

Galaxy Entertainment Corporation Limited

CIN : L51900MH1981PLC024988

FORM A

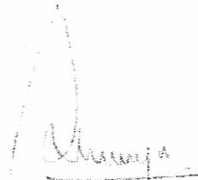
Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company	Galaxy Entertainment Corporation Limited
2.	Annual financial statements for the year ended	31 st March, 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	To be signed by <ul style="list-style-type: none">• Manager• Director• Auditor of the Company• Audit Committee Chairman	

For Galaxy Entertainment Corporation Limited



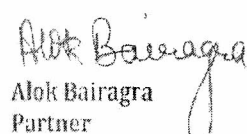
Suman Lahiri
(Manager)



Sunil Biyani
(Director)



Rajneesh Agarwal
(Director)



Alok Bairagra
Partner
Mem. No: 105153

Date: August 28, 2014

Place: Mumbai

Registered Office :

3rd Floor, Block A, Orchid City Center Mall, 225, Bellasis Road, Mumbai -- 400 008.

Corporate Office :

Future Group Office, 4th Floor, SOBO Central Mall, Near Haji Ali, No. 28, Pt. Madan Mohan Malviya Road, Tardeo, Mumbai Central - (W) Mumbai - 400 034
Tel: 022 66201473, Fax No. 022 66201473 Email : reachus@thegalaxycorp.com, www.thegalaxycorp.com



Annual Report 2013-14

Annual Report 2013 - 2014



CONTENTS

Notice	3
Directors' Report	9
Corporate Governance Report	13
Certificate on Corporate Governance.....	22
Management Discussion and Analysis Report.....	23
Auditors' Report	26
Annexure to Auditors' Report	28
Annual Accounts	30
Cash Flow Statements	32
Significant Accounting Policies and Notes to the Financial Statements	34

Consolidate Annual Report

Auditors' Report	52
Annual Accounts	54
Cash Flow Statements	56
Significant Accounting Policies and Notes to the Financial Statements	57
Financial Information of Subsidiary Company	74

BOARD OF DIRECTORS

Mr. Rajneesh Agarwal
Ms. Udit Jhunjhunwala
Mr. Sunil Biyani
Mr. Swapnil Kothari

MANAGER

Mr. Suman Lahiri

AUDITORS

S A R A & Associates
Chartered Accountants

BANKERS

HDFC Bank Limited
AXIS Bank

REGISTRAR AND SHARE TRANSFER AGENT

TSR Darashaw Private Limited
6-1, Haji Moosa Patrawala Estate,
20, Dr. E. Moses Road, Mahalaxmi (West)
Mumbai – 400 011.
Tel.: (022) 6656 8484
Fax: (022) 6656 8494
Email: csg-unit@tsrdarashaw.com

REGISTERED OFFICE

3rd Floor, Block A,
Orchid City Centre Mall,
225, Belasis Road,
Mumbai Central
Mumbai – 400008.
Tel.: (022) 6620 1473
Fax: (022) 6620 1473

CIN: L51900MH1981PLC024988
E-mail: investors@thegalaxycorp.com
Website: www.thegalaxycorp.com

NOTICE is hereby given that the Thirty Second Annual General Meeting of the members of Galaxy Entertainment Corporation Limited will be held on Thursday, September 18, 2014, at 1.30 p.m. at Sunville Banquets 9, Dr. Annie Besant Road, Worli, Mumbai – 400018, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014 and the statement of Profit and Loss and Cash Flow Statement for the year ended on that date together with the Reports of the Board of Directors' and Auditors' thereon.
2. To appoint a director in place of Mr. Sunil Biyani (DIN: 00006583), who retires by rotation and being eligible offers himself for re-appointment.
3. 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 Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, and pursuant to the recommendations of the audit committee of the Board of Directors, M/s. S A R A & Associates, Chartered Accountants [Firm Registration No. 120927W], be and are hereby re-appointed as the statutory auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be decided by the Board of Directors in consultation with the Auditors plus applicable service tax and re-imbursement of travelling and out of pocket expenses incurred by them for the purpose of audit."

SPECIAL BUSINESS:

4. 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, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Rajneesh Agarwal, (DIN: 01273010), Director of the Company in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director along with the requisite deposit, be and is hereby appointed as the Independent Director of the Company, not liable to retire by rotation, to hold office for five consecutive years up to September 17, 2019."

5. To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Uditia Jhunjunwala, (DIN: 00120951) Director of the Company in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director along with the requisite deposit, be and is hereby appointed as the Independent Director of the Company, not liable to retire by rotation, to hold office for five consecutive years commencing from the date of this Annual General Meeting to September 17, 2019."

NOTES:

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the business under Item Nos. 4 and 5 as set out above for appointment of Directors, pursuant to Clause 49 of the Listing Agreement with BSE Limited, are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying

voting rights. A member holding more than ten percent 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.

3. Proxies, if any, in order to be effective must be received at the company's Registered Office not later than 48 (Forty Eight) hours before the time fixed for the commencement of the meeting. Proxies submitted on behalf of the companies, etc, must be supported by appropriate resolution/authority, as applicable. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided not less than three days of notice in writing given to the Company.
4. Any members proposes to seek any clarification on the accounts requested to send the queries to the Company at its registered office at least seven days prior to the date of Annual General Meeting to enable the management to compile the relevant information to reply the same in the meeting.
5. The Register of Members and the Share Transfer Books of the company will remain closed from September 15, 2014 to September 18, 2014 (both days inclusive).
6. The Annual Reports will not be distributed at the Annual General Meeting. Members/ Proxies should bring the enclosed Attendance Slip duly filled in, for attending the Meeting along with the Annual Report.
7. Members are requested to notify any change in their address:
 - to their depository participants [DPs] in respect of shares held in Demat form; and
 - to the Registrar and Share Transfer Agent of the Company, **TSR Darashaw Private Limited** 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011, in respect of shares held in physical form, quoting their folio numbers.

As members are aware, equity shares of the Company are mandatorily traded in electronic form for all shareholders. Members who still hold share in physical form may dematerialize the same. ISIN allotted to the Company for this purpose is INE403B01016.

As per SEBI Circular No. MRD / DOP / Cir -05 / 2009 dated May 20, 2009, it is mandatory to quote PAN No. for transfer of shares in physical form. Therefore the transferee[s] is required to submit the self attested PAN CARD copy to the Registrar and Share Transfer Agent of the Company for registration of transfer of shares.

8. Members desirous of availing the facility of nomination in respect of shares held by them may send their nomination in the prescribed Form No. SH-13 duly filled in, to the Company's Registrar and Share Transfer Agent, quoting their respective folio number/s, and giving details of share certificate number/s and distinctive number of shares. The prescribed form is given on last page of this report.
9. Appointment of Directors: The details of Director's Seeking re-appointment, in terms of Clause 49 of the Listing Agreement, are annexed hereto and form part of this Notice.
10. Members who have not registered his / her e-mail address so far are requested to register their e-mail address so that they can receive the Annual Report and other communications from the Company electronically.
11. Voting through electronic means
 - I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 32nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instructions for e-voting are as under:
 - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:

- i. Open email and open PDF file viz; "galaxy e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
 - ii. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - iii. Click on Shareholder – Login
 - iv. Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - v. Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - vi. Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
 - vii. Select "EVSN" (Electronic Voting Sequence Number) of Galaxy Entertainment Corporation Limited.
 - viii. Now you are ready for e-voting as Cast Vote page opens.
 - ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - x. Upon confirmation, the message "Vote cast successfully" will be displayed
 - xi. Once you have voted on the resolution, you will not be allowed to modify your vote.
 - xii. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to krishnarathi@live.com with a copy marked to evoting@nsdl.co.in
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participants(s) or requesting physical copy :

i.	Initial password is provided as below/at the bottom of the Attendance Slip for the AGM		
	EVSN (Electronic Voting Sequence Number)	USER ID	PASSWORD / PIN
ii.	Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.		

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com

- II. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- III. 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 future communication(s).
- IV. The e-voting period commences on Thursday, September 11, 2014 (9:00 am) and ends on Saturday September 13, 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of August 8, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder by means of e-voting, the shareholder shall not be allowed to change it subsequently.
- V. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of August 8, 2014.
- VI. Mr. Krishna Kumar Rathi, Practicing Company Secretary, Mumbai, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VII. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

12. It may be noted that shareholders can opt for only one mode of voting i.e. either by Physical Mode or e-Voting (In case of demand for Poll). In case of receipt of vote by both the modes, voting done through e-Voting shall prevail and voting done by Physical Mode shall be treated as invalid.
13. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.thegalaxycorp.com and on the website of NSDL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.
14. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during the office hours on all working days between 11.00 a.m. and 1.00 p.m upto the date of Annual General Meeting

Registered Office:

3rd Floor, Block A,
Orchid City Center Mall,
225, Bellasis Road,
Mumbai - 400 008.

By Order of the Board
For Galaxy Entertainment Corporation Limited

CIN: L51900MH1981PLC024988
E-mail: investors@thegalaxycorp.com
Website: www.thegalaxycorp.com

Sunil Biyani
Director
DIN: 00006583

Place : Mumbai
Date : August 11, 2014

EXPLANATORY STATEMENT

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out all the material facts pertaining to the Special Business for the Item Nos. 4 and 5 as stated in the Notice.

Items 4 and 5:

Mr. Rajneesh Agarwal and Ms. Udit Jhunjhunwala, are Independent Directors on the Board of the Company. Under erstwhile provisions of the Companies Act, 1956, duration of their appointment is determined by retirement by rotation.

Pursuant to the provisions of section 149 of the Act, which came in to effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

The Nominations Committee has, considered the appointment of independent directors in terms of applicable provisions of the Companies Act, 2013 read with Clause 49 of the Listing Agreement and recommended the appointment of Mr. Rajneesh Agarwal and Ms. Udit Jhunjhunwala, as Independent Directors for a period of 5 years commencing from September 18, 2014 to September 17, 2019.

Mr. Rajneesh Agarwal and Ms. Udit Jhunjhunwala, independent directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, each of these directors fulfill the conditions specified in the Act and the Rules framed there under for appointment as Independent Director and they are independent of the management.

In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval.

Except Mr. Rajneesh Agarwal, being appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution set out at Item No. 4.

Except Ms. Udit Jhunjhunwala, being appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution set out at Item No. 5.

None of the Directors mentioned herein above holds any shares in the Company.

The copies of Notices as aforesaid and a copy of draft letters of appointment of the aforesaid Directors as Independent Directors, setting out the terms and conditions would be available for inspection at the Registered Office of the Company on all working days during the business hours till the date of the Annual General Meeting and the said documents shall also be placed at the meeting.

The Board recommends the resolutions as set out in item nos. 4 and 5 of the Notice to the Members for their approval.

Mr. Rajneesh Agarwal and Ms. Udit Jhunjhunwala, are concerned/ interested to the extent mentioned below:

Name of the Director	Financial Interest	Other Interest
Mr. Rajneesh Agarwal	Sitting Fees for attending the Board Meeting and Committee meetings of Audit Committee and reimbursement of out of travelling and other expenses.	None
Ms. Udit Jhunjhunwala	Sitting Fees for attending the Board Meeting and Committee meetings of Audit Committee and reimbursement of out of travelling and other expenses.	None

Save and except the above, none of the other Directors, Promoters and Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolutions.

By Order of the Board
For Galaxy Entertainment Corporation Limited

Sunil Biyani
Director
DIN: 00006583

Annexure I

Brief resume of persons proposed to be appointed/re-appointed as Directors of the Company at the Annual General Meeting.

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE THIRTY SECOND ANNUAL GENERAL MEETING:

Item No. 2, 4 and 5 [In pursuant to Clause 49 of the Listing Agreement]

Name of the Director	Sunil Biyani	Rajneesh Agarwal	Udita Jhunjhunwala
Date of birth	October 24, 1969	September 3, 1959	January 9, 1968
Date of appointment	May 27, 2011	November 15, 2000	December 31, 2005
Director Identification Number	00006583	01273010	00120951
Qualification	Graduate	Chartered Accountant	Masters from university of London.
Expertise in specific Functional Areas	He has over two decades of experience in textile and retail sectors. He is also on the board of various Future group Companies. He has a wide knowledge in the business of property, mall management and food & beverages.	He has been associated with conducting audit of various renowned bodies corporate and other entities as the proprietor of Rajneesh Agarwal & Co. Besides, He is an expert in the field of international taxation, setting up of overseas corporate bodies and wholly owned subsidiaries. He is also actively involved in providing consultancy of Direct taxes, Non residents and FEMA, Corporate laws and other related laws.	She is a well established entertainment writer and film critic. From MTV India, she moved into journalism in 1998. After serving as Mid Day newspaper's entertainment editor, where she established herself as a prominent writer and critic, covering Bollywood, Hollywood, regional and world cinema, television, fashion, theatre, music, art and lifestyle, she moved to Hindustan Times a national daily's Mumbai based edition as entertainment editor and film critic.
Directorship held in other public companies	3	Nil	Nil
Chairmanship / Membership of Committees across other public companies, if any.	Nil	Nil	Nil
Relationship between Directors inter-se	None	None	None
Number of Equity Shares held in the Company	None	None	None

To,

The Members of Galaxy Entertainment Corporation Limited

Your Directors have pleasure in presenting the Thirty Second Annual Report on the operations of the Company together with the Audited Statements of Accounts for the financial year ended March 31, 2014.

Financial Performance:

a. Standalone

(₹ in lacs)

Particulars	Current Year (2013-2014)	Previous year (2012-2013)
Revenue from operations	3528.60	2802.49
Other Income	443.60	11.38
Total Income	3972.20	2813.87
Personnel Cost	283.88	270.83
Operating and other expenses	3108.76	1279.05
Total Expenditure	3392.64	1549.88
Profit before Interest, Depreciation and Tax	579.56	1263.99
Less: Interest	77.16	311.90
Less : Depreciation	472.86	493.93
Profit/(Loss) before tax	29.54	458.16
Less Provision for Tax	-	-
Profit/(Loss) after Tax	29.54	458.16

b. Consolidated

(₹ in lacs)

Particulars	Current Year (2013-2014)	Previous year (2012-2013)
Revenue from operations	3528.60	2802.49
Other Income	443.60	11.38
Total Income	3972.20	2813.87
Personnel Cost	283.88	270.83
Operating and other expenses	3109.00	1278.54
Total Expenditure	3392.88	1549.37
Profit before Interest, Depreciation and Tax	579.32	1264.51
Less: Interest	77.16	311.90
Less : Depreciation	472.86	493.94
Profit/(Loss) before tax	29.31	458.67
Less: Provision for Tax	-	-
Profit/(Loss) after Tax	29.31	458.67

DIVIDEND:

With a view to conserve the resources for the future operations, your Directors have thought it prudent not to recommend any dividend for the year ended March 31, 2014.

DIRECTORS

The Board of Directors of the Company consists of Mr. Rajneesh Agarwal, Ms. Udit Jhunjhunwala, Independent Directors, Mr. Swapnil Kothari and Mr. Sunil Biyani, Non-Executive Directors.

During the Financial Year 2013-14, Mr. Shishir Bajjal, Non Executive Director resigned from the Board w.e.f. May 28, 2013. The Board of Directors places on record its deep sense of appreciation of the valuable contributions made by Mr. Shishir Bajjal as Director.

Pursuant to the provision of section 152 of the Companies Act, 2013 Mr. Sunil Biyani, will retire by rotation at the ensuing Annual General Meeting. Mr. Sunil Biyani being eligible has offered himself for reappointment. The Board recommends his re-appointment.

Pursuant to the provisions of Section 149(6) of the Companies Act, 2013, read with clause 49 of the Listing Agreement your Board of Directors recommends the appointment of Mr. Rajneesh Agarwal and Ms. Udit Jhunjhunwala, as Independent Directors in terms of Section 150(2) of the Companies Act, 2013 for a term of five consecutive years commencing from September 18, 2014 to September 17, 2019.

Pursuant to the provisions of Section 160 of the Companies Act, 2013, the Company has received a Notice in writing from members of the Company, signifying their intention to propose the candidatures of the said two Directors for the offices of Independent Directors of the Company, respectively at the ensuing Annual General Meeting. In terms of Section 149 (13) of the Companies Act, 2013, the provisions of Section 152(6) and (7) of the said Act in respect of retirement of director by rotation shall not be applicable to appointment of Independent Directors. None of the above mentioned persons is disqualified from being appointed as a Director as specified in terms of Section 164 of the Companies Act, 2013.

The Company has also received the requisite disclosures/declarations from Mr. Rajneesh Agarwal and Ms. Udit Jhunjhunwala as required under Section 149 and other applicable provisions of the Companies Act, 2013.

The brief resume and other information as required under Clause 49(IV)(G) of the Listing Agreement relating to Mr. Rajneesh Agarwal, Ms. Udit Jhunjhunwala and Mr. Sunil Biyani, forms part of the Notice of ensuing Annual General Meeting.

DIRECTORS RESPONSIBILITY STATEMENT:

As required by the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- in the preparation of the annual accounts, the applicable standards had been followed along with proper explanations relating to material departures;
- the Directors selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- the Directors took proper and sufficient care to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956 to safeguard the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the Directors have prepared the Annual Accounts on a going concern basis.

FIXED DEPOSITS AND LOANS /ADVANCES:

Your Company has not accepted any deposits from the public, or its employees during the year under review.

Pursuant to Clause 32 of the Listing Agreement, the particulars of loans/advances given to subsidiaries have been disclosed in the Annual Accounts of the Company.

SUBSIDIARY COMPANY:

As on March 31, 2014, the Company has two subsidiaries, namely Galaxy Rain Restaurants Private Limited and Rain Fruits And More Private Limited.

FINANCIALS OF SUBSIDIARY COMPANIES:

The Ministry of Corporate Affairs vide General Circular No. 2 / 2011 dated February 8, 2011 has issued directions under Section 212(8) of the Companies Act, 1956 granting general exemption from applicability of the provisions of Section 212 of the Companies Act, 1956 in relation to the attaching of balance sheets and other documents of subsidiary companies with the Holding Company, subject to fulfillment of the conditions specified in the said circular.

Your Company has availed the general exemption provided by the aforesaid circular and accordingly, the documents mentioned in Section 212(1)(a) to (d) of the Companies Act, 1956 relating to Company's subsidiaries are not attached to the Balance Sheet of your Company. In terms of the said circular, your Directors undertake that the annual accounts of the subsidiary companies and the related detailed information shall be made available to Members of the Company and its subsidiary companies seeking such information at any point of time. Further, the annual accounts of the subsidiary companies shall also be kept open for inspection by any

Members at the registered office of the Company and of the respective subsidiary company concerned. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies. The statement as required under clause (iv) of the aforesaid circular is also attached to the financial statements hereto.

CONSOLIDATED FINANCIAL STATEMENT:

In accordance with Accounting Standard (AS-21) on Consolidated Financial Statement and in compliance with the provisions of Listing Agreement with the BSE Limited, the audited consolidated financial statements are provided in the Annual Report.

CASH FLOW STATEMENT:

In Conformity with the provisions of clause 32 of the Listing Agreement with the BSE Limited, the Cash Flow Statement for the year ended March 31, 2014 has been provided in the Annual Report and which forms part of this report.

LISTING:

The equity shares of the Company are listed on the BSE Limited and the listing fee for the year 2014-15 has been paid.

The Company has entered into necessary agreements with the National Securities Depository Limited (NSDL) for availing the Depository services.

AUDITORS:

M/s. S A R A & Associates, Chartered Accountants (Firm Registration No. 120927W), the Statutory Auditor of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

As per the recommendation of the Audit Committee, the Board of Directors recommend the re-appointment of M/s. S A R A & Associates, Chartered Accountants as Statutory Auditor of the Company for a period from the conclusion of the ensuing Annual General Meeting till the conclusion of the Company's Thirty third Annual General Meeting.

PARTICULARS OF EMPLOYEES:

During the year under review, none of the employees of the Company, whether employed for the whole year or part thereof, was in receipt of remuneration aggregating to or in excess of the limits specified under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) rules, 1975 as amended, and hence, no particulars are required to be furnished in connection with the same.

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

Information in accordance with the provisions of Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure forming part of this report.

CORPORATE GOVERNANCE:

The Report on Corporate Governance together with a certificate from M/s. Krishna Rathi & Associates, Practising Company Secretary, Mumbai, regarding compliance of requirements of Corporate Governance is annexed hereto and forms part of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The Management Discussion and Analysis Report have been separately furnished in the Annual Report and forms part of the Annual Report.

ACKNOWLEDGEMENT:

Your Directors takes the opportunity to express their deep sense of gratitude to the bankers, government authorities, employees, customers, vendors and suppliers.

Your Director would also like to thank the Members for reposing their confidence and faith in the Company and its Management.

For and behalf of the Board of Directors

Sd/-

Sd/-

Sunil Biyani
(Director)

Udita Jhunjhunwala
(Director)

DIN: 00006583

DIN: 00120951

Place: Mumbai

Date: August 11, 2014

ANNEXURE TO THE DIRECTORS' REPORT

Particulars Required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

As the Company is not a manufacturing company, the Board of Directors have nothing to report pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

B. TECHNOLOGY ABSORPTION

The particulars regarding absorption of technology is given below as per Form B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

Research and Development (R & D):

1	Specific areas in which R&D is carried out by the Company:	}	Nil
2	Benefits derived as a result of the above R & D		
3	Future Plan of Action		
4	Expenditure on R & D	}	Nil
a.	Capital		
b.	Recurring		
c.	Total		
d.	Total R & D expenditure as a percentage of total turnover		

Technology absorption, adaptation and innovation:

Efforts in brief, made towards technology absorption, adaptation and innovation

Nil

Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.

Nil

In case of Imported Technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

a)	Technology Imported	}	Nil
b)	Year of Import		
c)	Has technology been fully absorbed		
d)	If not fully absorbed, areas where this has not taken place, reasons therefore and future plan of action		

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(In ₹)

FOREIGN EXCHANGE EARNINGS & OUTGO	(IN ₹)	
	2013-14	2012-13
Foreign Exchange Earnings	Nil	16,12,804
Foreign Exchange Outgo	30,515	Nil

1. Company's Philosophy on Corporate Governance

Your Company reaffirms its commitment to excellence in Corporate Governance and constantly strives to benchmark itself against the best, in its relentless pursuit to attain the highest standards of corporate values and ethics. This is done with the objective of generating long-term economic value for the shareholders, whilst concurrently respecting the interest of other stakeholders.

2. Board of Directors

The Board of Directors of the Company consists of distinguished personalities with considerable professional expertise and experience in the fields of business & industry, finance, law and management. Your Company's policy is to maintain optimum combination of executive and non executive directors in compliance with the requirements of Clause 49 (I) (A) of the Listing Agreement and applicable provisions of Companies Act.

A. Composition of the Board

As on date of this report, the Board comprises of Four (4) directors all of whom are Non-Executive. Half of the Board comprises of Independent Directors. Composition of the Board and category of the Director is as below.

Sr. no.	Name of the Director	Category
1.	Mr. Rajneesh Agarwal	Independent Director
2.	Ms. Udit Jhunjhunwala	Independent Director
3.	Mr. Swapnil Kothari	Non Executive Director
4.	Mr. Sunil Biyani	Non Executive Director

B. Board Meetings and Annual General Meeting:

During the financial year 2013-14, four meetings of Board of Directors were held on May 30, 2013; August 14, 2013; November 14, 2013 and February 14, 2014. The previous Annual General Meeting of the Company was held on September 27, 2013, under the chairmanship of Mr. Rajneesh Agarwal.

The provisions relating to the time period between two Board meetings not exceeding 4 months have been complied. The necessary quorum was present for all the meetings. None of the non-executive directors have any pecuniary relationship or transaction with the company and none of the directors are holding any shares in the Company.

During the year 2013-14, information as mentioned in Annexure 1A to Clause 49 of the Listing Agreements has been placed before the Board for its consideration and review.

The particulars of Directors, Category, their attendance at the Board Meetings and Annual General Meeting, other Directorships and Memberships/Chairmanships in committees of other Companies as on March 31, 2014 are as under:

Name of the Director	Category of Directorship	Meetings held during the year	Meetings attended during the year	Whether attended last AGM	No of Directorships*	No of Other Committee Memberships **	
						Chairman	Member
Mr. Sunil Biyani	Promoter; Non-Executive; Non-Independent	4	4	No	3	Nil	Nil
Mr. Swapnil Kothari	Non-Executive; Non-Independent	4	4	Yes	Nil	Nil	Nil
Mr. Rajneesh Agarwal	Non-Executive; Independent	4	3	Yes	Nil	Nil	Nil
Ms. Udit Jhunjhunwala	Non-Executive; Independent	4	3	Yes	Nil	Nil	Nil

Notes:

- * Directorship in Private Limited, Foreign companies and Section 25 Companies are excluded;
- ** Membership of only Audit Committee, Risk Management Committee and Shareholder's Grievance Committee are considered.
- (i) Mr. Shishir Baijal resigned from the Board on May 14, 2013.
- (ii) The Directorship / Committee Membership are based on the latest disclosures received from Directors.

C. Code of Conduct:

The Board has laid down a code of conduct for all Board members and senior management of the Company.

The Company has obtained the confirmation of the Compliance with the code from all the members of the Board and the Senior Management of the Company for the year 2013-2014. As required by Clause 49 of the Listing Agreement, the declaration on Company's code of conduct signed by manager is enclosed and forms a part of this Report.

3. Committees of Board**A. Audit Committee**

- i. As on March 31, 2014, the Committee comprises of three non-executive directors out of which two are independent directors. All the members of the Audit Committee have good knowledge of finance, accounts and company law. Mr. Rajneesh Agarwal the Chairman of the Committee is an eminent Chartered Accountant and has expertise in accounting and financial management domain.
- ii. During the Financial year 2013-14, 4 (four) Audit Committee Meetings were held on May 30, 2013, August 14, 2013, November 14, 2013 and February 14, 2014. The composition of the Audit Committee during the year ended March 31, 2014 and the number of meetings attended were as under:

Name of the Committee Members	Designation	Meetings Attended
Mr. Rajneesh Agarwal	Chairman	4
Mr. Swapnil Kothari	Member	4
Ms. Udit Jhunjhunwala	Member	4

- iii. The Audit Committee invites such of the executives, as it considers appropriate to be present at its meetings. The Statutory Auditors and Internal Auditors are also invited to attend these meetings.
- iv. Terms of Reference:

The terms of reference of the Audit Committee are in accordance with all the items listed in Clause 49(II)(D) and (E) of the listing agreement and applicable Sections of the Act is as follows:

- a) Hold discussions with the Auditors periodically about internal control systems, the scope of audit including the observations and review of the quarterly, half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.
- b) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- c) Recommending to the board the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fee.
- d) Approve payment for any other services rendered by the statutory auditors.
- e) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement is included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.

- Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft Audit Report.
- f) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
 - g) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 - h) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of Internal Audit.
 - i) Discussion with Internal Auditors on any significant findings and follow up there on.
 - j) Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 - k) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - l) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, Shareholders (in case of non-payment of declared dividends) and creditors.
 - m) Review of information as prescribed under Clause 49 (II)(E) of the listing agreement.

B. Nomination, Remuneration and Compensation Committee

The erstwhile Remuneration Committee has been renamed as Nomination, Remuneration and Compensation Committee at the Board Meeting held on May 28, 2014.

- i. Presently, the committee comprises of three members. All the members are Non-Executive, Independent Directors except one. The composition of the Nomination, Remuneration and Compensation Committee as on March 31, 2014 is as under:

Name of the Committee Members	Designation
Mr. Rajneesh Agarwal	Chairman
Ms. Udit Jhunjhunwala	Member
Mr. Swapnil Kothari	Member
Mr. Shishir Baijal*	Member

* Resigned w.e.f. May 14, 2013

- ii. One meeting of Nomination, Remuneration and Compensation Committee was held on August 14, 2013 during the financial year 2013-14.
- iii. Terms of Reference:

The committee has the mandate to review and recommend compensation payable to the executive directors and Senior Management of the company. It shall also administer the company's stock option plans, if any, including the review and grant of the stock options to eligible employees under plans. The committee may review the performance of the Executive Directors, if any and for the said purpose may lay down requisite parameters for each of the executive directors at the beginning of the year.

iv. Remuneration Policy:

a) Management Staff

Remuneration of employees largely consists of basic remuneration and perquisites. The components of the total remuneration vary for different grades and are governed by industry patterns, qualifications and experience of the employee, responsibilities handled by him, his individual performance, etc.

b) Non-Executive Directors

The Company pays sitting fees to all the Non-executive Directors of the Company.

Details of the Sitting fees paid during the year 2013-14 are as under:

Name of the Non-Executive Director	Sitting Fees paid (₹)	
	Board Meeting	Audit Committee
Mr. Rajneesh Agarwal	20,000	20,000
Ms. Udit Jhunjhunwala	10,000	20,000
Mr. Sunil Biyani	10,000	-
Mr. Swapnil Kothari	30,000	15,000
Mr. Shishir Baijal*	Nil	Nil
Total	70,000	55,000

*Resigned w.e.f. May 14, 2013

C. Stakeholders Relationship Committee

The erstwhile Shareholders Grievance Committee has been renamed as Stakeholders Relationship Committee at the Board Meeting held on May 28, 2014

- The Stakeholders Relationship Committee has been constituted to look into investor's complaints like transfer of shares, non-receipt of declared dividends, etc. and take necessary steps for redressal thereof. The Committee is a Board level committee under the Chairmanship of Mr. Rajneesh Agarwal, a Non-Executive Director.
- One Stakeholders Relationship Committee Meeting was held on May 30, 2013 during the financial year 2013-14. The present composition of the Shareholders/Investors' Grievance Committee and the number of meeting attended were as under:

Name of Director	Designation	No. of Meeting Attended
Mr. Rajneesh Agarwal	Chairman	1
Mr. Sunil Biyani	Member	1
Mr. Swapnil Kothari	Member	1

- During the year under review, Mr. Jugal Kishore Sharma was appointed as the Compliance Officer of the Company.
- During the year 2013-14, the Company has not received any complaints from shareholders/investors. There were no complaints pending as at end of the year.
- Shares received for physical transfer are generally registered and returned within a period of 15 days from the date of receipt, if the documents are complete in all respects. The Stakeholders Relationship Committee of the Company meets as and when required.
- Subsidiary Monitoring Frame Work

As on March 31, 2014, it has Two (2) subsidiary companies. both are non material, non listed Indian Subsidiaries of the Company.

vii. Code for Prevention of Insider Trading Practices

Pursuant to the Securities and Exchange Board of India, (Prohibition of Insider Trading) Regulations

1992, read with relevant provisions of the Companies Act, a comprehensive code for prevention of Insider Trading is in place. The objective of the Code is to prevent purchase and/or sale of shares of the Company by an insider on the basis of unpublished price sensitive information. Under this Code, Directors and designated employees are completely prohibited from dealing in the Company's shares during the closure of Trading Window. To deal in securities beyond specified limit, permission of Compliance Officer is mandated. All the designated employees are also required to disclose related information periodically as defined in the Code.

4. **General Body Meetings**

- i. Location, time and date of holding of the last three Annual General Meetings (AGM) are given below:

Financial Year	Date	Time	Venue
2010-11	28.09.2011	11:00 A.M.	Mayfair Banquets, North Hall, 254C, Dr. Annie Besant Road, Worli, Mumbai – 400 030.
2011-12	28.09.2012	11:30 A.M.	Kohinoor Hall, 3 rd Floor, Kohinoor Corner, Opp. Siddhivinayak Mandir, Veer Sawarkar Marg, Prabhadevi, Mumbai – 400 025.
2012-13	27.09.2013	01.00 P.M	Sunville Banquets 9, Dr. Annie Basant Road, Worli, Mumbai – 400 018.

- ii. Special Resolutions during previous three Annual General Meetings:

Financial Year	Particulars of Special Resolutions Passed
2010-11	None
2011-12	None
2012-13	Appointment of Mr. Suman Lahiri as a Manager for period of 3 years w.e.f. August 1, 2013

- iii. During the year 2013-14, no special resolutions were passed through Postal Ballot.
iv. There was no extra ordinary general meeting held during the year 2013-14.

5. **Shareholder's additional disclosure**

- i. There are no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large.
ii. There were no non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or the Securities and Exchange Board of India or any statutory authority, on any matter related to capital markets, during the last three years i.e 2011-12, 2012-13 and 2013-14.
iii. The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure I D to the Clause 49 of the Listing Agreements entered into with the Stock Exchanges.

6. **Means of Communication**

- i. The quarterly results of the Company are published in one *English and one Regional language newspaper*. The quarterly results are further submitted to the BSE Limited immediately after the conclusion of the respective meetings.
ii. No presentations were made to institutional investors or to the analysts during the year under review.
iii. The Management Discussion and Analysis Report forms part of this Annual Report.

7. **General Shareholder Information**

- i. Date and Time of Annual General Meeting: September 18, 2014 at 1.30 P.M.
ii. Venue: Sunville Banquets 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018
iii. Financial Year: April 1, to March 31

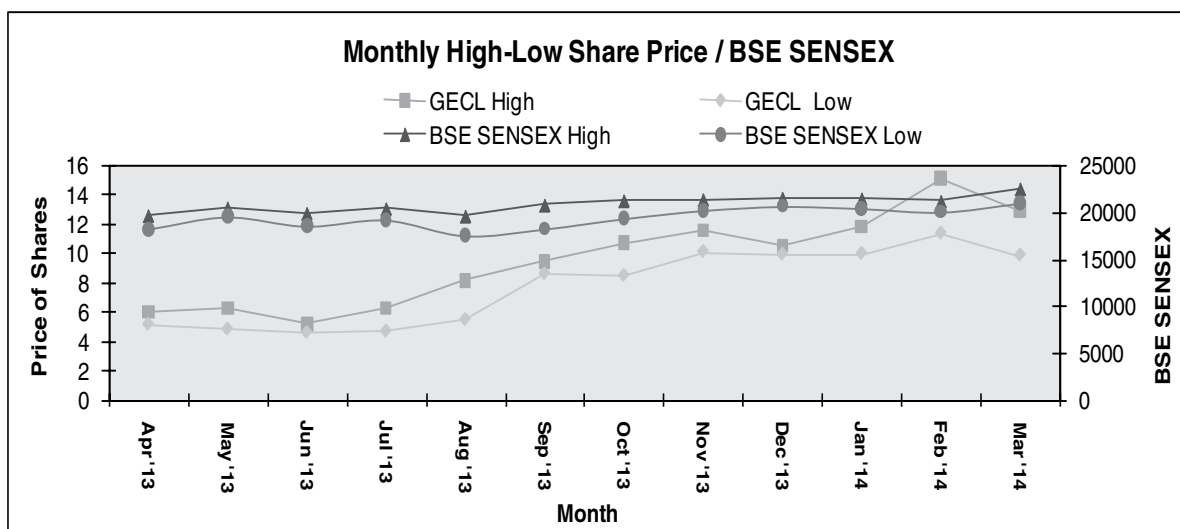
- iv. Date of Book closure/ record date September 15, 2014 to September 18, 2014 (Both days inclusive)
- v. Listing on stock exchange BSE Limited
P. J. Towers, Dalal Street, Mumbai - 400 001.
The Company has paid the listing fees to BSE within the prescribed time.
- vi. Stock Code/ Symbol BSE- 506186

vii. Market Price Data:

High, Low (based on daily closing prices) and number of equity shares traded during each month in the year 2013-14 on the BSE Limited is as follows:

Month	High (₹)	Low (₹)
April 2013	6.03	5.13
May 2013	6.30	4.80
June 2013	5.20	4.75
July 2013	6.30	4.66
August 2013	8.18	5.46
September 2013	9.44	8.58
October 2013	10.71	8.46
November 2013	11.55	10.10
December 2013	10.50	9.91
January 2014	11.79	9.96
February 2014	15.06	11.35
March 2014	12.80	9.85

viii. Performance in comparison to broad – based indices of BSE SENSEX is as under:



ix. Share Transfer System:

Applications for transfer of shares held in physical form are received at the office of the Registrar and Share Transfer Agents of the Company. They processed and returned to shareholders within 10-15 days from the date of receipt.

Shares held in the dematerialized form are electronically traded in the Depository and the Registrar and Share Transfer Agents of the Company periodically receive from the Depository the beneficiary holdings so as to enable them to update their records for sending all corporate communications, dividend warrants, etc.

Physical shares received for dematerialisation are processed and completed within a period of 21 days from the date of receipt, provided they are in order in every respect. Bad deliveries are immediately returned to Depository Participants under advice to the shareholders.

x. Distribution of Shareholding:

a. Category wise Shareholding as on March 31, 2014

Sr. No.	Category	No of Shares held	Percentage (%)
1.	Promoters Group	91,69,163	58.59
2.	NRI/ FII	----	---
3.	Private Bodies Corporate	31,21,562	19.95
4.	Indian Public	33,59,210	21.46
	Total	1,56,49,935	100.00

b. Distribution of Shareholding as on March 31, 2014

Shareholding of number of shares	No. of Shareholders	% of Total	Total Shares	% of Total
1 - 501	2,481	76.38	3,92,037	2.50
501 - 1,000	318	9.79	2,63,890	1.69
1,001 - 2,000	187	5.76	2,79,811	1.79
2,001 - 3,000	72	2.22	1,87,445	1.20
3,001 - 4,000	36	1.11	1,31,052	0.84
4,001 - 5,000	28	0.86	1,34,950	0.86
5,001 - 10,000	55	1.69	3,95,828	2.53
10,001 and above	71	2.19	1,38,64,922	88.59
TOTAL	3,248	100.00	1,56,49,935	100.00

xi. Dematerialisation of Shares and Liquidity:

About 78.26 % of the shares have been dematerialized as on March 31, 2014. The equity shares of the Company are traded at BSE Limited.

xii. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments conversion date and likely impact on equity:

The Company has not issued any GDRs/ADRs. There were no outstanding convertible warrants as on March 31, 2014.

xiii. Unit Locations:

Bangalore, New Delhi, Indore, Kalyan (Maharashtra), Mumbai, Noida, Siliguri, Kolkata, Sealdha, Ranchi, Dhanbad, Kakuragachi, Guwahati.

xiv. Address for Correspondence:

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares:

Registrar and Share Transfer Agent

TSR Darashaw Private Limited

6-10, Haji Moosa Patrawala Industrial Estate,

20, Dr. E. Moses Road,

Mahalaxmi, Mumbai – 400 011

Tel No: 022- 6656 8484

Fax No: 022- 6656 8494

Email: sshellar@tsrdarashaw.com

For general correspondence:

Galaxy Entertainment Corporation Limited

3rd Floor, Block A, Orchid City Center Mall,

225, Bellasis Road, Mumbai- 400 008

Tel.: (022) 6620 1473

Fax: (022) 6620 1473

8. Other Disclosures:

- i. The Company did not have any related party transactions, i.e. transactions of the Company of material nature, with its promoters, Directors or the Management, their subsidiaries or relatives, etc., which may have potential conflict with the interests of the Company at large. Related Party transactions have been disclosed in the Notes to Accounts in the financial statements as on March 31, 2014.

- ii. Shareholdings of Non-Executive Directors as on March 31, 2014 is as under :

Name of the Director	No. of Shares held
Mr. Sunil Biyani	Nil
Mr. Swapnil Kothari	Nil
Mr. Rajneesh Agarwal	Nil
Ms. Udit Jhunjhunwala	Nil

- iii. The Company has complied with the requirements of Regulatory Authorities on Capital Markets and no penalty/stricture was imposed on the Company during the last three years.
- iv. The Company has complied with the mandatory requirements of Corporate Governance. The Company has adopted non-mandatory requirements relating to Remuneration Committee.

MANAGER'S CERTIFICATE

We hereby certify that, to the best of our knowledge and belief.

- a) We have reviewed the financial statements and cash flow statement for the financial year and that to the best of our knowledge and belief :
 - i. These statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading.
 - ii. These statements together present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year that are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee that :
 - i. there are no significant changes in internal control over financial reporting during the year
 - ii. there are no significant changes in accounting policies during the year; and
 - iii. there are no instances of significant fraud, of which we have become aware and the involvement therein, of the management or an employee having a significant role in the Company's Internal Control Systems over financial reporting.

Sd/-

Suman Lahiri
Manager

Place : Mumbai

Date : August 11, 2014

To
The Members
Galaxy Entertainment Corporation Limited

We have examined the compliance and conditions of Corporate Governance by Galaxy Entertainment Corporation Limited ("the Company") for the year ended March 31, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with the BSE Limited.

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

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

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

For Krishna Rathi & Associates
Company Secretaries

Sd/-

Krishna Kumar Rathi
Proprietor
CP No.: 10079

Dated: August 11, 2014

CODE OF CONDUCT DECLARATION

Pursuant to Clause 49 I (D) of the Listing Agreement entered into with the BSE Limited, I hereby declare that the Company has obtained affirmative compliance with the code of conduct from all the Board members and senior management personnel of the Company.

Sd/-

Suman Lahiri
Manager

Place : Mumbai
Date : August 11, 2014

Overview of the Indian Economy:

The World Bank recently pegged India's GDP growth forecast at 6.1% for FY 2013-14 and is expecting a gradual recovery. According to the World Bank's latest India Development Update, growth is expected to further increase to 6.7% in the next fiscal year. In recent months, both wholesale price index-based inflation and trade deficit have declined. Inflation fell below 6% and is now within the Reserve Bank of India's (RBI's) stated comfort range. With the stabilization of the rupee and expectations of a good monsoon, inflation is expected to decline further.

The current account deficit, which had touched a record high of 6.7% during the period between October 2012 to December 2012, is also expected to narrow further in the medium term. The fiscal deficit too, is expected to decline as the Government has renewed its commitment towards fiscal consolidation. Falling interest rates would not only aid growth but also improve the overall sentiments in the economy as various sectors of the Indian economy are directly and indirectly related with the movements in interest rates.

A stronger fiscal stance and further improvements in economic activity could facilitate additional rate cuts.

Overall then, there could be greater opportunities for businesses.

The Food Service Industry:

The 'India Food Services Report 2013', prepared by the National Restaurant Association of India (NRAI), projects the growth at CAGR of 11% to ₹ 4,08,040 crore by 2018.

Business Environment:

The food service in food courts and restaurants allow customers to experience food that is aesthetically cooked and appealingly presented with ample food portions. An industry as big as the food service provides large direct and indirect employment generates revenue for the Government.

Competitive Positioning:

SBX: The Company continues to enjoy the premium brand equity with SBX, as the expansion plan is on track and efforts to innovate and delight consumers continue. The Company continues to focus on increasing its reach geographically and tapping new areas with high potential.

Food Stop: The Food courts still play the role of mini anchor tenant in a mall. As shopping malls evolved, so did food courts. The latest designs are geared towards entertainment, relaxation and leisurely dining. As a result, people of all age now go to malls specifically for what food courts offer. Out of the total spend of any family shopping basket, the total spending on eating out has gone up significantly.

Shanghai Street: The Chinese QSR format has been a success with people of all ages. Low cost setup is an added advantage and offers faster roll out of the model.

Punjabi Adda: The Punjabi and North India food counter model designed for the food courts are tasting success across all the locations that they are being operated.

Cos: To address the ever changing consumer demand and also to keep up with the fast evolving technology the company has started the process of rebranding all the gaming zone and getting new gaming machines which adopts the current technology and appeals to the target group.

Opportunities:

Increase in the Standard of Living: With the high standard of living and the change in the lifestyle of people, more and more consumers are patronizing various restaurants. Restaurants have evolved as places for social gatherings and outings resulting in good opportunities given the evolving dining culture.

Consumer Awareness: With an increase in the number of Indians going abroad and the flurry in domestic tourism, Indian have enjoyed global experiences and cuisines from across the world. Resultantly, Fine Dining restaurants are preferred as they offer better ambience, service and presentation, often on par with global standards.

Disposable Income of an Young Working population: With the young population in the urban areas now having access to large sums of disposable wealth and the advent of the many cuisines, the food trend has shifted from traditional food to upbeat cuisines of the world.

Changing consumer lifestyles: Preferences with an increasing number of women in the workforce, increase in double income households, rising disposable income, growth in nuclear families particularly in urban India, increasing urbanization and higher frequency of eating out, exposure to global media and cuisine, mall and the multiplex boom have all fuelled the growth of the dining business in India.

Challenges:

Rising Food Costs: Food price inflation is a key factor affecting the food services market in India, and is impacted by delayed monsoons, the economic slowdown, and unfavorable demand- supply conditions. It keeps fluctuating and reached a peak of 18% in 2010. While It affects consumer indulgence across all formats, it also hits the margins realized by players.

Across all food services formats, food costs (raw materials) account for ~30-35% of the revenue. The perpetual rise in food costs narrows the players' margins, compelling them to increase menu prices. This in turn accentuates the challenge of retaining customers who are already value-conscious and tend to evaluate all available eating out options carefully.

Fragmented Market, Increasing Competition: The Indian food services market has many small and mid-size unorganized players competing with large chain players. This fragmented market reflects a number of challenges, including the unclear format segmentation, varied consumer options for eating out, and the lack of best practices for food services outlets. There are a number of players who offer products that are more or less similar, at competitive prices. No single player leads the market; and also low consumer loyalty exists.

Shortage of Quality Staff, High Attrition and Increasing Labor Cost: The Indian hospitality industry is highly labor-intensive, but the availability of trained chefs, managerial staff and other support staff is low. According to a study by the Ministry of Tourism, the current supply of skilled/ professionally trained manpower is estimated to be ~9% of the total manpower requirement. Given this shortfall of quality manpower and the industry's high attrition rate of 20-25%, the cost of labor is high. To bridge the demand and supply gap, currently players are hiring in huge numbers and increasingly investing in in-house training programs.

High real estate and labor costs impacting store profitability: For over a decade, India has been experiencing an escalation in real estate prices amplified by increasing demand and the availability of easy credit. For food services outlets, real estate (rentals) is the second major cost component after raw materials and accounts for ~12-15% and sometimes even 20% of total revenues.

Liquor Sourcing / Long gestation period / Huge and recurring Licensing fees : Every player offering alcoholic beverages has to obtain a series of licenses to sell alcohol, and also adhere to the prescribed permitted hours, eligible age limit, etc.

It takes anywhere between 1 month to 1 year to get a liquor license, with additional paperwork, and approvals from multiple departments, adding to the latency.

An estimated INR 0.5-0.6 crore (USD 0.10-0.12 million) is required to fulfill all licensing requirements, which is a huge impediment for growth when considering a restaurant's finances.

High tax burden: Many indirect taxes like customs duties, excise permits, and additional fees like government education tax are levied on imports and especially on the import of alcohol. In addition, interest is also payable. For example, a 150% tariff is levied on imported wine upon which the federal government imposes an Extra Additional Duty (EAD) of 4%. In addition, each of India's 28 states levy their own taxes on alcohol that range from 30% to over 100%.

Over- Licensing: In India, obtaining the requisite licenses, e.g. health license, food safety license, police license, No Objection Certificate (NOC), from the fire department and the state pollution control board, etc. is a major obstacle hindering the smooth operations of a restaurant. The process is not centralized as yet and requires filing applications with individual stakeholders, which involves a lot of paperwork and is a time-consuming activity. The licenses required to start a restaurant are the same throughout India, except in some states like Maharashtra. A player needs approximately 12-15 licenses just to open a restaurant each from a government department. In comparison, the licensing requirements internationally are not as intricate as shown below.

Risk Mitigation:

Inflation and Cost Pressures: To counter the rising prices the company is looking at further leveraging the economies of scale available by opening centralized kitchen facilities in key locations.

Shortage of quality manpower: By opening the centralized kitchen facility the necessary for high skill set at every location diminishes and production is done centrally. The front end staff does the assembly which requires relatively low skill set and is also reduces the high cost of labor.

Increasing Competition: : The food and beverage and gaming business is extremely competitive in terms of price, service, location, nutritional and dietary trends and food quality, and ever changing technology of gaming software and hardware. It is often affected by changes in consumer tastes, economic conditions and traffic patterns.

The Company has launched several brands to cover a wider audience.

Internal Control Systems and their Adequacy: At GECL, internal control systems and procedure are adequately commensurate with the size and structure of the business. The operating and business control procedures have been planned and implemented in a manner that ensures efficient use of resources, as well as compliance with procedures and regulatory requirements.

The Company has engaged a firm of Internal Auditors to carry out audits extensively throughout the year with the objective of testing the adequacy and effectiveness of internal controls and recommending improvements.

The Audit Committee hold discussions with auditors periodically about internal control systems, the scope of audit including the observations and reviews of the quarterly, half yearly and annual financial statements before submission to the Board. The Audit Committee ensures compliance of internal control systems.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include domestic and global; supplies and demand conditions affecting prices of final product and service, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

To
The Members of Galaxy Entertainment Corporation Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Galaxy Entertainment Corporation Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year ended and a summary of the 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 the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13 September 2013 of the Ministry of the Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the 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 the 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 financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the Cash Flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

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

2. As required by Section 227(3) of the Act, 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 it appears from our examination of those books;
- (c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (e) on the basis of the written representations received from the directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the directors are 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 S A R A & Associates

Chartered Accountants
Firm Regn No: 120927W

Alok Bairagra

Partner
Mem. No: 105153

Place: Mumbai
Date: May 28, 2014

The Annexure referred to in paragraph 1 of Our Report of even date to the members of GALAXY ENTERTAINMENT CORPORATION LIMITED on the accounts of the company for the year ended March 31, 2014.

- (i)
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
 - b. A part of fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
 - c. In our opinion and according to the information and explanations given to us, a substantial part of fixed asset has not been disposed of by the company during the year.
- (ii)
 - a. The inventory consisting of consumables and supplies has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
 - b. The procedures of 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 no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) In respect of loans, secured and unsecured, granted or taken by the company to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
 - a. During the year, the company has not granted any loans and advances, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, accordingly clause (iii) (a) to (iii) (d) of the order are not applicable.
- (iv) In our opinion and according to the information and explanation given to us, there exist no weakness in internal control system and commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have observed no continuing failures and weakness in internal control system of the company.
- (v) In our opinion and according to the information and explanations given to us, there were no particulars of contracts or arrangement that needed to be entered into the register maintained under Section 301 of the Companies Act, 1956.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public to which the provision of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 apply.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of business of the Company.
- (viii) To the best of our knowledge and as explained to us, the provisions of sec. 209(1) (d) of the Companies Act, 1956 regarding maintenance of Cost records are not applicable to the Company.
- (ix)
 - (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, wealth tax and any other statutory dues wherever applicable.
 - (b) According to the information and explanation given to us, there are statutory dues outstanding for more than six months under Income Tax, Service Tax and Sales-tax. Thus, the dues outstanding as at balance sheet date are as follows:

Name of the Statute	Nature of Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Maharashtra Sales Tax Act	Sales Tax	16,68,316	F.Y. 2003-04	Sales Tax Commissioner
Maharashtra Sales Tax Act	Sales Tax	74,92,720	F.Y. 2008-09	Sales Tax Commissioner
Income Tax Act	Income Tax	33,56,688	A.Y. 2009-10	ITAT
Bangalore Sales Tax Act	Entertainment Tax	20,04,648	November 2006 to August 2007	Sales Tax

- (x) In our opinion, the accumulated losses of the company are more than fifty percent of its net worth. Further, the company has not incurred cash losses in the current financial year and in preceding financial year.
- (xi) The Company has not defaulted in repayment of dues to a bank. Thus this clause is not applicable.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments; hence this clause is not applicable.
- (xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company has obtained term loan during the year. In our opinion and according to the information and explanations given to us, the term loan taken by the company has been applied for the purpose for which they were raised.
- (xvii) According to the information and explanation given to us and on overall examination of the balance sheet of the company, we report that funds raised on short term basis have not been used for long term investment. Thus, this clause is not applicable.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For S A R A & Associates

Chartered Accountants
Firm Regn No: 120927W

Alok Bairagra

Partner
Mem. No: 105153

Place: Mumbai
Date: May 28, 2014

Balance Sheet

as at March 31, 2014

Annual Report 2013-2014

	Note	As at 31.03.2014 ₹	As at 31.03.2013 ₹
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	3	156,499,350	156,499,350
(b) Reserves & Surplus	4	(149,280,991)	(152,235,263)
		<u>7,218,359</u>	<u>4,264,087</u>
2 Share Application Money Pending Allotment		-	-
3 Non-Current Liabilities			
(a) Long Term Borrowings	5	47,519,090	32,638,322
(b) Deferred Tax Liabilities (Refer Note No. 34)		-	-
(c) Other Long Term Liabilities	6	83,332	638,888
(d) Long Term Provisions	7	784,604	867,301
		<u>48,387,026</u>	<u>34,144,511</u>
4 Current Liabilities			
(a) Short Term Borrowings	8	57,913,235	137,383,767
(b) Trade Payables	9	111,618,280	64,289,874
(c) Other Current Liabilities	10	295,316,351	194,662,937
(d) Short Term Provisions	11	151,848	146,354
		<u>464,999,714</u>	<u>396,482,932</u>
Total		<u>520,605,099</u>	<u>434,891,530</u>
II ASSETS			
1 Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	12	197,316,368	219,320,240
(ii) Intangible Assets	13	167,125	-
(iii) Capital Work-in-Progress		45,453,675	-
(b) Non Current Investments	14	63,000	63,000
(c) Deferred Tax Assets (refer note No. 34)		-	-
(d) Long Term Loans and Advances	15	18,327,226	18,872,466
(e) Other Non Current Assets	16	15,275,760	11,986,662
		<u>276,603,154</u>	<u>250,242,368</u>
2 Current Assets			
(a) Inventories	17	3,136,877	3,087,087
(b) Trade Receivables	18	175,591,802	169,783,123
(c) Cash and Bank Balances	19	5,416,963	1,515,955
(d) Short Term Loans and Advances	15	57,713,503	9,307,596
(e) Other Current Assets	20	2,142,799	955,401
		<u>244,001,945</u>	<u>184,649,162</u>
Total		<u>520,605,099</u>	<u>434,891,530</u>
Significant Accounting Policies	2		
Notes on Financial Statements	3 to 44		

As per our report of even date

For S A R A & Associates

Chartered Accountants
Firm Regn No.120927W

Alok Bairagra

Partner
Membership No. 105153

Place: Mumbai
Dated: May 28, 2014

For and on behalf of the Board

Sunil Biyani

Director
DIN: 00006583

Place: Mumbai
Dated: May 28, 2014

Udita Jhunjunwala

Director
DIN: 00120951

Statement of Profit and Loss

for the year ended March 31, 2014

Annual Report 2013-2014

	Note	Year Ended 31.03.2014	Year Ended 31.03.2013
		₹	₹
I REVENUE			
(a) Revenue From Operations	21	352,860,690	280,249,255
(b) Other Income	22	44,359,931	1,138,113
Total Revenue		397,220,621	281,387,368
II EXPENSES			
(a) Cost of Materials Consumed	23	226,712,846	36,644,117
(b) Employees Benefits Expense	24	28,387,651	27,082,647
(c) Finance Costs	25	7,715,791	31,190,393
(d) Depreciation and Amortisation Expenses	26	47,286,097	49,393,509
(e) Other Expenses	27	84,163,965	91,261,054
Total Expenses		394,266,350	235,571,720
Profit before exceptional items and tax		2,954,271	45,815,648
Exceptional Items		-	-
Profit before tax		2,954,271	45,815,648
Tax Expenses		-	-
Profit /(Loss) for the period		2,954,271	45,815,648
Earnings per Equity Share (₹)			
Basic and Diluted - Par Value of ₹ 10/- per share	36	0.19	2.93
Significant Accounting Policies	2		
Notes on Financial Statements	3 to 44		

As per our report of even date

For S A R A & Associates

Chartered Accountants
Firm Regn No.120927W

Alok Bairagra

Partner
Membership No. 105153

Place: Mumbai
Dated: May 28, 2014

For and on behalf of the Board

Sunil Biyani

Director
DIN: 00006583

Place: Mumbai
Dated: May 28, 2014

Udita Jhunjunwala

Director
DIN: 00120951

Cash Flow Statement

for the year ended March 31, 2014

Annual Report 2013-2014

	2013-14 ₹	2012-13 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT / (LOSS) BEFORE TAX	2,954,271	45,815,648
Adjustment for :		
Depreciation for the year	47,286,097	49,393,509
Interest expense	7,715,791	31,190,393
Interest income	(1,357,161)	(871,993)
(Gain)/Loss on foreign exchange fluctuation	735,148	(2,882,574)
(Profit) /Loss on sale of Fixed Assets	-	1,280,594
Sundry Assets W/off	-	7,209,346
Sundry balances written back	43,002,770	(41,699)
Bad debts written off	-	-
	<u>97,382,645</u>	<u>85,277,576</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	100,336,916	131,093,224
(Increase)/ decrease in working capital:		
Inventories	(49,790)	(724,465)
Trade & Other Receivables	(56,100,568)	(124,240,311)
Trade & Other Payables	103,611,143	47,080,587
Other Current Assets	(1,187,398)	1,110,396
	<u>46,273,386</u>	<u>(76,773,793)</u>
CASH USED IN OPERATIONS	146,610,302	54,319,431
Payment of Taxes (Net of Refunds)	(857,877)	120,230
NET CASH GENERATED (USED IN)/FROM OPERATING ACTIVITIES	<u>145,752,426</u>	<u>54,439,661</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
(Decrease)/Increase in fixed asset (including capital work in progress)	(70,903,025)	(11,934,146)
Investment in subsidiaries	-	-
(Increase in) / Redemption of Investments	-	-
Dividend received	-	-
Interest received	1,357,161	89,037
Fixed Assets / Investments Acquired pursuant to merger	-	-
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	<u>(69,545,864)</u>	<u>(11,845,109)</u>

Cash Flow Statement

for the year ended March 31, 2014

Annual Report 2013-2014

	2013-14	2012-13
	₹	₹
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Loans (given) / repaid to/by subsidiaries	-	-
Proceeds from / (Repayment of) borrowings	(64,589,764)	(10,449,995)
Loans taken over pursuant to merger	-	-
Intercompany deposit and working capital loan received	-	-
Accrued Interest on Custom Duty	-	-
Repayment of fixed deposit with bank	-	-
Loans and advances paid	-	-
Other Long Term Liabilities paid	-	-
Interest Paid	(7,715,791)	(31,190,393)
NET CASH GENERATED FROM /(USED IN) FINANCING ACTIVITIES	(72,305,555)	(41,640,388)
Net Increase / (Decrease) in Cash and Cash Equivalents	3,901,007	954,164
Opening Balance of Cash and Cash Equivalents	1,515,955	561,791
Closing Balance of Cash and Cash Equivalents	5,416,962	1,515,955
Cash and cash equivalents comprise of :		
Cash & Bank Balances Note 19	5,416,963	1,515,955
Total	5,416,963	1,515,955

- Note:** 1. Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006.
2. Previous year's figures are regrouped, where necessary, to confirm the current year's classification.

As per our report of even date

For S A R A & Associates

Chartered Accountants
Firm Regn No.120927W

For and on behalf of the Board

Alok Bairagra

Partner
Membership No. 105153

Place: Mumbai
Dated: May 28, 2014

Sunil Biyani

Director
DIN: 00006583

Place: Mumbai
Dated: May 28, 2014

Udita Jhunjunwala

Director
DIN: 00120951

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2014**1. Background**

Galaxy Entertainment Corporation Limited ('the Company') was incorporated on August 13, 1981. It operates leisure and entertainment centers across the country and as at the balance sheet date it has 28 centers offering a variety of facilities such as bowling, pool and video games, restaurant services, bakery, food court, etc. Further, during the year 2013-14, the company has undertaken trading activity.

2 Significant Accounting Policies**a. Basis for Preparation of Financial Statements**

- (i) The financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provisions of Companies Act, 1956 and applicable accounting standards notified under the Companies (Accounting Standard) Rules, 2006 (as amended), as adopted and consistently followed by the Company.
- (ii) The Company follows the mercantile systems of accounting and recognizes income and expenditure on an accrual basis except stated otherwise.

b. Use of Estimates

In preparation of financial statements requires estimates and assumptions to be made which affect the reported amounts of assets/liabilities on the date of financial statements and the reported amounts of revenues and expenditures during the reporting period. The differences between actual and estimates are recognized in the period in which results are crystallized.

c. Tangible Assets and Depreciation

- (i) Tangible assets are stated at their original cost of acquisition or construction less accumulated depreciation. Costs include all costs incurred to bring the assets to their present condition and location.
- (ii) Depreciation has been fully charged on assets whose actual cost does not exceed ₹ 5,000.
- (iii) Improvements to leasehold premises are amortized over the period of the lease.
- (iv) Depreciation is charged on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956, or based on estimated useful life of assets (keeping in view the nature of operations), whichever is higher. The depreciation rates used are as follows:

Particulars	Rate
Plant & Machinery	10%
Furniture & Fixtures – Others	15%
Furniture & Fixtures - Digital Print Board	50%
Computers	20%
Vehicles	25%

d. Intangible Assets and Amortisation

The Company accounts for costs incurred in making of a film as "Intangible Asset" representing self generated "Film Rights". Costs comprise of all expenditure directly attributable for creating, producing and making of the Film but exclude all selling and distribution costs. Such costs are amortized over the economic life which is based on economic benefits flowing to the Company by way of realized/expected revenues on exploitation of various rights. The value of rights is re-assessed periodically to determine whether there is any impairment and consequent write down in the value of intangible.

The amortisation rate used for other intangible asset is as follow:

Particulars	Rate
Intangibles – License	20%

e. Capital Work in Progress:

Expenditure during set-up of a new unit period including development cost incurred on the projects under implementation are treated as pre-operative expenses pending allocation to the assets, and are included under "Capital Work in Progress". These expenses are apportioned to fixed assets on commencement of commercial production. Capital Work in Progress is stated at the amount expended up to the date of balance sheet.

f. Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets suffered any an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash-flow expected from the continuing use of the assets and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risk specific of the assets. Reversal of impairment loss is recognized immediately as income in the profit and loss account.

g. Investments

Investments are classified as current or long term in accordance with Accounting Standard 13 on "Accounting for Investments" notified under the Companies (Accounting Standard) Rules, 2006, as amended.

- (i) Current investments are carried at lower of cost and fair value. Any reduction in the carrying amount of investments and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.
- (ii) Long term investments are stated at cost. Provision is made to recognize a decline, other than temporary, in the value of long term investments.

h. Inventories

Inventories representing restaurant supplies, consumables and redemption items are valued at cost determined on weighted average basis or net realizable value, whichever is lower.

i. Revenue recognition

- (i) The Company's revenues from leisure and entertainment services primarily include income from bowling, pool and video games, restaurant services and sponsorship contracts. Revenues are recognized when the services are rendered and when no significant uncertainty as to measurement or collectibles exists.

Customers visiting the Company's leisure and entertainment centre and restaurants avail the facilities against payment in cash or by credit card. The Company also enables corporate entities to host private parties at its centres, for a negotiated price, which is billed to customers on completion of the event.

- (ii) Sponsorship income is recognized over the period of the sponsorship contracts.
- (iii) Dividend income is accounted for when the right to receive dividend is established.
- (iv) Interest income is recognized on time proportion basis taking into account the amount outstanding and applicable rate.
- (v) Sale of Goods: sales are recognised at net of returns and trade discounts, sales tax and VAT on dispatch of goods to customers.

j. Retirement and other employee benefits

Retirement benefits to employees comprise of provident fund contributions, gratuity and leave encashment entitlements. Contribution to provident fund is made in accordance with the statute and provided on accrual basis. Gratuity and leave encashment liabilities are provided for, according to the rules of these benefit schemes, on the basis of actuarial valuation done at the year-end by independent actuaries using the Projected Unit Credit Method. Actuarial losses/gains are recognized in the Statement of Profit and Loss in the year in which they arise.

k. Taxes on income

Income-tax expense comprises Current Tax and Deferred tax charge or credit. Provision for current tax is made on the assessable Income at the tax rate applicable to the relevant assessment year.

The deferred tax asset and/or deferred tax liability; is calculated by applying the applicable tax rate as at Balance Sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation is recognised in view of the managements' assessment of virtual certainty of its realization, deferred tax adjustment on account of other timing differences are recognised only to the extent there is a reasonable certainty of its realization. At each balance sheet date, carrying amount of deferred asset/liability is reviewed and the necessary adjustment to asset or liability is made.

l. Foreign Currency Transactions

All transactions in foreign currency are recognized at the prevailing exchange rates on the dates when the relevant transaction takes place.

Monetary items in the form of Loans, Current Assets and Current Liabilities in foreign currency, outstanding at the close of the year, are converted in Indian Currency at the appropriate rates of exchange prevailing on the date of the Balance Sheet. Resultant gain or loss is accounted during the year.

m. Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

n. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average numbers of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for the events of bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

o. Cash and Cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and cash in hand and highly liquid short-term investments with an original maturity period of three months or less.

p. Borrowing Costs

Borrowing costs attributable to acquisition or construction of qualifying assets are capitalized as a part of cost of such assets up to the date when such assets are ready for its intended use and other borrowing cost are charged to Profit and loss account. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

q. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when an enterprise has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
3. Share Capital		
Authorised Share Capital		
20,000,000 Equity Shares of ₹10/- each (Previous Year 20,000,000 Equity Shares)	200,000,000	200,000,000
Issued, Subscribed and Paid-up		
15,649,935 Equity Shares of ₹10/- each fully paid-up (Previous Year 15,649,935 Equity Shares)	156,499,350	156,499,350
Total Issued, Subscribed and Fully Paid-up Share Capital	156,499,350	156,499,350

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31.03.2014		As at 31.03.2013	
	Equity Shares		Equity Shares	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	15,649,935	156,499,350	15,649,935	156,499,350
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	15,649,935	156,499,350	15,649,935	156,499,350

b. Terms/rights attached to the Equity Shares:

The Company has one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Rupees. 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 of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in the proportion to the number of equity shares held by the shareholders.

c. Details of the shareholders holding more than 5% shares in the company:

Name of Shareholder	As at 31.03.2014		As at 31.03.2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Future Retail Ltd.	4,937,935	31.55	4,937,935	31.55
Bellona Finvest Limited	3,686,491	23.56	3,686,491	23.56
Eclipse Trade Pvt. Ltd.	1,029,432	6.58	1,029,432	6.58
Merlin Enclaves pvt. Ltd.	895,626	5.72	895,626	5.72

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
4. Reserves & Surplus		
Securities Premium account	318,497,460	318,497,460
Other Reserves		
General Reserve		
Opening Balance	18,062,972	18,062,972
Add: Amount transferred from surplus balance of statement of Profit and Loss	-	-
	18,062,972	18,062,972
Less: Adjustment	-	-
Closing Balance	18,062,972	18,062,972
Surplus in the Statement of Profit and Loss		
Opening Balance	(488,795,695)	(534,611,343)
Profit/(Loss) for the year	2,954,272	45,815,648
Less: Appropriations	-	-
Proposed dividend	-	-
Tax on proposed dividend	-	-
Transfer to General Reserve	-	-
Closing Balance	(485,841,423)	(488,795,695)
Total Reserves and Surplus	(149,280,991)	(152,235,263)
5. Long Term Borrowings		
Secured		
Term Loan from Banks	47,519,090	32,638,322
Total	47,519,090	32,638,322
<p>(₹ 38,539,122 is payable annually in four quarterly equal instalment and interest rate is between 13% and 13.25% p.a.) (Secured against hypothecation charge on entire present and future movable fixed/ current assets of the company, Corporate guarantee by Future Retail Ltd. and personal guarantee of one of the Promoters)</p> <p>(Current maturities of Long Term Loans have been disclosed under Other Current Liabilities in Note No. 10)</p>		
6. Other Long Term Liabilities		
Income Received in Advance	83,332	638,888
Total	83,332	638,888
7. Long Term Provisions		
Provision for Employees Benefits		
Gratuity	493,588	642,357
Leave Encashment	291,016	224,944
Total	784,604	867,301

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
8. Short Term Borrowings		
Secured Loan		
Working Capital Loan Repayable on Demand from Banks	8,939,707	9,333,767
Unsecured Loan		
From related party	10,000,000	16,500,000
From other (ICD)	38,973,529	111,550,000
Total	57,913,235	137,383,767
(Secured against hypothecation charge on entire present and future movable fixed/ current assets of the company, Corporate guarantee by Future Retail Ltd. and personal guarantee of one of the Promoters)		
9. Trade Payables		
Micro, Small & Medium Enterprises (Refer Note No. 4)	-	-
Others	111,618,280	64,289,874
Total	111,618,280	64,289,874
10. Other Current Liabilities		
Current Maturities of Long Term Debts (Refer Note No. 5)	38,539,122	46,800,000
Interest Accrued & Due	-	34,779,762
Payable towards Capital Goods	66,407,429	61,345,284
Other Advances	25,000,000	25,000,000
Salary & Reimbursements Payable	2,308,372	3,113,324
Contribution to Provident Fund	-	72,316
Advances from Customers	146,974,047	20,585
Statutory Dues Payable	2,448,976	2,731,154
Book Overdraft	1,354,777	1,793,839
Liabilities for Expenses	12,283,628	19,006,673
Total	295,316,351	194,662,937
11. Short Term Provisions		
Provision for Employees Benefits		
Gratuity	54,843	71,373
Leave Encashment	97,005	74,981
Total	151,848	146,354

on Financial Statements for the Year Ended March 31, 2014

12. Tangible Assets (Valued at Cost less Depreciation/Impairment)

(Amount in ₹)

Particulars	Gross Block					Depreciation				Net Block	
	As at 01-04-2013	Addition	Acquisition through Business Combination	Deductions	As at 31-03-2014	As at 01-04-2013	For the Year	Deductions	As at 31-03-2014	As at 31-03-2014	As at 31-03-2013
Improvements to Licensed Premises	49,628,540	16,989,263	-	-	66,617,803	25,590,678	5,643,935	-	31,234,613	35,383,190	24,037,862
Plant and Machinery	403,773,473	3,843,852	-	-	407,617,325	214,122,637	38,316,444	-	252,439,081	155,178,244	189,650,836
Furniture and Fixtures	27,654,550	4,312,071	-	-	31,966,621	22,023,008	3,310,406	-	25,333,414	6,633,207	5,631,542
Computers	2,782,365	127,351	-	-	2,909,716	2,782,365	5,624	-	2,787,989	121,727	-
Motor Car	-	-	-	-	-	-	-	-	-	-	-
TOTAL	483,838,928	25,272,537	-	-	509,111,465	264,518,688	47,276,409	-	311,795,097	197,316,368	219,320,240
Previous Year	(501,123,992)	(17,117,964)	-	(34,403,028)	(483,838,928)	(237,376,067)	(49,152,485)	(22,009,864)	(264,518,688)	(219,320,240)	

13. Intangible Assets (Valued at Cost less Amortisation/Impairment)

(Amount in ₹)

Particulars	Gross Block					Amortisation				Net Block	
	As at 01-04-2013	Addition	Acquisition through Business Combination	Deductions	As at 31-03-2014	As at 01-04-2013	For the Year	Deductions	As at 31-03-2014	As at 31-03-2014	As at 31-03-2013
Intangibles											
Liquor License	4,035,500	176,813	-	-	4,212,313	4,035,500	9,688	-	4,045,188	167,125	-
TOTAL	4,035,500	176,813	-	-	4,212,313	4,035,500	9,688	-	4,045,188	167,125	-
Previous Year	(90,548,243)	-	-	-	(90,548,243)	(90,307,219)	(241,024)	(86,512,743)	(90,548,243)	-	

14. Non Current Investments

Sr. No.	Name of the Body Corporate	Subsidiary/ Associate/ Others	No. of Shares		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount in ₹	
			31.03.2014	31.03.2013			31.03.2014	31.03.2013	31.03.2014	31.03.2013
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
I	Trade Investments									
	Investment in Equity Instruments									
	Rain Fruits & More Pvt. Ltd. (Equity share of ₹ 10 each)	Subsidiary	1,252,142	1,252,142	Unquoted	Fully paid	72.19	72.19	35,491,840	35,491,840
	Galaxy Rain Restaurant Pvt. Ltd. (Equity share of ₹ 10 each)	Subsidiary	10,000	10,000	Unquoted	Fully paid	100.00	100.00	100,000	100,000
II	Other Investments									
	National Saving Certificates (Under Lien)								63,000	63,000
	Sub Total Non Current Investments								35,654,840	35,654,840
	Less: Provision for diminution in the value of Investment								35,591,840	35,591,840
	Total Non Current Investments								63,000	63,000

Particulars	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
Aggregate amount of quoted investments (Market value ₹ NIL (Previous year ₹ Nil))	-	-
Aggregate amount of Unquoted Investments	35,654,840	35,654,840
Aggregate Provision for Diminution in Value of Investments	35,591,840	35,591,840

on Financial Statements for the Year Ended March 31, 2014

15. Loans and Advances

	Long Term		Short Term	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
	₹	₹	₹	₹
(Unsecured, Considered Good)				
Security Deposits	15,476,248	16,909,541	68,339	68,339
Total (a)	15,476,248	16,909,541	68,339	68,339
Loans and Advances to Subsidiaries				
(Unsecured, Considered Good)	-	-	-	-
Doubtful	18,364,509	18,334,333	-	-
	18,364,509	18,334,333	-	-
Provision for Doubtful Advances	18,334,333	18,334,333	-	-
Total (b)	30,176	-	-	-
Other Loans and Advances				
Unsecured, Considered Good				
Advance Income Tax	2,820,802	1,962,925	-	-
Advances to Suppliers Capital Goods	-	-	39,113,264	1,034,471
Advance to Employees for Expenses	-	-	3,905,934	690,778
Service Tax Receivables	-	-	4,586,053	59,757
Prepaid Expenses	-	-	2,029,657	1,643,635
Dues from Others	-	-	3,255,532	1,680,892
Advance Sales Tax/Entertainment Tax Paid	-	-	4,754,724	4,129,724
Total (c)	2,820,802	1,962,925	57,645,164	9,239,257
Total (a+b+c)	18,327,226	18,872,466	57,713,503	9,307,596

As at
31st March, 2014
₹

As at
31st March, 2013
₹

16. Other Non Current Assets

Fixed Deposits with Bank (under Lien against Bank Guarantee)	15,275,760	11,986,662
Total	15,275,760	11,986,662

17. Inventories

(Valued of Cost or NRV, whichever is lower)

Restaurants supplies and consumables	1,977,333	3,087,087
Video Games Consumables	1,159,544	-
Total	3,136,877	3,087,087

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
18. Trade Receivables		
Trade Receivables outstanding for a period less than six months from the date they are due for payment:		
(a) Secured, considered good	16,118,144	149,060,732
(b) Un-secured, considered good	-	-
(c) Un-secured, considered doubtful	-	-
	<u>16,118,144</u>	<u>149,060,732</u>
Less: Provision for doubtful debts	-	-
	<u>16,118,144</u>	<u>149,060,732</u>
Trade Receivables outstanding for a period exceeding six months from the date they are due for payment:		
(a) Secured, considered good	-	-
(b) Un-secured, considered good	159,473,657	20,722,391
(c) Un-secured, considered doubtful	-	-
	<u>159,473,657</u>	<u>20,722,391</u>
Less: Provision for doubtful debts	-	-
	<u>159,473,657</u>	<u>20,722,391</u>
Total	<u>175,591,802</u>	<u>169,783,123</u>
19. Cash & Bank Balances		
Cash and Cash Equivalents		
Balances with Banks:		
In Current Accounts	917,814	180,003
In Unpaid Dividend Accounts	-	-
Cash on Hand	4,499,149	1,335,952
Total	<u>5,416,963</u>	<u>1,515,955</u>
20. Other Current Assets		
Interest Accrued on Fixed Deposits	2,142,799	955,401
Total	<u>2,142,799</u>	<u>955,401</u>

on Financial Statements for the Year Ended March 31, 2014

	Year ended 31st March, 2014 ₹	Year ended 31st March, 2013 ₹
21. Revenue From Operations		
Sale of Services		
Games	42,678,449	22,865,792
Restaurants	125,429,342	103,807,273
Sponsorships	118,734	804,380
	168,226,525	127,477,445
Sales of Trade Goods		
Sale of Fabric	169,908,325	-
Other Operating Income		
Income from Machine Hire Charges	555,556	555,556
Business Conducting Income	10,436,980	2,880,000
Revenue from assignment of Brand	-	145,000,000
Service Charges Received	2,805,130	4,082,799
Scrap Sale	928,174	253,455
	14,725,840	152,771,810
Total	352,860,690	280,249,255
22. Other Income		
Interest on Bank Deposits	1,357,161	871,993
Interest - Others	-	-
Miscellaneous Income	43,002,770	224,421
Provision no longer required, written back	-	41,699
Total	44,359,931	1,138,113
23. Cost of Materials Consumed		
Purchase of Trade Goods	169,785,250	-
Consumption of Restaurant Supply and Gaming Expenses		
Games Expenses	1,221,814	596,308
Wine, Liquor, Beverage, Tobbaco & Food Comsumables	55,705,782	36,047,809
Total	226,712,846	36,644,117
24. Employee Benefit Expenses		
Salaries, Wages, Bonus and Ex-gratia	24,843,145	25,098,313
Gratuity (Refer Note No. 39)	475,617	-
Contribution to Provident and other Funds	2,595,184	1,699,919
Staff Welfare Expenses	473,705	284,415
Total	28,387,651	27,082,647
25. Finance Costs		
Interest on ICD	-	12,853,452
Interest on Overdraft	679,216	-
Interest on Term Loan	6,009,664	17,159,115
Interest on Cash Credit	1,020,525	1,161,800
Interest on others	6,386	16,026
Total	7,715,791	31,190,393

	Year ended 31st March, 2014 ₹	Year ended 31st March, 2013 ₹
26. Depreciation and Amortisation Expenses		
Depreciation on Tangible Assets	47,276,409	49,393,509
Amortisation on Intangible Assets	9,688	-
Total	47,286,097	49,393,509
27. Other Expenses :		
Fuel, Power & Light	18,036,073	12,102,037
Repairs & Maintenance		
-Building	313,843	191,585
-Machinery	2,025,186	1,313,766
-Others	2,133,859	855,607
Insurance	630,528	827,801
Rent	42,504,962	43,227,019
Rates and Taxes	7,180,363	5,934,499
Travelling and Conveyance Expenses	1,857,377	2,605,307
Legal and Professional Fees	2,149,903	3,344,857
Advertisement and Publicity	1,525,166	2,099,872
Printing and Stationery	516,450	449,302
Communication Expenses	845,181	859,597
Provision for Diminution in Investment/loan & advances in Subsidiaries	-	214,064
Bank Charges	327,885	71,032
Sundry debit balance Written off	-	45,828
Security Charges	1,207,250	1,327,579
Commission on Credit Card	713,121	1,009,865
Sundry Expenses	1,026,389	2,435,550
Bad Debts Written off	-	7,176,000
Directors' Sitting Fees	100,000	110,000
Sundry Assets Write Off	-	7,209,346
(Gain)/Loss on foreign exchange fluctuation in respect of Foreign Currency	735,148	(2,882,574)
Auditors' Remuneration		
As Auditor:		
Audit fee	100,000	400,000
Tax Audit fee	120,000	100,000
In other Capacity:		
Limited Review	70,000	150,000
Other Services	20,000	-
Service Tax and Educational Cess	23,484	80,340
Reimbursement of expenses	1,798	2,775
Total	84,163,965	91,261,054

Notes on Financial Statements**28. Capital and Other Commitments**

a) Capital Commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 12,213,561 (Previous Year ₹ Nil).

b) Other Commitment

The Company has entered into certain non-cancellable agreements with landlord for premises. Commitment toward the same is ₹ NIL (Previous Year ₹ 6,51,000).

29. Contingent Liabilities not provided for

a) In respect of guarantees given by Company's banker on behalf of the Company of ₹11,298,459 (Previous Year ₹ 11,398,459).

b) In respect of disputed tax demand not provided as following:

Particulars	2013-2014 ₹	2012-2013 ₹
Entertainment Tax Demand	20,04,648	1,603,718
Indirect Tax Demand		
2003-2004	16,68,316	2,168,316
2008-2009	74,92,720	7,492,720
Income Tax		
A.Y. 2009-2010	33,56,688	Nil

c) Claims on accounts of service tax on rental premises consequent to retrospective charge of service on renting activity by Finance Act 2010. Amount which is not demanded has not been provided.

d) The Company has imported Capital Goods under the Export Promotion Capital Goods Scheme of the Government of India, at concessional rates of duty, on an undertaking to fulfill export obligation by October 2015. Outstanding as at balance sheet date is ₹ 66,316,951 (Previous Year ₹ 66,316,951).

30. Going Concern Assumption

The enterprise is normally viewed as a going concern, that is, as continuing in operation for the foreseeable future. It is assumed that the enterprise has neither the intention nor the necessity of liquidation or of curtailing materially the scale of the operations.

31. Expenditure in Foreign Currency

Particulars	2013-2014 ₹	2012-2013 ₹
Travel and Boarding Expenses	30,515	-
Total	30,515	-

32. Earnings in Foreign Currency

Particulars	2013-2014 ₹	2012-2013 ₹
Leisure and Entertainment Income	Nil	16,12,804
Total	Nil	16,12,804

33. Segment Reporting

Since incorporation the Company operated in a single business segment of Leisure and Entertainment services. However, during the year it has done trading activity in Fabric also. Thus, this disclosure is applicable. As per geographical segment, the Company operates in a single reportable geographical segment, i.e. within India.

on Financial Statements for the Year Ended March 31, 2014

Primary Segment Information: Business

(Amount in ₹)

	Restaurants, Gaming & Others	Fabric Sale	Total FY 2013-14	Total FY 2012-13
Revenue				
External Sales	182,952,365	169,908,325	352,860,690	280,249,255
Other Income	44,359,931	-	44,359,931	1,138,113
Total Revenue	227,312,296	169,908,325	397,220,621	281,387,368
Expenses	154,447,127	-	154,447,127	204,381,327
Purchase	56,927,596	169,785,250	226,712,846	-
Segment Result	15,937,573	123,075	16,060,648	75,867,928
Unallocated Corporate expenses	1,778,394	318,446	2,096,840	-
Operating Profit	14,159,179	(195,371)	13,963,808	75,867,928
Finance Expenses	(11,009,537)	-	(11,009,537)	(31,190,393)
Intangible Assets under development Written off	-	-	-	-
Other Income	-	-	-	-
Interest Income	-	-	-	-
PROFIT BEFORE TAX	2,831,196	(195,371)	2,954,271	44,677,535
Provision for tax	-	-	-	-
PROFIT AFTER TAX	2,831,196	(195,371)	2,954,271	44,677,535
OTHER INFORMATION				
Segment Assets	520,605,099	-	520,605,099	-
Unallocated Corporate assets	-	-	-	434,891,530
Segment Assets				
a) Fixed Assets				
b) Other Non-current Assets				
c) Intangible Assets Under Development				
d) Inventory				
e) Trade Receivables				
Other Current Assets				
Total Assets	520,605,099	-	520,605,099	434,891,530
Segment Liabilities				
a) Unallocated Corporate Liabilities	513,248,430	138,310	513,386,740	430,627,443
b) Trade Payables	-	-	-	-
c) Other Current Liabilities	-	-	-	-
Total Liabilities	513,248,430	138,310	513,386,740	430,627,443
Capital Expenditure				
a) Depreciation	47,286,097	-	47,286,097	49,393,509
b) Non- cash expenses other than depreciations	-	-	-	-

Notes:

- 1) Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17) taking into account the organization's structure as well as the differential risks and returns of these segments.
- 2) The Company has disclosed Business Segment as the primary segment and type of products and services in each segment.

on Financial Statements for the Year Ended March 31, 2014

- 3) The revenue and results figures given above are directly identifiable to respective segments and expenditure on common services incurred at the corporate level are not directly identifiable to respective segments have been shown as "Other Un-allocable Expenditure".
- 4) The Other Information figures given above are directly identifiable to respective segments and information for corporate services for head office and investments related to acquisitions have been shown as "Others Un-allocable".

34. Deferred Tax Asset/(Liability)

On a conservative basis, the Company has not recognized any deferred tax asset on unabsorbed business losses/unabsorbed depreciation during the current year.

35. Related Party Disclosure

In accordance with the Accounting Standard 18 on "Related Party Disclosure" notified under the Companies (Accounting Standard) Rules, 2006, as amended, the relevant information for the year ended March 31, 2014 is as under. Names of related parties and description of relationship:

- I. Entities where control exists - Subsidiaries:
 - a) Rain Fruits & More Pvt. Ltd. ("RFMPL")
 - b) Galaxy Rain Restaurants Pvt. Ltd. ("GRRPL")
- II. Entity where control exists through substantial equity interest:
 - a) Future Retail Limited ("FRL") (formally known as "Pantaloon Retail (I) Limited")
 - b) Future Value Retail Limited ("FVRL") (Merged with "Future Retail Limited")

The following are the volume of transactions with related parties during the year and outstanding balances as at the year end:

(Amount in ₹)		
Nature of transaction	Entities where control exists	Total
Loans given:		
GRRPL	8,028	8,028
	(7,454)	(7,454)
RFMPL	22,148	22,148
	(174,630)	(174,630)
Loans Repaid by: RFMPL	-	-
	(74,000)	(74,000)
Loan Received from FRL	10,000,000	10,000,000
	(16,500,000)	(16,500,000)
Loan Repaid to FRL	16,500,000	16,500,000
	(-)	(-)
Purchases / Services from:		
a) FRL	871,722	871,722
	(799,913)	(799,913)
b) FVRL		
i) Purchase /Material Consumed	661,814	661,814
	(19,307,080)	(19,307,080)
ii) Rent	7,749,310	7,749,310
	(-)	(-)
iii) Electricity Power	5,579,763	5,579,763
	(-)	(-)
iv) Fabric	169,785,250	169,785,250
	(-)	(-)
Fixed Assets Purchase from: FRL	12,000	12,000
	(-)	(-)

(Amount in ₹)

Nature of transaction	Entities where control exists	Total
Rent/Electricity/Fabric Paid:		
a) FRL	578,653	578,653
	(2,589,023)	(2,589,023)
b) FVRL		
i) Rent	368,310	368,310
	(-)	(-)
ii) Electricity	296,739	296,739
	(-)	(-)
Outstanding at year-end:		
a) Investment in subsidiary-RFMPL/GRRPL	35,591,840	35,591,840
	(35,591,840)	(35,591,840)
Less: Provision for permanent diminution	35,591,840	35,591,840
	(35,591,840)	(35,591,840)
b) Loans Receivable-		
i) RFMPL	18,044,973	18,044,973
	(18,022,825)	(18,022,825)
ii) GRRPL	319,536	319,536
	(311,508)	(311,508)
c) Sundry Debtors – FRL	8,045,802	8,045,802
	(8,045,802)	(8,045,802)

Figures in bracket are with respect to previous year; the related parties are as identified by the management and relied upon by the Auditors.

36. Earnings Per Share - Basic and Diluted:

(Amount in ₹)

Particulars	2013-14	2012-2013
Net Profit / (Loss) for the year as per Statement of Profit and Loss considered as numerator for calculating earnings per share	2,954,271	45,815,649
Weighted average number of equity shares outstanding during the year	15,649,935	15,649,935
Nominal value per share	10	10
Earnings Per Share	0.19	2.93

37. Loans and Advances include amounts due from subsidiaries:

Name of the Company	Maximum Amount Outstanding during the year (₹)	Balance Outstanding as at March 31, 2014 (₹)
Rain Fruits & More Private Limited	18,044,973 (18,022,825)	18,044,973 (18,022,825)
Galaxy Rain Restaurants Private Limited	319,536 (311,508)	319,536 (311,508)

Figures in bracket are with respect to previous year.

38. Un-hedged Foreign Currency Exposure:

Un-hedged foreign currency exposures as at March 31, 2014 are as under:-

Particulars	Amount in Foreign Currency		Amount in Indian Rupees	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Accounts Payable	JPY 64,583,166	JPY 64,583,351	₹ 37,463,522	₹ 37,156,068
Accounts payable	USD 75,677	USD 75,677	₹ 4,535,874	₹ 4,108,167

39. Employee Benefits:

The Company has classified various benefits provided to employees as under:

- (i) Defined Contribution Plans: Company's contribution to the provident fund scheme is recognised during the year in which the related service is rendered with the following amounts in the financial Statement:

Particulars	Year Ended March 31, 2014 (₹)
Employer's contribution to Provident Fund	1,423,936

- (ii) Defined Benefit Plans: Gratuity (Non-Funded Scheme)

- (iii) Other Long Term Employee Benefits: Leave Encashment (Non-Funded Scheme)

In accordance with the Accounting Standard (AS 15) (Revised 2005), actuarial valuation was performed in respect of the aforesaid plans based on the following assumptions:

Discount Rate (per annum)	8.00%
Rate of increase in compensation levels (per annum)	5.00%
Attrition Rate	1.00%
Mortality Table	Indian Assured Lives Mortality (2006-08) Ultimate

The following table's summaries the components of net benefit expenses recognised in the Statement of Profit and Loss and the amounts recognised in the Balance Sheet for the above benefit plans:

A. Changes in the Present Value of Obligation:

Particulars	Year Ended March 31, 2014		Year Ended March 31, 2013	
	Gratuity (₹)	Leave Encashment (₹)	Gratuity (₹)	Leave Encashment (₹)
Present Value of Defined Benefit Obligation as at beginning of the period	7,13,730	299,925	1,879,267	1,474,578
Interest Cost	57,098	23,994	150,341	117,966
Current Service Cost	383,604	216,081	223,871	121,655
Benefits Paid	(640,916)	(341,241)	(702,305)	(369,418)
Actuarial (gain) / loss on Obligations	34,915	189,262	(837,444)	(1,044,856)
Present Value of Defined Benefit Obligation as at the end of the period	548,431	388,021	7,13,730	299,925

B. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Plan Assets:

Particulars	Year Ended March 31, 2014		Year Ended March 31, 2013	
	Gratuity (₹)	Leave Encashment (₹)	Gratuity (₹)	Leave Encashment (₹)
Present Value of Funded Obligation as at end of the period	548,431	388,021	713,730	299,925
Fair Value of Plan Assets as at end of the period	-	-	-	-
Funded Asset recognized in the Balance Sheet	-	-	-	-
Included in provision (Schedule)				
Present Value of Unfunded Obligation as at end of the period				
Unrecognized Actuarial gains/(losses)	-	-	-	-
Unfunded Liability recognized in the Balance Sheet				
Included in –				
Long Term Provision	493,588	291,016	642,357	224,944
Short Term Provision	54,843	97,005	71,373	74,981

on Financial Statements for the Year Ended March 31, 2014

C. Amount recognized in the Balance Sheet:

Particulars	Year Ended March 31, 2014		Year Ended March 31, 2013	
	Gratuity (₹)	Leave Encashment (₹)	Gratuity (₹)	Leave Encashment (₹)
Present Value of Defined Benefit Obligation as at the end of the period	548,431	388,021	713,730	299,925
Fair Value of Plan Assets as at end of the period	Nil	Nil	Nil	Nil
Liability / (Net Asset) recognized in the Balance Sheet	548,431	388,021	713,730	299,925

D. Expenses recognized in the Statement of Profit and Loss:

Particulars	Year Ended March 31, 2014		Year Ended March 31, 2013	
	Gratuity (₹)	Leave Encashment (₹)	Gratuity (₹)	Leave Encashment (₹)
Current Service Cost	383,604	216,081	223,871	121,655
Past Service Cost	Nil	Nil	Nil	Nil
Interest Cost	57,098	23,994	150,341	117,966
Expected Return on Plan Assets	Nil	Nil	Nil	Nil
Curtailment Cost / (Credit)	Nil	Nil	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil	Nil	Nil
Net Actuarial (Gain) / Loss recognized in the period	34,915	189,262	(837,444)	(1,044,856)
Total Expenses recognized in the Statement of Profit and Loss	475,617	429,337	463,232	805,235

40. Based on the available information with the management, the Company does not owe any sum to suppliers who are registered as Micro, Small, Medium Enterprise as at March 31, 2014 in terms of the provisions of "The Micro, Small, Medium Enterprise Development Act, 2006".
41. In respect of amounts payable to overseas creditors for import of certain gaming machinery all liability has been provided in the respective year of imports and the management believes no further liability is to be recorded in respect of such imports.
42. Balances of Debtors and Creditors are subject to confirmations and reconciliation.
43. In the opinion of the Board, all assets other than fixed assets and non-current investments have value on realization in the ordinary course of business at least equal to the amount at which they are stated.
44. The Company made investments in National Saving Certificates (NSC) in the name of Managing Director of the company and the same has been pledged with excise authority at Mumbai (Maharashtra) on behalf of the company. The interest accrued on such investment will be accounted for on maturity.

As per our report of even date

For S A R A & Associates

Chartered Accountants
Firm Regn No.120927W

Alok Bairagra

Partner
Membership No. 105153

Place: Mumbai
Dated: May 28, 2014

For and on behalf of the Board

Sunil Biyani

Director
DIN: 00006583

Place: Mumbai
Dated: May 28, 2014

Udita Jhunjunwala

Director
DIN: 00120951

Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT

On The Consolidated Financial Statements of Galaxy Entertainment Corporation Limited

To the DIRECTORS of GALAXY ENTERTAINMENT CORPORATION LIMITED

We have audited the accompanying financial statements of Galaxy Entertainment Corporation Limited ("the Company") and its subsidiaries (the company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2014, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these Consolidated financial statements on the basis of separate financial statements and other financial information regarding components that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' 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 judgment, 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 the internal control relevant to the Company's preparation and fair 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 the 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

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated financial statements" as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Galaxy Entertainment Corporation Limited and its subsidiaries.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as mentioned in the 'Other Matter' paragraph below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the consolidated Statement of Profit and Loss, of the Profit of the Company for the year ended on that date, and
- c) in the case of the consolidated Cash Flow Statement, of the Cash Flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹ 11,00,674/- as at March 31, 2014, total nil revenues and net cash outflow amounting to ₹ 23,028/- for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

For S A R A & Associates
Chartered Accountants
Firm Regn No: 120927W

Alok Bairagra
Partner
Mem. No: 105153

Place : Mumbai
Date : May 28, 2014

Consolidated Balance Sheet

as at March 31, 2014

Annual Report 2013-2014

	Note	As at 31.03.2014 ₹	As at 31.03.2013 ₹
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	3	156,499,350	156,499,350
(b) Reserves & Surplus	4	(149,509,954)	(152,441,195)
		<u>6,989,396</u>	<u>4,058,155</u>
2 Share Application Money Pending Allotment		-	-
3 Minority Interest (Refer Note No. 31)		-	-
4 Non-Current Liabilities			
(a) Long Term Borrowings	5	47,519,090	32,638,322
(b) Deferred Tax Liabilities (Refer Note No. 35)		-	-
(c) Other Long Term Liabilities	6	83,332	638,888
(d) Long Term Provisions	7	784,604	867,301
		<u>48,387,026</u>	<u>34,144,511</u>
5 Current Liabilities			
(a) Short Term Borrowings	8	57,913,236	137,383,767
(b) Trade Payables	9	112,680,766	65,359,448
(c) Other Current Liabilities	10	295,356,250	194,702,896
(d) Short Term Provisions	11	151,848	146,354
		<u>466,102,100</u>	<u>397,592,465</u>
Total		<u>521,478,522</u>	<u>435,795,131</u>
II ASSETS			
1 Non- current assets			
(a) Fixed Assets			
(i) Tangible Assets	12	197,938,674	219,942,546
(ii) Intangible Assets	13	167,125	-
(iii) Capital Work-in-Progress		45,453,675	-
(b) Non Current Investments	14	63,000	63,000
(c) Deferred Tax Assets (Refer Note No.35)		-	-
(d) Long Term Loans and Advances	15	18,355,050	18,930,466
(e) Other Non Current Assets	16	15,325,760	12,036,662
		<u>277,303,284</u>	<u>250,972,674</u>
2 Current Assets			
(a) Inventories	17	3,136,876	3,087,086
(b) Trade Receivables	18	175,591,802	169,783,123
(c) Cash and Bank Balances	19	5,590,258	1,689,251
(d) Short Term Loans and Advances	15	57,713,503	9,307,596
(e) Other Current Assets	20	2,142,799	955,401
		<u>244,175,238</u>	<u>184,822,457</u>
Total		<u>521,478,522</u>	<u>435,795,131</u>
Significant Accounting Policies	2		
Notes on financial statements	3 to 44		

As per our report of even date

For S A R A & Associates

Chartered Accountants
Firm Regn No.120927W

Alok Bairagra

Partner
Membership No. 105153

Place : Mumbai
Dated: May 28, 2014

For and on behalf of the Board

Sunil Biyani

Director
DIN: 00006583

Place : Mumbai
Dated: May 28, 2014

Udita Jhunjhunwala

Director
DIN: 00120951

Consolidated Statement of Profit and Loss

Annual Report 2013-2014

for the year ended March 31, 2014

	Note	Year Ended 31.03.2014 ₹	Year Ended 31.03.2013 ₹
I REVENUE			
(a) Revenue From Operations	21	352,860,690	280,249,255
(b) Other Income	22	44,359,931	1,138,112
Total Revenue		397,220,621	281,387,367
II EXPENSES			
(a) Cost of Materials Consumed	23	226,712,846	36,644,117
(b) Employees Benefits Expenses	24	28,387,651	27,082,647
(c) Finance Costs	25	7,715,791	31,190,393
(d) Depreciation and Amortisation Expenses	26	47,286,097	49,393,509
(e) Other Expenses	27	84,186,994	91,209,444
Total Expenses		394,289,379	235,520,110
Profit before exceptional items and tax		2,931,242	45,867,257
Exceptional items		-	-
Profit Before Tax		2,931,242	45,867,257
Tax Expenses		-	-
		2,931,242	45,867,257
Minority Interest in loss of the subsidiaries (Refer Note No. 31)		-	-
Profit/(Loss) for the period		2,931,242	45,867,257
Earnings per Equity Share (₹)			
Basic and Diluted - Per Value of ₹ 10/- per share	37	0.19	2.93
Significant Accounting Policies	2		
Notes on financial statements	3 to 44		

As per our report of even date

For S A R A & Associates

Chartered Accountants
Firm Regn No.120927W

Alok Bairagra

Partner
Membership No. 105153

Place : Mumbai
Dated: May 28, 2014

For and on behalf of the Board

Sunil Biyani

Director
DIN: 00006583

Place : Mumbai
Dated: May 28, 2014

Udita Jhunjunwala

Director
DIN: 00120951

Consolidated Cash Flow Statement

Annual Report 2013-2014

for the year ended March 31, 2014

	2013-14 ₹	2012-13 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT / (LOSS) BEFORE TAX	2,931,242	45,867,257
Adjustment for :		
Depreciation for the year	47,286,097	49,393,509
Interest expense	7,715,791	31,190,393
Interest income	(1,357,161)	(871,992)
(Gain)/Loss on Foreign Exchange Fluctuation	735,148	(2,882,574)
(Profit) /Loss on sale of Fixed Assets	-	1,280,594
Sundry Assets Written off	-	7,209,346
Sundry balances written back	43,002,770	(41,699)
	<u>97,382,645</u>	<u>85,277,577</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	100,313,887	131,144,834
(Increase)/ decrease in working capital:		
Inventories	(49,790)	(724,464)
Trade & Other Receivables	(56,070,391)	(124,346,292)
Trade Payables and other current asset	103,603,995	15,848,565
Other Current Assets	(1,187,398)	1,110,395
CASH USED IN OPERATIONS	<u>146,610,303</u>	<u>23,033,038</u>
Payment of Taxes (Net of Refunds)	(857,877)	120,230
NET CASH GENERATED (USED IN)/FROM OPERATING ACTIVITIES (A)	<u>145,752,426</u>	<u>23,153,268</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
(Decrease)/Increase in Fixed Assets	(70,903,026)	(11,934,145)
Interest received	1,357,161	89,037
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES (B)	<u>(69,545,865)</u>	<u>(11,845,108)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from / (Repayment of) borrowings	(64,589,763)	-
Interest Paid	(7,715,791)	(10,449,995)
NET CASH GENERATED FROM /(USED IN) FINANCING ACTIVITIES (C)	<u>(72,305,554)</u>	<u>(10,449,995)</u>
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	3,901,007	858,165
CASH AND CASH EQUIVALENTS - AT START OF THE YEAR	1,689,251	831,086
CASH AND CASH EQUIVALENTS - AT END OF THE YEAR	<u>5,590,258</u>	<u>1,689,251</u>
Cash and cash equivalents comprise of :		
Cash & Bank Balances Note Nos. 19	5,590,258	1,689,251
Total	<u>5,590,258</u>	<u>1,689,251</u>

Note:

1. Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006.
2. Previous year's figures are regrouped, where necessary, to confirm the current year's classification.

As per our report of even date

For S A R A & Associates

Chartered Accountants
Firm Regn No.120927W

Alok Bairagra

Partner
Membership No. 105153

Place: Mumbai
Dated: May 28, 2014

For and on behalf of the Board

Sunil Biyani

Director
DIN: 00006583

Place: Mumbai
Dated: May 28, 2014

Udita Jhunjhunwala

Director
DIN: 00120951

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2014

1. Background

Galaxy Entertainment Corporation Limited ('the Company') was incorporated on August 13, 1981. It operates leisure and entertainment centers across the country and as at the balance sheet date it has 28 centers offering a variety of facilities such as bowling, pool and video games, restaurant services, bakery, food court, etc. Further, during the year 2013-14, the company has undertaken trading activity. The company has two subsidiaries namely, Galaxy Rain Restaurants Private Limited and Rain Fruits & More Private Limited.

2. Significant Accounting Policies

a. Basis for Preparation of Consolidated Financial Statements

The consolidated financial statements have been prepared under the historical cost convention, on accrual basis of accounting and in conformity with Accounting Standard (AS-21) notified under the Companies (Accounting Standards) Rules, 2006 and pronouncements issued by the Institute of Chartered Accountants of India (ICAI).

b. Use of Estimates

In preparation of financial statements requires estimates and assumptions to be made which affect the reported amounts of assets/liabilities on the date of financial statements and the reported amounts of revenues and expenditures during the reporting period. The differences between actual and estimates are recognized in the period in which results are crystallized.

c. Principals of Consolidation

The consolidated financial statements relate to Galaxy Entertainment Corporation Limited ('the Parent') and its subsidiary companies (the "Group"). The consolidated financial statements have been prepared in accordance with the principle and procedures required for the preparation and presentation of financial statements as laid down under the Accounting Standard (AS-21) notified under the Companies (Accounting Standards) Rules, 2006 and pronouncement issued by the Institute of Chartered Accountants of India. The financial statements of the parent and its subsidiaries have been combined 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 transactions and resulting unrealized gain/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 Parent's separate financial statements.

Where the cost of the investment is higher than the share of equity in the subsidiary at the time of acquisition the resulting difference is treated as goodwill.

The subsidiary companies considered for consolidated financial statements include the following:

Name of the entity	Country of Incorporation	Proportion of ownership interest/ voting power (%)
Galaxy Rain Restaurants Private Limited	India	100.00
Rain Fruits & More Private Limited	India	72.19

d. Tangible Assets and Depreciation

- (i) Tangible assets are stated at their original cost of acquisition or construction less accumulated depreciation. Costs include all costs incurred to bring the assets to their present condition and location.
- (ii) Depreciation has been fully charged on assets whose actual cost does not exceed Rs.5,000.
- (iii) Improvements to leasehold premises are amortized over the period of the lease.

- (iv) Depreciation is charged on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956, or based on estimated useful life of assets (keeping in view the nature of operations), whichever is higher. The depreciation rates used are as follows:

Particulars	Rate
Plant & Machinery	10%
Furniture & Fixtures – Others	15%
Furniture & Fixtures - Digital Print Board	50%
Computers	20%
Vehicles	25%

In case of subsidiaries, depreciation has been provided on written down value method at the rates prescribed in Schedule-XIV to the Companies Act, 1956.

Depreciation has been fully charged on assets whose actual value does not exceed Rs. 5,000/-. Improvements to leasehold premises are amortized over the period of lease.

e. Intangible Assets and Amortisation

The Company accounts for costs incurred in making of a film as “Intangible Asset” representing self generated “Film Rights”. Costs comprise of all expenditure directly attributable for creating, producing and making of the Film but exclude all selling and distribution costs. Such costs are amortized over the economic life which is based on economic benefits flowing to the Company by way of realized/expected revenues on exploitation of various rights. The value of rights is re-assessed periodically to determine whether there is any impairment and consequent write down in the value of intangible.

The amortisation rate used for other intangible asset is as follow:

Particulars	Rate
Intangibles – License	20%

f. Capital Work in Progress:

Expenditure during set-up of a new unit period including development cost incurred on the projects under implementation are treated as pre-operative expenses pending allocation to the assets, and are included under “Capital Work in Progress”. These expenses are apportioned to fixed assets on commencement of commercial production. Capital Work in Progress is stated at the amount expended up to the date of balance sheet.

g. Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets suffered any an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset’s net selling price and value in use. In assessing value in use, the estimated future cash-flow expected from the continuing use of the assets and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risk specific of the assets. Reversal of impairment loss is recognized immediately as income in the statement of profit and loss account.

h. Investments

Investments are classified as current or long term in accordance with Accounting Standard 13 on “Accounting for Investments” notified under the Companies (Accounting Standard) Rules, 2006, as amended.

- Current investments are carried at lower of cost and fair value. Any reduction in the carrying amount of investments and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.
- Long term investments are stated at cost. Provision is made to recognize a decline, other than temporary, in the value of long term investments.

i. Inventories

Inventories representing restaurant supplies, consumables and redemption items are valued at cost determined on weighted average basis or net realizable value, whichever is lower.

j. Revenue recognition

- (i) The Company's revenues from leisure and entertainment services primarily include income from bowling, pool and video games, restaurant services and sponsorship contracts. Revenues are recognized when the services are rendered and when no significant uncertainty as to measurement or collectibles exists.

Customers visiting the Company's leisure and entertainment centre and restaurants avail the facilities against payment in cash or by credit card. The Company also enables corporate entities to host private parties at its centres, for a negotiated price, which is billed to customers on completion of the event.

- (ii) Sponsorship income is recognized over the period of the sponsorship contracts.
- (iii) Dividend income is accounted for when the right to receive dividend is established.
- (iv) Interest income is recognized on time proportion basis taking into account the amount outstanding and applicable rate.
- (v) Sale of Goods: sales are recognised at net of returns and trade discounts, sales tax and VAT on dispatch of goods to customers.

k. Retirement and other employee benefits

Retirement benefits to employees comprise of provident fund contributions, gratuity and leave encashment entitlements. Contribution to provident fund is made in accordance with the statute and provided on accrual basis. Gratuity and leave encashment liabilities are provided for, according to the rules of these benefit schemes, on the basis of actuarial valuation done at the year-end by independent actuaries using the Projected Unit Credit Method. Actuarial losses/gains are recognized in the Statement of Profit and Loss in the year in which they arise.

l. Taxes on income

Income-tax expense comprises Current Tax and Deferred tax charge or credit. Provision for current tax is made on the assessable Income at the tax rate applicable to the relevant assessment year.

The deferred tax asset and/or deferred tax liability; is calculated by applying the applicable tax rate as at Balance Sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation is recognised in view of the managements' assessment of virtual certainty of its realization, deferred tax adjustment on account of other timing differences are recognised only to the extent there is a reasonable certainty of its realization. At each balance sheet date, carrying amount of deferred asset/liability is reviewed and the necessary adjustment to asset or liability is made.

m. Foreign Currency Transactions

All transactions in foreign currency are recognized at the prevailing exchange rates on the dates when the relevant transaction takes place.

Monetary items in the form of Loans, Current Assets and Current Liabilities in foreign currency, outstanding at the close of the year, are converted in Indian Currency at the appropriate rates of exchange prevailing on the date of the Balance Sheet. Resultant gain or loss is accounted during the year.

n. Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

o. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average numbers of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for the events of bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

p. Cash and Cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and cash in hand and highly liquid short-term investments with an original maturity period of three months or less.

q. Borrowing Costs

Borrowing costs attributable to acquisition or construction of qualifying assets are capitalized as a part of cost of such assets up to the date when such assets are ready for its intended use and other borrowing cost are charged to Profit and loss account. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

r. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
3. Share Capital		
Authorised		
20,000,000 Equity Shares of ₹ 10/- each (Previous Year 20,000,000 Equity Shares)	200,000,000	200,000,000
Issued, Subscribed and Paid-up		
15,649,935 Equity Shares of ₹ 10/- each fully paid-up (Previous Year 15,649,935 Equity Shares)	156,499,350	156,499,350
Total Issued, Subscribed and Fully Paid-up Share Capital	156,499,350	156,499,350

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31.03.2014		As at 31.03.2013	
	Equity Shares		Equity Shares	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	15,649,935	156,499,350	15,649,935	156,499,350
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	15,649,935	156,499,350	15,649,935	156,499,350

b. Terms/rights attached to the Equity Shares:

The Company has one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in rupees. 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 of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in the proportion to the number of equity shares held by the shareholders.

c. Details of the shareholders holding more than 5% shares in the company:

Name of Shareholder	As at 31.03.2014		As at 31.03.2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Future Retail Ltd.	4,937,935	31.55	4,937,935	31.55
Bellona Finvest Limited	3,686,491	23.56	3,686,491	23.56
Eclipse Trade Pvt. Ltd.	1,029,432	6.58	1,029,432	6.58
Merlin Enclaves Pvt. Ltd.	895,626	5.72	895,626	5.72

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
4. Reserves & Surplus		
Securities Premium account	318,497,460	318,497,460
General Reserve		
Opening Balance	18,062,972	18,062,972
Add: Amount transferred from surplus balance of statement of Profit and Loss	-	-
	<u>18,062,972</u>	<u>18,062,972</u>
Less: Adjustment	-	-
Closing Balance	<u>18,062,972</u>	<u>18,062,972</u>
Surplus in the Statement of Profit and Loss		
Opening balance	(489,001,627)	(534,868,884)
Profit/(Loss) for the year	2,931,241	45,867,257
Less: Appropriations		
Proposed dividend	-	-
Tax on proposed dividend	-	-
Transfer to General Reserve	-	-
Closing Balance	<u>(486,070,386)</u>	<u>(489,001,627)</u>
Total Reserves and Surplus	(149,509,954)	(152,441,195)
5. Long Term Borrowings		
Secured		
Term Loan from Banks	<u>47,519,090</u>	<u>32,638,322</u>
Total	47,519,090	32,638,322
(₹ 38,539,122 is payable annually in four quarterly equal installment and interest rate is between 13% and 13.25% p.a.) (Secured against hypothecation charge on entire present and future movable fixed/ current assets of the company, Corporate guarantee by Future Retail Ltd. and personal guarantee of one of the Promoters).		
(Current maturities of Long Term Loans have been disclosed under Other Current Liabilities in Note No. 10)		
6. Other Long Term Liabilities		
Income Received in Advance	<u>83,332</u>	<u>638,888</u>
Total	83,332	638,888
7. Long Term Provisions		
Provision for Employees Benefits		
Gratuity	493,588	642,357
Leave Encashment	<u>291,016</u>	<u>224,944</u>
Total	784,604	867,301
8. Short Term Borrowings		
Secured		
Working Capital Loan Repayable on Demand from Banks	8,939,707	9,333,767
Unsecured Loan		
- from related party	10,000,000	16,500,000
- from others (ICD)	<u>38,973,529</u>	<u>111,550,000</u>
Total	57,913,236	137,383,767
(Secured against hypothecation charge on entire present and future movable fixed/ current assets of the company, Corporate guarantee by Future Retail Ltd. and personal guarantee of one of the Promoters).		

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
9. Trade Payables		
Micro, Small & Medium Enterprises (Refer Note No. 40)	-	-
Others	112,680,766	65,359,448
Total	112,680,766	65,359,448
10. Other Current Liabilities		
Current Maturities of Long Term Debts (Refer Note No. 5)	38,539,122	46,800,000
Interest Accrued & Due	-	34,779,762
Payable towards Capital Goods	66,407,429	61,345,344
Other Advances	25,000,000	25,000,000
Salary & Reimbursements Payable	2,308,372	3,113,324
Contribution to Provident Fund	-	72,316
Advances from Customers	146,974,047	20,585
Statutory Dues Payable	2,448,976	2,731,154
Book Overdraft	1,354,777	1,793,839
Liabilities for Expenses	12,323,527	19,046,572
Total	295,356,250	194,702,896
11. Short Term Provisions		
Provision for Employees Benefits		
Gratuity	54,843	71,373
Leave Encashment	97,005	74,981
Total	151,848	146,354

12. Tangible Assets
(Valued at Cost less Depreciation/Impairment)

(Amount in ₹)

Particulars	Gross Block				Depreciation / Impairment					Net Block		
	As At 01.04.2013	Addition	Acquisition through Business Combination	Deductions	As At 31.03.2014	As At 01.04.2013	For the year	Deductions	Provision for Impairment as at 01.04.2013	As At 31.03.2014	As At 31.03.2014	As At 31.03.2013
Improvements to Licensed Premises	49,628,540	16,989,263	-	-	66,617,803	25,590,678	5,643,935	-	-	31,234,613	35,383,190	24,037,862
Plant and Machinery	419,081,084	3,843,852	-	-	422,924,936	229,137,686	38,316,444	-	-	267,454,130	155,470,806	189,943,398
Furniture and Fixtures	28,101,457	4,312,071	-	-	32,413,528	22,168,764	3,310,406	-	-	25,479,170	6,934,358	5,932,693
Computers	3,365,125	127,351	-	-	3,492,476	3,336,532	5,624	-	-	3,342,156	150,320	28,593
Motor Car	-	-	-	-	-	-	-	-	-	-	-	-
Total	500,176,206	25,272,537	-	-	525,448,743	280,233,660	47,276,409	-	-	327,510,069	197,938,674	219,942,546
Previous Year	(517,894,671)	(17,117,963)	-	(34,403,028)	(500,176,206)	(253,091,039)	(49,152,485)	(22,009,864)	-	(280,233,660)	(219,942,546)	

13. Intangible Assets (Valued at Cost less Amortisation/Impairment)

(Amount in ₹)

Particulars	Gross Block					Amortisation / Impairment					Net Block	
	As At 01.04.2013	Addition	Acquisition through Business Combination	Deductions	As At 31.03.2014	As At 01.04.2013	For the year	Deductions	Provision for Impairment as at 01.04.2013	As At 31.03.2014	As At 31.03.2014	As At 31.03.2013
Intangibles												
Liquor License	4,035,500	176,813	-	-	4,212,313	4,035,500	9,688	-	-	4,045,188	167,125	-
Total	4,035,500	176,813	-	-	4,212,313	4,035,500	9,688	-	-	4,045,188	167,125	-
Previous Year	(103,929,165)	-	-	-	(103,929,165)	(103,929,165)	(241,024)	-	-	(103,929,165)	(241,024)	

14. Non Current Investments

(Amount in ₹)

Sr. No.	Name of the Body Corporate	Subsidiary/ Associate/ Others	No. of Shares/ Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		₹	
			As at 31st March, 2014	As at 31st March, 2013			As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	Other Investments									
	National Saving Certificates (Under Lien)								63,000	63,000
	Total Non-Current Investments								63,000	63,000

Particulars	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
Aggregate amount of quoted investments (Market value Rs.Nil) (Previous year Rs. Nil)	-	-
Aggregate amount of unquoted investments	63,000	63,000
Aggregate provision for diminution in value of investments	-	-

15. Loans and Advances

	Long Term		Short Term	
	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
(Unsecured, Considered Good)				
Security Deposits	16,006,231	17,439,524	68,339	68,339
Less: Provision for Doubtful Deposits	471,983	471,983	-	-
Total (a)	15,534,248	16,967,541	68,339	68,339
Other Loans and Advances (Unsecured, Considered Good)				
Advance Income tax	2,820,802	1,962,925	-	-
Advances to Suppliers Capital Goods	-	-	39,113,264	1,034,471
Advance to Employees for Expenses	-	-	3,905,934	690,778
Service Tax Receivables	-	-	4,586,053	59,757
Prepaid Expenses	-	-	2,029,657	1,643,635
Dues from Others	-	-	3,255,532	1,680,892
Advance Sales Tax/Entertainment Tax Paid	-	-	4,754,724	4,129,724
Total (b)	2,820,802	1,962,925	57,645,164	9,239,257
Total (a+b)	18,355,050	18,930,466	57,713,503	9,307,596

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
16. Other Non Current Assets		
Fixed Deposits with Bank (under Lien against Bank Guarantee)	15,325,760	12,036,662
Total	15,325,760	12,036,662
17. Inventories		
(Valued of Cost or NRV, whichever is lower)		
Restaurants supplies and consumables	1,977,333	3,087,087
Video Games Consumables	1,159,544	-
Total	3,136,877	3,087,087
18. Trade Receivables		
Trade Receivables outstanding for a period less than six months from the date they are due for payment:		
(a) Secured, considered good	16,118,144	147,264,847
(b) Un-secured, considered good	-	-
(c) Un-secured, considered doubtful	-	-
	16,118,144	147,264,847
Less: Provision for doubtful debts	-	-
	16,118,144	147,264,847
Trade Receivables outstanding for a period exceeding six months from the date they are due for payment:		
(a) Secured, considered good	-	-
(b) Un-secured, considered good	159,473,658	22,518,277
(c) Un-secured, considered doubtful	-	-
	159,473,658	22,518,277
Less: Provision for doubtful debts	-	-
	159,473,658	22,518,277
Total	175,591,802	169,783,123
19. Cash & Bank Balances		
Cash and Cash Equivalents		
Balances with Banks:		
In Current Accounts	1,080,433	342,623
In Unpaid Dividend Accounts	-	-
Cash on Hand	4,509,825	1,346,628
Total	5,590,258	1,689,251
20. Other Current Assets		
Interest accrued on Fixed Deposits	2,142,799	955,401
Interest accrued on Inter Corporate Deposits	-	-
Total	2,142,799	955,401

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
21. Revenue From Operations		
Sale of Services		
Games	42,678,449	22,865,792
Restaurants	125,429,342	103,807,273
Sponsorships	118,734	804,380
	<u>168,226,525</u>	<u>127,477,445</u>
Sales of Trade Goods		
Sale of Fabric	169,908,325	-
	<u>169,908,325</u>	<u>-</u>
Other Operating Income		
Income from Machine Hire Charges	555,556	555,556
Business Conducting Income	10,436,980	2,880,000
Revenue from assignment/Transfer of Brand	-	145,000,000
Service Charges Received	2,805,130	4,082,799
Scrap Sale	928,174	253,455
	<u>14,725,840</u>	<u>152,771,810</u>
Total	<u>352,860,690</u>	<u>280,249,255</u>
22. Other Income		
Interest on Bank Deposits	1,357,161	871,992
Miscellaneous Income	43,002,770	224,421
Provision no longer required, written back	-	41,699
Total	<u>44,359,931</u>	<u>1,138,112</u>
23. Cost of Materials Consumed		
Purchase of Trade Goods	169,785,250	-
Games Expenses	1,221,814	596,308
Wine, Liquor, Beverage, Tobbaco & Food Consumables	55,705,782	36,047,809
Total	<u>226,712,846</u>	<u>36,644,117</u>
24. Employee Benefit Expenses		
Salaries, Wages, Bonus and Ex-gratia	24,843,145	25,098,313
Gratuity (Refer Note No. 39)	475,617	-
Contribution to Provident and Other Funds	2,595,184	1,699,919
Staff Welfare Expenses	473,705	284,415
Total	<u>28,387,651</u>	<u>27,082,647</u>
25. Finance Costs		
Interest on ICD	679,216	12,853,452
Interest on Term Loan	6,009,664	17,159,115
Interest on Cash Credit	1,020,525	1,161,800
Interest on Others	6,386	16,026
Total	<u>7,715,791</u>	<u>31,190,393</u>

	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
26. Depreciation and Amortisation Expenses		
Depreciation on Tangible Assets	47,276,409	49,393,509
Amortisation on Intangible Assets	9,688	-
Total	47,286,097	49,393,509
27. Other Expenses :		
Fuel, Power & Light	18,036,073	12,102,037
Repairs & Maintenance		
- Building	313,843	191,585
- Machinery	2,025,186	1,313,766
- Others	2,133,859	855,607
Insurance	630,528	827,801
Rent	42,504,962	43,227,019
Rates and Taxes	7,180,363	5,934,499
Travelling and Conveyance Expenses	1,857,377	2,605,307
Legal and Professional Fees	2,149,903	3,483,124
Advertisement and Publicity	1,525,166	2,099,872
Printing and Stationery	516,450	449,302
Communication Expenses	845,181	859,597
Bank Charges	327,885	71,032
Sundry debit balance Written off	-	45,828
Security Charges	1,207,250	1,327,579
Commission on Credit Card	713,121	1,009,865
Sundry Expenses	1,049,417	2,404,119
Bad Debts Written off	-	7,176,000
Directors' Sitting Fees	100,000	145,000
Sundry Assets Write Off	-	7,209,346
(Gain)/Loss on foreign exchange fluctuation in respect of Foreign Currency	735,148	(2,882,574)
Auditors' Remuneration		
As Auditor:		
Audit fee	100,000	420,000
Tax Audit fee	120,000	100,000
In other Capacity:		
Limited Review	70,000	150,000
Other Services	20,000	-
Service Tax and Educational Cess	23,484	80,958
Reimbursement of expenses	1,798	2,775
Total	84,186,994	91,209,444

28. Capital and Other Commitments**a) Capital Commitment**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 12,213,561/- (Previous Year ₹ Nil).

b) Other Commitment

The Company has entered into certain non-cancellable agreements with landlord for premises. Commitment toward the same is ₹ NIL (Previous Year ₹ 6,51,000).

29. Contingent Liabilities not provided for:

- a) In respect of guarantees given by Company's banker on behalf of the Company of ₹ 11,298,459 (Previous Year ₹ 11,398,459).
- b) In respect of disputed tax demand not provided as following:

Particulars	2013-2014 ₹	2012-2013 ₹
Entertainment Tax Demand	20,04,648	1,603,718
Indirect Tax Demand 2003-2004	16,68,316	2,168,316
2008-2009	74,92,720	7,492,720
Income Tax A.Y. 2009-2010	33,56,688	Nil

- c) Claims on accounts of service tax on rental premises consequent to retrospective charge of service on renting activity by Finance Act, 2010. Amount which is not demanded has not been provided.
- d) The Company has imported Capital Goods under the Export Promotion Capital Goods Scheme of the Government of India, at concessional rates of duty, on an undertaking to fulfill export obligation of ₹ 529,663,942 by October 2015. In case the obligation is not met within the stipulated time period then the liability of ₹ 66,316,951 along with Interest would fall on the shoulders of the company.

30. Going Concern Assumption

The enterprise is normally viewed as a going concern, that is, as continuing in operation for the foreseeable future. It is assumed that the enterprise has neither the intention nor the necessity of liquidation or of curtailing materially the scale of the operations. The Company has turned around during the year and there is no negative net worth as on 31 March, 2014.

31. Minority Interest

Particulars	Amount (₹)
Share of Equity	12,544,550
Share in Losses of a Subsidiary	(12,544,550)
Total	Nil

Share in profit/(Loss) of subsidiary relating to minority interest of ₹ (4,172) (Previous Year ₹ (42,723)) is credited/ (debited) to consolidated statement of profit & loss. Aggregated of losses applicable to minority interest debited to consolidated Statement of profit and loss as on 31st March 2014 amounts to ₹ 6,538,790 (Previous Year ₹ 6,534,618)

32. Expenditure in Foreign Currency:

Particulars	2013-2014 ₹	2012-2013 ₹
Travel and Boarding Expenses	30,515	-
Total	30,515	-

33. Earnings in Foreign Currency:

Particulars	2013-2014 ₹	2012-2013 ₹
Leisure and Entertainment Income	Nil	16,12,804
Total	Nil	16,12,804

34. Segment Reporting

Since incorporation the Company operated in a single business segment of Leisure and Entertainment services. However, during the year it has done trading activity in Fabric also. Thus, this disclosure is applicable. As per geographical segment, the Company operates in a single reportable geographical segment, i.e. within India.

Primary Segment Information: Business**(Amount in ₹)**

Particulars	Restaurants, Gaming & Others	Trading Activity	Total FY 2013-14	Total FY 2012-13
Revenue				
External Sales	182,952,365	169,908,325	352,860,690	280,249,255
Other Income	44,359,931	-	44,359,931	1,138,113
Total Revenue	227,312,296	169,908,325	397,220,621	281,387,368
Expenses	154,447,127	-	154,447,127	204,381,327
Purchase	56,927,596	169,785,250	226,712,846	-
Segment Result	15,937,573	123,075	16,060,648	75,867,928
Unallocated Corporate expenses	1,778,394	318,446	2,096,840	-
Operating Profit	14,159,179	(195,371)	13,963,808	75,867,928
Finance Expenses	(11,009,537)	-	(11,009,537)	(31,190,393)
Intangible Assets under development Written off			-	
Other Income				
Interest Income	-	-	-	-
PROFIT BEFORE TAX	3,149,672	(195,371)	2,954,271	44,677,535
Provision for tax	-	-	-	-
PROFIT AFTER TAX	3,149,672	(195,371)	2,954,271	44,677,535
OTHER INFORMATIONS				
Segment Assets	520,605,099	-	520,605,099	-
Unallocated Corporate assets	-	-	-	434,891,530
Segment Assets				
Fixed Assets				
b) Other Non-current Assets				
c) Intangible Assets Under Development				
d) Inventory				
e) Trade Receivables				
Other Current Assets				
Total Assets	520,605,099	-	520,605,099	434,891,530
Segment Liabilities				
a) Unallocated Corporate Liabilities	513,248,430	138,310	513,386,740	430,627,443
b) Trade Payables	-	-	-	-
c) Other Current Liabilities	-	-	-	-
Total Liabilities	513,248,430	138,310	513,386,740	430,627,443
Capital Expenditure				
a) Depreciation	47,286,097	-	47,286,097	49,393,509
b) Non- cash expenses other than depreciations	-	-	-	-

Notes:

- 1) Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17) taking into account the organization's structure as well as the differential risks and returns of these segments.
- 2) The Company has disclosed Business Segment as the primary segment and type of products and services in each segment,
- 3) The revenue and results figures given above are directly identifiable to respective segments and expenditure on common services incurred at the corporate level are not directly identifiable to respective segments have been shown as "Other Un-allocable Expenditure".
- 4) The Other Information figures given above are directly identifiable to respective segments and information for corporate services for head office and investments related to acquisitions have been shown as "Others Un-allocable".

35. Deferred Tax Asset/(Liability)

On a conservative basis, the Company has not recognized any deferred tax asset on unabsorbed business losses/unabsorbed depreciation during the current year.

36. Related Party Disclosure

In accordance with the Accounting Standard 18 on "Related Party Disclosure" notified under the Companies (Accounting Standard) Rules, 2006, as amended, the relevant information for the year ended March 31, 2014 is as under. Names of related parties and description of relationship:

I. Entity where control exists through substantial equity interest:

- a) Future Retail Limited ("FRL") (formally known as "Pantaloon Retail (I) Limited")
- b) Future Value Retail Limited ("FVRL") ("Merged With Future Retail Limited")

The following are the volume of transactions with related parties during the year and outstanding balances as at the year end:

(Amount in ₹)

Nature of transaction	Entities where control exists	Total
Loan Received from FRL	10,000,000 (16,500,000)	10,000,000 (16,500,000)
Loan Repaid to FRL	16,500,000 (-)	16,500,000 (-)
Purchase/Service from-		
a) FRL	8,71,722 (799,913)	347,795 (799,913)
b) FVRL		
i) Purchase /Material Consumed	661,814 (19,307,080)	661,814 (19,307,080)
ii) Rent	7,749,310 (-)	7,749,310 (-)
iii) Electricity Power	5,579,763 (-)	5,579,763 (-)
iv) Fabric	169,785,250 (-)	169,785,250 (-)
Fixed Assets Purchase from: FRL	12,000 (-)	12,000 (-)

Rent/Electricity/Fabric Paid:		
a) FRL	578,653 (2,589,023)	578,653 (2,589,023)
b) FVRL		
i) Rent	368,310 (-)	368,310 (-)
ii) Electricity	296,739 (-)	296,739 (-)
Outstanding at year-end:		
Loans Payable – FRL	1,00,00,000 (16,500,000)	1,00,00,000 (16,500,000)
Sundry Debtors – FRL	8,045,802 (8,045,802)	8,045,802 (8,045,802)

37. Earnings Per Share - Basic and Diluted:

Particulars	2013-14 ₹	2012-2013 ₹
Net Profit / (Loss) for the year as per Statement of Profit and Loss considered as numerator for calculating earnings per share	2,931,242	45,867,257
Weighted average number of equity shares outstanding during the year	15,649,935	15,649,935
Nominal value per share	10	10
Earnings Per Share	0.19	2.93

38. Un-hedged Foreign Currency Exposure:

Un-hedged foreign currency exposures as at March 31, 2014 are as under:-

Particulars	Amount in Foreign Currency		Amount in Indian Rupees	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Accounts Payable	JPY 64,583,166	JPY 64,583,351	₹ 37,463,522	₹ 37,156,068
Accounts payable	USD 75,677	USD 75,677	₹ 4,535,874	₹ 4,108,167

39. Employee Benefits:

The Company has classified various benefits provided to employees as under:

- (i) **Defined Contribution Plans:** Company's contribution to the provident fund scheme is recognised during the year in which the related service is rendered with the following amounts in the financial Statement:

Particulars	Year Ended March 31, 2014 (₹)
Employer's contribution to Provident Fund	1,423,936

- (ii) **Defined Benefit Plans:** Gratuity (Non-Funded Scheme)

- (iii) **Other Long Term Employee Benefits:** Leave Encashment (Non-Funded Scheme)

In accordance with the Accounting Standard (AS 15) (Revised 2005), actuarial valuation was performed in respect of the aforesaid plans based on the following assumptions:

Discount Rate (per annum)	8.00%
Rate of increase in compensation levels (per annum)	5.00%
Attrition Rate	1.00%
Mortality Table	Indian Assured Lives Mortality (2006-08) Ultimate

The following table's summaries the components of net benefit expenses recognised in the Statement of Profit and Loss and the amounts recognised in the Balance Sheet for the above benefit plans:

A. Changes in the Present Value of Obligation:

(Amount in ₹)

Particulars	Year Ended March 31, 2014		Year Ended March 31, 2013	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present Value of Defined Benefit Obligation as at beginning of the period	713,730	299,925	1,879,267	1,474,578
Interest Cost	57,098	23,994	150,341	117,966
Current Service Cost	383,604	216,081	223,871	121,655
Benefits Paid	(640,916)	(341,241)	(702,305)	(369,418)
Actuarial (gain) / loss on Obligations	34,915	189,262	(837,444)	(1,044,856)
Present Value of Defined Benefit Obligation as at the end of the period	548,431	388,021	713,730	299,925

B. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Plan Assets:

(Amount in ₹)

Particulars	Year Ended March 31, 2014		Year Ended March 31, 2013	
	Gratuity	Leave Encashment	Gratuit	Leave Encashment
Present Value of Funded Obligation as at end of the period	548,431	388,021	713,730	299,925
Fair Value of Plan Assets as at end of the period	-	-	-	-
Funded Asset recognized in the Balance Sheet	-	-	-	-
Included in provision (Schedule)				
Present Value of Unfunded Obligation as at end of the period				
Unrecognized Actuarial gains/(losses)	-	-	-	-
Unfunded Liability recognized in the Balance Sheet				
Included in –	493,588	291,016	642,357	224,944
Long Term Provision				
Short Term Provision	54,843	97,005	71,373	74,981

C. Amount recognized in the Balance Sheet:

(Amount in ₹)

Particulars	Year Ended March 31, 2014		Year Ended March 31, 2013	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present Value of Defined Benefit Obligation as at the end of the period	548,431	388,021	713,730	299,925
Fair Value of Plan Assets as at end of the period	Nil	Nil	Nil	Nil
Liability / (Net Asset) recognized in the Balance Sheet	548,431	388,021	713,730	299,925

D. Expenses recognized in the Statement of Profit and Loss:

(Amount in ₹)

	Year Ended March 31, 2014		Year Ended March 31, 2013	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current Service Cost	383,604	216,081	223,871	121,655
Past Service Cost	Nil	Nil	Nil	Nil
Interest Cost	57,098	23,994	150,341	117,966
Expected Return on Plan Assets	Nil	Nil	Nil	Nil
Curtailment Cost / (Credit)	Nil	Nil	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil	Nil	Nil
Net Actuarial (Gain) / Loss recognized in the period	34,915	189,262	(837,444)	(1,044,856)
Total Expenses recognized in the Statement of Profit and Loss	475,617	429,337	463,232	805,235

40. Based on the available information with the management, the Company does not owe any sum to suppliers who are registered as Micro, Small, Medium Enterprise as at March 31, 2014 in terms of the provisions of "The Micro, Small, Medium Enterprise Development Act, 2006".
41. In respect of amounts payable to overseas creditors for import of certain gaming machinery all liability has been provided in the respective year of imports and the management believes no further liability is to be recorded in respect of such imports.
42. Balances of Debtors and Creditors are subject to confirmations and reconciliation.
43. In the opinion of the Board, all assets other than fixed assets and non-current investments have value on realization in the ordinary course of business at least equal to the amount at which they are stated.
44. The Company made investments in National Saving Certificates (NSC) in the name of Managing Director of the company and the same has been pledged with excise authority at Mumbai (Maharashtra) on behalf of the company. The interest accrued on such investment will be accounted for on maturity.

As per our report of even date

For S A R A & AssociatesChartered Accountants
Firm Regn No.120927W**Alok Bairagra**Partner
Membership No. 105153Place : Mumbai
Dated: May 28, 2014**For and on behalf of the Board****Sunil Biyani**Director
DIN: 00006583Place : Mumbai
Dated: May 28, 2014**Udita Jhunjhunwala**Director
DIN: 00120951

Financial Information of Subsidiary Companies

(₹ in Lacs)

	Name of the Subsidiary	The Financial year of the subsidiary ended on	Holding Company's Interest	Share Capital	Reserves	Total Assets	Total Liabilities	Details of investments (except in case of investment in subsidiaries)	Turnover	Profit/ (loss) before taxation	Provisions for taxation/ (benefit)	Profit/ (loss) after taxation	Proposed dividend
1	Galaxy Rain Restaurants Private Limited	31/3/2014	100%	1.00	(3.68)	0.57	3.25	-	-	(0.08)	-	(0.08)	-
2	Rain Fruits And More Private Limited	31/3/2014	72.19%	173.46	(354.44)	10.44	191.42	-	-	(0.15)	-	(0.15)	-



GALAXY ENTERTAINMENT CORPORATION LIMITED

CIN: L51900MH1981PLC024988

Regd. Office: 3rd Floor, Block A, Orchid City Center Mall, 225, Bellasis Road, Mumbai - 400 008.

Tel No.: 022- 66201473, Fax No.: 022- 66201473, E-mail: investors@thegalaxycorp.com

Website: www.thegalaxycorp.com

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:

Folio No. / Client ID:

DP ID:

I/ We being the member(s) of _____ shares of the Galaxy Entertainment Corporation Limited hereby appoint:

1. Name: _____
Address: _____
E-mail Id: _____ Signature: _____ or failing him;
2. Name: _____
Address: _____
E-mail Id: _____ Signature: _____ or failing him;
3. Name: _____
Address: _____
E-mail Id: _____ Signature: _____

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ behalf at the 32nd Annual General Meeting of the Company to be held on Thursday, September 18, 2014 at 1.30 p.m at Sunville Banquets 9, Dr. Annie Besant Road, Worli, Mumbai – 400018 and at any adjournment thereof in respect of resolutions, as indicated below:

Resolution Nos.:

1. Adoption of the Audited Balance Sheet and the Statement of Profit & Loss for the year ended March 31, 2014 and the reports of the Directors and Auditors thereon.
2. Appointment of Director in place of Mr. Sunil Biyani (DIN: 00006583) who retires by rotation and being eligible offers himself for re-appointment.
3. Appointment of Statutory Auditors and authorizing the Board to fix their remuneration.
4. Appointment of Mr. Rajneesh Agarwal (DIN01273010) as an Independent Director of the Company.
5. Appointment of Ms. Udit Jhunjhunwala (DIN: 00120951) as an Independent Director of the Company.

Signed this day of 2014.

Signature of shareholder(s): _____

Signature of Proxy holder(s): _____

AFFIX
RE.1/-
REVENUE
STAMP

Signature across the stamp

Note:

1. Proxy form to be submitted at the Registered Office of the Company not less than 48 (forty eight) hours before the commencement of aforesaid Annual General Meeting.
2. Members are required to select by placing a tick (✓) mark against the resolution. It is option to the member to indicate his/her presence. In case no specific direction is given , your proxy may vote or abstain as he/she thinks fit.

Courier / Registered Post / Book - Post

If undelivered, please return to:

galaxy
ENTERTAINMENT CORPORATION LIMITED

REGISTERED OFFICE

3rd Floor, Block A, Orchid City Centre Mall, 225,
Belasis Road, Mumbai Central, Mumbai – 400008.