
Intangible Assets										
Goodwill	566.03	-	-	566.03	51.66	26.88	-	78.54	487.49	514.37
Tangible Assets										
Immovable Property	561.76	-	-	561.76	46.11	9.16	-	55.27	506.49	515.64
Computers	115.68	19.06	0.08	134.66	31.25	19.24	0.06	50.43	84.23	84.43
Air-Conditioners	697.95	154.47	-	852.42	55.51	36.91	-	92.42	760.00	642.45
Furniture & Fittings	4,369.01	898.88	22.21	5,245.68	426.85	286.78	2.63	711.00	4,534.68	3,942.17
Electrical fittings	925.58	222.37	9.81	1,138.14	75.07	42.12	7.43	109.76	1,028.38	850.51
Gym Equipment	3,623.29	801.28	-	4,424.57	305.39	176.38	-	481.77	3,942.80	3,317.90
Office Equipment	229.32	68.05	1.40	295.97	17.88	11.43	0.34	28.97	267.00	211.44
	11,088.62	2,164.11	33.50	13,219.23	1,009.72	608.90	10.46	1,608.16	11,611.07	10,078.90
Previous year	7,469.97	3,731.20	112.55	11,088.62	559.76	458.28	8.32	1,009.72	10,078.90	6,910.21

(Rs. in lacs)		
	As at March 31,	
	2010	2009
SCHEDULE 'D' : INVESTMENTS		
(Unless otherwise stated)		
Long-term Non-Trade Unquoted, (at cost):		
Fully paid Equity Shares In Joint Ventures		
a) Talwalkars Pantaloon Fitness Private Limited [100,000 (Previous year 100,000) Equity Shares of Rs. 100/- each fully paid]	100.00	100.00
b) Denovo Enterprises Private Limited [50,000 (Previous year 50,000) Equity Shares of Rs. 100/- each fully paid]	50.00	50.00
c) Aspire Fitness Private Limited [500 (Previous year Nil) Equity Shares of Rs. 100/- each fully paid]	0.50	-
Share Application Money in Joint Ventures (pending allotment)		
Talwalkars Pantaloon Fitness Private Limited	293.31	259.75
Aspire Fitness Private Limited	50.21	-
	494.02	409.75

(Rs. in lacs)		
SCHEDULE	As at March 31,	
	2010	2009
"E1" SUNDRY DEBTORS		
[Unsecured and Considered Good]		
(a) More than Six months	-	0.56
(b) Others	328.73	59.09
	328.73	59.65

Schedules forming part of the Balance Sheet

SCHEDULE	(Rs. in lacs)	
	As at March 31,	
	2010	2009
"E2" CASH AND BANK BALANCES		
(a) Cash in hand (as certified)	450.51	41.50
(b) Balances with Scheduled Bank		
- in Current Account	286.08	17.36
- in Fixed Deposit Accounts (including interest accrued)	512.12	17.08
	1,248.71	75.94
"E3" LOANS AND ADVANCES [Unsecured and considered good]		
(a) Advances recoverable in Cash or Kind for value to be received	14.08	32.05
(b) Deposits	748.36	632.62
(c) Inter-Corporate Deposits	-	10.87
(d) Input Credit Service Tax Carried forward	46.52	3.30
(e) Income Tax and FBT paid	226.99	149.76
(f) Prepaid expenses	24.15	25.09
(g) Unavailed Service Tax Cenvat Credit	27.11	30.65
	1,087.21	884.34
"F1" CURRENT LIABILITIES		
(a) Liabilities for expenses	354.98	359.81
(b) Duties and Taxes payable	574.96	523.64
(c) Liabilities for Capital goods	251.32	365.67
(d) Membership fees refundable	1.04	13.50
	1,182.30	1,262.62
"F2" PROVISIONS		
(a) Provision for Taxation	400.85	213.39
(b) Provision for Fringe Benefit Tax	19.63	24.28
(c) Proposed Dividend on Equity Shares	120.58	1.97
(d) Provision for Tax on Dividend	20.49	0.33
(e) Provision for Gratuity	0.60	-
	562.15	239.97
"G" MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Pre IPO Expenses	80.47	-
Less: Written off till date	-	-
	80.47	-



Schedules forming part of the Profit & Loss Account

SCHEDULE	(Rs. in lacs)	
	Year ended March 31,	
	2010	2009
"I1" INCOME FROM OPERATIONS		
Gross Fees including Service Tax	6,356.26	5,724.86
Franchisee Fees including Service Tax	129.80	76.77
Input Credit Service Tax	125.49	150.22
	6,611.55	5,951.85
"I2" OTHER INCOME		
Income from Juice Centre and Food & Supplements	6.37	5.58
Sundry Credit balances no longer payable	13.41	8.07
Miscellaneous Income	6.02	5.57
Interest on Bank Term Deposits	12.49	3.19
	38.29	22.41
"J1" PERSONNEL COST		
Payments to Outsourcing Agencies	1,513.47	1,537.14
Directors' Remuneration, Sitting fees	42.42	60.25
Salaries	11.83	4.45
Provision for Gratuity	0.60	-
	1,568.32	1,601.84
"J2" ADMINISTRATIVE AND OTHER EXPENSES		
Statutory Audit Fees	6.07	3.86
Internal Audit Fees	13.69	10.31
Consumables, Food and Supplements	55.55	55.70
Electricity and Fuel expenses	461.38	401.40
Insurance Charges	3.59	4.25
Juice Centre and Spa Expenses	7.56	9.08
Miscellaneous Expenses	15.93	21.14
Pooja and Special Function Expenses	7.95	10.26
Printing and Stationery	36.99	59.49
Professional Fees	90.04	226.75
Rates and Taxes	20.11	31.93
Interest on late payment of Service Tax	23.28	-
Rent	780.36	627.70

Schedules forming part of the Profit & Loss Account

SCHEDULE	(Rs. in lacs)	
	Year ended March 31,	
	2010	2009
"J2" ADMINISTRATIVE AND OTHER EXPENSES (Contd.)		
Repairs and Maintenance		
- Building, Gym Equipment and Machinery	53.53	85.27
- Others	54.25	52.94
ROC Expenses	10.34	2.55
Telephone Expenses	37.35	37.88
Travelling and Conveyance Expenses	26.48	53.25
Water Charges	26.67	23.59
	1,731.12	1,717.35
"J3" SELLING AND MARKETING COST		
Advertising Expenses	119.90	244.33
Business Promotion expenses	26.79	28.12
	146.69	272.45
"J4" FINANCE COST		
Interest on Secured Loan	376.56	433.78
Interest on Unsecured Loan	354.26	237.65
Interest on Letter of Credit	33.86	76.07
Bank Charges	11.22	10.08
Credit Card Charges	32.86	42.38
	808.76	799.96
"K" NON-CASH CHARGES		
Depreciation	608.90	458.29
	608.90	458.29
"L" TAXATION (NET)		
Provision for Current Tax	212.29	97.00
Provision for Fringe Benefit Tax	-	11.10
Prior period Tax Adjustments	0.02	-
	212.31	108.10



Notes to Accounts

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010.

SCHEDULE 'H':

A) STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of preparation of financial statements:

- The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956. The Management evaluates all recently issued or revised accounting standards on an on-going basis.
- The preparation of financial statements in conformity with generally accepted accounting principles requires that management makes estimates and assumptions that affect the reported amounts of income and expenses of the year. The reported balance of assets and liabilities and the disclosure relating to contingent liabilities as at the date of the financial statements. These estimates are based upon management's best knowledge of current events and actions. The difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

(b) Fixed assets and depreciation:

- Fixed assets are stated at original cost, net of tax / duty credits availed if any, less accumulated depreciation / amortisation. Assets acquired by way of slump sale are recorded at book value in the books of the transferor as on the date of transfer. Revenue expenses incurred in connection with project implementation in so far as such expenses relate to the period prior to the commencement of activity are treated as part of the fixed assets and capitalised. Capital work-in-progress comprises outstanding advances paid to acquire fixed assets, and the cost of fixed assets that are not yet ready for their intended use at the balance sheet date. Intangible assets are recorded at the consideration paid for acquisition.
- Depreciation on all fixed assets is provided pro-rata from / up to the date of acquisition / disposal using the straight line method at the rates prescribed by schedule XIV of the Companies Act, 1956.
- In case of Goodwill, the amount is amortised @4.75% p.a. using the straight-line method.

(c) Provisions, Contingent Liabilities and Contingent Assets:

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

(d) Revenue Recognition:

- Income from Fees and subscriptions, recorded net of discounts and rebates have been recognised as income for the year irrespective of the period, for which these are received. However, the Fees receivable from existing members as at the end of the year has been recognised as income for the year.
- The costs relating to rendering of these services being unascertainable are charged off to revenue in the year in which they become legally payable.
- Input credit availed on Service Tax through revenue expenses paid are accounted for separately as income, thus accounting the expenses at their gross values inclusive of service tax. Expenses on which Service Tax is paid in subsequent year are booked net off the Un-availed Service Tax at end of the year.
- Income by way of Franchisee Fees (including up-front fees) received pursuant to franchise agreements entered are recognised as income of the period in accordance with terms of the agreement, and as per data submitted by the franchisees.

- Any other income i.e. from juice bar sales, consumables, etc. are recognised on receipt basis since the realisations there-from are immediate and no credit is allowed to the customers / members.
- (e) Impairment of Assets:**
- An impairment loss is charged to the Profit and Loss Account in the year in which the asset is identified as impaired.
- (f) Employee benefits:**
- All employee benefits payable wholly within twelve months of rendering the service are classified as a short-term employee benefits. Benefits such as salaries, wages, contractual labour charges and short-term compensated absences, etc. is recognised in the period in which the employee / contractual labour renders the related service. Any other payments under relevant labour statutes, wherever applicable, are reimbursed to the outsourced agencies and charged off to the Profit and Loss Account in the year of payment.
 - Post Retirement benefits are neither funded nor covered by a defined contribution plan. Post Employment and other long-term employee benefits are recognised as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expense is recognised based on actuarial valuation at year end using the Projected unit credit method.
 - Any other payments under the relevant labour statutes, wherever applicable are reimbursed to the Outsourced Agency as and when applicable.
- (g) Borrowing Cost:**
- Borrowing costs that are attributable to the acquisition or construction are capitalised as part of cost of such asset till such time as the asset is ready for its intended use.
 - Other Borrowing costs are charged off to Revenue Account in the year in which they are incurred.
- (h) Foreign Currency Transactions:**
- Exchange differences are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate.
 - Exchange differences that arise on settlement of monetary items or on reporting at each Balance Sheet date of the Company's monetary items at the closing rate are:
 - i. Upto 31st March 2008, recognised as income or expense in the period in which they arise and
 - ii. Thereafter adjusted in the cost of fixed assets specifically financed by the borrowings to which the exchange differences relate.
- (i) Earnings per share:**
- Basic and diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year, by weighted average number of equity shares outstanding during the year.
- (j) Taxes on Income:**
- Current Tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.
 - Deferred Tax Liability in accordance with the Accounting Standard (AS) 22 amounting to Rs.329.19 lacs on account of the timing difference between the depreciation as per the Companies Act & Income Tax Act and the unabsorbed depreciation as per Income Tax Act had not been considered in the accounts in the previous years, the same has been adjusted against the Reserves brought forward by the Company. The Deferred Tax Liability of the current year amounting to Rs.152.90 lacs has been charged to profits of the current year in accordance with the Accounting Standard (AS) 22.



(Rs. in lacs)			
Nature of timing difference	Deferred Tax Asset / (Liability) as on 1st April, 2009	(Charge) / credit to the Profit and Loss Account	Deferred Tax Asset / (Liability) as on 31st March, 2010
Deferred Tax Liabilities			
Depreciation	(587.46)	(199.08)	(786.54)
Deferred Tax Assets			
Disallowances u/s. 40(a)(ia)	150.78	(150.78)	-
MAT credit availed	107.50	196.96	304.45
Net Amount and consequent increase / decrease in Net Profit and Reserves	(329.19)	(152.90)	(482.09)

(k) Investments:

- The Company has classified all its investments as long-term. Long-term Investments are stated at cost.

(l) Cash Flow Statement:

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

B) NOTES TO THE ACCOUNTS:**1. Contingent Liabilities:**

Contingent liabilities not provided for in respect of:

	(Rs. in lacs)	
	2009-10	2008-09
Income Tax demands (net of amount paid in protest)	19	19
Bank Guarantee given on behalf of Joint Ventures	1245.50	1245.50
Claim from a landlord, appeal pending before the Judiciary	Not ascertainable	Not ascertainable
Claim by Advertising agency #	5.97	Nil

8,800 GBP @Rs. 67.81 (as on 31.03.2010)

2. Security against Secured Loans Availed: [Refer Schedule 'B' to accounts]

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

(Amount repayable in the next 12 months Rs. 849.58 lacs, Previous year Rs. 963.6 lacs)

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

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

In line with the amendment to Accounting Standard (AS) 11 as per the Notification No. G.S.R. 225 (E) dated 31st March, 2009, the foreign exchange gains amounting to Rs. 23.86 lacs previously recognised in the Profit and Loss Account has been transferred from the Reserves and adjusted to the cost of the fixed assets as on 31st March, 2010.

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

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

Name of the Company	Ownership Interest
Talwalkars Pantaloon Fitness Private Limited	50.00%
Denovo Enterprises Private Limited	50.00%
Equinox Wellness Private Limited	33.33% *
Aspire Fitness Private Limited	50.00%

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

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

The Company has provided for the Gratuity as per provisions of Accounting Standard (AS) 15 (Revised) on the basis of amount certified by the Actuary. Since the Company does not have a system of leave encashment, the liability against the same is not provided. All leave entitlements lapse as at the end of the year and unutilised leaves are neither encashable nor allowed to be carried forward under the existing policy.

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

The Company has no Segment defined under Accounting Standard (AS) 17.

7. Related Party Disclosures:

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

List of Related Parties:**Key Management Personnel**

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

Relatives of Key Management Personnel

- Mrs. Yamini Anant Gawande
- Mr. Sudhakar Talwalkar

Joint Ventures / Associates

- Talwalkars Pantaloon Fitness Private Limited
- Denovo Enterprises Private Limited
- Equinox Wellness Private Limited
- Aspire Fitness Private Limited



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

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

a) Transactions with Related Parties :

Nature of transactions	(Rs. in lacs)				
	Joint Ventures	Associates	Key Managerial Personnel	Others	Total
Incomes	28.75	33.87	-	-	62.63
Expenses	-	62.09	19.19	3.00	84.28
Interest on Unsecured Loans	-	303.76	7.15	1.66	312.57
Directors' Remuneration	-	-	142.90	-	142.90
Transfer of Members Fees	(0.13)	(2.43)	-	-	(2.56)
Investments incl. Share Appln. Money	84.27	-	-	-	84.27
Loans repaid / (taken) Net	(0.62)	(319.66)	73.12	25.01	(222.16)
Loans & Advances (given) / repaid Net	-	(3.17)	-	-	(3.17)

Balance as at 31st March, 2010:

Nature of transactions	Joint Ventures	Associates	Key Managerial Personnel	Others	Total
Investments incl. Share Appln. Money	449.02	-	-	-	449.02
Sundry Debtors	-	5.88	-	-	5.88
Deposits	-	3.71	1.31	-	5.01
Loans and Advances	(0.62)	6.12	-	-	5.50
Unsecured Loans	-	(2,482.62)	-	-	(2,482.62)

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

Key management personnel and their Relatives:

		(Rs. in lacs)	
Name of the party	Nature of transaction	31.03.2010	31.03.2009
Mr. Madhukar Talwalkar	Directors' Remuneration	36.82	63.85
Mr. Prashant Talwalkar	Directors' Remuneration	26.52	42.78
	Rent for Premises	19.19	17.89
	Deposit for premises	-	13.05
	Deposit outstanding as on	13.05	13.05

		(Rs. in lacs)	
Name of the party	Nature of transaction	31.03.2010	31.03.2009
Mr. Girish Talwalkar	Directors' Remuneration	26.52	42.78
	Gym Equipment sold	-	0.74
	Loans and Advances given / (taken) Net	0.11	(0.11)
	Loan outstanding as on	-	(0.11)
Mr. Vinayak Gawande	Directors' Remuneration	17.68	28.52
	Loans and Advances repaid / (taken) Net	73.12	(7.69)
	Interest on Unsecured Loans	7.15	8.57
	Loan outstanding as on	-	(73.12)
Mr. Harsha Bhatkal	Directors' Remuneration	17.68	28.52
Mr. Anant Gawande	Directors' Remuneration	17.68	28.52

Others:

		(Rs. in lacs)	
Name of the party	Nature of transaction	31.03.2010	31.03.2009
Mrs. Yamini Gawande	Loans & Advances repaid / (taken) Net	25.01	(25.00)
	Interest on Unsecured Loans	1.66	0.01
	Loan outstanding as on	-	(25.01)
Mr. Sudhakar Talwalkar	Professional fees paid	3.00	3.00

Joint Ventures / Associates:

		(Rs. in lacs)	
Name of the party	Nature of transaction	31.03.2010	31.03.2009
Talwalkars Pantaloon Fitness Pvt. Ltd.	Loans and Advances given / (taken) Net	-	3.64
	Warehousing charges recovered	-	(1.35)
	Transfer of Members Fees	-	(0.11)
	Loan outstanding as on	-	10.86
Denovo Enterprises Pvt. Ltd.	Share Application Money given	33.56	259.75
	Investment in Equity Shares as on	100.00	100.00
	Share Application Money as on	293.31	259.75
	Franchise fee Income	28.75	29.01
Aspire Fitness Pvt. Ltd.	Franchise fee receivable as on	-	9.33
	Transfer of Members Fees	(0.13)	-
	Loans & Advances given / (taken) Net	(0.38)	-
	Investment in Equity Shares as on	50.00	50.00
Equinox Wellness Pvt. Ltd.	Loan outstanding as on	(0.62)	(0.11)
	Investment in Equity Shares in the year	0.50	-
	Share Application Money given	50.21	-
	Investment in Equity Shares as on	0.50	-
Equinox Wellness Pvt. Ltd.	Share Application Money as on	50.21	-
	Franchise fee Income	9.23	9.11
	Franchise fee receivable as on	4.66	0.38



Associate Companies / Firms :

		(Rs. in lacs)	
Name of the party	Nature of transaction	31.03.2010	31.03.2009
Better Value Leasing & Finance Ltd.	Loans and Advances given / (taken) Net	(15.43)	(663.71)
	Office expenses	1.17	0.87
	Interest on Unsecured Loans	161.53	128.39
	Loan outstanding as on	(1,123.58)	(1,106.98)
Gawande Consultants Pvt. Ltd.	Loans and Advances given / (taken) Net	(64.45)	25.56
	Electricity expenses	3.60	4.24
	Interest on Unsecured Loans	39.46	35.70
	Loan outstanding as on	(358.11)	(290.06)
Popular Prakashan Pvt. Ltd.	Loans and Advances given / (taken) Net	(76.28)	(305.48)
	Interest on Unsecured Loans	70.22	29.23
	Loan outstanding as on	(535.82)	(459.54)
Radhika Hotels Pvt. Ltd.	Loans and Advances given / (taken) Net	(95.14)	(17.05)
	Interest on Unsecured Loans	8.48	3.37
	Loan outstanding as on	(126.09)	(30.96)
Popular Institute of Arts Pvt. Ltd.	Loans and Advances repaid / (taken) Net	20.52	(92.66)
	Interest on Unsecured Loans	11.33	3.35
	Loan outstanding as on	(72.14)	(92.66)
Anfin Investments Pvt. Ltd.	Loans and Advances given / (taken) Net	(180.52)	(63.00)
	Interest on Unsecured Loans	8.80	-
	Loan outstanding as on	(243.52)	(63.00)
Better Value Brands Pvt. Ltd.	Loans and Advances given / (taken) Net	(1.60)	(1.47)
	Interest on Unsecured Loans	2.01	1.86
	Loan outstanding as on	(14.26)	(12.66)
Better Value Properties Pvt. Ltd.	Loans and Advances given / (taken) Net	18.18	(64.62)
	Interest on Unsecured Loans	(1.93)	1.86
	Loan outstanding as on	(9.10)	(27.28)
	Sale consideration of Property	-	375.00
	Deposit against rented property	-	37.08
	Deposit outstanding as on	37.08	37.08
	Rent for Premises	57.33	55.53
Life Fitness India Pvt. Ltd.	Loan outstanding as on	(0.12)	(0.12)
Pinnacle Fitness Pvt. Ltd.	Loans and Advances given / (repaid) Net	(0.38)	-
	Transfer of Members Fees	(0.86)	(2.51)
	Loan outstanding as on	(1.49)	(2.51)

		(Rs. in lacs)	
Name of the party	Nature of transaction	31.03.2010	31.03.2009
	Franchise fee Income	23.45	22.16
	Franchise fee receivable as on	4.25	3.79
Talwalkars Fitness Club	Loans and Advances given / (repaid) Net	2.82	(0.03)
	Transfer of Members Fees	(0.60)	(0.62)
	Office Equipment sold	-	0.53
	Loan outstanding as on	4.58	2.36
Talwalkars Health & Leisure	Loans and Advances given / (repaid) Net	(3.02)	(2.83)
	Transfer of Members Fees	(0.35)	0.11
	Gym Equipment sold	-	3.10
	Loan outstanding as on	0.88	4.25
Talwalkars Health Club	Loans and Advances given / (repaid) Net	(0.66)	(1.23)
	Transfer of Members Fees	(0.30)	(0.14)
	Loan outstanding as on	(0.13)	0.83
Talwalkars Health Complex	Loans and Advances given / (repaid) Net	(1.42)	1.62
	Transfer of Members Fees	(0.20)	(0.70)
	Loan outstanding as on	1.85	3.48
Talwalkars Health Commune	Members Fees receivable	0.83	-
	Membership fee receivable as on	0.83	-
Talwalkars	Loans & Advances given / (repaid) Net	0.20	-
	Loan outstanding as on	0.20	-
Talwalkars Nutrition Centre	Loans & Advances given / (repaid) Net	(0.72)	(1.04)
	Transfer of Members Fees	(0.11)	(0.45)
	Loan outstanding as on	0.34	1.17
Club Business Systems	Purchase consideration for takeover of Business	-	195.00
	Members Fees receivable	0.36	-
	Deposit against conducting agreement	-	(140.00)
	Membership fee receivable as on	0.36	-
Vinayak Gawande (HUF)	Loans and Advances given / (taken) Net	25.02	(25.00)
	Interest on Unsecured Loans	2.39	0.02
	Loan outstanding as on	-	(25.02)
Anant Gawande (HUF)	Loans and Advances given / (taken) Net	25.02	(25.00)
	Interest on Unsecured Loans	0.17	0.02
	Loan outstanding as on	-	(25.02)
Nitin Gawande (HUF)	Loans and Advances given / (taken) Net	25.02	(25.00)
	Interest on Unsecured Loans	1.30	0.02
	Loan outstanding as on	-	(25.02)



b) Corporate Guarantees given:

i) Talwalkars Pantaloon Fitness Private Limited

The Company has given a Corporate Guarantee amounting to Rs. 1083 lacs to the said Joint Venture Company (Previous Year Rs. 1083 lacs).

ii) Denovo Enterprises Private Limited

The Company has given a Corporate Guarantee amounting to Rs. 125 lacs to the said Joint Venture Company (Previous Year Rs.125 lacs).

iii) Equinox Wellness Private Limited

The Company has given a Corporate Guarantee amounting to Rs. 37.50 lacs to the said Joint Venture Company (Previous Year Rs. 37.50 lacs).

8. Disclosure pursuant to Accounting Standard (AS) 21 and Accounting Standard (AS) 27:

As the Company does not own more than one half of the shareholding in any other Company, it is not required to consolidate its financial statements as per AS 21.

As no Consolidated Financial Statements are prepared by the Company, requirements of AS 27 are not applicable to the Company.

9. Events occurring after Balance Sheet date:

The Company made an Initial Public Offering of 60,50,000 Equity shares for cash at a price of Rs. 128/- per share (including share Premium of Rs. 118/- per equity share) aggregating to Rs. 7,744 lacs. The issue constituted 25.09% of the fully diluted post issue paid up capital of the Company. Subsequently the Company's share has been listed on 10th May, 2010 on NSE as well as BSE.

	(Rs. in lacs)	
	2009-10 Amount	2008-09 Amount
10. Auditors' Remuneration (inclusive of Service Tax):		
- Audit Fees	6.06	3.86
- Other Services	4.69	Nil
- Out of Pocket expenses	Nil	Nil
11. Estimated amounts of contracts remaining to be executed on capital accounts and not provided for	134.89	7.93

12. Directors' Remuneration: includes paid to Six Directors of the Company, amounting to Rs. 142.90 lacs (Previous Year Rs. 234.97 lacs).

13. Additional information as prescribed under Part II of Schedule VI of the Companies Act, 1956 in respect of production / inventories are not applicable since the Company does not undertake any trading or manufacturing activity.

	(Rs. in lacs)	
	Year ended 2009-10	Year ended 2008-09
14. Value of Imports on CIF Basis - Gymnasium Equipments	838.72	660.60

		(Rs. in lacs)	
		Year ended 2009-10	Year ended 2008-09
15.	Earnings in Foreign Currency	NIL	NIL
16.	Expenditure in Foreign Currency	NIL	NIL
17.	Based on the intimations regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 there are no amounts due and payable to suppliers covered under the above category.		
18.	Previous years figures have been regrouped / re-arranged wherever necessary to conform with the current years classification.		

As per our report of even date

For **Saraf Gurkar & Associates**
Chartered Accountants
Firm Registration No.: 126518W

S. L. Saraf
Partner
Membership No. 030866

Place: Mumbai
Date: 7th July, 2010

For and on behalf of the Board

Madhukar Talwalkar	Executive Chairman
Prashant Talwalkar	Managing Director & CEO
Vinayak Gawande	Whole-time Director
Girish Talwalkar	Whole-time Director
Harsha Bhatkal	Whole-time Director
Anant Gawande	Whole-time Director & CFO
Raman Maroo	Director
Mohan Jayakar	Director
Avinash Phadke	Director
Niraj Oza	Company Secretary



Balance Sheet Abstract and Company's General Business Profile

1. COMPANY'S REGISTRATION DETAILS:			
- Registration No.			140134
- State Code			11
- Balance Sheet Date			31st March, 2010
2. CAPITAL RAISED DURING THE YEAR: (Rs. in Lacs)			
- Public Issue			Nil
- Right Issue			Nil
- Bonus Issue			1,580.75
- Private Placement			29.13
3. DETAILS OF MOBILISATION AND DEPLOYMENT OF FUNDS: (Rs. in Lacs)			
- Total Liabilities			14,407.63
- Total Assets			14,407.63
SOURCES OF FUNDS:			
- Paid-up Capital			1,806.57
- Reserves and Surplus			2,398.89
- Deferred Tax Liability			482.09
- Secured Loans			6,285.56
- Unsecured Loans			3,434.52
APPLICATION OF FUNDS:			
- Net Fixed Assets			12,912.94
- Investments			494.02
- Net Current Assets			920.20
- Miscellaneous Expenditure			80.47
- Accumulated Losses			-
4. PERFORMANCE OF COMPANY: (Rs. in Lacs)			
- Turnover			6,649.84
- Total Expenditure			5,490.93
- Profit before Tax			1,158.91
- Profit after Tax			793.70
- Earning per share	Weighted Average		Rs. 4.43
	Diluted		Rs. 4.42
- Statutory Dividend rate			5.00%
5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY (AS PER MONETARY TERMS):			
- Item Code No.			N.A.
- Service Description			Gymnasiums

As examined and verified by us

For **Saraf Gurkar & Associates**
Chartered Accountants
Firm Registration No.: 126518W

S. L. Saraf
Partner
Membership No. 030866

Place: Mumbai
Date: 7th July, 2010

For and on behalf of the Board

Madhukar Talwalkar	Executive Chairman
Prashant Talwalkar	Managing Director & CEO
Vinayak Gawande	Whole-time Director
Girish Talwalkar	Whole-time Director
Harsha Bhatkal	Whole-time Director
Anant Gawande	Whole-time Director & CFO
Raman Maroo	Director
Mohan Jayakar	Director
Avinash Phadke	Director
Niraj Oza	Company Secretary

TALWALKARS BETTER VALUE FITNESS LIMITED

Regd: Off.: 801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026.
Tel. No.: 6612 6300. Fax No. 66126363. Website: www.talwalkars.net



PROXY FORM
Seventh Annual Report 2009-10

I / We _____ of _____ in the district of _____ being member/s of TALWALKARS BETTER VALUE FITNESS LIMITED hereby appoint _____ in the district of _____ or failing him/her _____ of _____ in the district of _____ as my/ our proxy to vote for me/us on my/our behalf at the 7th Annual General Meeting of the Company to be held on Thursday, 23rd September, 2010 at 11.30 am and any adjournment thereof.

Signed this _____ day of _____ 2010.

Folio No. _____

DP ID No.* _____

Client ID No.* _____

*Applicable if share(s) are held in electronic form

Signature _____

Affix a
Revenue
Stamp of
Re. 1/-

NOTE:

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

TALWALKARS BETTER VALUE FITNESS LIMITED

Regd: Off.: 801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026.
Tel. No.: 6612 6300. Fax No. 66126363. Website: www.talwalkars.net



ATTENDANCE SLIP

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

I hereby record my presence at the 7th Annual General Meeting of the Company on Thursday, 23rd September, 2010 at 11.30 am at M. C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 2nd Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai - 400 001.

Folio No. or Client ID & DP ID No. _____

Full Name of the * Shareholder/ proxy

Signature of the * Shareholder/ proxy

* Strike out whichever is not applicable.

NOTE:

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.



Talwalkars Better Value Fitness Ltd.

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

Tel: +91 22 6612 6300 | Fax: +91 22 6612 6363