

TALWALKARS BETTER VALUE FITNESS LTD

ANNUAL ACCOUNTS

2010-11

AUDITORS' REPORT

TO THE MEMBERS OF TALWALKARS BETTER VALUE FITNESS LIMITED

1. We have audited the attached Balance Sheet of **TALWALKARS BETTER VALUE FITNESS LIMITED** as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far, as appears from our examination of the books;
 - (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.



- (e) On the basis of written representations received from the directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, together with the other notes appearing thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011; and
 - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Place : Mumbai
Dated: June 14, 2011



For SARAF GURKAR & ASSOCIATES

Chartered Accountants
FRN : 126518W

A handwritten signature in black ink, appearing to read "S. L. Saraf".

S. L. Saraf
Partner

Membership No. 030866

**ANNEXURE TO THE AUDITOR'S REPORT OF EVEN DATE ON THE ACCOUNTS OF TALWALKARS
BETTER VALUE FITNESS LIMITED FOR THE YEAR ENDED 31ST MARCH 2011**

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

1. Fixed Assets :

- (a) The Company is in the process of re-compiling its fixed asset register with a view towards reflecting full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us, physical verification of fixed assets has been carried out by the Management at most of the branches in accordance with a program of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. No material discrepancies were noticed on such physical verification as informed by the management. In view of the fact that the fixed asset register is in the process of re-compilation, the management has informed us that discrepancies, if any, arising between the assets verified and the books and records would be dealt with in the year in which such re-compilation of the register is completed
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

2. The Company is a service Company primarily rendering services in respect of health and fitness centres. Accordingly it does not hold any inventory. Thus, the provisions of Clause 4(ii) are not applicable to the company for the year under review.

3. Loans :

- (a) The Company has granted loans to its subsidiary Company listed in the register maintained under Section 301 of the Companies Act 1956. The maximum amount involved during the year in respect of the said loans was Rs 75 Lacs and at the year end the balance outstanding of the said loans taken was Rs. 16.17 Lacs. 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 borrower has been regular in the payment of interest as stipulated. The terms of arrangement do not stipulate any repayment schedule and the loan is repayable on demand. Accordingly paragraph 4(iii)(c) of the Order 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 lacs in respect of the loan granted to the subsidiary Company.
- (e) The Company has taken unsecured loans from 9 companies listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year in respect of the said loans was Rs 2663.72 Lacs and at the year end the balance outstanding of the said loans taken was Rs. 530.83 Lacs. Other than the above, the Company has not taken any loans, secured or unsecured to companies, parties or firms covered in the register maintained u/s.301 of the Act.
- (f) In our opinion, prima facie, the interest and other terms and conditions of the aforesaid loan taken from the Companies listed in the register maintained under Section 301 are not prejudicial to the interest of the Company.
- (g) As per the information and explanations furnished to us, for loans taken as above, repayment terms of principal amount has not been stipulated /fixed as yet and the loans are repayable on demand. The Company has been regular in the payment of interest. Accordingly paragraph 4(iii)(g) of the Order is not applicable to the Company in respect of repayment of the principal amount.
4. In our opinion and based on the information and explanations given to us, the internal control procedures need to be strengthened to be commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
5. Transactions :
- (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.



- (b) Based on the information and explanations given to us, in our opinion these transactions have been made at reasonable prices having regard to the prevailing market prices at the relevant time of transactions.
6. The Company has not accepted any deposits from public within the meaning of 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 aforesaid Order, in our opinion are not applicable to the Company for the year under review.
7. In our opinion, the scope and coverage of internal audit system need to be increased to make it commensurate with the size and nature of business of the company.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-clause (1) of section 209 of the Companies Act, 1956 in respect of services carried out by the Company.
9. Statutory Dues :
- (a) According to the records of the Company, Provident Fund, Employees State Insurance, Income tax, Sales tax, Customs Duty, Service Tax, Excise Duty, Cess and other statutory dues to the extent applicable to the Company, have been generally regularly deposited during the year with the appropriate authorities.
- (b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income tax, Customs Duty, Service Tax, Excise Duty, Cess and other statutory dues outstanding as at 31st March 2011, for a period more than six months from the date they become payable.

According to the information and explanations given to us, the following dues of Income-tax have not been deposited by the Company on account of disputes

Name of the Statute	Nature of the disputed dues	Amount of Tax (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act 1961	Income Tax	19.00	AY 2006-2007	Commissioner of Income Tax- Appeals



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.

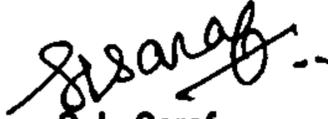


19. In our opinion and according to the information and explanations given to us, the Company has created security or charge in respect of the secured debentures issued during the year.
20. The Management has disclosed the end use of money raised by public issue at note 21 of Schedule H (B). We have verified the same to the extent of utilization by the Company.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under review.

Place :Mumbai
Dated: June 14, 2011



For SARAF GURKAR & ASSOCIATES
Chartered Accountants
FRN: 126518W


S. L. Saraf
Partner
Membership No. 030866

TALWALKARS BETTER VALUE FITNESS LIMITED

BALANCE SHEET AS ON 31ST MARCH 2011

	SCH	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS:			
Share Capital	A1	241,156,720	180,656,720
Reserves & Surplus	A2	1,006,642,837	239,888,825
		1,247,799,557	420,545,545
DEFERRED TAX LIABILITY		104,841,649	48,208,594
LOAN FUNDS :			
Secured Loans	B	1,021,158,882	628,555,703
Unsecured Loans		92,647,005	343,452,384
		1,113,805,887	972,008,087
TOTAL		2,466,447,094	1,440,762,226
APPLICATIONS OF FUNDS:			
FIXED ASSETS:			
Gross Block	C	1,890,400,447	1,321,923,223
Less: Accumulated Depreciation/Amortisation		241,611,298	160,815,772
Net Block		1,648,789,149	1,161,107,451
Capital Work-in-progress		274,252,254	130,186,173
		1,923,041,403	1,291,293,624
INVESTMENTS	D	96,913,981	49,401,500
CURRENT ASSETS, LOANS & ADVANCES:			
Sundry Debtors	E1	144,374,374	32872678
Cash and Bank Balances	E2	279,512,693	124870621
Loans & Advances	E3	222,407,269	108721162
		646,294,335	266,464,462
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	F1	88,167,939	118229965
Provisions	F2	111,634,686	56214669
		199,802,625	174,444,634
NET CURRENT ASSETS		446,491,710	92,019,827
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	G		8047274
TOTAL	H	2,466,447,094	1,440,762,226

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

Schedules referred to above form an integral part of the Financial Statements
As per our report of even date

FOR SARAF GURKAR & ASSOCIATES

Chartered Accountants
FRN126518W

S.L. Saraf
S.L. SARAF
Partner
Membership No. 030866

Mumbai
14th June 2011



FOR AND ON BEHALF OF THE BOARD

P.S. Talwalkar
P.S. TALWALKAR
Managing Director
& Chief Executive Officer

A.R. Gawande
A.R. GAWANDE
Whole time Director
& Chief Financial Officer

Avanti Sankav
Avanti Sankav
Company Secretary
& Compliance Officer



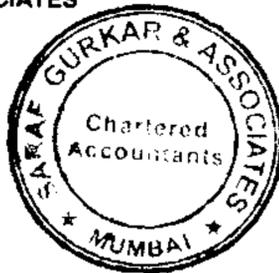
TALWALKARS BETTER VALUE FITNESS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

INCOME :	SCH	Year ended 31.03.2011 Rs.	Year ended 31.03.2010 Rs.
Income from Operations	I1	865,203,991	661,155,142
Other Income	I2	18,942,260	3,828,634
		884,146,251	664,983,775
EXPENDITURE :			
Personnel Cost	J1	177,572,443	156,832,213
Administrative and other expenses	J2	216,995,744	173,112,173
Selling & Marketing Cost	J3	27,194,968	14,669,001
Service Tax Collected & Paid		78,630,667	60,581,546
		500,393,822	405,194,933
PROFIT BEFORE INTEREST, DEPRECIATION, EXTRA ORDINARY ITEMS & TAXES		383,752,429	259,788,842
Finance Cost	J4	73,595,040	80,876,379
PROFIT BEFORE DEPRECIATION, EXTRA ORDINARY ITEMS & TAXES		310,157,389	178,912,464
Non-Cash Charges	K	83,336,547	60,889,886
PROFIT BEFORE EXTRA ORDINARY ITEMS & TAXES		226,820,842	118,022,577
Profit/(loss) on Sale of Asset		(3,644,406)	(2,131,850)
PROFIT BEFORE TAX		223,176,435	115,890,727
Taxation (Net)	L	44,719,573	21,231,859
Deferred Tax		26,187,687	15,289,612
PROFIT AFTER TAX		152,269,176	79,369,257
Balance Brought Forward		182,243,480	152,286,409
Profit available for appropriations		334,512,656	231,655,666
APPROPRIATIONS :			
Effect on Change in AS 11		-	2,386,138
Effect of previous year's Deferred Tax Liability		-	32,918,982
Proposed Dividend on Equity Shares		24,115,672	12,057,836
Tax on Dividend		4,003,202	2,049,229
Debenture Redemption Reserve		2,260,274	-
BALANCE CARRIED TO BALANCE SHEET		304,133,508	182,243,480
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS	H		
Schedules referred to above form an integral part of the Financial Statements			
		EPS (Rs.)	
		Weighted Average	
		6.46	4.43
		Diluted	
		6.46	4.42

As per our report of even date

FOR SARAF GURKAR & ASSOCIATES
Chartered Accountants
FRN 126518W
S.L. Saraf
S.L. SARAF
Partner
Membership No. 030866



FOR AND ON BEHALF OF THE BOARD
P.S. Talwalkar
P.S. TALWALKAR
Managing Director
& Chief Executive Officer
A.R. Gawande
A.R. GAWANDE
Whole time Director
& Chief Financial Officer

Avanti Sankav
Avanti Sankav
Company Secretary
& Compliance Officer

Mumbai
14th June 2011

