

FORM A

(Clause 31 of the Listing Agreement)

1.	Name of the Company:	Talwalkars Better Value Fitness Limited
2.	Annual financial statements for the year ended	31 st March, 2014.
3.	Type of Audit observation	Matter of Emphasis
4.	Frequency of observation	Repetitive
5.	Signed by-	
	Mr. Prashant Talwalkar Managing Director and CEO	
	Mr. Anant Gawande Whole-time Director and CFO	
	Mr. K. J. Dandeker Partner of M.K. Dandeker & Co. Auditor of the Company	
	Mr. Abhijeet Patil Audit Committee Chairman	

FIT!

TALWALKARS BETTER VALUE FITNESS LIMITED. *Trim and Toned.*

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Avanti Sankav

STATUTORY AUDITORS

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

BANKERS

Union Bank of India

REGISTRAR & SHARE TRANSFER AGENTS

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

DEBENTURE TRUSTEE

Axis Trustee Services Limited
2nd Floor, Axis House,
Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg,
Worli, Mumbai - 400 025.

REGISTERED OFFICE

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

11TH ANNUAL GENERAL MEETING

Thursday, 18th September, 2014 at 12.30 p.m.

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

Forward looking Statement

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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**A 42-year old high
achiever lived 80 hours
a week in the office
conference room and
then...
... one day felt something
on the left side of his
chest.**



At Talwalkars Better Value Fitness Limited, we don't preach fitness. We practice on ourselves as well.

How else do you explain that the Indian economy reported a lethargic 4.7% GDP growth in 2013-14, but Talwalkars reported a bouncing 24% YoY increase in revenues?



How else do you explain that people held tightly on to their purses in a weak 2013-14, but Talwalkars increased profit after tax 22% YoY?

At the end of the day, we sure are a curious Company. Strong business model. Lean structure. But fat bottomline.

Talwalkars Better Value Fitness Limited is the only listed proxy of India's fitness revolution.

Truly national. 150 centres across 78 Indian cities and towns.

Truly profitable. Net profit CAGR growth of 47% over the last five years.

Truly valuable. Market capitalization of ₹4,217 mn as on 31st March 2014.



Core strength

A widely recognised pan-India health fitness chain providing world-class gymming equipment facilitated by professional trainers. Also possesses a state-of-the-art training institute in Thane (near Mumbai) that creates industry-ready professionals providing seamless services at fitness centres across India.

Listing

Equity shares listed on the Bombay and National Stock Exchanges. The Company had a market capitalization (BSE) of ₹4,217 mn as on 31st March 2014.

Fitness services

Standard gymming and fitness, Zumba® program, NuForm and Reduce; fitness centre formats of Talwalkars and HiFi (low-cost format located in non-metros).

Asset base

Out of the 149 centres as on 31st March 2014, 132 were under the Talwalkars brand and 17 under HiFi.

Out of the 132 Talwalkars outlets, 103 were Company-owned, 16 under subsidiaries and 13 franchise and licensed centres. 17 HiFi centres were under franchise format, assuring Talwalkars of an upfront license fee and ongoing royalty.

Recognition

Talwalkars has been recognised in the 'Best under a Billion' list of 200 companies by *Forbes Asia* in August 2013 – 'Talwalkars sells punishment and gets India in shape'

Recognised in Inc. India under '500 The Fastest Growing Mid-Sized Companies in India', September 2013. Talwalkars ranked 261 of 500 companies

Featured among the top-10 fastest growing companies in the Inc. India list of 500 companies

Recognised in Inc. India Innovative 100 – recognition of 100 most innovative mid-sized companies in India, December 2013

Promoters

The promoters enjoy an experience of over five decades in the business.

Highlights, 2013-14

Turnover up 24% from ₹1,688 mn in 2012-13 to ₹2,095 mn in 2013-14

EBITDA up 27% from ₹739 mn in 2012-13 to ₹938 mn in 2013-14

EBITDA margin up 109 bps to 50% in 2013-14

Cash profit up 36% from ₹446 mn in 2012-13 to ₹608 mn in 2013-14

Net profit (after minority) up 22% from ₹300 mn in 2012-13 to ₹366 mn in 2013-14

EPS (basic) up 15% from ₹12.15 in 2012-13 to ₹13.98 in 2013-14

Declared a dividend of 15% per equity share for 2013-14

Established 14 new outlets, taking the total count to 149 at the close of the fiscal

RUNNING THE EXTRA MILE



FROM THE CHAIRMAN'S DESK

We launched the unique value-added 'Transform' a holistic fitness program that is a combination of NuForm and Reduce. The initial response to Transform was encouraging.



Dear Shareholders

Good morning! To a Healthy India Fit India.

Even while economic growth remained uneven in most global markets, the health club industry expanded in the prominent global markets.

As per an IHRSA 2014 report, growth was particularly significant in the US, Europe and Asia. Overall, the global health club industry generated USD 78 billion in revenue in 2013 with over 160,000 clubs attracting nearly 140 mn members worldwide.

Clearly, fitness is the world's biggest sport.

The Asia-Pacific reality of this sector proved even brighter. The region serves 17.4 mn members across nearly 22,000 health clubs generating revenues of USD 13.8 billion. Much of this market is led by the rapidly growing economies of China and India. A preliminary estimate indicates that India's health club revenues grew 5% to USD 535 mn in 2013 addressing

around 440,000 members through 1,234 health clubs. This transpired even as the country's economy grew sub-5% in the last two years.

Indian inactivity a big cost

India is one of the most economically-attractive countries in the world on account of its large population with an extensive under-penetration across most consumption parameters that appear to be correcting.

However, the biggest threat to India's growth is not a reforms slowdown; it is a sedentary lifestyle. Over the years, a growing physical inactivity derived from a growing prosperity, is increasing the incidence of mortality, doubling the risk of cardiovascular disease, type-II diabetes and obesity. It is also increasing the risk of colon and breast cancer and leading to high blood pressure, lipid disorders and anxiety.

The Talwalkars iron grip

Talwalkars is attractively placed to

capitalise on the growing space for fitness services in India. The Company is a pioneer and market leader enjoying a pan-India presence with the largest number of fitness centres spread across 78 cities and towns. The brand's membership renewal rate remained at 70-76%, validating the business model.

At Talwalkars, we are competently placed to address the growth in India's organised fitness sector for some good reasons.

The Company is present across the entire fitness value chain – from the full-services Talwalkars brand to the low-cost HiFi brand of fitness centres largely located in Tier-II and III towns. Going ahead, we are extending to premium centres in prominent Indian cities with the objective to reach out to an affluent clientele.

The Company has progressively diversified into premium services like Zumba® program, NuForm and Reduce which are high EBITDA-accretive business opportunities.

Added muscle in 2013-14

Talwalkars strengthened its business model through various initiatives.

We launched the unique value-added 'Transform' a holistic fitness program that is a combination of NuForm and Reduce. The initial response to Transform was encouraging.

The Company entered into an international alliance with Premier Training International, a market leader in the development of health and fitness education for the Company's trainers and fitness professionals. The full value of this alliance is expected to play out in 2014-15, helping us create a widespread pool of trained professionals of international standards.

The Company sustained its relationship with David Lloyd Leisure Limited, offering consultancy services for setting-up clubs in townships and gated communities.

Outlook

At Talwalkars, we find ourselves at an attractive cusp - an economy likely to

rebound, a lifestyle beginning to churn and a Company raring to go places.

We expect to roll out the Zumba® program, NuForm and Reduce across a growing number of centres, enhancing our margins along with a steady growth in gym business through owned, subsidiary and franchise format.

The result would be a volume-value play that is expected to enhance value in the hands of the shareholders of the Company.

Best wishes

Madhukar Talwalkar

Chairman

Talwalkars Better Value Fitness Limited

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GYMS & MORE

AT TALWALKARS, WE DO NOT CLAIM TO BE GENIUSES. ALL THAT WE ARE REALLY DOING IS OBSERVING THE LIFESTYLES OF PEOPLE AND EXTRAPOLATING FINDINGS TO OUR BUSINESS MODEL.

Years ago, we corporatised our business when we recognised an increase in the incidence of lifestyle-related disease. People who appeared completely fit suddenly suffered a heart attack. Middle-aged people who one knew for years were diagnosed with terrible diseases.

At Talwalkars, a fitness brand in existence for decades, we could have complained about what the world was coming to and turned the page. We didn't; we corporatised our entity, scaled our presence and widened our reach – with the singular objective of keeping India healthy and fit.

Here too, we could have focused on providing members with gym infrastructure. However, what we observed was interesting; members didn't only want iron equipment or treadmill; they needed holistic fitness counselling. Members didn't only need advice on what crunches would build what muscles; they also needed guidance on the right diet. Members didn't only need to shed weight through trainer-driven punishment; they needed to enjoy the process as well. Members didn't just come to a gym to lose weight; they sought to unwind as well.

So even as we had been gyms and gyms only for decades, we absorbed what our members were sharing with us and evolved our business model.

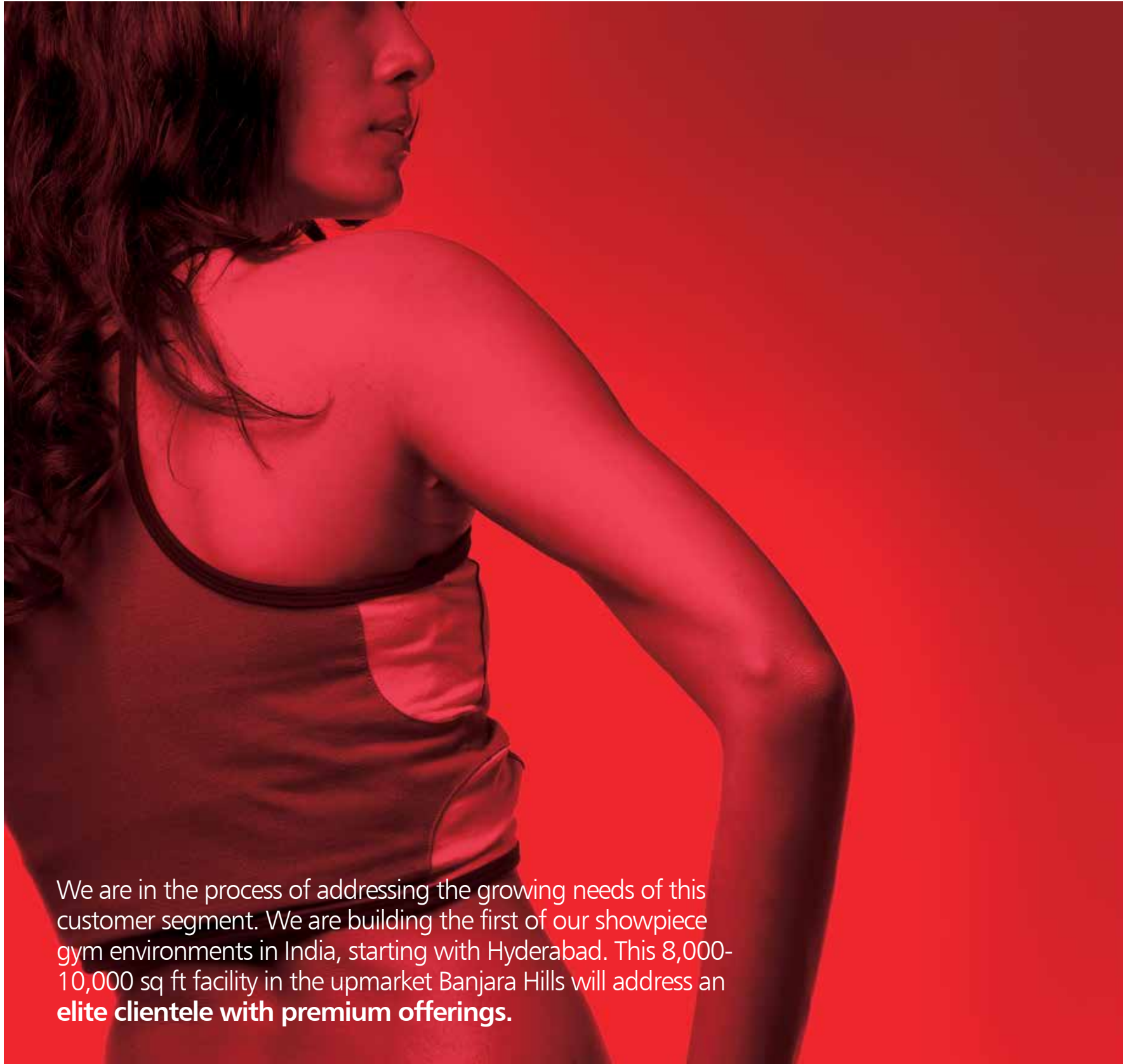
- We introduced spa and massage services.
- We introduced a time-efficient weight-loss program (NuForm).
- We introduced a diet-based easy diet program (Reduce).
- We introduced aerobics and Latin dance inspired fitness program (Zumba® program).
- We introduced a holistic fitness program (Transform).

Talwalkars graduated from a gym-driven service to a holistic fitness brand, marked by a growing proportion of revenues from value-added services.

The result of this enriching chemistry is that even as the country passed through one of the most challenging slowdowns, Talwalkars revenues increased 24% and revenues from value-added services increased from 18-20% in 2011-12 to 22-23% in 2013-14.



We corporatised our entity, scaled our presence and widened our reach – **with the singular objective of keeping India healthy and fit.**



PREMIUMISING THE TALWALKARS BRAND

EVER SINCE WE WENT INTO BUSINESS, WE PRUDENTLY POSITIONED OURSELVES AS A BRAND THAT MOST PEOPLE COULD AFFORD.

However, over the last few years, we have come to discover a new class of customer to cater. The customer who drops in at the gym from work. The customer who needs to change into his track suit and sneakers from his office clothes. The customer who needs a workout. The customer who needs post-workout refreshment. The customer who needs to wind down the evening with a shower before heading home.

At Talwalkars, we are in the process of addressing the growing needs of this customer segment. We are building the first of our showpiece gym environments in India, starting with Hyderabad. This 8,000-10,000 sq ft facility in the upmarket Banjara Hills will address an elite clientele with premium offerings.

Over the foreseeable future, Talwalkars will increase the number of these large format fitness centres, enhancing revenues and increasing profitability.

In turn, the gradual premiumisation of the Talwalkars brand will enhance its ability to raise average member fees, enhance the proportion of value-added services and strengthen overall profitability.

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THE GROWING 'EAT HEALTHY' PHENOMENON

SIXTY PER CENT OF ALL ABS, GOES A MODERN SAYING, IS CREATED IN THE KITCHEN.

There is a growing focus on how meals are cooked, when they are eaten, the complement of other dishes and the quantity consumed.

At Talwalkars, we recognised the growing complement of a health diet with our core gym offering. In line with the large unaddressed potential, we launched our Reduce offering in 2012-13. Reduce was addressed at the growing need of customers to eat a nutritious meal and lose their excess waistline.

In 2013-14, we extended our Reduce offering from 17 fitness centres to over 100; we developed ready-to-eat/make products under the supervision of our team of experts that included doctors, dieticians, physicians to name a few. We further

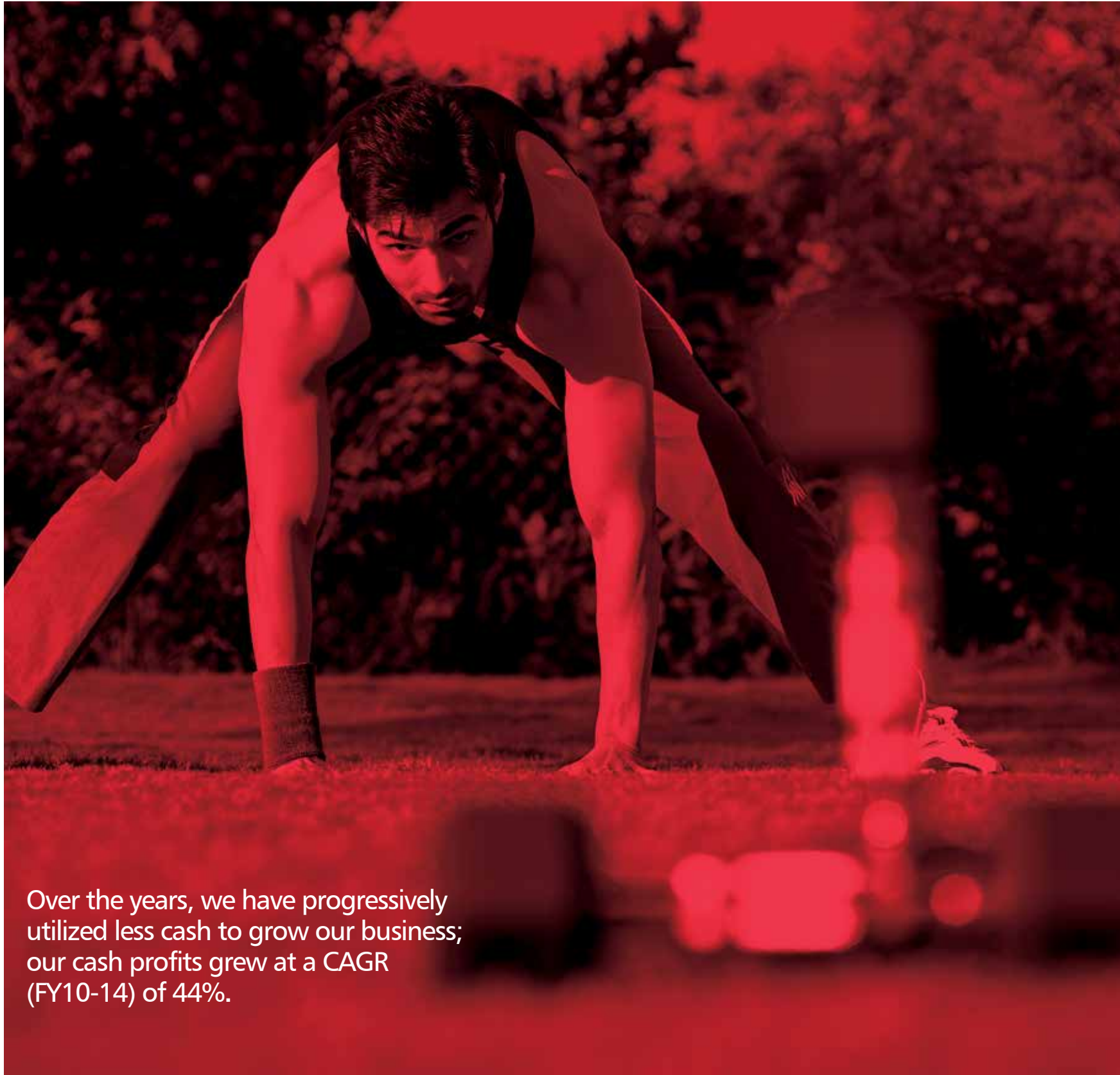
strengthened customer convenience by providing Reduce as an online format. We also took the program right up to their doorstep.

However, at Talwalkars, we are convinced that the Reduce offering represents only a tip of the proverbial iceberg. We are optimistic that this toehold in the health diet segment can be progressively widened to cover a complete range of health foods. Our wide network of fitness centres and online services offer an excellent platform for marketing of existing products.

In doing so, Talwalkars expects to enrich its brand, widen revenue streams, strengthen sustainability and enhance value in the hands of those owning shares in the Company.



At Talwalkars, we recognised the growing complement of a health diet with our core gym offering. In line with the large unaddressed potential, **we launched our Reduce offering.**



Over the years, we have progressively utilized less cash to grow our business; our cash profits grew at a CAGR (FY10-14) of 44%.

EXTENDING LEANNESS FROM THE GYM TO OUR BALANCE SHEET

AT TALWALKARS, WE NOT ONLY ADVOCATE LEANNESS IN OUR GYMS; WE ALSO PRACTICE WHAT WE PREACH IN OUR BALANCE SHEET.

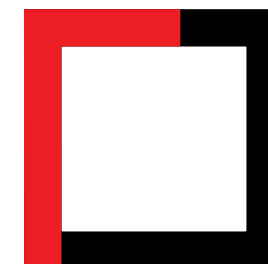
Over the last few years, this leanness has been derived from an operating discipline where we manage our costs with prudence, enhance service value, reinvest accruals and catalyse growth.

This discipline is visible in our prudent resource employment. Over the years, we have progressively utilized less cash to grow our business; our cash profits grew at a CAGR (FY10-14) of 44%.

Besides, our accruals aided the core gym capital expenditure in 2013-14, reducing the need for external resources, moderating our gearing and enhancing our fiscal comfort.

This leanness was driven down to our branch management. For one, the various branches worked like strategic business units responsible for balancing their books in terms of revenues and expenses. The role of supervisors was extended from one to multiple branches. Gym equipment was sourced leveraging economies-of-scale and other benefits.

The result was that overheads (labour, rentals and electricity) as a proportion of the net income declined every single year over the last five years: from a peak of 47% in FY10 to 36% in FY14.



OUR BUSINESS MODEL



Fitness focus

At Talwalkars, we are focused on addressing the fitness deficit in India, an area marked by relevance.



Brand

At Talwalkars, we recognise that our most valuable asset is our brand. Over the years, we have enriched our brand through a conscious positioning around fitness, training, knowledge, diverse offerings and uplifting health club environment. The integrity of our brand management has helped generate a revenue increase in each of the last five years; CAGR (FY10-FY14) in net revenues was 33% while CAGR in PAT was 47% during the period.

Talwalkars has been prudently positioned as an affordable brand addressing a growing customer base with increasingly diverse requirements. We believe that this strategy has paid off in terms of our ability to reach out to a large potential customer base and attract more members. In 2014-15, we expect to take our first steps towards premiumisation in response to the emergence of more affluent customers needing exclusive health club services.



Diverse revenue streams

At Talwalkars, we believe that fitness is not only about gymming; it is also about peripheral areas comprising a health diet, dance-based fitness program, spa, massage, aerobics and yoga. Over the years, we have diversified and branded these offerings, helping enhance the proportion of these value-added services from 18-20% in 2011-12 to 22-23% in 2013-14. Going ahead, we expect to enhance the proportion of these value-added offerings, widening our brand appeal and strengthening our profitability.



Training

At Talwalkars, we do not provide gymming infrastructure; we provide desired solutions to members (enhanced fitness, weight reduction, feel good or healthy eating). The quality of these deliverables has been strengthened through intensive training for those who interface with our customers. Over the years, we have created a dedicated training institute of around 25,000 sq. ft in Thane (near Mumbai) where we train every single trainer who attends to a member anywhere in the country.



Alliances

At Talwalkars, we have strengthened the quality of our value-added offerings through alliances with prominent international brands.

■ Zumba® Fitness, a global lifestyle brand, is a Latin dance-inspired fitness plan, which fuses varied rhythms and easy-to-follow dance moves to create a one-of-a-kind fitness class. Zumba® program offers a complete body workout in a single session. This program has received wide acceptance, which can be gauged from the already 14 mn people taking weekly Zumba® classes in over 140,000 locations across more than 185 countries

■ David Lloyd Leisure Limited (DLL): Started operations in 1982, DLL is Europe's leading premium sports, health and leisure group. DLL currently operates 81 premium sports, health and leisure clubs in the UK as well as a further 10 clubs across Europe. DLL clubs have a host of celebrity members including Olympic and world champions and other elite sportsmen and women, actors and television presenters, among others

■ Premier Training Institute for providing world-benchmarked training to our gym instructors

These international alliances have helped leverage the brand of our alliance partner, shrink our learning curve and provide an international experience within an Indian environment.



Asset-light

At Talwalkars, we believe that the most sustainable growth is derived from profitability, which in turn is derived from asset-lightness. Even as we invested in the direct ownership of our fitness centres over the years based on a cost-benefit analysis, we introduced the franchised ownership model (HiFi) in 2011-12. This franchised approach will make it possible for the Company to grow without corresponding investments in infrastructure in exchange for fees and a proportion of revenues.



National spread

At Talwalkars, we have selected to achieve a pan-India footprint as opposed to intensifying our presence in specific zones. We are present in 150 locations across 78 cities (20 states), providing us with an opportunity to penetrate untapped locations with organised and branded offerings. We averaged around two health clubs per city, making it possible to leverage the economies-of-brand without cannibalising respective revenues. Nearly 64% of our national presence is in non-metro locations, making it possible for us to grow our offerings from the grassroots upwards. Western India accounted for 44% of our presence; South and North India cumulatively accounted for 51% of our presence.



Focus on margins

At Talwalkars, we have created a business model profitable across market cycles. This profitability is derived from a combination of prudent pricing, membership growth, value-added services (with lower capex) and cost management (through SBU treatment of branches and multi-skilling to name a few). These initiatives translated into a sustained cost decline – the Company's people costs as a proportion of net revenues declined from 26% in 2009-10 to 19% in 2013-14; the Company's rental costs declined from 13% of net revenues to 11% during the same period. Consequently, EBITDA margins strengthened from 43% in FY10 to 50% in 2013-14. In turn, these numbers strengthened our gearing (debt to equity) from 1.49 in FY10 to 0.76 in FY14.

“EVEN AS WE DID NOT GROW QUANTITATIVELY IN A BIG WAY DURING THE YEAR UNDER REVIEW, WE ENHANCED THE QUALITY OF REVENUES COMING OUT OF **OUR EXISTING INFRASTRUCTURE.**”



Anant Gawande, Director & CFO
Talwalkars Better Value Fitness Limited

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

A: Absolutely when you consider the quality of our performance within the context of the operating environment. The financial year under review was one of the most challenging encountered by the Indian economy. By the close of 2013-14, consumer confidence had declined to one of its lowest points in recent memory; most Indian consumers selected to postpone or downgrade their spending. Within this context, Talwalkars protected its organisational integrity – value-addition, profitable growth and high margins. In fact, we strengthened each of these parameters in a weak operating environment, which was probably our biggest achievement in a challenging year.

Q: Would you elaborate?

A: We reported yet another year of profitable growth through a prudent combination of various factors – increase in scale, value-addition, widening service portfolio and cost management. Even as our revenues for the last quarter increased 18% our net profit increased by 23%. Besides, we strengthened our EBITDA margin for the year from 49% to 50% and EPS from ₹12.15 to ₹13.98. What was creditable was that during the

last quarter of 2013-14, we reported our highest quarter revenues of ₹659 mn corresponding to an EBITDA margin of more than 50%. This demonstrates that as the prevailing environment became increasingly challenging, Talwalkars performed even better.

Q: You mentioned an increase in scale. Can you elaborate?

A: In the last annual report, we had indicated that the number of fitness centres are expected to increase to 165–175, which would translate into increased members and revenues. However, we selected to moderate our capital expenditure and growth estimate in the face of the economic slowdown. The result is that we grew our fitness centres cautiously by 14 fitness centres to 149 and concurrently signed a master franchisee to establish 30 HiFi fitness centres in Tier-III and IV towns across three years. Besides, we emphasised an increase in revenues per gym through stronger marketing and wider services; this helped us to retain our renewal rate of 70-76% at a time when there was a fear of membership attrition. So even as we did not grow quantitatively in a big way during the year under review, we enhanced the quality of revenues coming out of existing infrastructure.

Q: How did the Company increase its membership in a challenging slowdown?

A: At Talwalkars, as the year progressed and consumer sentiment weakened, there was a need to protect membership attrition and a need to enhance membership at a time when the mood for discretionary spending was affected. The Company embarked on specific initiatives to address each of these priorities. One, we sustained our training emphasis by entering into an alliance with Premier Training International, an internationally acclaimed organisation. Besides, during the later part of the year, we engaged in aggressive marketing for new annual gym memberships incentivised by monthly installments, the benefits of which are largely visible.

Q: How did the Company strengthen margins in a challenging slowdown?

A: Our margins growth at a time of consumer downtrading was derived from our sustained conviction that India is gradually evolving from a basic gym service to a growing need for related value-added services. So over the last few years, we extended from our core gym service to a number of synergic services that would not only enhance the customer experience but also enhance our viability. The success of our planned evolution was faithfully captured in the reality that we increased the proportion of revenues derived from value-added services (spa, massage, personal training, Zumba® program and Reduce program to name a few) from 18-20% in 2011-12 to 22-23% in 2013-14. This growing focus on value-added revenues largely delivered out of our existing infrastructure helped us generate over 100 bps higher EBITDA margins during the year under review.

Q: How does the Company expect to drive its value-addition?

A: At Talwalkars, we recognise that a linear increase in the number of gyms can do only that much for our business; what we need is an enhancing throughput from each of our fitness centres and growing the proportion of value-added services being provided. In line with this, we expect to increase same-store sales to 8-10%. Besides, we expect to widen our value-addition footprint. We had introduced value accretive services that focused on alternative forms of fitness on the one hand and enhanced member profile on the other. During the year under review, we widened the application of Reduce and Zumba® program across various customer interface points. We launched an online version along with our home based service for Reduce; we combined Reduce with NuForm to create a unique Transform offering (April 2014), the combined impact of which will be perceived in the financial year 2014-15.

Q: What is the outlook for the Talwalkars brand?

A: I will answer this at three levels.

One, we expect to increase the number of fitness centres at our steady growth. This increase will provide us with a base over which we will be able to scale growth over the foreseeable future, widening our lead over competition.

Two, the time has come for us to extend our gym brand towards the ultra-premium category in urban centres without vacating our existing space. This extension is intended to address modern lifestyle requirements. We intend to start with a large format fitness centre in Hyderabad, the success of which will

be extended to other urban centres. This offering will widen our value-chain and enable us to address the top-end of the market at a time when a growing affluence among high earners has generated a need for specialized training.

Three, the Talwalkars brand will stand for more than just gyms. Even the gym represents the building block of our offerings, we recognise that fitness is more holistic than gym-based training. Fitness is about eating the right food so we introduced Reduce with plans to extend its application even wider; fitness is about pleasure so we introduced Zumba® program; fitness is about being able to balance time in busier lives so we launched NuForm and Transform. As we go along, we will continue to add lifestyle complements to make the Talwalkars brand more holistic and complete. The result is that we expect to enhance the proportion of value-added offerings, widen the number of value-added offerings and moderate our dependence on any one offering.

We expect that this strategy, when coupled with a linear increase in the number of fitness centres (owned or subsidiary or franchised), will generate volume at one and value at the other, strengthening our overall profitability and increasing value for our shareholders.

Q: How would you summarise the Company's performance in 2013-14?

A: The fact that Talwalkars reported a 22% growth in PAT in what was easily one of the most difficult years for the Indian economy, not only reflects the robustness of our business model but also the rich potential for our business in the country.



MANAGEMENT DISCUSSION AND ANALYSIS

Indian economy

The Indian economy grew at sub-5% rate for the second year in a row (4.7% in 2013-14), led mainly by deceleration in the pace of industrial growth and sluggish investment demand. Elevated interest rates, sticky retail inflation, policy uncertainty and falling productivity of capital constrained industrial output. Faced with compulsions to rein in the fiscal deficit, slackening pace of government spending has had a detrimental impact on consumption growth. As such, both investment and consumption growth fell to 11-year lows. However, with the new government at the helm, the Indian GDP growth is expected to rise to 5.5-5.7% in 2014-15, as per the CSO.

Industry overview

The wellness industry in India is poised to touch ₹100,000 crore (₹1 trillion) by 2015, with a compounded annual growth rate of 15-17%, from about ₹70,000 crore in 2012 (Source: FICCI-PwC). A recent survey by Forbes Asia indicates that despite having the world's second largest population pool, less than 1% of the urban Indian population holds health club membership. This is paltry as compared to 3.11% in the Asia-Pacific and about 17.5% in the US and demonstrates a huge scope for growth. Interestingly, however, the wellness industry has resisted the economic slowdown and has shown stable growth. An IHRSA Global Report 2014 indicates that the global health club industry generated about USD78 billion in revenues with a total club base of 165,300 units and over 138 million members in 2013. The same report pegs the total industry size (revenue) in India at over USD 535 million, growing at about 5% over the previous year, with a total base of 1,234 clubs and a shade over 440,000 members. However, the industry is facing issues in getting standard skilled manpower, product & service standardization across

the industry.

The emergence of a new middle class that is more educated and aware of the importance of health and wellness and, interestingly, possesses a higher share of disposable income is driving the growth in the wellness segment. The importance of this demographic pool can be accurately appraised when one considers the fact that around 40% of the Indian population will be between the age groups of 20 and 44 by 2016 (Source: FICCI-PwC, IHRSA, Business Today).

Industry growth drivers

Rising population

The chunk of the population aged 40 years and above is expected to rise from 33% in 2012 to 43% by 2041. With increasing disposable income and clear fitness aspirations, this set of consumers is more inclined to spend on health, fitness and wellness services. Moreover, the youth population is expected to rise to 427 million by 2015, creating a strong potential market for alternative sources of fitness like aerobics, yoga, Zumba® program and holistic dietary regimes.

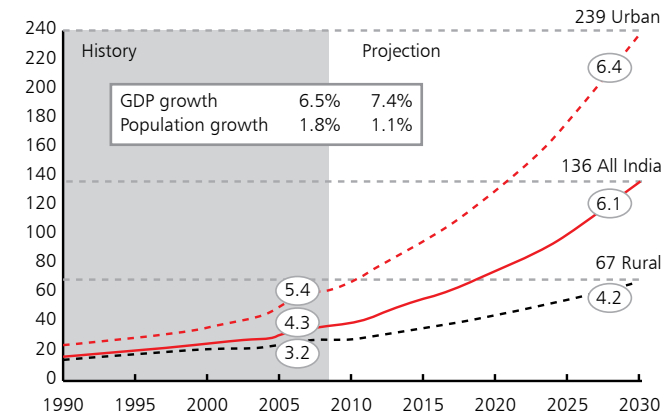
Unexplored markets

With recorded industry penetration levels of less than 1% of the Indian population, there exists massive headcounts to be approached by the health industry over the coming years towards raising fitness awareness and driving enrollments.

Rising disposable income

Rise in the number of employed individuals coupled with rapid urbanisation and rising disposable income, has driven awareness and spends on a perceived 'otherwise-not-so-important' service. This has created a new market segment to cater to through innovative services like Reduce, Zumba® program, spa and massage, among other services.

Per capita disposable income Rupees thousand, real 2008



Source: India Urbanization Econometric Model; McKinsey Global Institute analysis

High prevalence of lifestyle diseases in India

In no measure is India's relative unfitness more clearly visible than in its obesity. India, with 41 million obese, ranks third after the US and China in the highest number of overweight people in the world (Source: Global Burden of Disease Study 2013). India and China cumulatively account for a seventh of the world's obese.

The prognosis is alarming:

- India could have the largest cardiovascular disease burden in the world
- A fifth of all deaths in India are from coronary heart disease and could by 2020 account for a third of all deaths with heart disease in India occurring 10 to 15 years earlier than in the west
- Some 51 million Indian diabetics make it the highest across any country, with Indians tending to be diabetic from a relatively young 45 years and about 10 years earlier than in the west
- Hypertension prevalence is rising with 25-30% urban and 10-15% rural population suffering from the ailment

Hence, there is an urgent need for health awareness in the country, which can mitigate the prevalence of certain diseases and ailments to a large extent.

Rising fitness concerns among people

With the hectic work schedule, sedentary lifestyle and shortage of open area for physical activities majority of the population are developing lifestyle diseases at an early age. This population also has high income levels and propensity to spend on their fitness and personal care services, creating a huge opportunity to tap on.

Rising urbanisation

The rate of urbanisation in India is on an exponential rise. Cities hold tremendous potential as engines of economic and social development, creating jobs and generating wealth. Almost 300 million Indians currently live in towns and cities. Within 20-25 years, another 300 million people will get added to Indian towns and cities (Source: Planning Commission). Thus, more people are to adopt urban lifestyles in the coming years, broadening the market for the health and fitness industry in the country.

Talwalkars business model

The premier player in the promising fitness and slimming services industry, Talwalkars has no listed peers. It has a wide, balanced network of 150 fitness centres across major cities, Tier-II and Tier-III cities and towns. The Company commands a strong brand name for quality service at an affordable price. A rising share of high-margin value-added services and steady expansion plans, backed by the financial wherewithal to fund them, are the other factors in the Company's favour.

The efficacy of the Talwalkars business model was vindicated by the fact that despite the slowing discretionary spending by consumers, the Company has maintained a healthy pace of growth. Sales and net profits were up 24% and 22%, respectively, for the year ended March 2014 over the year-ago period. Membership has grown steadily and it has tenaciously held onto its existing customers with the retention rate being pegged at 70-76%.

Talwalkars offers yoga, spa, massage, Zumba® program and a special weight-loss program called Reduce, which offer higher margins. This raises the revenue per centre while keeping costs in check as investments in equipment and floor-space are limited. This plus rationalisation in staff costs, a key cost head, improved the operating profit margin by over 100 bps to 50% compared to the year-ago period.

Ownership chart



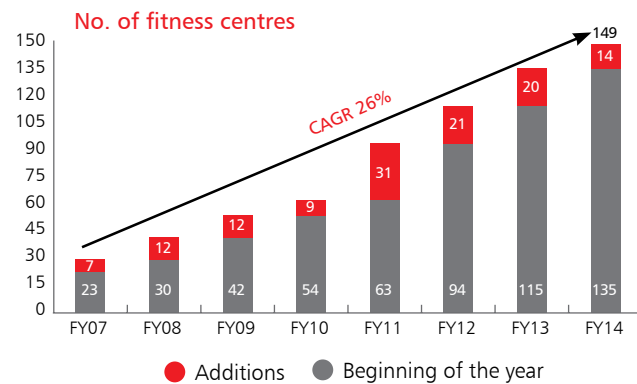


Note: Cities highlighted in red have more than 1 fitness centre; above map is not to scale and not intended to mean the political map of India

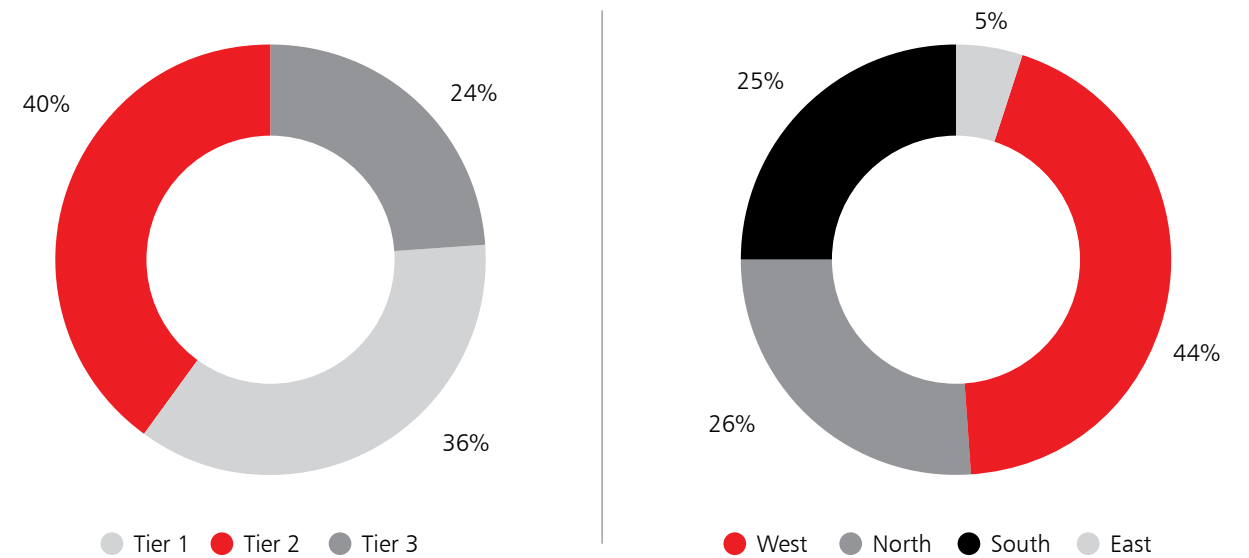
As on 31st March 2014, the Company operated 103 fitness centres under ownership format, 16 under the subsidiary format, 13 under franchise and licensed format and 17 HiFi fitness centres with a presence in 78 cities and towns of the country.

Format	No. of fitness centres*
Talwalkars	
Owned	103
Subsidiary	16
Franchise and licensed	13
HiFi	17
Total	149

* as on 31st March 2014



Out of the 149 fitness centres, 36% of the outlets were located in Tier-I cities, while 40% and 24% units were situated in Tier-II and Tier-III cities and towns, respectively. While the majority of the fitness centres at 44% were located in Western India, 25% were located in Southern and 26% in the Northern parts of the country while the East represented the rest at 5%.



In addition to similar product and service offerings the Company maintains similar quality of equipment across centres that has helped to bring standardization of services and higher member satisfaction. Being the leading player in the market with 150 centres the Company enjoys better economies of scale and terms with its suppliers.

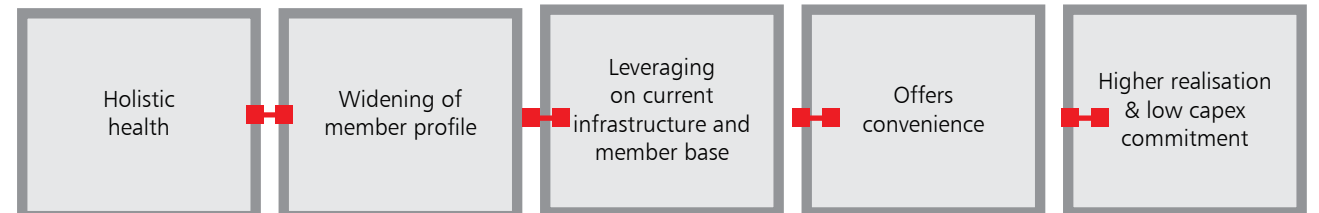
The Company has a dedicated training institute, Talwalkars Training Academy, located in Thane (near Mumbai), offering cutting-edge programming and educational information to aspiring health and fitness professionals. A significant part of the training is focused on the nuances of fitness, incorporating both practical and theoretical classes on topics ranging from weight training, cardiovascular fitness, special populations, nutrition, on-the-job training as well as appropriate behaviour, norms and prevailing corporate culture.

In a new development, Talwalkars embarked on an

international alliance with Premier Training International (the market leader in the development and provision of high-quality education for the health and fitness industry) to provide education, training and development to its personal trainers and fitness professionals.

Talwalkars – premiumising offerings

The Company has transformed from a gym services provider into a holistic fitness player with a pan-India presence, catering to a wide segment of the fitness industry comprising weight loss, personal training, Zumba® program and sports. This has not only helped to leverage on the current asset and member base but has also widened the member profile and profitability. In 2012-13, the Company launched various new productivity-enhancing services including NuForm, Zumba® program and Reduce, which are EBITDA-accretive initiatives on the back of lower capex commitment.



NuForm Studio – Fitness with just 20 minutes per week

Miha Bodytec introduced the concept of losing weight through the Electro Muscle Stimulation (EMS) technology. This proven German technology was introduced as NuForm by Talwalkars in India in May 2012. The EMS session is just 20 minutes of work out once a week with the training being much more intense and faster than conventional weight training. NuForm offers convenience as it is also offered as home-based service. NuForm has also helped the Company cater to the members who do not have the time to visit a gym or have specific physical ailments restricting them to do regular gym workout. Currently, 8 NuForm studios are operational in Mumbai.

Zumba® fitness program

Started in 2001, the Zumba® fitness program has grown steadily to become the world's largest and most successful dance-fitness program. Zumba® program involves dance and aerobic elements and its choreography incorporates hip-hop, soca, samba, salsa, merengue, mambo, martial arts and some Bollywood and belly dance moves. Squats and lunges are also included. Talwalkars has increased the number of centres offering the Zumba® program to 46. The Company has created a pool of Zumba® trainers, facilitating the program's faster rollout.

Reduce

Reduce is an easy and simple weight loss solution that involves a strategic tweaking in the frequency, timing and size of the meals with no restraints on existing lifestyles. In addition to ready-to-eat/cook food products, customers are provided personalised and motivational support by professionals and require just a weekly visit. At Talwalkars, the Reduce program is offered at over 100 centres. Furthermore, Reduce is offered as 'home-based Reduce' and online service, offering further convenience to members.

Transform

The Company recently launched the unique, value-added 'Transform' program, which is a combination of NuForm (German technology, complete fitness, 20 minutes/ week) and Reduce (unique diet-based easy weight-loss solution). It perfectly blends together weight loss and muscle toning to deliver overall fitness. Transform addresses holistic fitness needs.

Our strengths

Pioneering: Talwalkars is India's largest – and only listed – fitness provider. Brand Talwalkars is built over eight decades and has high brand recall value.

Business model: Talwalkars business model reconciles volume growth at one end with margins growth at the other.

Locations: Talwalkars fitness centres are in accessible and prominent residential locations with a rich catchment.

Footprint: Talwalkars possessed a rich understanding of diverse terrains through 150 fitness centres across 78 Indian cities covering 20 states, the highest in its industry; nearly 64% of its fitness centres are in non-metro or Tier-I urban locations.

Intellectual capital: Talwalkars promoters enjoy over five decades of experience in the business; the Company's training is conducted in a modern personnel training institute in Thane (near Mumbai).

Holistic: Talwalkars provides a holistic fitness experience – standard gymming and fitness, Latin American dancing (Zumba® program), health diet (Reduce), weight loss (NuForm), health diet-cum-weight loss (Transform), spa, massage, aerobics and yoga. This has helped moderate the difference between peak and trough footfalls in a day.

Economies of scale: Talwalkars widespread presence, represented by 150 fitness centres, enables it to enjoy scale benefits comprising better agreement terms from suppliers. This has helped achieve standardisation across fitness centres.

International alliances: Forged international alliances towards providing a wider bouquet of customer offerings and for training of its gym trainers.

Key marketing initiatives

The marketing team develops innovative ideas keeping in view the changing dynamics of the internal and external environment. This has helped the Company not only to enhance revenues and widen the reach of the brand but has also created awareness for the new services launched by the Company.

Talwalkars Classique

Talwalkars Classique 2013 was a body-building competition held in association with the Maharashtra Body Building Association (under the Indian Body Builders Federation). The event showcased champions from the Indian Railways and Haryana Police as well as from Uttar Pradesh, Karnataka, Delhi, Manipur, Telangana, Kerala and Maharashtra.

Fitness partner at major events

- Lead fitness partner for Miss Hyderabad Event
- Fitness partner at Investothon, a run organised by the NSE and CNBC TV 18 across the cities of Vadodara, Bengaluru, Jaipur and Mumbai

Enhancing revenues

- Launched Annual August Discount scheme and various other themes (New Year, EMI scheme, Women's Day and Valentine's Day to name a few) which aided renewals and new enrollments
- Launched Reduce program in Mumbai
- Commenced offering Reduce as an online program in order to enhance membership base and convenience; also initiated online merchandising of Zumba® products
- Recently, launched unique value-added 'Transform' program, a combination of NuForm and Reduce, thereby addressing holistic fitness needs

Promotions through social media

- Increased visibility through social media, print media among others by organising a contest on Twitter with www.fashionmostwanted.com, where participants shared their opinion under the broad question: 'The one reason in your life that motivates you to stay fit and healthy?'
- Embraced other modes of promotion comprising webinars, medianet articles and through the social media platforms, among others

Human resources

In the business environment that Talwalkars is involved in, a paucity of skilled and trained personnel is what ails the contemporary domestic wellness industry the most. Over the years, the Company has reinforced its numbers and capabilities, strengthening its competitive edge. The Company provides an invigorating work environment, marked by team work, respect for merit and an emphasis on knowledge

accretion. The Company possesses a strong strength of over 4,000 professionals, strengthening the brand Talwalkars through their constant commitment at work.

The residential training academy at Thane in the outskirts of Mumbai has helped the Company admirably in this regard. With a growing number of Indians willing to pay to feel good, the fitness and wellness industry is blossoming, and will grow to an estimated ₹100,000 crore by 2015. In line with this, policies, processes and initiatives have been initiated. Training programs have been formulated and implemented on an enduring basis for the benefit of existing and new employees. Talwalkars forged an international alliance with Premier Training International to provide world-class training to its personal trainers and fitness professionals.

The Company's remuneration policy is also at par with the industry peers and as such employer-employee relations have remained harmonious during the fiscal gone by.

Risks and concerns

Economic risks

With the new government in place the strong growth optimism sentiment in the country will have positive impact on the growth of the business. However, the existing fiscal deficit and inflationary pressures may not ease in the near future thereby hampering any sudden spurt in economic growth. To mitigate this risk, the Company has expanded its footprints as a true pan-India player, understanding sentiments of people in Tier I, II and III cities and towns, where the growth curve will be sharper in an economic upturn. In addition, the Company has also developed new service offerings that has widened the member profile and helped enhance revenues and make optimum utilization of existing resources.

Regulatory risks

The Indian fitness industry is at a nascent stage. The government policy and reforms can play a crucial role in shaping up and providing necessary support to the industry. Subsidies and reduction in tax rate on the fitness equipment will provide a strong support and also help in bringing standardization in the industry in terms of quality of service offered. Ease in taxation policy or expedition in implementation of reforms may have positive impact on the business of the Company and vice-versa.

Competition risks

The growing awareness for the fitness services has led to entry of new domestic and international players. Entry of a new player helps to create awareness in a market that is highly underpenetrated with less than 1% of the population using fitness centres. This in turn will provide scope for new business opportunities. The success of a fitness centre is dependent on the quality of service offered to its members. Emergence of any strong player in the market may pose a risk for the Company. However the Company is well positioned to mitigate this risk through its pan-India presence, strong brand recall value that's built over 8 decades. Also, the Company has been sensitive to the changing dynamics of the fitness industry and hence has developed service offerings that suits every pocket and every age profile.

Availability of skilled manpower

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

In a new development, Talwalkars embarked on an international alliance with Premier Training International. Premier will deliver leadership and management training as well as a five-day Advanced Fitness Skills course. The courses will be part of a larger education pathway that has the end goal of UK Level 3 accreditation, REPs membership and an overseas internship. The objective is to enhance employee performance levels to the standards of the international market.

Financial risks

The Company is exposed to risks in terms of timely availability of funds at effective interest rates. The Company monitors and plans its finance requirements through alternative sources of funding ensuring best possible cost of borrowing. The Company has been rated AA- by CARE Rating Agency which helps the Company to borrow funds at effective rate of

interest. The Company at regular intervals conducts internal audit, mystery audit to ensure accurate disclosure of the revenues and expenses.

Analysis of our key financials (consolidated)

Talwalkars is focused on enhancing its core competence of improving its fiscal fitness. The significant financial highlights of the Company comprised the following:

Revenues

The Company concurrently widened its presence through the establishment of new fitness centres on the one hand and expanding its range of services on the other, thereby widening penetration and accessibility. The revenues increased by 24% on YoY basis and stood at ₹2,095 million. With sustainable performance, the Company's CAGR (FY10 - FY14) stood at 33%.

Operational cost

Despite an environment when inflation ruled high, the Company's strong focus on cost optimization and productivity enhancement measures enabled it to control operating costs by 100 bps at about 50% of net revenue in FY14. A strong ongoing focus on identifying costs and benchmarking these, helped control expenses. Moreover, advice from reputed consultants helped to identify potential costs control measures and these were examined and implemented across the system.

EBITDA

Revenue accretion on the one hand and cost optimization on the other resulted in EBITDA margins being maintained at 50% in FY14. EBITDA stood at ₹938 million in FY14, representing an increase of 27% YoY.

Finance cost

Prudent financial policies and practices resulted in interest costs moderating from 13.2% of net revenue in FY13 to 11.6% in FY14.

Depreciation

Depreciation for FY14 stood at ₹242 million, representing an increase from ₹146 million in the previous year. The increase in depreciation was mainly on account of accelerated depreciation on key assets and additional fitness centres

added during the year under report.

Profit after tax

Net profit (after minority interest) grew 22% YoY to ₹366 million; net profit margin stood at 19.5% during the year under report. Resultantly, EPS increased by ₹1.83 per share and stood at ₹13.98 per share.

Internal control systems

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

Cautionary statement

This management discussion and analysis contains forward-

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

Outlook

Talwalkars expects to continue its dominance in India's health and fitness space through establishment of new fitness centres and expansion of our new services in existing and new locations.

Wellness is no longer big-city news rather it's spreading beyond the cities. The Company is seeing a lot of growth across the country and spending on fitness which used to be seen as a hallmark of luxury, is now being considered a way of life. Subsequently, the desire to look and feel good, coupled with a preventive approach to healthcare, has led to increased demand for not just services but also products.

As such, new initiatives comprising NuForm, Reduce, Zumba® program and Transform program have received encouraging response and will be rolled-out progressively to strategically cover most parts of the Talwalkars network. Financially, the Company expects to maintain margins in the current year both at the operating and net levels.



DIRECTORS' REPORT

Dear Shareholders

Your Directors are pleased to present 11th Annual Report on business and operations with the audited financial statements for the year ended 31st March, 2014.

BUSINESS AND FINANCIAL HIGHLIGHTS

Financial Results

The highlights of your Company's financial performance for the year ended 31st March, 2014 are summarised below:

Summarised Financial Results	Standalone		Consolidated	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Total Income	1808.72	1471.58	2105.33	1700.89
Profit before interest, depreciation and taxation	814.55	637.68	937.89	738.75
Financial Expenses	95.58	94.79	119.66	107.91
Depreciation	222.66	132.27	241.77	146.47
Exceptional Items	(0.28)	-	(0.28)	-
Profit before tax	496.03	410.62	576.18	484.37
Provision for taxation	119.37	84.62	133.02	107.99
Deferred Tax	42.63	49.32	45.37	50.23
Profit after tax but before minority interest	334.03	276.68	397.79	326.15
Share of minority interest	-	-	31.90	25.65
Profit after tax	334.03	276.68	365.89	300.50
Excess provision of Income Tax written back	-	-	-	0.09
Balance brought forward	618.81	440.78	678.20	476.25
Total available for appropriation	952.84	717.46	1044.09	776.84
Proposed Dividend	39.27	39.27	39.27	39.27
Corporate Dividend Tax	6.67	6.37	6.67	6.37
Debenture Redemption Reserve	38.09	34.38	38.09	34.37
General Reserve	16.70	18.63	16.70	18.63
Balance carried forward	852.11	618.81	943.36	678.20

₹ in Millions

Review of Performance

In a country with gym penetration standing below 0.5%, your Company has a strong belief in the philosophy "Spreading Fitness. That's our Karma". Apart from the core business of gymming, your Company has embarked on new initiatives like Nuform, Zumba® programme, Reduce diet programme, Talwalkars David Lloyd Leisure consulting, which all act in complement to the core activity of gymming and would increase same store revenues as well as overall revenues. Talwalkars is leading from the front in this space of these fitness solutions and services. Your Company now has 149 health clubs across 79 cities on consolidated basis.

Dividend

Your Company has been consistent in sharing its profits with the members. Your Directors are pleased to recommend for consideration of members, dividend @ 15% (₹1.50/- per equity share of ₹10/-) for the year ended on 31st March, 2014. The dividend has been recommended in accordance with your Company's policy of balancing dividend pay-out with the requirement of funds for its growth plans.

Reserves

The Directors propose to transfer ₹16.70 Millions (15% of the net profit) to the General Reserve out of the amount available for appropriations and an amount of ₹852.11 Millions is proposed to be retained in the Profit and Loss Account.

Fixed Deposits

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

Our Subsidiaries

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

Health clubs. On overall basis, the subsidiaries have shown phenomenal growth by contributing significantly to the profits of the Company.

Your Company has recently floated **Talwalkars Club Private Limited** as its wholly-owned subsidiary company to own and manage recreational/lifestyle clubs by providing all kinds of sports, games, recreational and hospitality facilities.

(1) **Denovo Enterprises Private Limited** with gym spread in Northern and Western India.

Denovo Enterprises Private Limited, a subsidiary of your Company, is sharing 38% of the total gym count under the subsidiaries head. Denovo's health clubs are operational in Northern and Western India.

(2) **Equinox Wellness Private Limited** with gym spread in Eastern India.

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

(3) **Aspire Fitness Private Limited** with gym spread in Western India.

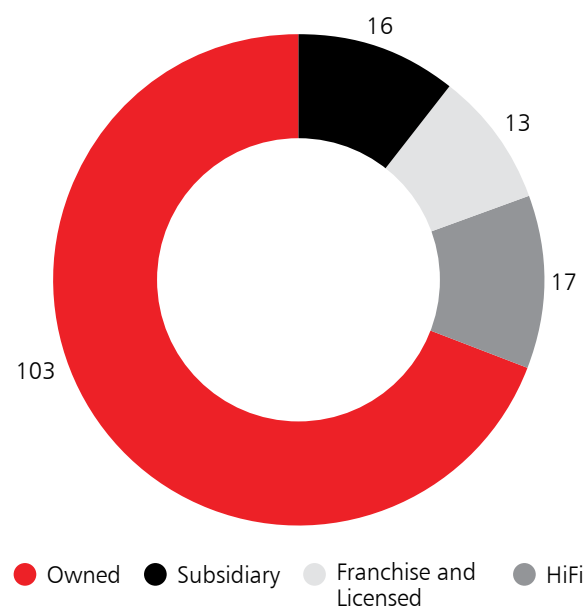
Aspire Fitness Private Limited, a subsidiary of your Company, is sharing 38% of the total gym count under the subsidiaries head. Aspire's health clubs are operational in Western India.

(4) **Jyotsna Fitness Private Limited** with gym spread in Western India.

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

Healthy India Fit India (HiFi)

The Company developed a brand for low cost gyms known as 'HiFi'. All gyms under this format are franchised. Presently, the Company has seventeen franchised gyms. The Company is actively focusing on this division and is confident of increasing the number of franchisees in the coming years.



Section 212

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

Accordingly, the annual accounts of the subsidiary companies and the related detailed information will be made available to the investors of the Company and subsidiaries of the Company, seeking such information, at any point of time at the registered office of the Company and its concerned subsidiary, on request made in writing to that respect.

DIRECTORS AND OTHER EMPLOYEES

Directors

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

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Harsha Bhatkal and Mr. Anant Gawande, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Resolutions for the re-appointment will be placed for your approval at the ensuing Annual General Meeting.

The Board of the Company, presently comprises six Independent Directors viz. Mr. Manohar Bhide, Mr. Raman Maroo, Mr. Mohan Jayakar, Dr. Avinash Phadke, Mr. Abhijeet Patil and Mr. Dinesh Afzulpurkar. Pursuant to Section 149 (10) of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement, these Independent Directors have to be appointed to hold office upto five consecutive years for a term commencing from the ensuing Annual General Meeting.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchange.

Further, the terms of employment of Mr. Prashant Talwalkar, Managing Director & CEO of the Company shall expire on 17th June, 2014 and that of Mr. Madhukar Talwalkar, Executive Chairman, Mr. Vinayak Gawande, Whole-time Director, Mr. Girish Talwalkar, Whole-time Director, Mr. Anant Gawande, Whole-time Director & CFO and Mr. Harsha Bhatkal, Whole-time Director of the Company on 30th September, 2014.

The members approval is sought for their re-appointment for a further period of 5 years.

Brief profiles of the Directors are set out in the Notice.

Declaration by the Independent Directors

Independent Directors of your Company have given declaration under Clause 49 I (A) (iii) of the Listing Agreement confirming their independence and fair conduct in performance.

Disclosure under Section 274(1)(g)

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

Particulars of Employees

None of the employees of the Company were in receipt of the remuneration during the financial year 2013-14 in excess of ₹60 lakhs per year or ₹5 lakhs per month as required to be disclosed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and Companies (Particulars of Employees) Amendment Rules, 2011.

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

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

- Part A & B pertaining to the Conservation of Energy and Technology Absorption are not applicable to the Company.
- Foreign Exchange earnings and outgo:

Particulars	₹ in Millions	
	2013-14	2012-13
Total foreign exchange earnings	0.64	0.73
Total foreign exchange outgo	66.69	73.45

AUDITORS

M. K. Dandekar & Company, Chartered Accountants (Regn No. 000679S), Statutory Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from the retiring auditor to the effect that their appointment as Statutory Auditor for year 2014-2015, if made, will be in accordance with the provision of Sections 139, 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

Auditors' Report

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

OTHER DISCLOSURES

Listing of Equity

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

Corporate Governance

We at Talwalkars, perceive Corporate Governance as an endeavor for transparency and a wholehearted approach towards establishing Professional Management, aimed at continuous enhancement of Shareholder's value. The Directors and key management personnel of your Company have complied with the Code of Conduct which was put in place by the Board of Directors.

The Report on Corporate Governance as required under the

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- In preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent; so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on 31st March, 2014 and of the profit of the Company for that year;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records for the year ended 31st March, 2014 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;
- The Directors have prepared the Annual Accounts on a going concern basis.

Acknowledgement

Your Directors take this opportunity to place on record its appreciation of sincere efforts put in by the employees of the Company in making the Company excel in the realm of health and fitness.

Your Directors sincerely thank all the investors, members, bankers, financial institutions, business associates, regulatory and government authorities for their continued support, assistance and valuable co-operation.

For and on behalf of the Board

Talwalkars Better Value Fitness Limited

Prashant Talwalkar
Managing Director & CEO
DIN : 00341715

Anant Gawande
Whole-time Director & CFO
DIN : 00324734

Date: 8th May, 2014
Place: Mumbai



REPORT ON CORPORATE GOVERNANCE

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

Company's Philosophy on Corporate Governance

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

Board of Directors

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

Composition of Board of Directors

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

Meetings of Board of Directors

During the year, four board meetings were held on 8th May, 2013, 8th August, 2013, 29th October, 2013 and 4th February, 2014 with a time gap between two meetings not exceeding four months. Adequate notice along with agenda and its notes are given to each Board and Committee Member. The Board reviews the reports of compliance with all laws applicable to the Company. All the information required for taking informed decisions regarding the operations of the Company, is made available to the Board.

The attendance of each Director at the Board Meeting during the year and at the last Annual General Meeting along with number of other directorships, committee chairmanships/ memberships is tabulated below:

Name of Directors	Category of Directorship	No. of Board Meetings Attended	Attendance at last AGM held on 08.08.2013	No. of Directorship in all other Companies*	Committee Membership/ Chairmanship in all Companies **	
					Member	Chairman
Mr. Madhukar Talwalkar	EC	03	Yes	Nil	Nil	Nil
Mr. Prashant Talwalkar	MD & CEO	03	Yes	Nil	Nil	Nil
Mr. Vinayak Gawande	WTD	04	Yes	01	Nil	Nil
Mr. Girish Talwalkar	WTD	04	Yes	Nil	01	Nil
Mr. Harsha Bhatkal	WTD	03	Yes	01	Nil	Nil
Mr. Anant Gawande	WTD & CFO	04	Yes	01	02	Nil
Mr. Manohar Bhide	ID	04	Yes	02	01	02
Mr. Raman Maroo	ID	02	No	02	Nil	02
Mr. Mohan Jayakar	ID	01	Yes	06	02	01
Dr. Avinash Phadke	ID	03	Yes	01	01	Nil
Mr. Abhijeet Patil	ID	02	Yes	Nil	Nil	02
Mr. Dinesh Afzulpurkar	ID	02	No	Nil	Nil	Nil

Note:

* Directorships across all the Companies excluding private companies, foreign companies and companies registered under Section 25 of the Companies Act, 1956.

** Chairmanship and Membership of Audit Committee and Shareholders'/Investors' Grievance Committee across all the public companies excluding private companies, foreign companies and companies registered under Section 25 of the Companies Act, 1956.

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

Remuneration paid to Directors for the year ended 31st March, 2014

Details of remuneration paid to Directors of the Company for the year ended 31st March, 2014 is as follows:

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

Relationship between Directors

Relationship amongst the Directors as per Clause 49 IV (G) of the Listing Agreement is discussed hereunder:

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

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

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

Independent/Non-Executive Directors

Sitting Fees

The Independent Directors are paid sitting fees of ₹15,000/- per meeting of the Board. The members of Audit and Shareholders'/ Investors' grievance, Share allotment and Share transfer Committees are also paid ₹15,000/- for attending the meetings of the respective Committees. Except sitting fees, no other remuneration is paid to Independent Directors.

Shareholding

The details of shares held by Independent Directors as on 31st March, 2014 are enumerated below:

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

Material or pecuniary relationship

The non-executive Independent Directors do not have any material or pecuniary relationship or transaction of that nature with the Company.

Board Committees

The Board of Directors has constituted six Committees:

- 1) Audit Committee
- 2) Remuneration/Compensation Committee
- 3) Shareholders'/Investors' Grievance, Share Allotment and Share Transfer Committee
- 4) Management Committee
- 5) Corporate Social Responsibility (CSR) Committee and
- 6) Sexual Harassment Committee

1) Audit Committee

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

During the year, four Audit Committee meetings were held on 8th May, 2013, 8th August, 2013, 28th October, 2013 and 4th February, 2014.

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

Name of Directors	Designation in the Committee	Nature of Directorship	No. of Meetings Attended
Mr. Abhijeet Patil	Chairman	Independent Director	03
Dr. Avinash Phadke	Member	Independent Director	03
Mr. Anant Gawande	Member	Whole-time Director & CFO	04

2) Remuneration/Compensation Committee

The composition of Remuneration/Compensation Committee is in accordance with the non-mandatory requirements of Clause 49 of the Listing Agreement. It reviews the remuneration policy and recommends the remuneration package for the Executive Directors, ensures compliance with the Sections 198, 309, 310 and 311 of the Companies Act, 1956 read with Schedule XIII. No meeting of the Remuneration/Compensation Committee was held during the year.

The composition of the Committee for the meeting is given below:

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

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

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

During the year, four Shareholders'/Investors' Grievance, Share Allotment and Share Transfer Committee Meetings were held on 8th May, 2013, 8th August, 2013, 28th October, 2013 and 4th February, 2014.

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

Name of Directors	Designation in the Committee	Nature of Directorship	No. of Meetings Attended
Mr. Abhijeet Patil	Chairman	Independent Director	03
Mr. Girish Talwalkar	Member	Whole-time Director	04
Mr. Anant Gawande	Member	Whole-time Director & CFO	04

The details of status of Investors Complaints received for the year from 1st April, 2013 to 31st March, 2014 are given in the following statement:

Pending at the beginning of the year	Received during the year	Disposed off during the year	Remaining unresolved at the end of the year
Nil	12	12	Nil

Ms. Avanti Sankav, Company Secretary, is the Compliance Officer for SEBI/Stock Exchange related issues.

4) Management Committee

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

During the year, five Management Committee Meetings were held on 4th April, 2013, 8th August, 2013, 29th October, 2013, 19th December, 2013 and 4th February, 2014.

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

Name of Directors	Designation in the Committee	Nature of Directorship	No. of Meetings Attended
Mr. Madhukar Talwalkar	Chairman	Executive Chairman	04
Mr. Prashant Talwalkar	Member	Managing Director & CEO	04
Mr. Vinayak Gawande	Member	Whole-time Director	05
Mr. Girish Talwalkar	Member	Whole-time Director	05
Mr. Harsha Bhatkal	Member	Whole-time Director	04
Mr. Anant Gawande	Member	Whole-time Director & CFO	05
Mr. Manohar Bhide	Member	Independent Director	05
Mr. Abhijeet Patil	Member	Independent Director	03

5) Corporate Social Responsibility (CSR) Committee

In terms of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board at its meeting held on 29th October, 2013 has constituted Corporate Social Responsibility (CSR) Committee of the Board.

The terms of reference of the Committee includes formulation and recommendation to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013; to recommend the amount of expenditure to be incurred on CSR activities as indicated in the CSR Policy; monitor the CSR Policy of the Company from time to time; to comply with Section 135 and other provisions of the Companies Act, 2013 and rules, regulations made thereunder and as may be applicable/amended from time to time. No meeting of the Corporate Social Responsibility (CSR) Committee was held since its formation.

The composition of the Corporate Social Responsibility (CSR) Committee is given below:

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

6) Sexual Harassment Committee

In terms the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, implemented by Ministry of Law and Justice (Legislative Department), Government of India, the Board at its meeting held on 8th August, 2013 has constituted sexual harassment committee to prevent any incident of sexual harassment of women at workplace and redressal of their complaints in the matter to ensure women's right to gender equality, life and liberty and equality in working conditions and other women related issues.

During the year, two Sexual Harassment Committee Meetings were held on 29th August, 2013 and 6th February, 2014.

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

Name of Members	Designation in the Committee	No. of Meetings Attended
Ms. Avanti Sankav	Chairperson	02
Ms. Anupa Kamble	Member	02
Ms. Akanksha Vaidya	Member	02
Dr. Smita Sukhtankar	Member	02

General Body Meetings

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

• Annual General Meeting (AGM)

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

Financial Year	Date and Time	Venue	Special Resolutions Passed
2010-11	12 th August, 2011 at 12.00 p.m.	Garware Club House, 1 st Main Building, Wankhede Stadium, D Road, Churchgate, Mumbai – 400 020.	No Special Resolution was passed
2011-12	9 th August, 2012 at 12.30 p.m.	M.C. Ghia Hall, Bhogilal Hargovindas Building, 4 th Floor Kala Ghoda, 18/20, K. Dubash Marg, Mumbai - 400 001.	No Special Resolution was passed
2012-13	8 th August, 2013 at 12:30 p.m.	M.C. Ghia Hall, Bhogilal Hargovindas Building, 4 th Floor Kala Ghoda, 18/20, K. Dubash Marg, Mumbai - 400 001.	No Special Resolution was passed

• Extra-Ordinary General Meeting (EGM)

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

• Postal Ballot

No special resolution was passed through postal ballot during the year 2013-2014.

Disclosures

Disclosure of Related Party Transactions

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

Disclosure of Accounting Treatment

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

Disclosure of non-compliance by the Company

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

Risk Management Framework

The Company has in place, mechanisms to inform the Board about the Risk Assessment and Minimisation procedures and periodical reviews to ensure that risk is controlled by

the executive management through the means of a properly defined framework.

Compliance Reports

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

Code of Conduct for Directors and Senior Management

The Company has adopted a Code of Conduct for Directors and the Senior Management in compliance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges. The Code of Conduct is also posted on the Company's website.

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

Management Discussion and Analysis Report

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

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

The Company has in its IPO in April, 2010, allotted 60,50,000 Equity Shares of ₹10/- each at a price of ₹128/- per Equity Share (including a share premium of ₹118/- per Equity Share) to the shareholders out of which unclaimed shares are transferred to a special account opened by the Company viz. Unclaimed Shares Demat Suspense Account. As on 31st March, 2014, no shares are lying in the suspense account as unclaimed shares.

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

Total No. of Shareholders and outstanding Shares lying as at 01.04.2013		No. of Shareholders who approached Company for transfer of Shares from the Suspense Account to their respective accounts	No. of Shareholders to whom shares were transferred from the Suspense Account to their respective accounts	Aggregate Nos. of Shareholders and the outstanding shares in the Suspense Account as at 31.03.2014	
No. of Shareholders	No. of Shares			No. of Shareholders	No. of Shares
1	50	1	1	0	0

CEO/CFO Certification

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

Payment of Listing Fees

The Company has duly paid the Listing Fees of the Stock Exchanges for the year 2013-14 within the stipulated time.

Remuneration/Compensation Committee

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

Qualification in the Auditors Report

There is no qualification in the Auditors Report for the year ended 31st March, 2014.

Means of Communication

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

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

- Quarterly and audited financial results and updates are published in the newspapers namely; The Economic Times, Free Press Journal, Maharashtra Times and NavShakti.
- The Company's website at www.talwalkars.net is regularly updated with the financial results.
- The Management Discussion and Analysis Report, in compliance with the requirements of Clause 49 of the Listing Agreement is annexed to the Annual Report and forms part of this Annual Report, which is available on the Company's website.

Releases and Events

All the important events, schemes and offers provided by the Company are available on the Company's website. Director's updates on the financial matters, operations of the Company are updated on the website. All these measures help the shareholders to have complete knowledge about the Company.

Investor Presentations

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

General Shareholders Information

Annual General Meeting	Thursday, 18 th September, 2014 at 12.30 p.m. M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturer's Association, Bhogilal Hargovindas Building, 4 th Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai – 400001
Financial Year	1 st April to 31 st March

Financial Calendar (2013-14)

Unaudited results for the quarter ending 30 th June, 2013	8 th August, 2013
Unaudited results for the quarter ending 30 th September, 2013	29 th October, 2013
Unaudited results for the quarter ending 31 st December, 2013	4 th February, 2014
Audited results for the quarter and year ending 31 st March, 2014	8 th May, 2014

Financial Calendar (2014-15)

Unaudited results for the quarter ending 30 th June, 2014	On or before 14 th August, 2014
Unaudited results for the quarter ending 30 th September, 2014	On or before 14 th November, 2014
Unaudited results for the quarter ending 31 st December, 2014	On or before 14 th February, 2015
Audited results for the quarter and year ending 31 st March, 2015	On or before 29 th May, 2015

Book closure dates 13th September, 2014 to 18th September, 2014 (both days inclusive)

Dividend payment date On or after 18th September, 2014

Stock codes (Equity) BSE – 533200

NSE – TALWALKARS

ISIN for NSDL and CDSL INE502K01016

Corporate Identification Number (CIN) L92411MH2003PLC140134

Listing

Equity

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

Debt Securities

- 300 non-convertible debt securities (NCDs) of ₹10,00,000/- each aggregating to ₹30,00,00,000/- issued and allotted on 25th January, 2011 on private placement basis are listed with BSE Limited in the List of securities of 'F - Group - Debt Instruments' with effect from 24th February, 2011.

(Company pre-paid 250 non-convertible debentures out of 300 non-convertible debentures of ₹10,00,000/- each aggregating to ₹25,00,00,000/- during the year.)

Stock codes

BSE: Scrip code: 947096 ; Scrip ID: TBVFL250111

ISIN Number for NSDL and CDSL for dematerialised securities: INE502K07013

- 250 non-convertible debt securities (NCDs) of ₹10,00,000/- each aggregating to ₹25,00,00,000/- issued and allotted on 7th February, 2012 on private placement basis are listed

with BSE Limited in the List of securities of 'F - Group - Debt Instruments' effective from 21st February, 2012.

Stock codes

BSE: Scrip code: 947816; Scrip ID: TBVFL070212

ISIN Number for NSDL and CDSL for dematerialised securities: INE502K07021

- 250 non-convertible debt securities (NCDs) of ₹10,00,000/- each aggregating to ₹25,00,00,000/- issued and allotted on 3rd January, 2014 on private placement basis are listed with BSE Limited in the List of securities of 'F - Group - Debt Instruments' effective from 21st January, 2014.

Stock codes

BSE: Scrip code: 949795; Scrip ID: 1175TBVFL20

ISIN Number for NSDL and CDSL for dematerialised securities: INE502K07039

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

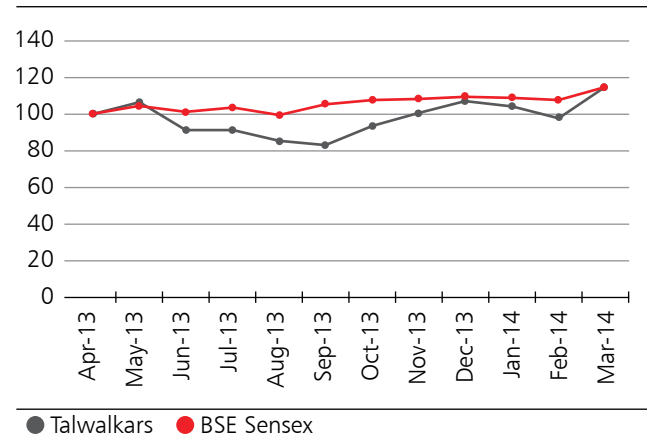
The Company has not issued any GDRs, ADRs, Warrants or any other convertible instruments.

Stock market price data for the year on NSE & BSE

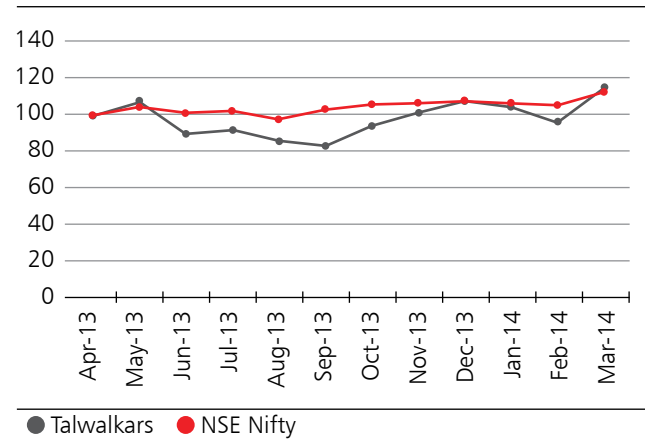
The monthly high and low prices of the Company's shares during 2013-14 on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) are as under:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2013	158.15	132.60	157.90	133.00
May, 2013	168.90	136.60	169.90	134.55
June, 2013	144.90	120.15	141.90	120.00
July, 2013	144.50	125.35	145.00	124.10
August, 2013	135.55	110.00	135.70	109.05
September, 2013	131.45	112.15	131.70	111.40
October, 2013	148.50	119.05	148.50	119.00
November, 2013	159.80	135.60	160.00	130.25
December, 2013	169.95	140.15	169.90	136.35
January, 2014	164.90	130.10	165.00	130.25
February, 2014	154.60	135.00	152.80	135.60
March, 2014	182.00	146.00	182.40	146.20

Share Price Movement in relation to BSE Sensex



Share Price Movement in relation to NSE Nifty



Share Transfer System and Registrar and Transfer Agents

The share transfers/transmissions are approved by the Shareholders'/Investors' Grievance, Share Allotment and Share Transfer Committee. There are no share transfer requests pending as on 31st March, 2014.

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

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

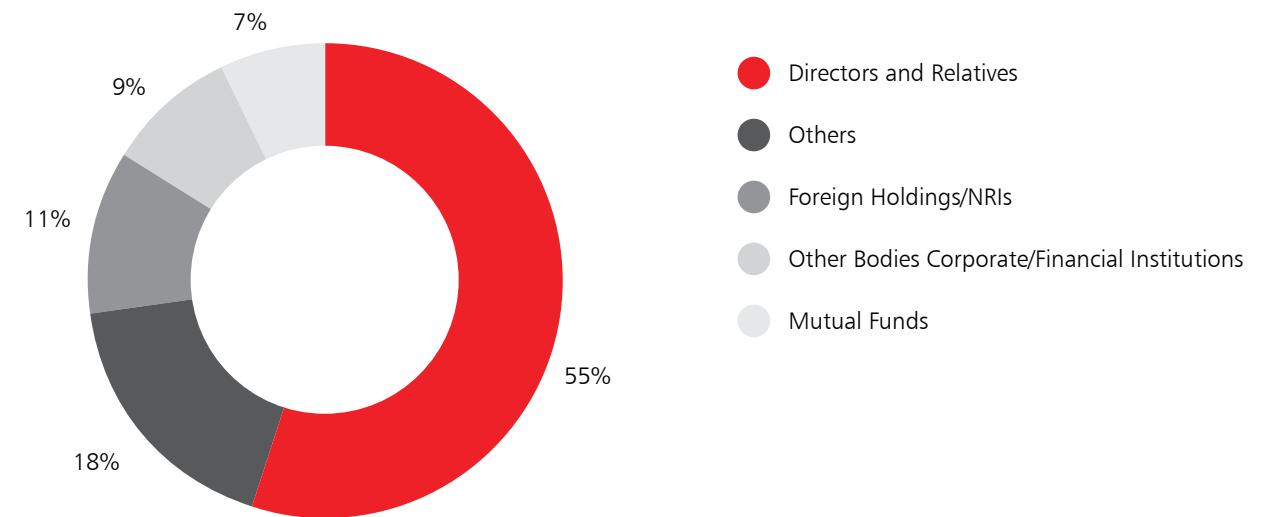
Distribution of shareholding as on 31st March, 2014

No. of Equity Shares held	No. of shareholders	No. of shares held	% of shareholding
Upto 500	10,133	9,78,186	3.74
501 to 1,000	461	3,60,732	1.38
1,001 to 2,000	248	3,70,724	1.42
2,001 to 3,000	102	2,57,427	0.98
3,001 to 4,000	47	1,68,397	0.64
4,001 to 5,000	36	1,68,062	0.64
5,001 to 10,000	69	5,10,837	1.95
More than 10,000	82	2,33,66,523	89.25
Total	11,178	2,61,80,888	100.00

Shareholding pattern as on 31st March, 2014

Category	No. of Shares held	% of Share holding
Promoters & Promoters Group	14,340,923	54.78
Other Directors & their relatives	6,296	0.02
Clearing Member	205,043	0.78
Other Bodies Corporate & Financial Institutions	2,349,131	8.97
Foreign Institutional Investors (FIIs)	2,723,627	10.40
Mutual Funds	1,717,712	6.56
Non-Resident Indians (Repatriable)	220,636	0.84
Non-Resident Indians (Non-Repatriable)	46,778	0.18
Public	4,570,742	17.47
Total	26,180,888	100.00

Categories of shareholding as on 31st March, 2014



Dematerialisation of shares

As on 31st March, 2014, 99.60% of the total paid up capital representing 2,60,76,164 shares, was held in dematerialised form and the balance 0.4% representing 1,04,724 shares was held in physical form.

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

Address for correspondence

Registered Office Address

Talwalkars Better Value Fitness Limited

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

Tel. No.: (022) 6612 6300 (324)

Fax No.: (022) 6612 6363

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

Registrar and Share Transfer Agent

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

Link Intime India Private Limited

(Unit - Talwalkars Better Value Fitness Ltd.)

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

Tel No: (022) 2594 6970

Fax No: (022) 2596 2691

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

For and on behalf of the Board

Talwalkars Better Value Fitness Limited.

Prashant Talwalkar
Managing Director & CEO
DIN : 00341715

Anant Gawande
Whole-time Director & CFO
DIN : 00324734

Date: 8th May, 2014
Place: Mumbai

CERTIFICATES UNDER REPORT ON CORPORATE GOVERNANCE

Certificate on Corporate Governance

To
The Members
Talwalkars Better Value Fitness Limited

We have examined the compliance of conditions of Corporate Governance by **Talwalkars Better Value Fitness Limited**, for the year ended on 31st March, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

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

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

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

Geeta Canabar
Proprietor

Date: 8th May, 2014
Place: Mumbai

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

To
The Members
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, 2014.

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

Prashant Talwalkar
Managing Director & CEO
DIN : 00341715
Date: 8th May, 2014
Place: Mumbai

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

To
The Board of Directors
Talwalkars Better Value Fitness Limited.

Dear Sirs,

Sub: CEO/CFO Certificate

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

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

- (A) We have reviewed the Balance Sheet as at 31st March, 2014 and Profit & 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, 2014 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 the 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
DIN : 00341715

Anant Gawande
Whole-time Director & CFO
DIN : 00324734

Date: 8th May, 2014
Place: Mumbai

Independent Auditors' Report

TO THE MEMBERS OF
TALWALKARS BETTER VALUE FITNESS LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **TALWALKARS BETTER VALUE FITNESS LIMITED**, which comprise the Balance Sheet as at 31st March 2014, and the statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION:

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014,

- b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- iii. The Balance Sheet and Statement of Profit and Loss dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet and Statement of Profit and Loss dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. In our opinion the accounting impact of company's policy on impairment as per AS 28 on Impairment of Assets, needs to be reviewed on a regular basis.
- v. On the basis of written representations received from the directors, as on 31st March 2014, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **M. K. Dandekar & Co.**,
(ICAI FIRM REG. NO. 000679S)

K. J. Dandekar
Partner

Dated : 8th May, 2014
Place : Mumbai

Chartered Accountants
Membership No. 018533

Annexure to the Independent Auditors' Report

With reference to the Annexure referred to paragraph 1 of the report of Auditors to the Members of TALWALKARS BETTER VALUE FITNESS LIMITED on the accounts for the year ended 31st March 2014, we report that

1. **Fixed Assets :**
 - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) We are informed that the management of the Company has physically verified during the year all its fixed assets and no material discrepancies were noticed on such verification.
 - (c) The Company has not disposed of any of its fixed assets so as to affect the going concern status.
2. **Inventory:**
 - (a) The physical verification of inventory has been conducted at reasonable intervals by the Management.
 - (b) The procedures for physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory and any discrepancies noticed on physical verification are being properly dealt in the books of accounts.
3. **Loans:**
 - (a) The Company has granted loans to its Subsidiary Companies (Four Companies) listed in the register maintained u/s. 301 of the Companies Act, 1956. The maximum amount involved during the year in respect of the said loans was ₹21.16 Millions (prev. yr. ₹ 21.54 Millions) and at the year end the balance outstanding of the said loans granted was ₹49.49 Millions (prev. yr. ₹ 44.54 Millions). Other than the above, the Company has not granted any loans, secured or unsecured to companies, parties or firms covered in the register maintained u/s. 301 of the Act.
 - (b) In our opinion, prima facie, the interest and other terms and conditions of the aforesaid loan granted are not prejudicial to the interest of the Company.
 - (c) In case of the loan granted to the Subsidiary Company listed in the register maintained u/s. 301, the terms of arrangement do not stipulate any repayment schedule and the loan is repayable on demand. Accordingly paragraph 4(iii)(c) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company in respect of repayment of the principal amount.
 - (d) There are no overdue amounts of more than rupees one lakh in respect of the loan granted to the subsidiary Company.
 - (e) The Company has not taken unsecured loans from companies & related parties listed in the register maintained u/s. 301 of the Companies Act, 1956. However, the maximum amount involved during the previous year in respect of the said loans was ₹ 1.54 millions. Other than the above, the Company has not taken any loans, secured or unsecured from companies, parties or firms covered in the register maintained u/s. 301 of the Act.
 - (f) The Company has not taken any loans, secured or unsecured from companies, parties or firms covered in the register maintained u/s. 301 of the Companies Act, 1956 during the year. Accordingly paragraph 4(iii) (f) and (g) of the Companies (Auditor's Report) Order, 2003 is not applicable.
4. In our opinion and based on the information and explanations given to us, the internal controls are generally adequate and are commensurate with the size of the Company and the nature of its business. We have not observed any other 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 u/s. 301 of the Companies Act, 1956 have been so entered.
 - (b) Based on the information and explanations given to us, in our opinion these transactions have been made at reasonable prices having regard to the prevailing market prices at the relevant time of transactions.
6. The Company has not accepted any deposits from public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules made under Companies (Acceptance of Deposits) Rules, 1975. Therefore, the provisions of clause (vi) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, in our opinion are not applicable to the Company for the year under review.
7. In our opinion, the scope and coverage of internal audit system need to be increased to make it commensurate with the size and nature of business of the company.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-clause (1) of section 209 of the Companies Act, 1956 in respect of services carried out by the Company.
9. **Statutory Dues:**
 - (a) According to the records of the Company, Provident Fund, Employees State Insurance, Income tax, Sales tax, Customs Duty, Service Tax, Excise Duty, Cess and other statutory dues to the extent applicable to the Company, they have been generally deposited regularly during the year, with the appropriate authorities with the exception of certain instances of late remittances of statutory dues noticed towards Income Tax, VAT and Service Tax, since remitted.
 - (b) According to the information and explanations given to us, the following are the particulars of disputed statutory dues which have not been deposited as at 31st March 2014

Name of the Statute	Nature of the Dues	Amount ₹ (Millions)	Period to which the amount relates	Forum where dispute is Pending
Income Tax Act, 1961	Income Tax demand	80.63	Assessment Year 2010-11	CIT Appeals
10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year. Accordingly, paragraph 4(x) of the Companies (Auditor's Report) Order, 2003 is not applicable.
11. Based on the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution and banks.
12. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for the loans taken by others from banks or financial institutions are not prima facie prejudicial to the interests of the Company.
16. According to the information and explanations given to us, term loans raised by the Company have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on the overall examination of the Balance sheet of the Company, we report that the Company has not used funds raised on short term basis for long term investment.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies / firms covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
19. In our opinion and according to the information and explanations given to us, the Company has created security or charge in respect of the debentures issued and outstanding at the year end.
20. The Company has not raised any money by public issue during the year.
21. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year under review.

For M. K. Dandekar & Co.,
(ICAI FIRM REG. NO. 000679S)

K. J. Dandekar
Partner

Dated : 8th May, 2014
Place : Mumbai

Chartered Accountants
Membership No. 018533

Balance Sheet as at 31st March, 2014

Particulars	Notes to Accounts No.	₹ in Millions	
		As at March 31, 2014	As at March 31, 2013
I. EQUITY AND LIABILITIES			
1) Shareholders' Funds			
(a) Share Capital	2	261.81	261.81
(b) Reserves and Surplus	3	2,048.73	1,760.64
2) Non-Current Liabilities			
(a) Long Term Borrowings	4	1,238.51	1,191.26
(b) Deferred Tax Liabilities (Net)		227.36	184.73
(c) Other Long Term Liabilities	5	122.58	157.61
3) Current Liabilities			
(a) Short Term Borrowings	6	300.00	43.17
(b) Trade Payables	7	82.49	60.35
(c) Other Current Liabilities	8	367.21	311.64
(d) Short Term Provisions	9	141.29	130.83
TOTAL		4,789.98	4,102.04
II. ASSETS			
1) Non-Current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		3,699.35	2,890.99
(ii) Intangible Assets		39.44	40.50
(iii) Capital Work In Progress		340.72	293.66
(iv) Intangible Assets under Development		3.32	3.32
(b) Non-Current Investments	11	109.50	248.30
(c) Long Term Loans and Advances	12	199.67	212.72
(d) Other Non-Current Assets	13	0.09	1.60
2) Current Assets			
(a) Current Investments	14	0.22	0.22
(b) Inventories	15	0.63	1.55
(c) Trade Receivables	16	274.20	138.24
(d) Cash and Cash Equivalents	17	41.56	193.84
(e) Short Term Loans and Advances	18	81.28	77.10
TOTAL		4,789.98	4,102.04
Summary of significant accounting policies	1		
The accompanying notes are forming part of the accounts			

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

K. J. Dandekar
Partner
Membership No. 018533

Place : Mumbai
Date : 8th May, 2014

For and on behalf of the Board

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

Statement of Profit And Loss for the year ended 31st March, 2014

Particulars	Notes to Accounts No.	₹ in Millions	
		Year Ended March 31, 2014	Year Ended March 31, 2013
1. REVENUE			
a. Revenue from operations	19	1,800.47	1,459.03
Less: Service tax		190.35	154.68
		1610.12	1304.35
b. Other Income	20	8.25	12.55
Total Revenue		1,618.37	1,316.90
2. EXPENSES			
(a) Changes in Inventories	21	0.92	(1.55)
(b) Purchase of stock-in-trade	22	1.18	2.87
(c) Employee benefit expenses	23	293.97	266.90
(d) Financial costs	24	95.58	94.79
(e) Depreciation and amortization expenses	25	222.66	132.27
(f) Other expenses	26	507.75	411.00
Total Expenses		1,122.06	906.28
3. Profit before exceptional and extraordinary items and tax (1 - 2)		496.31	410.62
4. Exceptional Items	27	(0.28)	-
5. Profit before extraordinary items and tax (3 + 4)		496.03	410.62
6. Extraordinary Items		-	-
7. Profit before tax for the year (5 + 6)		496.03	410.62
8. Tax expense:			
(a) Current Tax	28	110.79	88.26
MAT Credit Reversal / (Entitlement)		8.58	(3.64)
(b) Deferred Tax	29	42.63	49.32
9. Profit(Loss) from the period from continuing operations (7 - 8)		334.03	276.68
10. Profit/(Loss) from Discontinuing operations		-	-
11. Profit/(Loss) for the period (9 + 10)		334.03	276.68
12. Earning per equity share (of ₹ 10 each) :			
(1) Basic	32	12.76	11.19
(2) Diluted	32	12.76	11.19
Summary of significant accounting policies	1		
The accompanying notes are forming part of the accounts			

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

K. J. Dandekar
Partner
Membership No. 018533

Place : Mumbai
Date : 8th May, 2014

For and on behalf of the Board

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

Cash Flow Statement for the year ended 31st March, 2014

Particulars	₹ in Millions	
	Year Ended March 31, 2014	Year Ended March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before Taxes	496.03	410.60
Non-cash expenses	222.66	132.27
Finance cost (Net)	95.58	94.79
Income from Investment activity	(1.93)	(3.45)
(Profit) / Loss on sale of assets	0.28	-
	316.59	223.61
Operating Profit before Working capital changes	812.62	634.21
(Increase) / Decrease in Current Assets	(10.87)	(54.20)
(Increase) / Decrease in Trade and other receivables	(135.96)	9.45
Increase / (Decrease) in Trade and other payables	28.06	39.94
	(118.76)	(4.81)
Cash generated from operations	693.86	629.40
Direct taxes paid	(100.64)	(59.12)
Net cash from operating activities	593.22	570.28
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Investment in Joint Venture	-	(3.35)
Payment towards purchase of Fixed Assets, CWIP	(1,023.42)	(840.68)
Proceeds from sale of fixed assets	44.95	-
Dividend Received	1.93	3.07
Purchase of Short Term Investments	(412.80)	(452.07)
Proceeds from sale of Short Term Investments	568.86	401.23
Net cash (used in) / from Investing activities	(820.48)	(891.80)

Cash Flow Statement for the year ended 31st March, 2014

Particulars	₹ in Millions	
	Year Ended March 31, 2014	Year Ended March 31, 2013
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Qualified Institutional Placement Share issue Proceeds	-	423.74
Repayment of Non-Convertible Debentures	(250.00)	-
Issue proceeds from Non-Convertible Debentures	250.00	-
Non-Convertible Debentures interest	(62.77)	(64.44)
QIP related expenses	-	(37.07)
Borrowings done	991.27	691.08
Repayment of Long term and other borrowings	(679.18)	(528.42)
Finance cost paid	(130.20)	(114.87)
Dividend Paid	(39.27)	(30.14)
Dividend Tax Paid	(6.37)	(4.89)
Net cash used in Financing Activities	73.48	334.99
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(153.78)	13.46
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	195.43	181.97
Cash & Bank Balance including Fixed Deposits	41.65	195.43
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	41.65	195.43

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

K. J. Dandekar
Partner
Membership No. 018533

Place : Mumbai
Date : 8th May, 2014

For and on behalf of the Board

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

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2014

CORPORATE INFORMATION:

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

The Company, which is popularly known as 'Talwalkars' has pioneered the concept of gyms in India and today, is the largest chain of health centers in India offering a diverse suite of services in fitness including gyms, spas, aerobics and health counseling. Talwalkar's growth can be attributed directly to the trust their customers have in them, and the benefits they derive from their expert advice, personalized supervision, on-going facility upgrades, result-oriented approach, and above all from Talwalkar's know-how and experience in this field.

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of preparation of financial statements:

- The financial statements of the Company are prepared in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP") under the historical cost convention on an accrual basis. The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.
- All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956. The Company has ascertained its operating cycle as 12 months for the purpose of such classification.
- The amounts in the accompanying financial statements have been stated in millions of Indian rupees rounded off to two decimals.

Use of Estimates:

- The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as at the date of the financial statements. These estimates are based upon management's best knowledge of current events and actions. The difference between the actual results and estimates are recognized in the period in which the results are known / materialised.

(b) Fixed assets :

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

(c) Depreciation/Amortisation :

- Depreciation on all fixed assets is provided pro-rata from / up to the date of acquisition / disposal using the straight line method at the rates prescribed by schedule XIV of the Companies Act, 1956. However, in respect of the following asset categories the depreciation is provided at higher rates in line with their revised estimated useful life with effect from 01.04.2013.
- In case of Goodwill, the amount is amortized @4.75% p.a. using the straight-line method.

(d) Provisions, Contingent Liabilities and Contingent Assets:

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

(e) Revenue Recognition:

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

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2014

(f) Impairment of Assets:

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

(g) Employee benefits:

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

(h) Borrowing Cost:

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

(i) Foreign Currency Transactions:

- Foreign Currency Transactions are recorded on initial recognition in the reporting currency, using the exchange rate on the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing rate.
- Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are:
 - Upto 31st March 2008, recognised as an income or expense in the period in which they arise and
 - Thereafter adjusted in the cost of fixed assets specifically financed by the borrowings to which the exchange differences relate.

(j) Earnings Per Share:

Basic Earnings Per Share

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

Diluted Earnings Per share

- For the purpose of calculating Diluted Earnings Per Share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(k) Taxes on Income:

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

(l) Cash Flow Statement :

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

(m) Investments:

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

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2014

- (n) Inventories :
- Inventories of stock-in-trade are valued at lower of cost and net realisable value.
- (o) Debenture Redemption Reserve:
- Transfer to Debenture Redemption Reserve is made in terms of requirement of Circular No. 04/2013 dated 11/02/2013 issued by the Ministry of Corporate Affairs.
- (p) Leases:
- Assets taken on lease by the Group in its capacity as lessee, where the Group has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalized at the inception of the lease at lower of fair value or the present value of the minimum lease payments and a liability is recognized for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant rate of interest on the outstanding liability for each year.
 - Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the lessor, are recognised as operating lease. Lease rentals under operating lease are recognised in the Statement of Profit and Loss.

Note 2 : Share Capital

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
	No.	₹ in Millions	No.	₹ in Millions
SHARE CAPITAL				
AUTHORISED:				
30,000,000 Equity Shares of ₹ 10/- each	30,000,000	300.00	30,000,000	300.00
		300.00		300.00
ISSUED, SUBSCRIBED & PAID-UP:				
2,61,80,888 Equity Shares of ₹10/- each fully Paid- up	26,180,888	261.81	26,180,888	261.81
(Previous year 2,61,80,888 Equity shares of ₹10/-each fully Paid- up)				
		261.81		261.81

- (i) Terms/ Rights attached to Equity Shares
- The Company has only one class of share capital namely Equity Shares having a face value of ₹10 per share.
 - In respect of every Equity Share (Whether fully paid or partly paid), voting right shall be in the same proportion as the capital paid up on such Equity Share bears to the total paid up Equity capital of the Company.
 - The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.
 - In the event of liquidation, the shareholders of Equity Shares are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.
- (ii) Reconciliation of Number of Equity Shares and Share Capital

Details	As at March 31, 2014		As at March 31, 2013	
	No.	₹ in Millions	No.	₹ in Millions
Fully Paid up Shares Outstanding as at beginning of the year	26,180,888	261.81	24,115,672	241.16
Fully paid up shares issued during the year	-	-	2,065,216	20.65
Fully paid up shares Outstanding as at end of the year	26,180,888	261.81	26,180,888	261.81

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2014

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

Details	As at March 31, 2014		As at March 31, 2013	
	No. of shares held	% of holding	No. of shares held	% of holding
Equity Shares of ₹10/- each fully paid up				
1) Prashant Sudhakar Talwalkar & Nalina Ann Talwalkar	2,876,080	10.99%	2,876,080	10.99%
2) Girish Madhukar Talwalkar & Nanda Girish Talwalkar	2,864,280	10.94%	2,864,280	10.94%
3) Madhukar Vishnu Talwalkar & Usha Madhukar Talwalkar	2,832,280	10.82%	2,832,280	10.82%
4) Anant Ratnakar Gawande & Yamini Anant Gawande	1,920,200	7.33%	1,920,200	7.33%
5) Vinayak Ratnakar Gawande & Madhuri Vinayak Gawande	1,920,200	7.33%	1,920,200	7.33%
6) Harsha Ramdas Bhatkal & Smeeta Harsha Bhatkal	1,920,200	7.33%	1,920,200	7.33%
7) Smallcap World Fund, Inc	1,694,000	6.47%	1,694,000	6.47%
8) Laxmi Shivanand Mankekar & Kedar Shivanand Mankekar	1,573,520	6.01%	-	-
Total	17,600,760		16,027,240	

- iv) For the period of five years immediately preceding the March 31, 2014 for which the Balance Sheet is prepared

Equity Shares	Aggregate number of Shares					
	2014	2013	2012	2011	2010	2009
Fully paid up pursuant to contracts without being received in cash	-	-	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	-	15,807,463	-
Shares bought back	-	-	-	-	-	-

Note 3 : Reserves and Surplus

Particulars	₹ in Millions	
	As at March 31, 2014	As at March 31, 2013
(a) Securities Premium Account		
Opening Balance	1,066.27	700.25
Add : Securities premium credited on Share issue	-	403.09
Less : Premium Utilised:		
Share Issue Expenses	-	25.40
Debenture Issue Expenses	-	11.67
Closing Balance	1,066.27	1,066.27
(b) Debenture Redemption Reserve		
Opening Balance	56.93	22.55
Add: Transferred during the year	38.09	34.38
Closing Balance	95.02	56.93
(c) General Reserve		
Opening Balance	18.63	-
Add: Transferred during the year	16.70	18.63
Closing Balance	35.33	18.63

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2014

Note 3 : Reserves and Surplus

Particulars	₹ in Millions	
	As at March 31, 2014	As at March 31, 2013
(d) Surplus / (Debit) balance in the Statement of Profit and Loss		
Opening balance	618.81	440.78
Add: Profit / (Loss) for the year	334.03	276.68
Less Appropriation:		
Proposed Dividend on Equity Shares	39.27	39.27
Tax on Dividend	6.67	6.37
Debenture Redemption Reserve	38.09	34.38
General Reserve	16.70	18.63
Closing Balance	852.11	618.81
Total	2,048.73	1,760.64

Note 4 : Long Term Borrowings

Particulars	₹ in Millions	
	As at March 31, 2014	As at March 31, 2013
(a) Bonds/Debentures (Refer Note (a) below)	533.33	550.00
(b) Term loans		
From banks (Refer Note (b & c) below)	695.13	639.36
(c) Loans and Advances from related parties	-	1.54
(d) Other Loans and Advances from others	-	0.36
(e) Long term maturities of finance lease obligations (Refer Note (d) below)	10.05	-
Total	1,238.51	1,191.26

Notes:

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

S. No.	Nature of Debenture	Face Value per Debenture (₹)	Date of Allotment	₹ in Millions		Interest for 2013-14	Terms of Repayment of Debentures outstanding as at March 31, 2014
				As at March 31, 2014	As at March 31, 2013		
1	11.5% Secured, Taxable, Redeemable NCDs	1.00	25/1/2011	50.00	300.00	27.65	The principal amount of the Non-Convertible Debenture, interest due and any other monies payable by the company in respect of the Non-Convertible Debenture will be secured by first <i>pari passu</i> charge on the specified assets of the Company as identified in the Debenture Trust Deed such that a fixed asset cover of 1.25 times is maintained at all times during the tenor of the Non-Convertible Debenture. Non-Convertible Debenture will redeemed in three equal annual installment at the end of 4th,5th and 6th year from the deemed date of allotment
2	12% Secured, Taxable, Redeemable NCDs	1.00	7/2/2012	250.00	250.00	30.00	
3	11.75% Secured, Taxable, Redeemable NCDs	1.00	3/1/2014	250.00	-	7.08	
Total				550.00	550.00	64.73	

- b) All loans are sanctioned by Union Bank of India are secured primarily against the first hypothecation / mortgage charge on the entire movable and immovable Fixed Assets & 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 ₹272.07 million, Previous year ₹241.40 million)

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2014

c) Terms of repayment of Term loans

Year	₹ in Millions							Total
	UBI 1	UBI 2	UBI 3	UBI 4	UBI 5	UBI 6	UBI 7	
2014-15	39.20	87.00	7.33	13.33	26.70	4.39	92.20	270.16
2015-16	39.20	32.25	4.89	17.33	26.70	-	92.20	212.57
2016-17	33.60	-	-	21.33	26.70	-	92.20	173.83
2017-18	4.18	-	-	25.33	27.98	-	92.20	149.70
2018-19	-	-	-	39.11	20.07	-	92.20	151.38
2019-20	-	-	-	25.56	-	-	23.30	48.86

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

Particulars	₹ in Millions	
	As at March 31, 2014	As at March 31, 2013
i) Minimum Lease Payments:		
- Not later than one year	5.77	-
- Later than one year but not later than five years	12.79	-
- Later than five years	-	-
Total	18.57	-
ii) Present Value of Minimum Lease Payments:		
- Not later than one year	4.46	-
- Later than one year but not later than five years	7.23	-
- Later than five years	-	-
Total	11.69	-
Add: Future finance charges	6.88	-
Total	18.57	-

Note 5 : Other Long Term Liabilities

Particulars	₹ in Millions	
	As at March 31, 2014	As at March 31, 2013
(a) Acceptances (Refer Note (a) below)	122.08	157.11
(b) Deposits (Refer Note (b) below)	0.50	0.50
Total	122.58	157.61

Notes:

- a) Acceptances by Union Bank of India are secured primarily against the first hypothecation / mortgage charge on the entire movable and immovable Fixed Assets & Current Assets of the Company including Gymnasium Equipments, Furniture & Fixtures and any other equipment installed in the Gymnasiums, equitable mortgage of immovable premises of the Company, corporate guarantee and collateral security by way of equitable mortgage of premises situated at Tardeo and Mahalaxmi, Mumbai of third parties and the personal guarantee of three Directors of the Company.
- b) Refundable security deposit from Franchisee of ₹ 0.5 millions

Note 6 : Short Term Borrowings

Particulars	₹ in Millions	
	As at March 31, 2014	As at March 31, 2013
Secured		
Drawdown facility from bank	-	43.17
Unsecured		
Short-term loans	300.00	-
Total	300.00	43.17

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2014

Note 7 : Trade Payables

Particulars	₹ in Millions	
	As at March 31, 2014	As at March 31, 2013
Trade Payables:		
Sundry Creditors	82.49	60.35
Total	82.49	60.35

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

Note 8 : Other Current Liabilities

Particulars	₹ in Millions	
	As at March 31, 2014	As at March 31, 2013
(a) Current maturities of long-term debt (Refer Note 4 (c) Long-term borrowings)	272.07	241.40
(b) Current maturities of finance lease obligations (Refer note(a) below)	3.34	-
(c) Current maturities of Non-Convertible Debenture	16.67	-
(d) Other payables		
Sundry creditors for capital goods	3.68	6.49
Statutory Dues Payable	58.72	52.98
(e) Interest accrued but not due on Non-Convertible Debenture (Refer note(b) below)	12.73	10.77
Total	367.21	311.64

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

Note (b): The Company has provided interest on 11.5% and 12% & 11.75% Redeemable Secured Non Convertible Debentures. Refer note 4 (a) of Long term borrowings

Note 9 : Short Term provisions

Particulars	₹ in Millions	
	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits (Refer Note (a) below)	0.02	0.01
Provisions		
Proposed Dividend	39.27	39.27
Tax on Dividend	6.67	6.37
Income Tax (Net of Advance tax)	95.33	85.18
Total	141.29	130.83

Note:

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

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

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

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

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

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2014

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

Particulars	₹ in Millions			
	Gratuity	Leave Salary	Ex-Gratia and Other Terminal benefits	Total
Opening Balance	0.27	NA	NIL	0.27
Less:				
Paid / Adjusting during the year	NIL	NA	NIL	NIL
Add:				
Provision made during the year	0.02	NA	NIL	0.02
Closing Balance	0.29	NA	NIL	0.29

During the Previous year:

Particulars	₹ in Millions			
	Gratuity	Leave Salary	Ex-Gratia and Other Terminal benefits	Total
Opening Balance	0.26	N A	NIL	0.26
Less:				
Paid / Adjusting during the year	NIL	N.A	NIL	NIL
Add:				
Provision made during the year	0.01	N.A	NIL	0.01
Closing Balance	0.27	N A	NIL	0.27

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

- Nature of Gratuity - Gratuity is payable to all eligible employees at the rate of 15 days of last drawn salary for each completed year of service subject to the maximum of ₹ 1 million for all employees who were on the roll as on 31.03.2014.
- The retirement age is taken as 60 years.
- Progression of future salary is taken into account while calculating the liability.
- Valuation Method: Projected unit credit method.

v) Basis of Valuation:

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

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2014

Note 10 : Fixed Assets

₹ in Millions

Description	Gross Block			Accumulated Depreciation / Amortization				Net Block		
	As at 1-Apr-13	Additions	Deductions	As at 31-Mar-14	As at 1-Apr-13	For the Year	On Deductions	As at 31-Mar-14	As at 31-Mar-14	As at 31-Mar-13
1) Tangible Assets										
i) Buildings	288.31	236.54	-	524.85	13.01	7.25	-	20.26	504.59	275.30
ii) Gym Equipments	939.75	93.69	35.95	997.49	132.76	62.45	0.30	194.91	802.58	806.99
iii) Furniture & Fittings	1,451.33	678.13	19.06	2,110.40	169.80	97.02	3.13	263.69	1,846.71	1,281.53
iv) Computers	74.48	5.77	-	80.25	14.86	12.79	-	27.65	52.60	59.62
v) Air-Conditioners	175.31	22.58	-	197.89	23.44	9.06	-	32.50	165.39	151.87
vi) Electrical Fittings	246.94	18.59	2.20	263.33	33.90	24.35	0.49	57.76	205.57	213.04
vii) Office Equipment	110.61	11.06	-	121.67	7.97	5.54	-	13.51	108.16	102.64
viii) Vehicle	-	0.94	-	0.94	-	0.04	-	0.04	0.90	-
Asset Under Lease										
Vehicle	-	15.95	-	15.95	-	3.10	-	3.10	12.85	-
Total	3,286.73	1,083.25	57.21	4,312.77	395.74	221.60	3.92	613.42	3,699.35	2,890.99
Previous Year	2,444.67	842.05	-	3,286.72	266.16	129.58	0.01	395.73	2,890.99	2,178.51
2) Intangible Assets										
i) Goodwill	56.60	-	-	56.60	16.10	1.06	-	17.16	39.44	40.50
Total	56.60	-	-	56.60	16.10	1.06	-	17.16	39.44	40.50
Previous Year	56.60	-	-	56.60	13.40	2.69	-	16.10	40.50	43.19
3) Capital Work-in-Progress									340.72	293.66
4) Intangible Asset under development									3.32	3.32
								4,082.83		3,228.47

Note 11 : Non Current Investments

₹ in Millions

Particulars	As at March 31, 2014	As at March 31, 2013
Non Trade Investments		
(Valued at cost unless stated otherwise)		
Investment in Equity Instruments		
Unquoted Investment		
i) Investment In Joint Ventures:		
a) Splendor Fitness Private Limited (formerly known as Talwalkars Pantaloon Fitness Pvt. Ltd.) [1,40,000 (Previous year 1,40,000) Equity Shares of ₹100/- each fully paid]	50.00	50.00
ii) Investment in Subsidiaries:		
a) Denovo Enterprises Private Limited [50,100(Previous year 50,100) Equity Shares of ₹100/- each fully paid]	5.01	5.01
b) Aspire Fitness Private Limited [50,001 (Previous year 50,001) Equity Shares of ₹100/- each fully paid]	5.00	5.00
c) Jyotsna Fitness Pvt.Ltd [1,001 Equity Shares of ₹100/-each fully paid]	0.10	0.10
Share Application Money in Subsidiaries (pending allotment)		
Denovo Enterprises Private Limited	7.50	7.50
Jyotsna Fitness Private Limited	4.60	4.60
Investment in Mutual Funds		
Quoted Investment		
DWS Treasury Fund Cash Reg. - DDP (Market value as on 31/03/2014 ₹37.32 millions)	37.29	-
DWS Fixed Maturity Plan - Series 2 (1,25,00,000 units)	-	125.00
DWS Cash Opportunities Fund	-	51.09
Total	109.50	248.30

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2014

Note 12 : Long Term Loans and Advances

₹ in Millions

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Capital Advances		
Unsecured, considered good	1.27	13.20
(b) Security Deposits		
Unsecured, considered good	172.15	164.69
(c) Other Loans & Advances		
Minimum Alternate Tax credit entitlement	26.25	34.83
Total	199.67	212.72

Note 13 : Other non-current assets

₹ in Millions

Particulars	As at March 31, 2014	As at March 31, 2013
Fixed deposit (Pledged as Bank guarantee)	0.09	1.60
Total	0.09	1.60

Note 14 : Current Investment

Particulars	As at March 31, 2014		As at March 31, 2013	
	No.	₹ in Millions	No.	₹ in Millions
Investment in Mutual Funds				
Axis Liquid Fund	177.00	0.22	177.00	0.22
Total	177.00	0.22	177.00	0.22

Nature of transactions	As at March 31, 2014		As at March 31, 2013	
	No.	₹ in Millions	No.	₹ in Millions
Purchases	-	-	122,296.39	149.00
Sales	-	-	122,193.91	149.26

Note 15 : Inventories

₹ in Millions

Particulars	As at March 31, 2014	As at March 31, 2013
Traded goods	0.63	1.55
(Valued at lower of cost and net realisable value)		
Total	0.63	1.55

Note 16: Trade Receivables

₹ in Millions

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good		
a) More than 6 months (from the date they are due for payment)	19.94	17.59
b) Others	254.26	120.65
Total	274.20	138.24

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2014

Note 17 : Cash and Cash Equivalents

Particulars	₹ in Millions	
	As at March 31, 2014	As at March 31, 2013
a) Balance with banks		
Bank balance in current account	1.74	16.54
Bank deposits against margin money	-	18.86
Other Bank deposits	24.34	72.76
b) Cheques, Drafts on hand	-	70.14
c) Cash on Hand	15.48	15.54
Total	41.56	193.84

Note: Details of other Bank Deposits

Particulars	₹ in Millions	
	As at March 31, 2014	As at March 31, 2013
a) Deposits with Original maturity for more than 12 months	-	2.85
b) Deposits with original maturity for more than 3 but less than 12 months	24.26	49.01

Note 18 : Short Terms Loans and Advance

Particulars	₹ in Millions	
	As at March 31, 2014	As at March 31, 2013
a) Loans and Advances to related parties	55.13	49.92
b) Others		
Advances recoverable in cash or kind for value to be received	7.41	1.41
Prepaid expenses	15.68	22.04
Service Tax Credit receivable	3.04	3.61
Input VAT	0.02	0.12
Total	81.28	77.10

Note 19 : Revenue from Operations

Particulars	₹ in Millions	
	Year Ended March 31, 2014	Year Ended March 31, 2013
(a) Gross Fees including Service Tax	1,703.03	1,379.73
(b) Franchisee Fees including Service Tax	24.64	20.65
(c) Management and Consultancy Fees	2.69	1.34
(d) Input credit Service Tax	67.53	55.63
(e) Sales (retail)	2.58	1.68
Total	1,800.47	1,459.03

Note 20 : Other Income

Particulars	₹ in Millions	
	Year Ended March 31, 2014	Year Ended March 31, 2013
(a) Income from Juice Centre and Food & Supplements	0.35	0.37
(b) Gain/(Loss) on sale of Assets/Investments	-	0.39
(c) Sundry Credit balances no longer payable	0.46	0.24
(d) Dividend from Mutual Funds	1.93	3.07
(e) Miscellaneous Income	1.00	2.60
(f) Interest on Bank Term Deposits	4.51	5.88
Total	8.25	12.55

Significant accounting policies and notes to the Financial Statements for the year ended 31st March, 2014

Note 21 : Changes in Inventories

Particulars	₹ in Millions	
	Year Ended March 31, 2014	Year Ended March 31, 2013
Inventories at the beginning of the year		
Traded goods	1.55	
Inventories at the end of the year		
Traded goods	0.63	1.55
(Increase)/ Decrease	0.92	(1.55)

Note 22 : Purchase of Stock-in-trade

Particulars	₹ in Millions	
	Year Ended March 31, 2014	Year Ended March 31, 2013
Purchase of goods for merchandise	1.18	2.87
Total	1.18	2.87

Note 23 : Employee Benefit Expenses

Particulars	₹ in Millions	
	Year Ended March 31, 2014	Year Ended March 31, 2013
(a) Salaries, Wages and Bonus	13.63	2.42
(b) Contract fees for Labour/Security/Housekeeping	264.57	261.76
(c) Directors' Remuneration	15.75	2.71
(d) Contribution towards Provident and other Funds	0.02	0.01
Total	293.97	266.90

Note 24 : Financial Cost

Particulars	₹ in Millions	
	Year Ended March 31, 2014	Year Ended March 31, 2013
(a) Interest expenses		
Interest on Secured Loan	84.06	87.54
Interest on Unsecured Loan	-	0.67
(b) Other borrowing costs		
Bank Charges	3.03	1.04
Credit Card Charges	8.49	5.54
Total	95.58	94.79

Note 25 : Depreciation & Amortisation Expenses

Particulars	₹ in Millions	
	Year Ended March 31, 2014	Year Ended March 31, 2013
Depreciation & Amortisation expenses	222.66	132.27
Total	222.66	132.27

Note 26 : Other Expenses

Particulars	₹ in Millions	
	Year Ended March 31, 2014	Year Ended March 31, 2013
(a) Administrative & Other Expenses		
Statutory & Tax Audit Fees	2.07	1.68
Internal Audit Fees	3.48	3.02
AGM Meeting Expenses	0.82	0.15
Consumable, Food and Supplements	3.79	5.26
Electricity and Fuel expenses	81.19	75.16

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2014

Note 26 : Other Expenses

Particulars	₹ in Millions	
	Year Ended March 31, 2014	Year Ended March 31, 2013
Insurance Charges	1.77	1.66
Juice Centre and Spa Expenses	0.66	1.10
Pooja and Special Function Expenses	1.29	1.04
Printing and Stationery	3.16	4.13
Professional Fees	9.51	16.41
Rates and Taxes	8.54	7.95
Interest on late payment of statutory dues	6.32	6.59
Rent	182.05	143.74
Repairs and maintenance		
- Building, Gym Equipments and Machinery	10.63	9.97
- Others	9.81	9.21
ROC Expenses	2.67	0.97
Telephone Expenses	8.10	7.28
Travelling and Conveyance Expenses	2.75	4.43
Water Charges	6.34	4.61
Miscellaneous Expenses	1.61	10.66
Lease Rentals	118.34	55.63
Asset Management Fees	23.65	12.84
Directors' Sitting Fees	0.26	0.34
Loss on Foreign Currency Transactions and Translation	0.02	-
Total	488.83	383.83
(b) Selling & Marketing Cost		
Advertising Expenses	16.87	23.18
Business Promotion Expenses	2.05	3.99
Total	18.92	27.17
Total (a+b)	507.75	411.00

Note 27 : Exceptional Items

Particulars	₹ in Millions	
	Year Ended March 31, 2014	Year Ended March 31, 2013
Profit / (Loss) on Sale of Assets	(0.28)	-
Total	(0.28)	-

Note 28 : Current tax

Particulars	₹ in Millions	
	Year Ended March 31, 2014	Year Ended March 31, 2013
Current tax	110.79	88.26
Total	110.79	88.26

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2014

OTHER NOTES TO THE FINANCIAL STATEMENTS:

Note 29 : Deferred Tax Asset / Liability

Particulars	₹ in Millions	
	Year Ended March 31, 2014	Year Ended March 31, 2013
Deferred Tax*	42.63	49.32
Total	42.63	49.32

* Due to depreciation

Note 30 : Contingent Liabilities

Contingent liabilities not provided for in respect of:

Particulars	₹ in Millions	
	As at March 31, 2014	As at March 31, 2013
Bank Guarantee given on behalf of Subsidiaries	102.83	100.33
Claim from a landlord, case pending before the Judiciary		
- Hyderabad	32.38	27.97
- Koramangala *	-	12.58
Claim by Advertising agency #	-	0.47
Claim pending before statutory authorities		
- Income Tax	80.63	-

* The claim has been settled during the year.

The claim has been time-barred by law.

- The operations of the Belgaum branch have been temporarily suspended due to some disputes. The Company has already filed legal cases against the same and on the basis of the advice of its legal counsel, is confident of favourable outcome and early recommencement of operations of the branch.
- The Income Tax demand has been raised for A.Y. 2010-11 which is basically on account of adhoc additions and the same is not tenable as per company's view. We have filed an appeal against the same and paid ₹ 20 millions under protest.

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

The Details of investments in subsidiaries are as follows:

Name of the Company	% ownership interest as at March 31, 2014
Denovo Enterprises Private Limited	50.10
Equinox Wellness Private Limited	33.33*
Aspire Fitness Private Limited	50.001
Jyotsna Fitness Private Limited	50.10

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

Note 32: Earnings Per Share

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

Particulars	2013-14	2012-13
Net profit after tax attributable to Equity shareholders [₹ in Millions]	334.03	276.68
Weighted average number of Equity Shares	2,61,80,888	2,47,32,407
Face value Per Equity shares [₹]	10.00	10.00
Earnings Per Share – Basic [₹]	12.76	11.19
Earnings Per Share – Diluted [₹]	12.76	11.19

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2014

Note 33: Disclosure Pursuant To Accounting Standard (AS)17

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

Note 34 : Related Party Disclosures

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

List of Related Parties:

Key Management Personnel

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

Relatives of Key Management Personnel

- Mr. Sudhakar Talwalkar
- Mrs. Yamini Anant Gawande

Subsidiaries

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

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

- Anant Gawande (HUF)
- Anfin Investments Private Limited
- Better Value Brands Private Limited
- Better Value Leasing & Finance Ltd
- Better Value Properties Private Limited
- Better Value Restaurants Private Limited
- Brainworks Learning Systems Private Limited
- Empower Systech Private Limited
- Gawande Consultants Private Limited
- Indian Cookery Private Limited
- Indian Cookery.com Private Limited
- Life Fitness India Private Limited
- Nitin Gawande (HUF)
- Pinnacle Fitness Private Limited
- Popular Institute of Arts Private Limited
- Popular Prakashan Private Limited
- R2 Infrastructure Private Limited
- R2 Spa Systems
- Raja Rani Travels Private Limited
- Radhika Hotels Private Limited

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2014

- Splendor Fitness Private Limited
- Talwalkars
- Talwalkars Fitness Club
- Talwalkars Health & Leisure
- Talwalkars Health Club
- Talwalkars Health Commune
- Talwalkars Health Complex
- Talwalkars Nutrition Centre
- Vinayak Gawande (HUF)
- Vrindavan Restaurants Private Limited

a) Transactions with Related Parties:

₹ in Millions

Nature of transactions	Subsidiaries	Associates	Key Managerial Personnel	Others	Total
Incomes	7.36	1.39	-	-	8.75
Expenses	-	17.67	2.25	-	19.92
Director's Remuneration	-	-	25.20	-	25.20
Loans & Advances (given)/ repaid Net	8.70	1.41	-	-	10.11

Balance as on March 31, 2014:

₹ in Millions

Particulars	Subsidiaries	Associates	Key Managerial Personnel	Others	Total
Investments including Share Application Money	22.21	-	-	50.00	72.21
Sundry Debtors	7.63	0.38	-	-	8.01
Deposits	-	6.41	1.31	-	7.72
Loans and Advances	50.49	4.52	-	-	55.01
Sundry Creditors	-	2.76	-	-	2.76
Purchase of Asset	-	1.69	-	-	1.69

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

Key management personnel and their Relatives :

₹ in Millions

Name of the party	Nature of transaction	March 31, 2014	March 31, 2013
Mr. Madhukar Talwalkar	Director's Remuneration	4.20	4.20
Mr. Prashant Talwalkar	Director's Remuneration	4.20	4.20
	Rent for Premises	2.25	2.42
	Deposit outstanding as on	1.31	1.31
Mr. Girish Talwalkar	Director's Remuneration	4.20	4.20
Mr. Vinayak Gawande	Director's Remuneration	4.20	4.20
Mr. Harsha Bhatkal	Director's Remuneration	4.20	4.20
Mr. Anant Gawande	Director's Remuneration	4.20	4.20

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2014

Joint Ventures / Subsidiaries:

Name of the party	Nature of transaction	₹ in Millions	
		March 31, 2014	March 31, 2013
Splendor Fitness Pvt. Ltd. (formerly known as Talwalkars Pantaloon Fitness Pvt. Ltd.)	Investment in Equity Shares as on	50.00	50.00
Denovo Enterprises Pvt. Ltd	Franchise fee Income	4.02	4.65
	Franchise fee receivable as on	5.71	1.69
	Investment during the year	-	1.25
	Loans & Advances given/ (taken) Net	5.94	3.24
	Investment in Equity Shares as on	5.01	5.01
	Loan outstanding as on	42.89	36.95
	Share Application money as on	7.50	7.50
Aspire Fitness Pvt. Ltd.	Loans & Advances given/ (taken) Net	2.15	5.40
	Loan outstanding as on	3.68	5.45
	Franchisee Income	0.00	0.50
	Interest income on Unsecured Loan	0.38	0.16
	Investment in Equity Shares as on	5.00	5.00
Equinox Wellness Pvt. Ltd.	Franchise fee Income	0.51	1.13
	Loans & Advances given/ (taken) Net	0.17	0.16
	Franchise fee receivable as on	1.92	1.42

Associate Companies/Firms :

Name of the party	Nature of transaction	₹ in Millions	
		March 31, 2014	March 31, 2013
Better Value Leasing & Finance Ltd.	Loans & Advances given/ (taken) Net	-	(1.54)
	Office expenses/Rent	0.15	1.46
	Interest on Unsecured Loans	-	1.11
	Loan outstanding as on	(1.54)	(1.54)
Gawande Consultants Pvt. Ltd.	Interest on Unsecured Loans	-	0.01
Anfin Investments Pvt. Ltd.	Interest on Unsecured Loans	0.01	0.01
Better Value Properties Pvt. Ltd.	Deposit outstanding as on	3.71	3.71
	Rent for Premises	7.10	6.76
Life Fitness India Pvt. Ltd.	Loans & Advances given/ (taken) Net	(0.15)	0.48
	Loan outstanding as on	0.48	0.63
	Deposit outstanding as on	1.80	1.80
	Rent for premises	3.22	1.01
Pinnacle Fitness Pvt. Ltd.	Loans & Advances given/ (repaid) Net	0.10	0.31
	Franchise fee Income	1.39	1.39
	Franchise fee receivable as on	0.28	0.13
	Loan outstanding as on	0.41	0.31
Indian Cookery.com Pvt. Ltd.	Interest on Unsecured Loans	-	0.01
Talwalkars Fitness Club	Deposit Outstanding as on	0.90	0.90
	Rent for Premises	3.37	3.37
	Deposit for Premises	-	0.90
	Loan outstanding as on	0.51	0.51
	Loans & Advances given/ (repaid) Net	0.72	0.31
Talwalkars Health & Leisure	Loan outstanding as on	1.42	0.70

Significant accounting policies and notes to the Financial Statements

for the year ended 31st March, 2014

Name of the party	Nature of transaction	₹ in Millions	
		March 31, 2014	March 31, 2013
Talwalkars Health Club	Loans & Advances given/ (repaid) Net	0.42	(0.08)
	Loan outstanding as on	0.55	0.13
Talwalkars Health Complex	Loans & Advances given/ (repaid) Net	0.17	(0.19)
	Loan outstanding as on	0.78	0.61
Talwalkars	Loans & Advances given/ (repaid) Net	-	0.05
	Loan outstanding as on	0.09	0.09
Talwalkars Nutrition Centre	Loans & Advances given/ (repaid) Net	0.14	(0.24)
	Loan outstanding as on	0.26	0.12
Empower Systech Pvt.Ltd	Professional Fees	3.29	1.71
	Expenses Payable as on	0.09	0.02
R2Spa Sysytems	Asset Purchase	1.69	2.74
	Service Charges	0.55	0.69
	Creditors payable as on	2.67	0.65

b) Corporate Guarantees given to:

Name of the company	Relation	₹ in Millions	
		March 31, 2014	March 31, 2013
Denovo Enterprises Private Limited	Subsidiary	61.58	61.58
Aspire Fitness Private Limited	Subsidiary	37.5	35.00
Equinox Wellness Private Limited	Subsidiary	3.75	3.75

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

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

Particulars	₹ in Millions	
	2013-14	2012-13
Statutory Audit Fees	2.02	1.57
Tax Audit Fees	0.22	0.11
Other Services	0.03	0.54
Out of Pocket expenses	0.25	0.14

Note 36 : Estimated amounts of contracts remaining to be executed on capital accounts and not provided for was ₹ 1.16 millions during current year. (Previous year ₹ 48.03 millions)

Note 37 : Value of Imports on CIF Basis

Particulars	₹ in Millions	
	2013-14	2012-13
Gymnasium Equipments	62.73	68.25
Furniture & Fixtures	-	4.69
Products	0.63	-
Note 38 : Earnings in Foreign Currency	0.64	0.73

Note 39 : Expenditure in Foreign Currency

Travelling Expenses	0.42	0.51
---------------------	------	------

Particulars	₹ in Millions	
	2013-14	2012-13
Consultancy fees	2.91	-

Note 40 : Sale & Lease Back

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

- Profit or loss on sale and lease back transactions, resulting in operating leases, are recognised immediately.
- Quarterly lease rentals are paid in form of fixed rentals.
- The Company does not have an option to buyback nor does it generally have an option to renew the leases.
- In case of delayed payments, penal charges are payable as stipulated.
- The lease rental expenses of ₹ 118.34 millions are recognized (Previous year ₹ 55.63 millions) on account of sale and lease back of assets.

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

Note 42 : Previous year's figures have been regrouped / rearranged wherever necessary to conform to the current year's classification.

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

K. J. Dandekar
Partner
Membership No. 018533

Place : Mumbai
Date : 8th May, 2014

For and on behalf of the Board

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

Independent Auditors' Report on the Consolidated Financial Statements of Talwalkars Better Value Fitness Limited

TO THE BOARD OF DIRECTORS OF
TALWALKARS BETTER VALUE FITNESS LIMITED

We have audited the attached Consolidated Balance Sheet of TALWALKARS BETTER VALUE FITNESS LIMITED ("the Company") and its subsidiaries (collectively referred to as "the Group"), as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

For the financial year ended March 31, 2014 we did not audit the financial statements of the following subsidiaries of the company whose financial statements reflect total assets and total revenues for the year ended March 31, 2014 as set forth herein below, whose financial statements were audited by the statutory auditors of the relevant subsidiaries as named herein below, and have been relied upon by us, except for *Denovo Enterprises Private Limited where we have relied on figures certified by the management.*

Sr No.	Name of the subsidiary	Financial Year ended	Name of the Statutory Auditor in respect of the said Financial Statements	Total Assets (₹ in Millions)	Total Revenues (₹ in Millions)
1	Denovo Enterprises Private Limited	31st March, 2014	* -	304.24	121.63
2	Equinox Wellness Private Limited	31st March, 2014	A. P. Mehta & Associates	20.08	12.02
3	Aspire Fitness Private Limited	31st March, 2014	C. B. Pokle & Co.	121.11	106.63
4	Jyotsna Fitness Private Limited	31st March, 2014	Chetan Joshi & Co.	113.46	31.37

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

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

Subject to the matter referred to in paragraph above:

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

Opinion

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual financial statements of the company, and its subsidiaries, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- (ii) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For M. K. Dandekar & Co.,
(ICAI FIRM REG. NO. 000679S)

K. J. Dandekar
Partner

Dated : 8th May, 2014
Place : Mumbai

Chartered Accountants
Membership No. 018533

Consolidated Balance Sheet as at 31st March, 2014

Particulars	Notes to Accounts No.	₹ in Millions	
		As at March 31, 2014	As at March 31, 2013
I. EQUITY & LIABILITIES			
1) Shareholders' Funds			
(a) Share Capital	1	261.81	261.81
(b) Reserves and Surplus	2	2,143.11	1,823.16
2) Minority Interest		112.52	80.62
3) Non-Current Liabilities			
(a) Long Term Borrowings	3	1,373.15	1,351.80
(b) Deferred Tax Liabilities (Net)		237.51	192.14
(c) Other Long Term Liabilities	4	131.69	165.88
4) Current Liabilities			
(a) Short Term Borrowing	5	307.54	47.93
(b) Trade Payables	6	98.22	80.34
(c) Other Current Liabilities	7	414.07	347.44
(d) Short Term Provisions	8	177.03	154.86
TOTAL		5,256.65	4,505.98
II. ASSETS			
1) Non-Current Assets			
(a) Fixed Assets	9		
(i) Tangible Assets		4,012.44	3,112.16
(ii) Intangible Assets		39.45	40.54
(iii) Capital Work In Progress		449.93	421.80
(iv) Intangible Assets under Development		3.32	3.32
(b) Non-Current Investments	10	87.79	226.59
(c) Long Term Loans and Advances	11	241.61	251.79
(d) Other Non-Current Assets	12	1.58	2.12
2) Current Assets			
(a) Current Investments	13	0.22	0.22
(b) Inventories	14	0.63	1.55
(c) Trade Receivables	15	320.45	177.48
(d) Cash and Cash Equivalents	16	60.03	229.24
(e) Short Term Loans and Advances	17	39.20	39.17
TOTAL		5,256.65	4,505.98
Summary of significant accounting policies	28		
The accompanying notes are forming part of the accounts			

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

K. J. Dandekar
Partner
Membership No. 018533

Place : Mumbai
Date : 8th May, 2014

For and on behalf of the Board
Prashant Talwalkar Managing Director & CEO
Vinayak Gawande Whole time Director
Girish Talwalkar Whole time Director
Anant Gawande Whole time Director & CFO
Manohar Bhide Independent Director
Avinash Phadke Independent Director
Abhijeet Patil Independent Director
Avanti Sankav Company Secretary & Compliance Officer

Consolidated Statement of Profit And Loss for the year ended 31st March, 2014

Particulars	Notes to Accounts No.	₹ in Millions	
		Year Ended March 31, 2014	Year Ended March 31, 2013
1. REVENUE			
a. Revenue from operations	18	2,094.56	1,687.83
Less: Service tax		221.82	179.31
		1,872.74	1,508.52
b. Other Income	19	10.77	13.06
Total Revenue		1,883.51	1,521.58
2. EXPENSES			
(a) Changes in Inventories	20	0.92	(1.55)
(b) Purchase of stock in trade	21	1.18	2.87
(c) Employee benefit expenses	22	358.61	311.74
(d) Financial costs	23	119.66	107.91
(e) Depreciation and amortization expenses	24	241.77	146.47
(f) Other expenses	25	584.91	469.77
Total Expenses		1,307.05	1,037.21
3. Profit before exceptional and extraordinary items and tax (1 - 2)		576.46	484.37
4. Exceptional Items	26	(0.28)	-
5. Profit before extraordinary items and tax (3 + 4)		576.18	484.37
6. Extraordinary Items		-	-
7. Profit before tax for the year (5 + 6)		576.18	484.37
8. Tax expense:			
(a) Current Tax	27	125.19	111.63
MAT Credit Reversal / (Entitlement)		7.87	(3.64)
(b) Deferred Tax		45.37	50.23
(c) Prior Year Tax		(0.04)	-
9. Profit/(Loss) from the period from continuing operations (7 - 8)		397.79	326.15
10. Profit/(Loss) from discontinuing operations		-	-
11. Profit/(Loss) for the period (9 + 10)		397.79	326.15
12. Share of Minority Interest		31.90	25.65
13. Profit/(Loss) after Minority Interest		365.89	300.50
14. Earning per equity share (of ₹ 10 each) :			
(1) Basic	28 (B) (3)	13.98	12.15
(2) Diluted	28 (B) (3)	13.98	12.15
Summary of significant accounting policies	28		
The accompanying notes are forming part of the accounts			

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

K. J. Dandekar
Partner
Membership No. 018533

Place : Mumbai
Date : 8th May, 2014

For and on behalf of the Board
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Manohar Bhide Independent Director
Avinash Phadke Independent Director
Abhijeet Patil Independent Director
Avanti Sankav Company Secretary & Compliance Officer

Consolidated Cash Flow Statement for the year ended 31st March, 2014

Particulars	₹ in Millions	
	Year Ended March 31, 2014	Year Ended March 31, 2013
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Taxes	576.18	484.37
Non-cash expenses	241.77	146.55
Finance cost (Net)	119.66	107.91
Income from investment activity	(1.93)	(3.45)
(Profit)/Loss on sale of assets	0.28	-
Interest income	(0.68)	(0.03)
	359.10	250.98
Operating Profit before Working Capital changes	935.28	735.35
(Increase)/Decrease in Current Assets	(10.29)	(55.31)
(Increase)/Decrease in Non-Current Assets	0.02	(4.61)
(Increase)/Decrease in Trade and other receivables	(152.42)	2.67
Increase/(Decrease) in Trade and other payables	48.19	75.79
Increase/(Decrease) in Current liabilities	9.09	(2.41)
	(105.41)	16.13
Cash generated from operations	829.87	751.48
Direct taxes paid	(103.33)	(62.02)
Share of Minority Interest	(67.70)	(60.76)
Net cash from Operating Activities	658.84	628.70
B CASH FLOW FROM INVESTING ACTIVITIES:		
Investment in Joint Venture	-	(3.35)
Payment towards purchase of Fixed Assets, CWIP	(1,129.74)	(1,032.60)
Proceeds from sale of Fixed Assets	44.95	-
Dividend received	1.93	3.07
Purchase of short term investments	(412.80)	(452.07)
Proceeds from sale of short term investments	568.86	401.23
Interest income	0.68	0.03
Share of Minority Interest	53.10	97.28
Net cash (used in)/from Investing Activities	(873.02)	(986.41)
C CASH FLOW FROM FINANCING ACTIVITIES:		

Consolidated Cash Flow Statement for the year ended 31st March, 2014

Particulars	₹ in Millions	
	Year Ended March 31, 2014	Year Ended March 31, 2013
QIP Share issue proceeds	-	423.74
Share Capital / Application	-	1.35
Share issue proceeds (net of refund Including security premium)	-	5.60
Issue proceeds from NCD	250.00	-
NCD interest	(62.77)	(64.44)
Repayment of NCD	(250.00)	-
QIP related expenses	-	(37.07)
Borrowings done	995.40	848.62
Repayment of long term and other borrowings	(702.81)	(580.74)
Finance cost paid	(154.28)	(134.91)
Dividend paid	(39.27)	(30.15)
Dividend tax paid	(6.37)	(4.89)
Share of Minority Interest	22.66	(45.91)
Net cash used in Financing Activities	52.56	381.20
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(161.62)	23.49
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	212.76	189.27
Cash & Bank Balances including Fixed Deposits	61.17	230.84
Less : Share Of Minority Interest	(10.03)	(18.08)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	51.14	212.76

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

K. J. Dandekar
Partner
Membership No. 018533

Place : Mumbai
Date : 8th May, 2014

For and on behalf of the Board

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

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended 31st March, 2014

Note 1 : Share Capital

Particulars	As at March 31, 2014		As at March 31, 2013	
	No.	₹ in Millions	No.	₹ in Millions
AUTHORISED:				
30,000,000 Equity Shares of ₹ 10/- each	30,000,000	300.00	30,000,000	300.00
	30,000,000	300.00	30,000,000	300.00
ISSUED, SUBSCRIBED & PAID-UP:				
26,180,888 Equity Shares of ₹10/- each fully Paid- up	26,180,888	261.81	26,180,888	261.81
(Previous year 26,180,888 Equity shares of ₹10/-each fully Paid- up)				
	26,180,888	261.81	26,180,888	261.81

i) Term/Rights attached to Equity Shares:

- The Company has only one class of share capital namely Equity Shares having a face value of ₹10 per share.
- In respect of every Equity Share (whether fully paid or partly paid), voting right shall be in the same proportion as the capital paid up on such Equity Share bears to the total paid up Equity capital of the Company.
- The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.
- In the event of liquidation, the shareholders of Equity Shares are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

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

Details	As at March 31, 2014		As at March 31, 2013	
	No.	₹ in Millions	No.	₹ in Millions
Fully Paid up Shares Outstanding as at beginning of the year	26,180,888	261.81	24,115,672	241.16
Fully paid up shares issued during the year	-	-	2,065,216	20.65
Fully paid up shares Outstanding as at end of the year	26,180,888	261.81	26,180,888	261.81

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

Details	As at March 31, 2014		As at March 31, 2013	
	No. of shares held	% of holding	No. of shares held	% of holding
Equity Shares of ₹10/- each fully Paid up				
1) Prashant Sudhakar Talwalkar & Nalina Ann Talwalkar	2,876,080	10.99%	2,876,080	10.99%
2) Girish Madhukar Talwalkar & Nanda Girish Talwalkar	2,864,280	10.94%	2,864,280	10.94%
3) Madhukar Vishnu Talwalkar & Usha Madhukar Talwalkar	2,832,280	10.82%	2,832,280	10.82%
4) Anant Ratnakar Gawande & Yamini Anant Gawande	1,920,200	7.33%	1,920,200	7.33%
5) Vinayak Ratnakar Gawande & Madhuri Vinayak Gawande	1,920,200	7.33%	1,920,200	7.33%
6) Harsha Ramdas Bhatkal & Smeeta Harsha Bhatkal	1,920,200	7.33%	1,920,200	7.33%
7) Smallcap World Fund, Inc	1,694,000	6.47%	1,694,000	6.47%
8) Laxmi Shivanand Mankekar & Kedar Shivanand Mankekar	1,573,520	6.01%	-	-
Total	17,600,760		16,027,240	

iv) For the period of five years immediately preceding the 31st March, 2014 for which the Balance Sheet is prepared

Equity Shares	Aggregate number of Shares					
	2014	2013	2012	2011	2010	2009
Fully paid up pursuant to contracts without being received in cash	-	-	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	-	15,807,463	-
Shares bought back	-	-	-	-	-	-

Note 2 : Reserves and Surplus

₹ in Millions

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended 31st March, 2014

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Securities Premium Account		
Opening Balance	1,066.27	700.25
Add : Securities premium credited on Share issue	-	403.09
Less : Premium Utilised :		
Share Issue Expenses	-	25.40
Debenture Issue Expenses	-	11.67
Closing Balance	1,066.27	1,066.27
(b) Capital Reserve on Consolidation		
Opening Balance	1.93	1.93
Add: Transferred during the year	-	-
Closing Balance	1.93	1.93
(c) Debenture Redemption Reserve		
Opening Balance	56.93	22.55
Add: Transferred during the year	38.09	34.38
Closing Balance	95.02	56.93
(d) General Reserve		
Opening Balance	19.83	1.20
Add: Transferred during the year	16.70	18.63
Closing Balance	36.53	19.83
(e) Surplus / (Debit) balance in Statement of Profit and Loss		
Opening balance	678.20	476.26
Add: Profit / (Loss) for the year	365.89	300.50
Add: Excess Provision of Income Tax written back	-	0.09
Less: Appropriation:		
Proposed Dividend on Equity Shares	39.27	39.27
Tax on Dividend	6.67	6.37
Debenture Redemption Reserve	38.09	34.38
General Reserve	16.70	18.63
Closing Balance	943.36	678.20
Total	2,143.11	1,823.16

Note 3 : Long Term Borrowings

₹ in Millions

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Bonds/debentures (Refer Note (a) below)	533.33	550.00
(b) Term loans		
From banks	795.34	753.34
(c) Loans and advances from related parties	34.43	43.06
(d) Long term maturities of finance lease obligations (Refer Note (b) below)	10.05	5.03
(e) Other loans and advances from others	-	0.36
Total	1,373.15	1,351.80

Notes:

- Secured Redeemable Non Convertible fixed rate Debentures (Privately placed)

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended 31st March, 2014

₹ in Millions

Sr. No.	Nature of Debenture	Face Value per Debenture (₹)	Date of Allotment	As at March 31, 2014	As on March 31, 2013	Interest for 2013-14	Terms of Repayment of Debentures outstanding as at 31 st March 2014
1	11.5% Secured, Taxable, Redeemable NCDs	1.00	25/01/2011	50.00	300.00	27.65	The principal amount of the NCDs, interest due and any other monies payable by the company in respect of the NCDs will be secured by first pari passu charge on the specified assets of the Company as identified in the Debenture Trust Deed such that a fixed asset cover of 1.25 times is maintained at all times during the tenor of the NCD. NCD will redeemed in three equal annual installment at the end of 4th, 5th and 6th year from the deemed date of allotment
2	12% Secured, Taxable, Redeemable NCDs	1.00	07/02/2012	250.00	250.00	30.00	
3	11.75% Secured, Taxable, Redeemable NCDs	1.00	03/01/2014	250.00	-	7.08	
Total				550.00	550.00	64.73	

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

Note 4 : Other Long Term Liabilities

₹ in Millions

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Acceptances	131.19	165.38
(b) Deposits	0.50	0.50
Total	131.69	165.88

Note 5 : Short Term Borrowings

₹ in Millions

Particulars	As at March 31, 2014	As at March 31, 2013
Secured		
Overdraft facility from bank	5.06	-
Drawdown facility from bank	-	43.17
Unsecured		
Short-term loans	300.00	-
Loans and Advances from Related parties	2.48	4.76
Total	307.54	47.93

Note 6 : Trade Payables

₹ in Millions

Particulars	As at March 31, 2014	As at March 31, 2013
Trade Payables:		
Sundry Creditors	98.22	80.34
Total	98.22	80.34

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

Note 7 : Other Current Liabilities

₹ in Millions

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Current maturities of long-term debts	301.67	258.50
(b) Current maturities of finance lease obligations	4.40	3.09

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended 31st March, 2014

(c) Current maturities of NCD's	16.67	-
(d) Interest accrued and due on borrowings	0.80	1.06
(e) Sundry creditors for capital goods	7.70	13.71
(f) Statutory Dues Payable	70.11	60.31
(g) Interest Accrued but not due on Non-convertible debentures (Refer Note (a) below)	12.72	10.77
Total	414.07	347.44

Note:

(a) The Company has provided interest on 11.5% and 12% & 11.75% Redeemable Secured Non Convertible Debentures. Refer note 4 (a) of Long term borrowings

Note 8 : Short Term provisions

₹ in Millions

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits	0.02	0.01
Provision - Others		
Proposed Dividend	39.27	39.27
Tax on Dividend	6.67	6.37
Income Tax (net of advance tax)	131.07	109.21
Total	177.03	154.86

Note 9 : Fixed Assets

₹ in Millions

Description	Gross Block			Accumulated Depreciation / Amortization				Net Block		
	As at 1-Apr-13	Additions	Deductions	As at 31-Mar-14	As at 1-Apr-13	For the Year	On Deductions	As at 31-Mar-14	As at 31-Mar-14	As at 31-Mar-13
Tangible Assets										
i) Buildings	288.31	236.54	-	524.85	13.01	7.25	-	20.26	504.59	275.31
Assets under lease	20.47	-	-	20.47	4.14	0.69	-	4.83	15.64	16.33
ii) Gym Equipments	1,056.68	190.60	88.56	1,158.72	151.05	69.92	4.73	216.24	942.48	905.63
iii) Furniture & Fittings	1,528.96	717.83	19.06	2,227.73	186.09	103.95	3.13	286.91	1,940.82	1,342.86
iv) Computers	79.91	7.37	-	87.28	16.86	13.88	-	30.74	56.54	63.05
v) Air-Conditioners	209.33	31.65	-	240.98	25.19	10.99	-	36.18	204.80	184.14
vi) Electrical fittings	254.84	28.38	2.20	281.02	34.65	25.08	0.49	59.24	221.78	220.19
vii) Office Equipments	111.79	13.16	-	124.95	8.08	5.67	-	13.75	111.20	103.71
viii) Vehicles	1.04	0.94	-	1.98	0.10	0.14	-	0.24	1.74	0.94
Assets under lease	-	15.95	-	15.95	-	3.10	-	3.10	12.85	-
Total	3,551.33	1,242.42	109.82	4,683.93	439.16	240.68	8.35	671.49	4,012.44	3,112.16
Previous Year	2,611.57	939.75	-	3,551.33	295.40	143.76	-	439.16	3,112.16	2,316.17
Intangible Assets										
i) Goodwill	56.60	-	-	56.60	16.10	1.06	-	17.16	39.44	40.50
ii) Licenses and franchise	0.30	-	-	0.30	0.26	0.03	-	0.29	0.01	0.04
Total	56.90	-	-	56.90	16.36	1.10	-	17.46	39.45	40.54
Previous Year	56.90	-	-	56.90	13.65	2.71	-	16.36	40.54	43.26
Capital Work-in-Progress									449.93	421.80
Intangible Asset under development									3.32	3.32
								4,505.14	3,577.82	

Note 10 : Non-Current Investments

₹ in Millions

Particulars	As at March 31, 2014	As at March 31, 2013
Non Trade Investments		
(Valued at cost unless stated otherwise)		
Investment in Equity Instruments		
Unquoted Investment		
i) Investment In Joint Ventures:		
a) Splendor Fitness Private Limited	50.00	50.00

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended 31st March, 2014

Note 10 : Non-Current Investments

Particulars	₹ in Millions	
	As at March 31, 2014	As at March 31, 2013
(formerly known as Talwalkars Pantaloon Fitness Pvt. Ltd.)		
[1,40,000 (Previous year 1,40,000) Equity Shares of ₹100/- each fully paid]		
b) Apna Sahakari Bank	0.50	0.50
[5,000 (Previous year 5,000) Equity Shares of ₹100 each]		
Investment in Mutual Funds		
Quoted Investment		
DWS Treasury Fund Cash Reg. - DDP	37.29	-
(Market value as on 31/03/2014 ₹ 37.32 millions)		
DWS Fixed Maturity Plan - Series 2 (12500000 units)	-	125.00
DWS Cash Opportunities Fund	-	51.09
Total	87.79	226.59

Note 11 : Long Term Loans and Advances

Particulars	₹ in Millions	
	As at March 31, 2014	As at March 31, 2013
(a) Capital Advances		
Unsecured, considered good	1.27	13.20
(b) Security Deposits		
Unsecured, considered good	193.69	190.91
(c) Loans & Advances to related parties		
Unsecured, considered good	19.69	12.86
(d) Other Loans & Advances		
Minimum Alternate Tax credit entitlement	26.96	34.83
Total	241.61	251.79

Note 12 : Other Non-Current Assets

Particulars	₹ in Millions	
	As at March 31, 2014	As at March 31, 2013
(a) Unamortised preliminary expenses	0.45	0.52
(b) Fixed deposit (Pledged as bank guarantee)	1.14	1.60
Total	1.58	2.12

Note 13 : Current Investment

Particulars	As at March 31, 2014		As at March 31, 2013	
	No.	₹ in Millions	No.	₹ in Millions
Quoted Investment				
Investment in Mutual Funds				
Axis Liquid Fund	177.00	0.22	177.00	0.22
Total	177.00	0.22	177.00	0.22

(Valued at lower of cost and Market value unless stated otherwise)

Nature of transactions	As at March 31, 2014		As at March 31, 2013	
	Quantity	₹ in Millions	Quantity	₹ in Millions
Purchases	-	-	122,296.39	149.00
Sales	-	-	122,193.91	149.26

Note 14 : Inventories

Particulars	₹ in Millions	
	As at March 31, 2014	As at March 31, 2013
Traded goods	0.63	1.55
(Valued at lower of cost and net realizable value)		
Total	0.63	1.55

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended 31st March, 2014

Note 15 : Trade Receivables

Particulars	₹ in Millions	
	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good		
a) More than 6 months from the date they are due for payment	19.94	56.53
b) Other	300.51	120.95
Total	320.45	177.48

Note 16 : Cash and Cash Equivalents

Particulars	₹ in Millions	
	As at March 31, 2014	As at March 31, 2013
a) Balance with banks		
Bank balance in current account	1.77	31.54
Bank deposits against margin money	-	18.86
Other bank deposits	26.65	74.45
Bank guarantee	1.01	-
b) Cheques, drafts on hand	11.70	80.44
c) Cash on hand	18.90	23.95
Total	60.03	229.24

Note 17 : Short Term Loans and Advances

Particulars	₹ in Millions	
	As at March 31, 2014	As at March 31, 2013
a) Loans and advances to related parties	4.65	7.14
b) Others		
Advances recoverable in cash or kind for value to be received	8.69	2.01
Prepaid expenses	16.06	22.19
Service Tax credit receivable	8.72	5.51
Others	1.05	2.20
Input VAT	0.03	0.12
Total	39.20	39.17

Note 18 : Income from Operations

Particulars	₹ in Millions	
	Year Ended March 31, 2014	Year Ended March 31, 2013
(a) Gross fees including service tax	1,996.58	1,612.03
(b) Franchisee fees including service tax	17.28	12.35
(c) Management and consultancy fees	2.69	1.34
(d) Sales (retail)	2.58	1.68
(e) Input credit service tax	75.43	60.43
Total	2,094.56	1,687.83

Note 19 : Other Income

Particulars	₹ in Millions	
	Year Ended March 31, 2014	Year Ended March 31, 2013
(a) Income from juice centre and food & supplements	0.35	0.44
(b) Gain/(Loss) on sale of assets/investments	-	0.39
(c) Sundry credit balances no longer payable	1.77	0.24
(d) Dividend income	1.98	3.07
(e) Miscellaneous income	1.26	2.93
(f) Interest income	5.41	5.99
Total	10.77	13.06

Note 20 : Changes in Inventories

₹ in Millions

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended 31st March, 2014

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Inventories at the end of the year		
Traded goods	0.63	1.55
Inventories at the beginning of the year		
Traded goods	1.55	-
(Increase)/ Decrease	0.92	(1.55)

Note 21 : Purchase of Stock-in-Trade

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Purchase of goods for merchandise	1.18	2.87
Total	1.18	2.87

Note 22 : Employee Benefit Expenses

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
(a) Salaries, wages and bonus	52.22	30.27
(b) Contract fees for labour/security/housekeeping	289.01	277.36
(c) Directors' remuneration	15.75	2.71
(d) Staff welfare and other amenities	1.61	1.39
(e) Contribution towards provident and other funds	0.02	0.01
Total	358.61	311.74

Note 23 : Financial Costs

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
(a) Interest expenses		
Interest on secured loan	98.90	95.66
Interest on unsecured loan	2.22	3.08
(b) Other borrowing costs		
Processing fees	1.88	0.09
Bank charges	3.50	1.70
Hire charges on loan taken	3.85	1.31
Credit card charges	9.31	6.07
Total	119.66	107.91

Note 24 : Depreciation & Amortization Expenses

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Depreciation and Amortization	241.77	146.47
Total	241.77	146.47

Note 25 : Other Expenses

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
(a) Administrative & Other Expenses		
Statutory audit fees	2.37	1.90
Internal audit fees	3.48	3.02
AGM meeting expenses	0.82	0.15
Consumables, food and supplements	4.87	6.02
Electricity and fuel expenses	96.57	87.29

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended 31st March, 2014

Note 25 : Other Expenses

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Preliminary expenses written off	0.07	0.07
Insurance charges	1.97	1.83
Juice centre and Spa expenses	0.66	1.10
Pooja and special function expenses	1.32	1.06
Printing and stationery	4.77	5.94
Professional fees	15.37	20.54
Rates and taxes	8.67	8.29
Interest on late payment of statutory dues	6.92	6.79
Rent	215.87	162.88
Repairs and maintenance		
- Building, Gym Equipments and Machinery	12.73	21.11
- Others	11.58	1.82
ROC expenses	2.70	1.00
Telephone expenses	9.79	8.43
Travelling and conveyance expenses	5.75	6.70
Water charges	6.43	4.67
Miscellaneous expenses	4.06	13.30
Lease rentals	118.34	55.63
Asset management fees	23.65	12.84
Directors' sitting fees	0.26	0.34
Loss on foreign currency transactions and translation	0.02	-
Total	559.04	432.72
(b) Selling & Marketing Cost		
Advertising Expenses	22.88	31.61
Business Promotion expenses	2.99	5.42
Total	25.87	37.03
Total Other Expenses	584.91	469.77

Note 26 : Exceptional Items

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Profit/(Loss) on sale of assets	(0.28)	-
Total	(0.28)	-

Note 27 : Current tax

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Current Tax	125.19	111.63
Total	125.19	111.63

Note 28:

A) STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

1) Basis of Accounting:

a) Basis of preparation of Consolidated Financial Statements:

- The individual Balance Sheet as at 31st March, 2014 and Statement of Profit and Loss for the year ended 31st March, 2014 of Talwalkars Better Value Fitness Limited (the "Company") and its subsidiaries, collectively referred to as the "Group", have been consolidated as per the principles of consolidation enunciated in Accounting Standard (AS) 21- 'Consolidated Financial Statements' issued by the Council of The Institute of Chartered Accountants of India. The Consolidated Financial Statements of the Group are prepared in accordance with

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended 31st March, 2014

Generally Accepted Accounting Principles in India ("Indian GAAP") under the historical cost convention on an accrual basis and to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The accounting policies adopted in the preparation of the Consolidated Financial Statements are consistent with those of previous year.

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

b) Use of estimates:

- The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as at the date of the financial statements. These estimates are based upon management's best knowledge of current events and actions. The difference between the actual results and estimates are recognized in the period in which the results are known / materialized. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised and future years affected.

c) Principles of Consolidation:

- The Consolidated Financial Statements relate to the Company and its **four** partially owned subsidiaries. The financial statements of the subsidiary companies used in consolidation are drawn up to the same reporting date as of the Company.
- The Consolidated Financial Statements of the Group have been prepared on the following basis:
 - The financial statements of the Company and its **four** partially owned subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses.
 - The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner, as the Company's separate financial statements.
 - The subsidiaries considered in the Consolidated Financial Statements are:

Name of the Company	Country of Incorporation	% ownership interest as at 31 st March 2014
Denovo Enterprises Private Limited	India	50.10
Equinox Wellness Private Limited	India	33.33 *
Aspire Fitness Private Limited	India	50.001
Jyotsna Fitness Private Limited	India	50.10

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

2) Fixed Assets:

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

3) Depreciation/Amortization:

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

4) Provisions, Contingent Liabilities and Contingent Assets:

- Provisions involving substantial degree of estimation in measurement are recognized if there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended 31st March, 2014

- Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

5) Revenue Recognition:

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

6) Impairment of Assets:

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

7) Employees benefits:

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

8) Borrowing Cost:

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

9) Foreign Currency Transactions:

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

10) Taxes on Income:

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

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended 31st March, 2014

realization is virtually / reasonably certain.

11) Investments:

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

12) Inventories:

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

13) Segment Reporting:

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

14) Leases:

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

15) Earnings Per Share:

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

16) Cash Flow Statement :

- The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard (AS)3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company.
- Cash and cash equivalents presented in the Cash Flow Statement consists of cash on hand, balances in current, fixed deposit and cash credit accounts with bank.

B) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

1. Contingent Liabilities:

Contingent liabilities not provided for in respect of:

Particulars	₹ in Millions	
	As at March 31, 2014	As at March 31, 2013
Claim from a landlord, case pending before the Judiciary		
- Hyderabad	32.38	27.97
- Koramangala *		12.58
Claim by Advertising agency #	-	0.47
Claim pending before statutory authorities		
- Income Tax	80.63	-

* The claim has been settled during the year.

The claim has been time-barred by law.

Significant accounting policies and notes to the Consolidated Financial Statements

for the year ended 31st March, 2014

- The operations of the Belgaum branch have been temporarily suspended due to some disputes. The Company has already filed legal cases against the same and on the basis of the advice of its legal counsel, is confident of favorable outcome and early recommencement of operations of the branch.
- The Income Tax demand has been raised for A.Y. 2010-11 which is basically on account of adhoc additions and the same is not tenable as per company's view. We have filed an appeal against the same and paid ₹ 20 millions under protest.

2. Related Party Disclosures:

Disclosure as required by the Accounting Standard (AS)18, "Related Party Disclosures" is given below. Transactions with related parties have been disclosed in the standalone financial statements.

List of Related Parties:

Key Management Personnel:

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

Relatives of Key Management Personnel:

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

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

- Anant Gawande (HUF)
- Anfin Investments Private Limited
- Better Value Brands Private Limited
- Better Value Leasing & Finance Limited
- Better Value Properties Private Limited
- Better Value Restaurants Private Limited
- Brainworks Learning Systems Private Limited
- Empower Systech Private Limited
- Gawande Consultants Private Limited
- Indian Cookery Private Limited
- Indian Cookery.com Private Limited
- Life Fitness India Private Limited
- Nitin Gawande (HUF)
- Pinnacle Fitness Private Limited
- Popular Institute of Arts Private Limited

Significant accounting policies and notes to the Consolidated Financial Statements for the year ended 31st March, 2014

- Popular Prakashan Private Limited
- R2 Infrastructure Private Limited
- R2 Spa Systems
- Raja Rani Travels Private Limited
- Radhika Hotels Private Limited
- Splendor Fitness Private Limited
- Talwalkars
- Talwalkars Fitness Club
- Talwalkars Health & Leisure
- Talwalkars Health Club
- Talwalkars Health Commune
- Talwalkars Health Complex
- Talwalkars Nutrition Centre
- Vinayak Gawande (HUF)
- Vrindavan Restaurants Private Limited

3. Basic and Diluted Earnings per Share has been computed as under:

Particulars	As at March 31, 2014	As at March 31, 2013
Net profit after tax attributable to equity shareholders [₹ in millions]	365.89	300.50
Weighted average number of equity shares	2,61,80,888	2,47,32,407
Face value per equity share [₹]	10.00	10.00
Earnings per share – Basic [₹]	13.98	12.15
Earnings per share – Diluted [₹]	13.98	12.15

4. Based on the intimations regarding their status under Micro, Small & Medium Enterprises Development Act, 2006, there are no amounts due and payable to suppliers covered under the above category. One of our group company is still in process of identification of amounts owing to Small and Medium Enterprises defined in Small and Medium Enterprises Developments Act, 2006, as at the balance sheet date.
5. Previous year's figures have been regrouped / rearranged wherever necessary to conform to the current year's classification.

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

K. J. Dandekar
Partner
Membership No. 018533

Place : Mumbai
Date : 8th May, 2014

For and on behalf of the Board

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

Statement pursuant to section 212 of the Companies Act, 1956 relating to subsidiary companies annexed to the Balance Sheet as at 31st March, 2014

₹ in Millions

Name of the Subsidiary Company	The Financial Year of the Company ended on	Date from which they became the subsidiary company	Holding company's interest as at close of financial year of subsidiary company		Net aggregate amount of subsidiary company's profit/ (losses), dealt within the Company's account		Net aggregate amount of subsidiary company's profit/ (losses), not dealt within the Company's account	
			Shareholding	Extent of Holding %age	For the current financial year	For the previous financial year	For the current financial year	For the previous financial year
Denovo Enterprises Private Limited	30th April, 2014	28th October, 2010	50,100 Equity shares of ₹ 100/- each	50.10	24.65	20.64	-	-
Equinox Wellness Private Limited	31st March, 2014	28th October, 2010	* 2,00,400 Equity shares of ₹ 10/- each	33.33	0.15	0.21	-	-
Aspire Fitness Private Limited	31st March, 2014	28th October, 2010	50,001 Equity shares of ₹ 100/- each.	50.001	4.71	3.28	-	-
Jyotsna Fitness Private Limited	31st March, 2014	14th November, 2011	1,001 Equity shares of ₹ 100/- each	50.10	2.34	1.40	-	-

* Holding Company holds 50.10% of the paid-up capital of Denovo Enterprises Private Limited which, in turn, holds 66.67% of the paid-up share capital of Equinox Wellness Private Limited of 6,00,000 Equity shares of ₹ 10/- each. Accordingly, Holding Company holds 33.33% of the paid-up share capital of Equinox Wellness Private Limited. (50.10% of the 66.67% of the paid-up capital)

NOTES

NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the members of Talwalkars Better Value Fitness Limited will be held on Thursday, the 18th September, 2014 at 12.30 p.m. at M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturer's Association, Bhogilal Hargovindas Building, 4th Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai – 400 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014, the Profit & Loss Account for the year ended on that date together with the reports of the Directors and Auditors thereon;
2. To declare dividend on Equity Shares for the year ended 31st March, 2014;
3. To appoint a Director in place of Mr. Anant Gawande (DIN: 00324734), who retires by rotation and being eligible, offers himself for re-appointment;
4. To appoint a Director in place of Mr. Harsha Bhatkal (DIN: 00283946), who retires by rotation and being eligible, offers himself for re-appointment;
5. To appoint M. K. Dandekar & Company (Firm Registration Number: 000679S), Chartered Accountants, Mumbai as the Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the 13th Annual General Meeting of the Company in the calendar year 2016 at such remuneration as may be determined by the Board of Directors and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and of the Companies (Audit and Auditors) Rules, 2014, M/s. M. K. Dandekar & Company (Firm Registration Number: 000679S), Chartered Accountants, Mumbai, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting, for two consecutive years until the conclusion of the 13th Annual General Meeting of the Company in the calendar year 2016, subject to ratification by the shareholders annually, at such remuneration as shall be fixed by the Board of Directors of the Company.”

SPECIAL BUSINESS:

6. To appoint Mr. Manohar Bhide (DIN: 00001826) as Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (‘Act’) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause

49 of the Listing Agreement, Mr. Manohar Bhide, a Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company, to hold office upto five consecutive years for a term commencing from 18th September, 2014.”

7. To appoint Mr. Raman Maroo (DIN: 00169152) as Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (‘Act’) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Raman Maroo, a Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company, to hold office upto five consecutive years for a term commencing from 18th September, 2014.”

8. To appoint Mr. Mohan Jayakar (DIN: 00925962) as Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (‘Act’) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Mohan Jayakar, a Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company, to hold office upto five consecutive years for a term commencing from 18th September, 2014.”

9. To appoint Dr. Avinash Phadke (DIN: 00799476) as Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections

149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr. Avinash Phadke, a Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company, to hold office upto five consecutive years for a term commencing from 18th September, 2014."

10. **To appoint Mr. Abhijeet Patil (DIN: 00356630) as Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Abhijeet Patil, a Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company, to hold office upto five consecutive years for a term commencing from 18th September, 2014."

11. **To appoint Mr. Dinesh Afzulpurkar (DIN: 05313394) as Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Dinesh Afzulpurkar, a Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company, to hold office upto five consecutive years for a term commencing from 18th September, 2014."

12. **To re-appoint Mr. Madhukar Talwalkar (DIN: 00341613) as Executive Chairman of the Company and in this regard**

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

"RESOLVED THAT pursuant to provisions of Sections 196, 197 read with Schedule V of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and relevant provisions of other applicable laws, approval of the members be and is hereby accorded to re-appoint Mr. Madhukar Talwalkar as Executive Chairman for a further period of five years from 1st October, 2014 to 30th September, 2019 upon the terms and conditions including remuneration as set out hereinafter, with a liberty and powers to the Board to alter and vary the terms and conditions of the said appointment including the remuneration from time to time, as may be agreed between the Board and Mr. Madhukar Talwalkar, within the applicable limits of Schedule V or necessary approvals required to be taken under the Act.

The principal terms of appointment & remuneration:

Period of Appointment: Five (05) Years

From: 1st October, 2014 to 30th September, 2019

The appointment may be terminated by either party by giving to the other party, six months notice of such termination or the Company paying six months remuneration in lieu thereof.

Salary Details: ₹ 3,50,000/- (Rupees Three Lakhs Fifty Thousand only) per month (Gross)

In addition to Basic Salary, Mr. Madhukar Talwalkar will be entitled to perquisites and allowances like Housing, Medical Reimbursement, Electricity Bill Reimbursement, Leave Travel Concession, Club Fees, Personal Accident Insurance, Reimbursement of expenses he spent for business, Company's contribution towards provident fund & family pension fund, Gratuity, Earned Leave, Car Allowance, Driver Allowance, Telephone/Mobile Expenses.

RESOLVED FURTHER THAT if in any financial year the Company has no profits or inadequate profits, Mr. Madhukar Talwalkar will be entitled to receive the same remuneration, perquisites and benefits as above or as may be decided by the Board.

RESOLVED FURTHER THAT the Company may apply to the Central Government for the approval, if at any time the remuneration payable to Mr. Madhukar Talwalkar exceeds the maximum limits specified under Sections 196 and 197 of the Companies Act, 2013 read with Schedule V and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, during the above stated period.

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

13. **To re-appoint Mr. Prashant Talwalkar (DIN: 00341715) as Managing Director and CEO of the Company and in**

this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to provisions of Sections 196, 197 read with Schedule V of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and relevant provisions of other applicable laws, approval of the members be and is hereby accorded to re-appoint Mr. Prashant Talwalkar as Managing Director and Chief Executive Officer (CEO) for a further period of five years from 18th June, 2014 to 17th June, 2019 upon the terms and conditions including remuneration as set out hereinafter, with a liberty and powers to the Board to alter and vary the terms and conditions of the said appointment including the remuneration from time to time, as may be agreed between the Board and Mr. Prashant Talwalkar, within the applicable limits of Schedule V or necessary approvals required to be taken under the Act.

The principal terms of appointment & remuneration:

Period of Appointment: Five (05) Years

From: 18th June, 2014 to 17th June, 2019.

The appointment may be terminated by either party by giving to the other party, six months notice of such termination or the Company paying six months remuneration in lieu thereof.

Salary Details: ₹ 3,50,000/- (Rupees Three Lakhs Fifty Thousand only) per month (Gross)

In addition to Basic Salary, Mr. Prashant Talwalkar will be entitled to perquisites and allowances like Housing, Medical Reimbursement, Electricity Bill Reimbursement, Leave Travel Concession, Club Fees, Personal Accident Insurance, Reimbursement of expenses he spent for business, Company's contribution towards provident fund & family pension fund, Gratuity, Earned Leave, Car Allowance, Driver Allowance, Telephone/Mobile Expenses.

RESOLVED FURTHER THAT if in any financial year the Company has no profits or inadequate profits, Mr. Prashant Talwalkar will be entitled to receive the same remuneration, perquisites and benefits as above or as may be decided by the Board.

RESOLVED FURTHER THAT the Company may apply to the Central Government for the approval, if at any time the remuneration payable to Mr. Prashant Talwalkar exceeds the maximum limits specified under Sections 196 and 197 of the Companies Act, 2013 read with Schedule V and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, during the above stated period.

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

14. **To re-appoint Mr. Vinayak Gawande (DIN: 00324591) as Whole-time Director of the Company and in this regard**

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

"RESOLVED THAT pursuant to provisions of Sections 196, 197 read with Schedule V of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and relevant provisions of other applicable laws, approval of the members be and is hereby accorded to re-appoint Mr. Vinayak Gawande as Whole-time Director for a further period of five years from 1st October, 2014 to 30th September, 2019 upon the terms and conditions including remuneration as set out hereinafter, with a liberty and powers to the Board to alter and vary the terms and conditions of the said appointment including the remuneration from time to time, as may be agreed between the Board and Mr. Vinayak Gawande, within the applicable limits of Schedule V or necessary approvals required to be taken under the Act.

The principal terms of appointment & remuneration:

Period of Appointment: Five (05) Years

From: 1st October, 2014 to 30th September, 2019.

The appointment may be terminated by either party by giving to the other party, six months notice of such termination or the Company paying six months remuneration in lieu thereof.

Salary Details: ₹ 3,50,000/- (Rupees Three Lakhs Fifty Thousand only) per month (Gross)

In addition to Basic Salary, Mr. Vinayak Gawande will be entitled to perquisites and allowances like Housing, Medical Reimbursement, Electricity Bill Reimbursement, Leave Travel Concession, Club Fees, Personal Accident Insurance, Reimbursement of expenses he spent for business, Company's contribution towards provident fund & family pension fund, Gratuity, Earned Leave, Car Allowance, Driver Allowance, Telephone/Mobile Expenses.

RESOLVED FURTHER THAT if in any financial year the Company has no profits or inadequate profits, Mr. Vinayak Gawande will be entitled to receive the same remuneration, perquisites and benefits as above or as may be decided by the Board.

RESOLVED FURTHER THAT the Company may apply to the Central Government for the approval, if at any time the remuneration payable to Mr. Vinayak Gawande exceeds the maximum limits specified under Sections 196 and 197 of the Companies Act, 2013 read with Schedule V and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, during the above stated period.

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

15. **To re-appoint Mr. Girish Talwalkar (DIN: 00341675) as**

Whole-time Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to provisions of Sections 196, 197 read with Schedule V of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and relevant provisions of other applicable laws, approval of the members be and is hereby accorded to re-appoint Mr. Girish Talwalkar as Whole-time Director for a further period of five years from 1st October, 2014 to 30th September, 2019 upon the terms and conditions including remuneration as set out hereinafter, with a liberty and powers to the Board to alter and vary the terms and conditions of the said appointment including the remuneration from time to time, as may be agreed between the Board and Mr. Girish Talwalkar, within the applicable limits of Schedule V or necessary approvals required to be taken under the Act.

The principal terms of appointment & remuneration:

Period of Appointment: Five (05) Years

From: 1st October, 2014 to 30th September, 2019

The appointment may be terminated by either party by giving to the other party, six months notice of such termination or the Company paying six months remuneration in lieu thereof.

Salary Details: ₹ 3,50,000/- (Rupees Three Lakhs Fifty Thousand only) per month (Gross)

In addition to Basic Salary, Mr. Girish Talwalkar will be entitled to perquisites and allowances like Housing, Medical Reimbursement, Electricity Bill Reimbursement, Leave Travel Concession, Club Fees, Personal Accident Insurance, Reimbursement of expenses he spent for business, Company's contribution towards provident fund & family pension fund, Gratuity, Earned Leave, Car Allowance, Driver Allowance, Telephone/Mobile Expenses.

RESOLVED FURTHER THAT if in any financial year the Company has no profits or inadequate profits, Mr. Girish Talwalkar will be entitled to receive the same remuneration, perquisites and benefits as above or as may be decided by the Board.

RESOLVED FURTHER THAT the Company may apply to the Central Government for the approval, if at any time the remuneration payable to Mr. Girish Talwalkar exceeds the maximum limits specified under Sections 196 and 197 of the Companies Act, 2013 read with Schedule V and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, during the above stated period.

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

16. To re-appoint Mr. Anant Gawande (DIN: 00324734) as

Whole-time Director and CFO of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to provisions of Sections 196, 197 read with Schedule V of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and relevant provisions of other applicable laws, approval of the members be and is hereby accorded to re-appoint Mr. Anant Gawande as Whole-time Director & Chief Financial Officer (CFO) for a further period of five years from 1st October, 2014 to 30th September, 2019 upon the terms and conditions including remuneration as set out hereinafter, with a liberty and powers to the Board to alter and vary the terms and conditions of the said appointment including the remuneration from time to time, as may be agreed between the Board and Mr. Anant Gawande, within the applicable limits of Schedule V or necessary approvals required to be taken under the Act.

The principal terms of appointment & remuneration:

Period of Appointment: Five (05) Years

From: 1st October, 2014 to 30th September, 2019

The appointment may be terminated by either party by giving to the other party, six months notice of such termination or the Company paying six months remuneration in lieu thereof.

Salary Details: ₹ 3,50,000/- (Rupees Three Lakhs Fifty Thousand only) per month (Gross)

In addition to Basic Salary, Mr. Anant Gawande will be entitled to perquisites and allowances like Housing, Medical Reimbursement, Electricity Bill Reimbursement, Leave Travel Concession, Club Fees, Personal Accident Insurance, Reimbursement of expenses he spent for business, Company's contribution towards provident fund & family pension fund, Gratuity, Earned Leave, Car Allowance, Driver Allowance, Telephone/Mobile Expenses.

RESOLVED FURTHER THAT if in any financial year the Company has no profits or inadequate profits, Mr. Anant Gawande will be entitled to receive the same remuneration, perquisites and benefits as above or as may be decided by the Board.

RESOLVED FURTHER THAT the Company may apply to the Central Government for the approval, if at any time the remuneration payable to Mr. Anant Gawande exceeds the maximum limits specified under Sections 196 and 197 of the Companies Act, 2013 read with Schedule V and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, during the above stated period.

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

17. To re-appoint Mr. Harsha Bhatkal (DIN: 00283946) as

Whole-time Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to provisions of Sections 196, 197 read with Schedule V of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and relevant provisions of other applicable laws, approval of the members be and is hereby accorded to re-appoint Mr. Harsha Bhatkal as Whole-time Director for a further period of five years from 1st October, 2014 to 30th September, 2019 upon the terms and conditions including remuneration as set out hereinafter, with a liberty and powers to the Board to alter and vary the terms and conditions of the said appointment including the remuneration from time to time, as may be agreed between the Board and Mr. Harsha Bhatkal, within the applicable limits of Schedule V or necessary approvals required to be taken under the Act.

The principal terms of appointment & remuneration:

Period of Appointment: Five (05) Years

From: 1st October, 2014 to 30th September, 2019

The appointment may be terminated by either party by giving to the other party, six months notice of such termination or the Company paying six months remuneration in lieu thereof.

Salary Details: ₹ 3,50,000/- (Rupees Three Lakhs Fifty Thousand only) per month (Gross).

In addition to Basic Salary, Mr. Harsha Bhatkal will be entitled to perquisites and allowances like Housing, Medical Reimbursement, Electricity Bill Reimbursement, Leave Travel Concession, Club Fees, Personal Accident Insurance, Reimbursement of expenses he spent for business, Company's contribution towards provident fund & family pension fund, Gratuity, Earned Leave, Car Allowance, Driver Allowance, Telephone/Mobile Expenses.

RESOLVED FURTHER THAT if in any financial year the Company has no profits or inadequate profits, Mr. Harsha Bhatkal will be entitled to receive the same remuneration, perquisites and benefits as above or as may be decided by the Board.

RESOLVED FURTHER THAT the Company may apply to the Central Government for the approval, if at any time the remuneration payable to Mr. Harsha Bhatkal exceeds the maximum limits specified under Sections 196 and 197 of the Companies Act, 2013 read with Schedule V and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, during the above stated period.

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

18. To approve borrowing limits of the Company and in this regard to consider and if thought fit, to pass with or

without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 180(1) (c) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members be and is hereby accorded for borrowing, on behalf of the Company, any sum or sums of money, from time to time, as the Board may consider fit, in any manner and without prejudice to the generality thereof, by way of loans, advances, credits, acceptance of deposits, issue of debt securities/debentures or otherwise in Indian rupees or any other foreign currency, from any bank or banks or any financial Institutions, bodies corporate, other person or persons and whether the same may be secured or unsecured and if secured, whether domestic or international, whether by way of mortgage, charge, hypothecation, pledge or otherwise in any way whatsoever, on, over or in any respect of all or any of the Company's assets and effects or properties including uncalled capital, stock-in-trade (including raw materials, stores, spares and components in stock or stock in transit), notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) and remaining undischarged at any given time, will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose so however that the total amount upto which money may be borrowed by the Board under this resolution, an amount shall not exceed, in the aggregate, the sum of ₹ 350,00,00,000/- (Rupees Three Hundred Fifty Crores only) and/or in equivalent foreign currency.

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

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

“RESOLVED THAT pursuant to Sections 42, 71 and any other applicable provisions of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of members be and is hereby granted to offer or invite subscriptions for non-convertible debentures, in one or more series/tranches, on private placement basis during the financial year 2014-2015 within the overall borrowing limits of the Company, as approved by the members, from time to time and on such terms and conditions as the Board of Directors of the Company may, from time to time determine and consider proper and

most beneficial to the Company.”

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

20. To approve the franchise agreement with Aspire Fitness Private Limited and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to provisions of Section 2(76), Section 188 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Specification of definitions details) Rules, 2014 and Companies (Meetings of Board and its Powers) Rules, 2014, approval of the members be and is hereby granted for a period of ten (10) years for the franchise agreement with Aspire Fitness Private Limited on the terms and conditions as set out herein below, with liberty and powers to the Board of Directors to amend the terms and conditions as may be agreed between the Board and the Related Party:

- i) Name of the related party: Aspire Fitness Private Limited
- ii) Nature of relationship with the related party: Subsidiary Company
- iii) Name of the Directors who are interested: Mr. Madhukar Talwalkar, Executive Chairman of the Company and Mr. Girish Talwalkar, Whole-time Director of the Company are common Directors in both the Companies.
- iv) Nature of Agreement: Franchise Agreement
- v) Period of Transaction: Ten (10) Years from 08.05.2014 to 07.05.2024
- vi) Purpose of Agreement: Use of brand name and logo of the Company
- vii) Value of Transaction: maximum limit of ₹ 5,00,00,000/- (Rupees Five Crores only) per annum.

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

21. To approve the franchise agreement with Denovo Enterprises Private Limited and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to provisions of Section 2(76), Section 188 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Specification of definitions details) Rules, 2014 and Companies (Meetings of Board and its Powers) Rules, 2014, approval of the members be and is hereby granted for a period of ten (10) years for the franchise agreement with Denovo Enterprises Private Limited on the terms and conditions as set out herein below, with liberty and powers to the Board of Directors to amend the

terms and conditions as may be agreed between the Board and the Related Party:

- i) Name of the related party: Denovo Enterprises Private Limited
- ii) Nature of relationship with the related party: Subsidiary Company
- iii) Name of the Directors who are interested: Mr. Madhukar Talwalkar, Executive Chairman of the Company and Mr. Girish Talwalkar, Whole-time Director of the Company are common Directors in both the Companies.
- iv) Nature of Agreement: Franchise Agreement
- v) Period of Transaction: Ten (10) Years from 08.05.2014 to 07.05.2024
- vi) Purpose of Agreement: Use of brand name and logo of the Company
- vii) Value of Transaction: maximum limit of ₹ 5,00,00,000/- (Rupees Five Crores only) per annum.

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

22. To approve the franchise agreement with Jyotsna Fitness Private Limited and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to provisions of Section 2(76), Section 188 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Specification of definitions details) Rules, 2014 and Companies (Meetings of Board and its Powers) Rules, 2014, approval of the members be and is hereby granted for a period of ten (10) years for the franchise agreement with Jyotsna Fitness Private Limited on the terms and conditions as set out herein below, with liberty and powers to the Board of Directors to amend the terms and conditions as may be agreed between the Board and the Related Party:

- i) Name of the related party: Jyotsna Fitness Private Limited
- ii) Nature of relationship with the related party: Subsidiary Company
- iii) Name of the Directors who are interested: Mr. Madhukar Talwalkar, Executive Chairman of the Company is common Director in both the Companies.
- iv) Nature of Agreement: Franchise Agreement
- v) Period of Transaction: Ten (10) Years from 08.05.2014 to 07.05.2024
- vi) Purpose of Agreement: Use of brand name and logo of the Company
- vii) Value of Transaction: maximum limit of ₹ 5,00,00,000/- (Rupees Five Crores only) per annum.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and

things as may be necessary and expedient to give effect to this resolution.”

23. To approve the franchise agreement with Equinox Wellness Private Limited and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to provisions of Section 2(76), Section 188 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Specification of definitions details) Rules, 2014 and Companies (Meetings of Board and its Powers) Rules, 2014, approval of the members be and is hereby granted for a period of ten (10) years for the franchise agreement with Equinox Wellness Private Limited on the terms and conditions as set out herein below, with liberty and powers to the Board of Directors to amend the terms and conditions as may be agreed between the Board and the Related Party:

- i) Name of the related party: Equinox Wellness Private Limited
- ii) Nature of relationship with the related party: Subsidiary Company
- iii) Name of the Directors who are interested: Nil.
- iv) Nature of Agreement: Franchise Agreement
- v) Period of Transaction: Ten (10) Years from 08.05.2014 to 07.05.2024
- vi) Purpose of Agreement: Use of brand name and logo of the Company
- vii) Value of Transaction: maximum limit of ₹ 5,00,00,000/- (Rupees Five Crores only) per annum.

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

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

Avanti Sankav
Company Secretary & Compliance Officer

Date: 25th July, 2014
Place: Mumbai

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

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ELEVENTH ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE

A MEMBER OF THE COMPANY.

2. Proxy form(s) duly completed and stamped should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the meeting.
4. A person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
5. 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 dematerialised form are requested to write their client ID and DP ID and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.
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 13th September, 2014 to 18th September, 2014 (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, 2014 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 12th September, 2014. 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, bank account details for the purpose of dividend payment immediately to the Company/Registrar (for shares held in physical form) and to Depository Participants (for Shares held in dematerialised form).
11. As per the SEBI notification dated 16th February, 2000, the Equity Shares of the Company have been compulsorily dematerialised and sale/purchase of the same is required to take place in dematerialised form only.
12. Pursuant to SEBI Notification No.MED/DOP/Circular/05/2009 dated 20th May, 2009, it has become mandatory for the transferee(s) to furnish copy of PAN card to the Company/RTA to enable/effect transfer of shares in physical forms.

13. Members desiring any information as regards the accounts are requested to write to the Company at least five days before the date of the meeting to enable the management to keep the information ready.

14. E-Voting:

Pursuant to Section 108 of the Companies Act, 2013 and applicable rules there-under and Clause 35B of the Equity Listing Agreement, the Company is pleased to offer e-voting facility for the members to enable them to cast their votes electronically. For this purpose, the Company has signed an agreement with the Central Depository Services (India) Limited ("CDSL") for facilitating e-voting.

The voting period begins on Thursday, 11th September, 2014 at 9 a.m. and ends on Saturday, 13th September, 2014 at 6 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 14th August, 2014, may cast their vote electronically. E-Voting shall not be allowed beyond 6 p.m. of 13th September, 2014. During E-Voting period, the

shareholders of the Company holding shares either in physical form or in dematerialized form as on the cut-off date, may cast their vote electronically. The Notice of Annual General Meeting is displayed on the Company's website- www.talwalkars.net.

The instructions for members for voting electronically are as under:-

(A) In case of members receiving e-mail or physical copy of the Annual Report

- i. Log on to the e-voting website www.evotingindia.com.
- ii. Click on "Shareholders" tab to cast your votes.
- iii. Select the Electronic Voting Sequence Number ("EVSN") along with **Talwalkars Better Value Fitness Limited** from the drop down menu and click on Submit.
- iv. If you are holding shares in demat form and had logged on to www.evotingindia.com and cast your vote earlier for EVSN of any other Company, then your existing login id and password are to be used.
- v. For other users, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
User-ID	For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the Company
PAN	<ul style="list-style-type: none"> • Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members, who have not updated their PAN with the Company/ Depository Participant, are requested to use the first two letters of their name and the last 8 digits of the demat account/ folio number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field. 	
DOB	Enter the Date of Birth (DOB) as recorded in your demat account or in the Company records for the said demat account or folio.	
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. Please enter either DOB or Dividend Bank Details in order to login. If these details are not recorded with the Depository Participant or Company, please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.	

vi. After entering these details appropriately, click on "SUBMIT" tab.

vii. Members holding shares in physical form will then reach directly to the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # \$ % *). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that Company opts for e-voting

through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- viii. You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending communication(s) regarding CDSL e-voting system in future. The same may be used in case the member forgets the password and the same needs to be reset.
- ix. For members holding shares in physical form, the password and default number can be used only for e-voting on the resolutions contained in this AGM Notice.
- x. Click on the relevant EVSN on which you choose to vote.

xi. On the voting page, you will see Resolution Description and against the same the option YES/NO for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and the option NO implies that you dissent to the Resolution.

xii. Click on the "Resolutions File Link" if you wish to view the entire Resolutions.

xiii. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK" else to change your vote, click on "CANCEL" and accordingly modify your vote.

xiv. Once you "CONFIRM" your vote on the resolution, you will not

be allowed to modify your vote.

(B) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the Scrutinizer to verify the vote.

(C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions and e-voting manual available at www.evotingindia.co.in under Help Section or write an email to helpdesk.evoting@cdslindia.com.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

Item Nos. 6, 7, 8, 9, 10 and 11

The following Directors on the Board of your Company qualify as Independent Directors under Section 149 of the Companies Act, 2013 ('Act') and Clause 49 of the Listing Agreement:

1. Mr. Manohar Bhide
2. Mr. Raman Maroo
3. Mr. Mohan Jayakar
4. Dr. Avinash Phadke
5. Mr. Abhijeet Patil
6. Mr. Dinesh Afzulpurkar

These Directors are the Independent Directors and have held the positions as such for not more than five years as on 1st October, 2014. They were duly appointed under the Companies Act, 1956 as Directors. In order to give effect to the aforesaid provisions of the Act, it is proposed that these Directors be appointed as Independent Directors under Section 149 of the Act read with the amended Clause 49 of the Listing Agreement, to hold office upto five consecutive years, for a term commencing from 18th September, 2014.

None of the aforementioned Directors is disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors and also meet with the criteria of independence as specified in the Companies Act, 2013 and the Listing Agreement. They are independent of the management.

The Company has received notices in writing from members, along with the deposit of requisite amount under Section 160 of the Act, proposing the candidature of each of the aforementioned Directors for the office of Directors of the Company.

Brief profiles of the Directors are given in the Notice.

Keeping in view their expertise and knowledge, it will be in the

interest of the Company that these Directors are appointed as Independent Directors.

Your Board recommends the acceptance of the resolutions as set out in Item Nos. 6, 7, 8, 9, 10 and 11 of the Notice of the Meeting.

None of the Directors, Key Managerial Personnel and Relatives of the Directors/Key Managerial Personnel of the Company, other than the Independent Directors being proposed to be appointed, are concerned or interested in the above respective resolutions.

Item Nos. 12, 13, 14, 15, 16 and 17

The Terms of Employment of Mr. Prashant Talwalkar, Managing Director and CEO of the Company expired on 17th June, 2014 and that of Mr. Madhukar Talwalkar, Executive Chairman, Mr. Vinayak Gawande, Whole-time Director, Mr. Girish Talwalkar, Whole-time Director, Mr. Anant Gawande, Whole-time Director and CFO and Mr. Harsha Bhatkal, Whole-time Director of the Company shall expire on 30th September, 2014. The same has to be renewed further for a period of 5 years on the terms and conditions as mentioned in the resolution by the Board of Directors in its meeting held on 8th May, 2014 subject to your approval.

Brief profiles of the Directors are given in the Notice.

Mr. Madhukar Talwalkar, Executive Chairman, is proposed to be re-appointed pursuant to the proviso of Section 196 (3)(a) of the Companies Act, 2013 and other relevant rules applicable there-under, read with Schedule V – Part I (c), since he has attained the age of seventy years.

Your Board recommends the acceptance of the resolutions as set out in Item Nos. 12, 13, 14, 15, 16 and 17 of the Notice of the Meeting.

None of the Directors, Key Managerial Personnel and Relatives

of the Directors/Key Managerial Personnel of the Company, other than the Directors being proposed to be reappointed, is concerned or interested in the above respective resolutions.

Item No. 18

The Company vide its Board resolution passed in the meeting held on 22nd May, 2012 had approved borrowing powers under section 293(1)(d) of the Companies Act, 1956 to the extent of overall limit of ₹ 350,00,00,000/- (Rupees Three Hundred and Fifty Crores only) on such terms and conditions as detailed in the said resolution. The general body had approved the said borrowing powers in its meeting held on 9th August, 2012.

However, in the view of the approval of Companies Act, 2013, MCA has issued General Circular no. 04/ 2014 dated 25th March, 2014 stating that resolution earlier passed for the borrowing powers and/or creation of security shall be valid only upto September, 2014 and the Company is required to pass a fresh special resolution in the general meeting as per Section 180(1)(c) of the Companies Act, 2013.

Your Board recommends the acceptance of the resolution as set out in Item No.18 of the Notice of the Meeting.

None of the Directors, Key Managerial Personnels and Relatives of the Directors/Key Managerial Personnel of the Company is in anyway concerned or interested in the above resolution.

Item No. 19

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

In order to enhance long term resources for financing inter-alia the ongoing capital expenditure and for general corporate purpose, the Company may offer or invite subscription for non-convertible debentures, in one or more series/tranches on private placement basis in the financial year 2014-15.

Your Board recommends the acceptance of the resolution as set out in Item No.19 of the Notice of the Meeting.

None of the Directors, Key Managerial Personnel and Relatives of the Directors/Key Managerial Personnel of the Company is in anyway concerned or interested in the above resolution.

Item No. 20, 21, 22 and 23

Aspire Fitness Private Limited ("Aspire"), Denovo Enterprises Private Limited ("Denovo"), Equinox Wellness Private Limited ("Equinox") and Jyotsna Fitness Private Limited ("Jyotsna") are the subsidiaries of the Company. All these Companies are in the same business of running the health clubs and gyms which are run under the Company's brand name and logo, for which the Company gets franchise fee from them.

Your Company has entered into franchise agreements with Aspire, Denovo, Equinox and Jyotsna in terms of provisions of Sections 2(76) and 188 of the Companies Act, 2013.

The period of Transactions for which the approval is sought is ten (10) years from 08.05.2014 to 07.05.2024 and the maximum value of transactions with each of the aforesaid related party is ₹ 5,00,00,000/- (Rupees Five Crores only) per annum.

Mr. Madhukar Talwalkar, Executive Chairman of the Company and Mr. Girish Talwalkar, Whole-time Director of the Company being common Directors in the Company and Aspire and Denovo and Mr. Madhukar Talwalkar, being Director in Jyotsna, are directly interested in both the Companies.

Your Board recommends the acceptance of the resolutions as set out in Item Nos. 20, 21, 22 and 23 of the Notice of the Meeting.

None of the other Directors, Key Managerial Personnel and Relatives of the Directors/Key Managerial Personnel is concerned or interested in the above respective resolutions.

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

Avanti Sankav
Company Secretary & Compliance Officer

Date: 25th July, 2014
Place: Mumbai

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

Name of Directors	Mr. Madhukar Talwalkar	Mr. Vinayak Gawande	Mr. Prashant Talwalkar
Date of Birth	28.11.1933	24.08.1958	16.06.1962
Date of Appointment	24.04.2003	24.04.2003	25.04.2003
Qualification	Bachelors degree in Textile Engineering	Bachelors degree in Commerce	Bachelors degree in Science
Expertise in specific functional area	Health and Fitness Industry	Taxation, Law, Finance and Hospitality Industry	Health and Fitness Industry
Directorships held in other Companies.	Aspire Fitness Pvt. Ltd. Denovo Enterprises Pvt. Ltd. Jyotsna Fitness Pvt. Ltd. Life Fitness India Pvt. Ltd. Pinnacle Fitness Pvt. Ltd. Talwalkars Omni Fitness Pvt. Ltd.	Better Value Leasing & Finance Ltd. Gawande Consultants Pvt. Ltd. Radhika Hotels Pvt. Ltd. SK Restaurants Pvt. Ltd. Talwalkars Club Pvt. Ltd.	R2 Infrastructure Pvt. Ltd. Talwalkars Club Pvt. Ltd.
* Chairmanships/Memberships of the Committees of other Public Companies	Audit Committee – Nil Shareholders'/Investors' Grievance, Share Allotment and Share Transfer Committee - Nil	Audit Committee - Nil Shareholders'/Investors' Grievance, Share Allotment and Share Transfer Committee - Nil	Audit Committee - Nil Shareholders'/Investors' Grievance, Share Allotment and Share Transfer Committee – Nil
Nos. of Shares held in the Company	28,32,280	19,20,200	28,76,080

Name of Directors	Mr. Girish Talwalkar	Mr. Anant Gawande	Mr. Harsha Bhatkal
Date of Birth	01.06.1961	28.08.1967	15.08.1962
Date of Appointment	25.04.2003	25.04.2003	25.04.2003
Qualification	Masters Degree in Physiotherapy	Fellow member of Institute of Chartered Accountants of India	Bachelors Degree in Commerce and Masters Degree in Business Administration
Expertise in specific functional area	Strategic planning, project management, execution, corporate tie ups and other promotional activities	Finance Industry	Publishing and Marketing Industry
Directorships held in other Companies.	Aspire Fitness Pvt. Ltd. Denovo Enterprises Pvt. Ltd. Talwalkars Omni Fitness Pvt. Ltd.	Anfin Investments Pvt. Ltd. Better Value Leasing & Finance Ltd. Gawande Consultants Pvt. Ltd. SK Restaurants Pvt. Ltd.	Better Value Leasing & Finance Ltd. Corner Bookstore Company Pvt. Ltd. indian cookery.com Pvt.Ltd. Popular Institute of Art Pvt. Ltd. Popular Prakashan Pvt. Ltd. SK Restaurants Pvt. Ltd.
* Chairmanships/Memberships of the Committees of other Public Companies	Audit Committee – Nil Shareholders'/Investors' Grievance, Share Allotment and Share Transfer Committee - Nil	Audit Committee - Nil Shareholders'/Investors' Grievance, Share Allotment and Share Transfer Committee - Nil	Audit Committee - Nil Shareholders'/Investors' Grievance, Share Allotment and Share Transfer Committee – Nil
Nos. of Shares held in the Company	28,64,280	19,20,200	19,20,200

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.

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

Name of Directors	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 and Solicitors Degree
Expertise in specific functional area	Banking and Finance	Entertainment Industry	Law & Regulatory Matters
Directorships held in other Companies.	Mahindra Shubhlabh Services Limited J.P. Morgan Securities India Private Limited Mahindra & Mahindra Financial Services Limited Mahindra Trustee Company Private Limited	Orbit Corporation Limited Shemaroo Entertainment Ltd. Novatech Finvest (India) Pvt. Ltd. Mitoch Pharma Pvt. Ltd. Shemaroo Holdings Pvt. Ltd. Atlas Equifin Pvt. Ltd. Think Walnut Digital Pvt. Ltd. Shemaroo Films Private Limited	Photoquip (India) Limited Centerac Technologies Limited Everest Kanto Cylinder Limited Satya Giri Shipping Company Ltd. Mysore Petro Chemicals Limited Shree Ram Urban Infrastructure Limited Glide Car Rentals and Trading Private Limited Macrocosm Infrastructure & Power Private Limited Vericom Global Private Limited
* Chairmanships/Memberships of the Committees of other Public Companies	Audit Committee - 02 Shareholders'/Investors' Grievance, Share Allotment and Share Transfer Committee - 01	Audit Committee - 01 Shareholders'/Investors' Grievance, Share Allotment and Share Transfer Committee - 01	Audit Committee - Nil Shareholders'/Investors' Grievance, Share Allotment and Share Transfer Committee - 03
Nos. of Shares held in the Company	6,296	Nil	Nil

Name of Directors	Dr. Avinash Phadke	Mr. Abhijeet Patil	Mr. Dinesh Afzulpurkar
Date of Birth	28.04.1954	18.04.1966	20.08.1938
Date of Appointment	09.10.2009	11.11.2009	19.05.2012
Qualification	D.P.B and M.D (Path)	Bachelors Degree in Commerce	Indian Administrative Service
Expertise in specific functional area	Pathologic Practice	Tourism Industry	Administration
Directorships held in other Companies.	Dandekar Inks and Adhesives Ltd.	Raja Rani Travels Pvt. Ltd. Raja Rani Retail Tourism Pvt. Ltd. Raja Rani Health Alliance Pvt. Ltd. Qasswa Hajj Umrah Travels Pvt. Ltd. RR Global Project Advisory Services Pvt. Ltd.	Nil
* Chairmanships/Memberships of the Committees of other Public Companies	Audit Committee - Nil Shareholders'/Investors' Grievance, Share Allotment and Share Transfer Committee - Nil	Audit Committee- Nil Shareholders'/Investors' Grievance, Share Allotment and Share Transfer Committee - Nil	Audit Committee - Nil Shareholders'/Investors' Grievance, Share Allotment and Share Transfer Committee - Nil
Nos. of Shares held in the Company	Nil	Nil	Nil

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



TALWALKARS BETTER VALUE FITNESS LIMITED

Regd. Off.: 801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026.
Tel. No.: 6612 6300 Fax No.: 6612 6363. Website: www.talwalkars.net CIN: L92411MH2003PLC140134



ATTENDANCE SLIP

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

I/We hereby record my/our presence at the 11th Annual General Meeting of the Company on Thursday, the 18th September, 2014 at 12.30 p.m. at M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturer's Association, Bhogilal Hargovindas Building, 4th Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai - 400 001.

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

Name of the Proxy (in block letters)
(To be filled in if the proxy attends instead of the Member)

Member's / Proxy's Signature

Note:

- 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.
- The copy of the Annual Report may please be brought to the Meeting hall.



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PROXY FORM

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

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

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

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

as my/our proxy to vote for me/us on my/our behalf at the 11th Annual General Meeting of the Company to be held on Thursday, the 18th September, 2014 at 12.30 p.m. at M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturer's Association, Bhogilal Hargovindas Building, 4th Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai – 400 001 and any adjournment thereof, in respect of such resolutions as are indicated below:

Item No.	Resolution	Item No.	Resolution
1	Adoption of Audited Balance Sheet as at 31 st March, 2014, the Profit & Loss Account for the year ended on that date together with the reports of the Directors and Auditors thereon.	2	Declaration of dividend on Equity Shares for the year ended 31 st March, 2014.
3	Re-appointment of Mr. Anant Gawande, who retires by rotation.	4	Re-appointment of Mr. Harsha Bhatkal, who retires by rotation.
5	Appointment of M. K. Dandeker & Company, Chartered Accountants, Mumbai as the Auditors of the Company.	6	Appointment of Mr. Manohar Bhide as Independent Director.
7	Appointment of Mr. Raman Maroo as Independent Director.	8	Appointment of Mr. Mohan Jayakar as Independent Director.
9	Appointment of Dr. Avinash Phadke as Independent Director.	10	Appointment of Mr. Abhijeet Patil as Independent Director.
11	Appointment of Mr. Dinesh Afzulpurkar as Independent Director.	12	Re-appointment of Mr. Madhukar Talwalkar as Executive Chairman of the Company.
13	Re-appointment of Mr. Prashant Talwalkar as Managing Director and CEO of the Company.	14	Re-appointment of Mr. Vinayak Gawande as Whole-time Director of the Company.
15	Re-appointment of Mr. Girish Talwalkar as Whole-time Director of the Company.	16	Re-appointment of Mr. Anant Gawande as Whole-time Director and CFO of the Company.
17	Re-appointment of Mr. Harsha Bhatkal as Whole-time Director of the Company.	18	Approval of the borrowing limits under Section 180 (1)(c) of the Companies Act, 2013.
19	Approval of the offer or invitation to subscribe to Non-Convertible Debentures on private placement basis.	20	Approval of the franchise agreement with Aspire Fitness Private Limited.
21	Approval of the franchise agreement with Denovo Enterprises Private Limited.	22	Approval of the franchise agreement with Jyotsna Fitness Private Limited.
23	Approval of the franchise agreement with Equinox Wellness Private Limited.		



Signature of Shareholder

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

Date: _____

Note:

The Proxy duly completed must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.

Revenue
Stamp
of
₹1/-



Registered office

801 - 813, Mahalaxmi Chambers
22, Bhulabhai Desai Road
Mumbai 400026

Tel: +91 22 6612 6300

Fax: +91 22 6612 6363

www.talwalkars.net