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Scrutinizer's Report

The Managing Director
Talwalkars Better Value Fitness Limited
801-813, Mahalaxmi Chambers,
22, Bhulabhai Desai Road,
Mumbai - 400 026.

I, Bharat Upadhyay, FCS, Practicing Company Secretary of Mumbai have been appointed as scrutinizer by the Board of Directors of Talwalkars Better Value Fitness Limited at its meeting held on 12th May, 2011 for scrutinizing Postal Ballot process for passing the following Special Resolutions.

Item 1: **To raise additional long term funds for working capital requirements – Special Resolution pursuant to Section 81 (1A) of the Companies Act, 1956.**

"RESOLVED THAT subject to the approval of the members of the Company by the way of special resolution and in accordance with the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof, for the time being in force) and subject to the provisions of Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009, as amended ("SEBI ICDR Regulations") and any provisions of the Foreign Exchange Management Act, 1999, Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulation, 2000, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 (including any amendments thereto or re-enactment thereof, for the time being in force) and also subject to the provisions of all other applicable statutes, guidelines, regulations, approvals, consents, permissions, laws or sections (the "Approvals") of the Central Government, Government of India, Reserve Bank of India, Securities and Exchange Board of India, Foreign Investment Promotion Board, Stock Exchanges, Ministry of Finance and other appropriate authorities, institutions or bodies as may be required and enabling provisions in Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the equity shares of the Company are listed and subject to such terms and conditions as may be determined by the Board of the Company (hereinafter referred

N. L. BHATIA & ASSOCIATES COMPANY SECRETARIES

to as "the Board" which expression shall include any Committee constituted for the time being in force), the consent and approval of the Company be and is hereby accorded to Board of the Company, at its absolute discretion, to issue, offer and allot Equity Shares to the Qualified Institutional Buyers (QIBs) as per the SEBI Regulations, on the basis of Placement document(s), at such time or times in one or more tranch or tranches, at such price being not less than the price determined in accordance with the pricing formula under the SEBI Regulations and on such terms and conditions and in such manner as the Board, may in its absolute discretion, determine in consultation with the Merchant Bankers, Advisors or other intermediaries, provided that the aggregate issue amount of shares upto the overall amount not exceeding Rs. 100 crores(Rupees Hundred Crores only) or its equivalent in any foreign currency as the case may be (inclusive of such premium as may be determined) in one or more tranche or tranches as specified above.

"**RESOLVED FURTHER THAT** the "relevant date" for the purpose of pricing of the Securities by way of GDRs/ADRs/FCCBs/FCEBs or by way of any preferential issue(s), shall be the date as specified under the applicable law or regulation;

"**RESOLVED FURTHER THAT** the "relevant date" for the purpose of pricing of the Securities issued and allotted by way of QIP, in accordance with the provisions of Chapter VIII of the SEBI ICDR Regulations shall mean the date of meeting in which the Board RESOLVED FURTHER THAT the allotment of Securities of Directors or the Committee of the Directors duly authorised by the Board of Directors of the Company decides to open the proposed issue;

"**RESOLVED FURTHER THAT** the allotment of Securities under any Qualified Institutional Placement shall only be to qualified institutional buyers within the meaning of Regulation 2(1)(zd) of the ICDR Regulations, such Securities shall be fully paid-up and the allotment of such Securities shall be completed within 12 months from the date of this resolution or such other time as may be allowed by SEBI Regulations from time to time.

"**RESOLVED FURTHER THAT** in case of the issue and allotment of the Securities by way of QIP, a minimum of 10% of the shares issued pursuant to the SEBI ICDR Regulation shall be allotted to the mutual funds and if no mutual funds is agreeable to take up the minimum portion or part thereof, then such minimum portion or part thereof may be allotted to other Qualified Institutional Buyers."

"**RESOLVED FURTHER THAT** for the purpose of giving effect to any issue or allotment of the Securities, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things, as it may at its discretion, deem necessary or desirable for such purpose, including without limitation, appointment of lead manager(s) in accordance with the SEBI ICDR Regulations, guarantors, financial and/or legal advisors, depositories, custodians, registrars, trustees, bankers, underwriters and any other advisors, professionals and intermediaries, as may be required and the payment of such fees, commission and other expenses to such intermediaries on such terms as it deems fit and entering into or execution of all such agreements / arrangement(s) / MOU(s) / placement agreement(s) / underwriting agreement(s)/ deposit/escrow agreement, syndicate agreement, agreement(s)/ trust

N. L. BHATIA & ASSOCIATES COMPANY SECRETARIES

deed(s)/ subscription agreement/ payment and conversion agency agreement/ any other agreement(s) or document(s) with any such agencies, listing of equity shares , Securities and the equity shares to be issued on conversion of the said Securities in domestic and/or international stock exchanges, as the Board may in its absolute discretion deem fit;

"**RESOLVED FURTHER THAT** the Board be and is hereby authorised to make all filings including the requisite listing application/prospectus/offer document/registration statement or any draft(s) thereof or any amendments or supplements thereof, and of any other relevant documents with the stock exchanges (in India or abroad), the RBI, the FIPB, the SEBI, the Registrar of Companies and other intermediaries, authorities or institutions in India and/or abroad for this purpose and to do all such acts, deeds and things as may be necessary or incidental to give effect to the above resolutions and the Common Seal of the Company be affixed wherever necessary as per the provisions of the Articles of Association of the Company;

"**RESOLVED FURTHER THAT** the Board be and is hereby authorised to create, offer, issue and allot, from time to time, such number of equity shares at such price that may be decided by the Board in accordance with the terms of the offerings of any of the aforesaid Shares ; and

i. as the case may be, the price (inclusive of premium) of Shares shall not be less than the price arrived in accordance with the provisions of respective applicable all such additional equity shares shall rank pari-passu in all respects, with the then existing respective Shares, as the case may be, of the Company as provided in the terms of issue and in the placement document(s);
ii. the shares so offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company;

"**RESOLVED FURTHER THAT** in case of offer/ issue / allotment of Shares in Indian and/ or International market under the respective guidelines of SEBI, RBI or other appropriate authorities guidelines, rules, regulations or directions."

"**RESOLVED FURTHER THAT** to open one or more bank accounts in the name of the Company in Indian currency the Company through its Board or any of its Committee and / or any agency or body authorised by the Company, may issue receipts / Certificates or other requisite documents representing the underlying shares issued / to be issued by the Company with such features and attributes as are prevalent in Indian / International Capital Markets, for instruments of this nature and provide for the free tradability or transferability thereof as per laws, rules, regulations and guidelines under the forms and practices prevalent in the Indian / International market.

"**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred, to any Committee of the Board or any executive director(s) or directors or any other officer of the Company and also authorized to do all such acts, deeds and things and to sign all such agreements, documents, papers and writings as may be deemed necessary, expedient or desirable to give effect to above resolutions;



"**RESOLVED FURTHER THAT** the Board be and is hereby authorized or foreign currency (ies) with such bank or banks in India as may be required in connection with the aforesaid issue, subject to requisite approvals from Reserve Bank of India, if any, and the director or directors of the Company or other officer or officers of the Company authorized by the Board be and is or are hereby authorized to sign and execute the application form and other documents required for opening the account, to operate the said account, and to give such instructions including closure thereof as may be required and deemed appropriate by these signatories, and that the said bank/s be and is/are hereby authorized to honor all cheques and other negotiable instruments drawn, accepted or endorsed and instructions given by the aforesaid signatories on behalf of the Company."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of its power to any committee of directors or Managing Director / Whole-time Director(s) or any Director(s) or Company Secretary or other officers / authorised representative of the Company, or to any intermediary or agent of the Company, or to such person(s) as the Board may think fit and necessary to give effect to the aforesaid resolutions and to take such steps and do all such acts, deeds, matters and things and accept any alterations or modification(s) as they may deem fit and proper and give such directions as may be necessary to settle any question or difficulty that may arise in regard to issue and allotment of equity shares including but not limited to:

i. finalization of the allotment of the Securities on the basis of the bids/applications received;

ii. finalization of and arrangement for the submission of the preliminary and final offer document(s), and any amendments supplements thereto, with any applicable statutory and/or regulatory authorities, institutions or bodies, as may be required;

iii. approval of the preliminary and final offer document (including amending, varying or modifying the same, as may be considered desirable or expedient) as finalized in consultation with the lead manager(s)/underwriter(s)/advisor(s), in accordance with all applicable statutory and/or regulatory requirements;

iv. Decide the date for opening and closing of the issue of equity shares;

v. finalization of the basis of allotment in the event of over-subscription;

vi. acceptance and appropriation of the proceeds of the issue of the Securities;

vii. authorization of the maintenance of a register of holders of the Securities;

viii. authorization of any director or directors of the Company or other officer or officers of the Company, including by the grant of power of attorneys, to do such acts, deeds and things as authorized person in its absolute discretion may deem necessary or desirable in connection with the issue and allotment of the Securities;

ix. seeking, if required, the consent of the Company's lenders, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India, and any other consents that may be required in connection with the issue and allotment of the Securities;

N. L. BHATIA & ASSOCIATES. COMPANY SECRETARIES

x. seeking the listing of the Securities on any Indian stock exchange, submitting the listing application to such stock exchange and taking all actions that may be necessary in connection with obtaining such listing;

xi. giving or authorizing the giving by concerned persons of such declarations, affidavits, certificates, consents and authorities as may be required from time to time; and

xii. deciding the pricing and terms of the Securities, and all other related matters."

"RESOLVED FURTHER THAT any whole-time Director(s) and/or Company Secretary of the Company be and are hereby severally / jointly authorised to do all such acts, deeds and things as may be necessary for giving effect to this resolution, whether incidental or ancillary thereto."

"RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions be and are hereby approved, ratified and confirmed in all respects."

Item No. 2:

Amendment of other objects of Memorandum of Association to include Clause 70 to commence a new business activity u/s 17 of the Companies Act, 1956.

To Consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 17 and any other applicable provisions of the Companies Act, 1956, consent of the Board be and is hereby given to insert a new Clause No. 70 in the Memorandum of Association of the Company as reproduced herein below:

70. To own, lease, operate, manage recreational/ lifestyle clubs by providing all kinds of sports and games facilities both indoors and outdoors, provide hospitality services by owning, operating, leasing, managing hotels, motels, resorts, restaurants, bars, pubs, lounge bars etc."

"RESOLVED FURTHER THAT any one of the Managing Director / Whole-time Directors or Company Secretary of the Company be and is hereby authorised to sign and file all the necessary papers, forms, declaration and or any other documents required to be filed with the Registrar of Companies or any other appropriate authority and to do all such acts, deeds and things from time to time to give effect to the said resolution."

N. L. BHATIA & ASSOCIATES COMPANY SECRETARIES

Item No. 3:
To commence a new business activity u/s 149(2A) of the Companies Act, 1956.

To Consider and, if thought fit, to pass the following resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 149(2A) and any other applicable provisions of the Companies Act, 1956, Company be and is hereby authorized to commence a new business activity as mentioned hereunder:

To own, lease, operate, manage recreational/ lifestyle clubs by providing all kinds of sports and games facilities both indoors and outdoors, provide hospitality services by owning, operating, leasing, managing hotels, motels, resorts, restaurants, bars, pubs, lounge bars etc."

1. I have given my consent to act as scrutinizer vide letter dated 12th May, 2011. The meetings of the Board of Directors of Talwalkars Better Value Fitness Limited, Mr. Vinayak Gawande , Wholetime Director and Ms. Avanti Sankav, Compliance Officer were made responsible for the entire postal ballot process and were jointly and severally authorized to do all things and to take all incidental and necessary steps for the postal ballot process.

2. At a meeting held on 12th May, 2011 between Mr. Vinayak Gawande , Wholetime Director / Ms. Avanti Sankav , Compliance Officer, Talwalkars Better Value Fitness Limited and Bharat Upadhyay, FCS, the process of counting and verification of postal ballots were discussed and record note thereof was prepared duly signed by all the parties present at the meeting.

3. The postal ballot's forms were kept under my safe custody before commencing the scrutiny of such postal ballot forms.

4. Scrutiny of ballots commenced on 16th June, 2011 in my presence and continued till 18th June, 2011.

5. The postal ballot forms were duly opened in the my presence and scrutinized and the share holding were matched / confirmed with the register of members of the Company / list of beneficiaries as on Friday, May 13, 2011.

6. Particulars of all the postal ballot forms received from the members have been entered in the register.

7. All postal ballot forms received up to the close of working hours on 17th June, 2011 the last date and time fixed by the Company for receipt of the forms were considered for my scrutiny.

N. L. BHATIA & ASSOCIATES COMPANY SECRETARIES

8. Envelopes containing postal ballot forms received after the close of working hours on 17th June, 2011 were not considered.

9. I have not found any defaced or mutilated ballot paper.

10. With reference to the above, I report as under:

The Company completed on 18th May, 2011 dispatch to the members of the Company, whose names were appearing on the register of members or list of beneficiaries as supplied by the depositories as on Friday, May 13, 2011 the postal ballot along with Notice dated 13th May, 2011 ("the said Notice") containing the text of the resolution and Explanatory Statement and reply paid self addressed business envelope under certificate of posting.

The Company's issued subscribed and paid up equity capital is Rs. 241,156,720 as under:

Particulars	Amount
241,156,72 Equity shares of Rs. 10/- each	241,156,720

As per the information available to me on record and explanation given to me, the Company has paid proper and true postage with reference to the above.

Out of the total postal ballots numbering 6386 dispatched, the Company received back 311 packets undelivered due to change of address or house being locked and the same have been kept unopened.

165 postal ballots (as indicated in point 4 of the table below) from the shareholders were received which have been scrutinized by me for the purpose of ascertaining the assent or dissent of the shareholders. The result of the scrutiny is as under:

Sr. no.	Particulars	Total
1	Number of Postal Ballots dispatched	6386
2	Number of Postal Ballots returned undelivered	311
3	Net Postal Ballots presumed to have reached the Members	6075
4	Number of Postal Ballots received / responded by the Members	165

N. L. BHATIA & ASSOCIATES COMPANY SECRETARIES

11.7.1 Out of the valid Postal Ballots, number of votes in favour of the **Special Resolution** or as the case may be against the same, for **Item no. 1** of notice for raising funds from QIB under section 81(1A) are as under:

Sr. No.	Particulars		No. of Postal Ballot Forms	No. of shares	% of total votes cast
a)	Net Postal Ballot Forms received		165	1,75,36,235	
b)	Less: Invalid Postal Ballot Forms		15	2,089	
c)	Net Valid Postal Ballot Forms (as per Register) of which:		150	1,75,34,146	100%
	(i)	Postal Ballot Forms with assent for the special Resolution	143	1,75,33,343	99.995%
	(ii)	Postal Ballot Forms with dissent for the special Resolution	7	803	0.005%

11.7.2 Out of the valid Postal Ballots, number of votes in favour of the **Special Resolution** or as the case may be against the same, for Item no.2 of notice for Amendment of other objects of Memorandum of Association to include Clause 70 to commence a new business activity u/s 17 of the Companies Act, 1956 are as under

Sr. No	Particulars		No. of Postal Ballot Forms	No. of shares	% of total votes cast
a)	Net Postal Ballot Forms received		165	1,75,36,235	
b)	Less: Invalid Postal Ballot Forms		20	2,719	
c)	Net Valid Postal Ballot Forms (as per Register) of which:		145	1,75,33,516	100%
	(i)	Postal Ballot Forms with assent for the Special Resolution	138	1,75,32,614	99.995%
	(ii)	Postal Ballot Forms with dissent for the Special Resolution	7	902	0.005%

N. L. BHATIA & ASSOCIATES. COMPANY SECRETARIES

11.7.3 Out of the valid Postal Ballots, number of votes in favour of the **Special**

Resolution or as the case may be against the same, for Item no.3 of notice for u/s 149(2A) commencement a new business activity of the Companies Act, 1956 are as under:

Sr. No	Particulars		No. of Postal Ballot Forms	No. of shares	% of total votes cast
a)	Net Postal Ballot Forms received		165	1,75,36,235	
b)	Less: Invalid Postal Ballot Forms		20	2,719	
c)	Net Valid Postal Ballot Forms (as per Register) of which:		145	1,75,33,516	100%
	(i)	Postal Ballot Forms with assent for the Special Resolution	137	1,75,32,522	99.995%
	(ii)	Postal Ballot Forms with dissent for the Special Resolution	8	994	0.005%

11.8 The votes which have been rejected are on account of signature difference or option not exercised or both options exercised or Postal Ballot not signed.

11.9 In view of the above scrutiny, I hereby certify that the Special Resolution u/s 81 (1A) of the Companies Act, 1956, of the said Notice, for raising additional long term funds for working capital requirements , for the purpose of the business of the Company, from QIB has been approved with overwhelming requisite majority of 99.995% of the total valid votes for the first resolution.

11.10 In view of the above scrutiny, I hereby certify for special resolution under section 17 for Amendment of other objects of Memorandum of Association to include Clause 70 to commence a new business activity has been approved with overwhelming requisite majority of 99.995% of the total valid votes for the second resolution.

11.11 In view of the above scrutiny, I hereby certify for special resolution u/s 149 (2A) commencement a new business activity of the Companies Act, 1956 has been approved with overwhelming requisite majority of 99.995% of the total valid votes for the Third resolution.

N. L. BHATIA & ASSOCIATES COMPANY SECRETARIES

12. I have today handed over the Postal Ballot forms and other relevant papers / registers and records for safe custody of Mr. Vinayak Gawande, Wholetime Director/Ms. Avanti Sankav – Compliance Officer who is authorised by the Board to supervise the Postal Ballot process.

You may accordingly declare the result of voting by Postal Ballot.

Place: Mumbai
Date: 20/6/2011

N. L. BHATIA & ASSOCIATES COMPANY SECRETARIES

Bharat Upadhyay
CP No.4457
Practicing Company Secretary
Scrutinizer