

Annual Report 2009 - 2010



ENTERTAINMENT CORPORATION LIMITED

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BOARD OF DIRECTORS

Mr. Atul Ruia
Mr. Kishore Biyani
Mr. Rajneesh Agarwal
Mr. Shishir Baijal
Mr. Ashok Ruia
Mr. Ajay Kejriwal
Ms. Uditā Jhunjhunwala
Mr. Arvind Agrawal (Alternate Director to Mr. Shishir Baijal)
(w.e.f. 26/05/10 to 09/06/10)

AUDITORS

Haribhakti & Co.
Chartered Accountants

BANKERS

HDFC Bank Limited
AXIS Bank

REGISTRAR AND SHARE TRANSFER AGENTS

TSR Darashaw Limited
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Mahalaxmi (West),
Mumbai - 400 011.
Tel. : (022) 6656 8484
Fax : (022) 6656 8494
email: sshelar@tsrdarashaw.com

REGISTERED OFFICE (w.e.f. 19/07/2010)

304, 3rd Floor,
Prathamesh Tower, B-Wing,
Raghuvanshi Mills Compound,
Senapati Bapat Marg,
Lower Parel (West),
Mumbai 400 013.
Tel. : (022) 6611 4141
Fax : (022) 6637 6145

The Members

The Directors of Galaxy Entertainment Corporation Limited (**GECL**) take pleasure in presenting 28th Annual Report on the business and operations of the company, together with the audited accounts for the year ended March 31, 2010.

FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	Year Ended 31-03-10	Year Ended 31-03-09
Total Income	3435.58	3718.22
Profit/(Loss) before Depreciation and Tax (PBDT)	(1150.76)	(1383.75)
Less: Depreciation	724.05	586.99
Add: Adjustments for exceptional items	(125.11)	-
Add: Prior Period Items	-	41.23
Profit/(Loss) before Tax	(1999.92)	(1929.51)
Provision for Tax:		
- Current	-	-
- Fringe Benefit	-	11.00
Profit/(Loss) after Tax	(1999.92)	(1940.51)
Add: Balance brought forward	(1791.69)	148.82
Balance carried to Balance Sheet	(3791.61)	(1791.69)

Year and Period under review:

During the year under review, the turnover of the company has decreased marginally to Rs.3435.58 lacs as against Rs.3718.22 lacs in the corresponding previous year. Significant decrease in operating and administrative expenses has helped the Company to report reduced Losses before Depreciation and Taxation at Rs.1150.76 lacs as against the Loss of Rs.1383.75 lacs in the previous year. After providing for Depreciation and adjustments for exceptional items, the Company has reported Net loss of Rs.1999.92 lacs.

In view of the high losses incurred, certain units reporting substantial losses on account of high fixed costs have been closed. This shall enable the management to focus on existing profit making units as well as to identify new projects with better prospects.

Barring unforeseen circumstances, your Directors are optimistic of reporting better results in the year ahead.

Dividend

In view of the losses incurred, your Directors regret their inability to declare any dividend.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

- The applicable standards have been followed in the preparation of the annual accounts and there are no material departure;

- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2010 and the loss of the company for the year ended on that date.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- The Directors have prepared the Annual Accounts of the Company on a going concern basis.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Rajneesh Agarwal and Ms. Uditā Jhunjhunwala, Directors of the Company, shall retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board of Directors recommends their re-appointment.

Mr. Arvind Agrawal was appointed as an Alternate Director to Mr. Shishir Baijal with effect from 26th May 2010.

During the year under review, Mr. Anil Harish due to his other pre-occupations had tendered resignation as a Director of the Company. The Board places on record their deep appreciation for the valuable contribution made by Mr. Anil Harish during his association as a Director.

Fixed Deposits

During the year under review, the company has neither accepted nor renewed any fixed deposits within the meaning of Section 58A of the Companies Act, 1956 and rules made thereunder.

Subsidiary Company

Statement pursuant to Section 212 of the Companies Act, 1956 together with the audited financial statements for the year ended March 31, 2010 and the Reports of the Directors and Auditors thereon of Company's Subsidiaries viz. Galaxy Rain Restaurants Private Limited and Rain Fruits & More Private Limited, included in the Annual Report, forms a part of this report.

Consolidated Financial Statements

In accordance with Accounting Standard (AS-21) on Consolidated Financial Statements, your Directors provide the audited Consolidated Financial Statements in the Annual Report. These statements have been prepared on the basis of financial statements received from subsidiaries, as approved by their respective Boards.

Auditors

M/s. Haribhakti & Co, Chartered Accountants the Statutory Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment. The retiring Auditors have furnished a certificate of their eligibility for re-appointment under Section 224(1B) of the Companies Act, 1956 and have indicated their willingness to continue in the said office.

Auditors' Comments

Observations, if any, made by the Auditors in their Report read with relevant notes as given in the Notes on Accounts annexed to the Accounts, are self explanatory and therefore do not call for any further comments under Section 217 (3) of the Companies Act, 1956.

Audit Committee

The Company has an Audit Committee comprising of three Non-Executive Directors viz. Mr. Atul Ruia, Mr. Rajneesh Agarwal, and Ms. Udita Jhunjunwala. Majority of the members of the Committee are Independent Directors. The Board of Directors has been appointed Mr. Rajneesh Agarwal as the Chairman of the Committee.

Group

Pursuant to intimation from Pantaloon Retail (India) Ltd., co-promoter(s) and in accordance with Regulation 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("SEBI Regulations") regarding identification of persons constituting "Group" ("within the meaning as defined in the Monopolies and Restrictive Trade Practice Act, 1969) are as under.

Persons constituting "Group" coming within the definition of "Group" for the purpose of Regulations 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, includes the following persons:

- | | |
|--|---|
| 1. Mr. Kishore Biyani | 11. Pantaloon Industries Limited |
| 2. Mr. Gopikishan Biyani | 12. Varnish Trading Private Limited |
| 3. Mr. Laxminarayan Biyani | 13. Manz Retail Private Limited |
| 4. Mr. Vijay Biyani | 14. Erudite Trading Private Limited |
| 5. Mr. Sunil Biyani | 15. Chaste Investrade Private Limited |
| 6. Mr. Anil Biyani | 16. Future Realtors India Pvt. Limited |
| 7. Mr. Rakesh Biyani | 17. Future Capital Investment Pvt. Ltd. |
| 8. Ms. Ashni Biyani | 18. Future Ideas Company limited |
| 9. Mr. Vivek Biyani | 19. Akar Estate & Finance Pvt. Ltd. |
| 10. Future Corporate Resources Limited | 20. Pantaloon Retail (India) Ltd. |

Conservation of Energy, Research & Development, Technology absorption, Foreign exchange Earnings and Outgo:

(A) Conservation of Energy and Technology Absorption

Considering the Company's business activities, the Directors have nothing to state in connection with Conservation of Energy and Technology Absorption.

(B) Foreign Exchange Earnings and Outgo

Details of foreign exchange earnings and outgo during the year under review are given in Note No. 9 and 10 of Schedule 'T' Significant Accounting Policies and Notes to Accounts, forming part of audited financial statements.

Particulars as per section 217(2A) of The Companies Act, 1956

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are to be set out in the Director's Report, as an addendum thereto. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and accounts, as therein set out, are being sent to all members of the Company excluding the aforesaid information about the employees. Any member, who is interested in obtaining such particulars about employees, may write to the Secretarial Department at the Registered Office of the Company. In addition, the said information shall be available for inspection on all working days at the Registered office of the Company.

Corporate Governance

As required under the Listing Agreement with Bombay Stock Exchange Limited, a report on Corporate Governance is given in Annexure "A" to this Report.

Acknowledgements

The Directors place on record its deep appreciation for the dedicated services of the executives and staff at all levels of the Company. Grateful thanks are also due to Company's Bankers, Statutory Authorities, its patrons and all organizations connected with the Company. Shareholders appreciation of the managements efforts at the General Meetings of the Company and otherwise, is a great fillip to strive for better performance year after year.

For and on behalf of the Board

Place : Mumbai
Dated : May 28, 2010

Ashok Ruia
Director

Arvind Agrawal
Alternate Director to
Mr. Shishir Bajjal

Annexure-A to the Directors Report**Report on Corporate Governance****1. Company's Philosophy on Corporate Governance**

Corporate Governance is a dynamic concept thriving under constantly changing environment. Corporate Governance encompasses good corporate practices, laws, procedures, standards and implicit rules that determine a Management's ability to take sound decisions with respect to its various stakeholders viz. its shareholders, creditors, partners, associates, employees and the Government. The objective of Corporate Governance is to maximize long-term shareholder value through an open and transparent disclosure regime enabling every stakeholder to have access to fullest information about the Company and its functioning. Your Company is firmly of the view that Corporate Governance is not an end in itself but a facilitator in maximizing the objective of shareholder's value. Any Corporate which embodies principles of Corporate Governance like openness, transparency, ownership fairness in its functioning is bound to maximise shareholder value and also its own corporate values.

In keeping with the above, 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

a) Composition of the Board

As on 31st March 2010, the Board comprises of seven directors all of whom are Non-executive. More than one half of the Board comprises of independent Directors.

The composition of the Board during the year ended 31st March 2010 and other relevant details relating to Directors are given below:

Name of the Director	Relationship with other Directors	Designation	Category of Directorship	No. of Other Directorships*	No. of Other Committee Memberships #	
					Chairman	Member
Mr. Atul Ruia	Son of Mr. Ashok Ruia	Director	Promoter, Non-Executive; Non Independent	3	Nil	1
Mr. Ashok Ruia	Father of Mr. Atul Ruia	Director	Promoter, Non-Executive; Non Independent	3	Nil	1
Mr. Kishore Biyani	None	Director	Promoter, Non-Executive; Non-Independent	13	Nil	5
Mr. Rajneesh Agarwal	None	Director	Non-Executive; Independent	Nil	Nil	Nil
Mr. Shishir Baijal	None	Director	Non-Executive; Independent	1	Nil	Nil
Mr. Ajay Kejriwal	None	Director	Non-Executive; Independent	Nil	Nil	Nil
Ms. Udita Jhunjhunwala	None	Director	Non-Executive; Independent	Nil	Nil	Nil
Mr. Sanjay Seksaria@	None	Whole-Time Director	Executive; Non Independent	-	-	-
Mr. Anil Harish\$	None	Director	Non-Executive; Independent	-	-	-

@Resigned with effect from 30th June 2009

\$ Resigned with effect from 12th September 2009

* Directorships in Private and Foreign Companies, if any are excluded.

Memberships of only Audit Committee and Shareholders' Grievance Committee have been considered

b) Appointment/Re-appointment of Directors:

Pursuant to the provisions of Sections 255 & 256 of the Companies Act, 1956, Mr. Rajneesh Agarwal and Ms. Udita Jhunjhunwala shall retire by rotation at the ensuing Annual General Meeting.

The Board has recommended the re-appointment of Mr. Rajneesh Agarwal and Ms. Udita Jhunjhunwala as Directors to the shareholders. The detailed resume of the aforesaid proposed appointees is provided in the notice of the Annual General Meeting.

c) Board Meetings and Annual General Meeting:

During the financial year 2009-10, Five Board Meetings were held on 4th April 2009, 26th June 2009, 30th July 2009, 28th October 2009 and 29th January 2010. The previous Annual General Meeting of the Company was held on 25th September 2009. The details of attendance of Directors in Board Meetings and the previous Annual General Meeting are as follows:

Name of the Director	No. of Board Meetings Attended	Attendance at Last Annual General Meeting
Mr. Atul Ruia	1	No
Mr. Sanjay Seksaria @	2	No
Mr. Rajneesh Agarwal	4	Yes
Mr. Kishore Biyani	Nil	No
Ms. Udita Jhunjhunwala	5	No
Mr. Shishir Baijal	3	Yes
Mr. Anil Harish §	2	No
Mr. Ashok Ruia	2	No
Mr. Ajay Kejriwal	Nil	No

@Resigned with effect from 30th June 2009

§ Resigned with effect from 12th September 2009

d) 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 members of the Board and Senior Management of the company for the year 2009-10. As required by Clause 49 of the Listing Agreement, the declaration on compliance of the Company's code of conduct signed by Mr. Rohinton Rabady, Manager forms a part of this Annual Report.

3. Audit Committee

a) Constitution of Audit Committee:

As on 31st March 2010, the Committee comprises of three Non-Executive Directors majority of whom are Independent Directors. All the members of the Audit Committee have good knowledge of finance, accounts and company law. The Chairman of the Committee is an eminent Chartered Accountant and has accounting and related financial management expertise.

b) Composition of Audit Committee and Number of Meetings Attended:

During the Financial year 2009-10, Four Audit Committee Meetings were held on 26th June 2009, 30th July 2009, 28th October 2009 and 29th January 2010. The composition of the Audit Committee during the year ended 31st March 2010 and the number of meetings attended were as under:

Name of the Committee Members	Designation	No. of Meetings Attended
Mr. Rajneesh Agarwal	Chairman	4
Mr. Atul Ruia	Member	1
Mr. Anil Harish#	Member	1
Ms. Uditia Jhunjhunwala	Member	4

#Resigned with effect from 12th September 2009

c) Attendees:

The Audit Committee invites such of the executives, as it considers appropriate to be present at its meetings. The Chief Financial Officer attends such meetings. The Statutory Auditors and Internal Auditors are also invited to attend these meetings.

d) The Terms of Reference of the Audit Committee:

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 Section 292A of the Companies Act, 1956 as follows:

- i) 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.
- ii) 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.
- iii) 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.
- iv) Approve payment for any other services rendered by the statutory auditors.
- v) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - (a) 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.
 - (b) Changes, if any, in accounting policies and practices and reasons for the same.
 - (c) Major accounting entries based on the exercise of judgment by management.
 - (d) Significant adjustments made in the financial statements arising out of audit findings.
 - (e) Compliance with listing and other legal requirements relating to financial statements.
 - (f) Disclosure of any related party transactions.
 - (g) Qualifications in the draft Audit Report.
- vi) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- vii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

- viii) 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.
 - ix) Discussion with Internal Auditors on any significant findings and follow up there on.
 - x) 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.
 - xi) 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.
 - xii) 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.
 - xiii) Review of information as prescribed under Clause 49 (II)(E) of the listing agreement.
- e) Powers of the Audit Committee:
- The Audit Committee has the following powers:
- i) To investigate any activity within its terms of reference as above.
 - ii) To seek information from any employee.
 - iii) To obtain outside legal or other professional advice, if necessary.
 - iv) To secure attendance of outsiders with relevant expertise, if it considers necessary.

4. Remuneration Committee

- a) Constitution and composition of Remuneration Committee:

Presently, the committee comprises of three members. All the members are Non-Executive, Independent Directors. The composition of the Remuneration Committee as on 31st March, 2010 is as under:

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

One Meeting of the Remuneration committee was held on 28th October 2009 which was attended by all members.

- b) 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.

- c) Remuneration Policy:

- i) 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.

ii) Non-Executive Directors :

The Company pays sitting fees to all the Non-executive Directors of the Company. The sitting fees paid is within the limits prescribed under the Companies Act, 1956.

The Board of Directors at their Meeting held on 30th October 2003 had approved payment of sitting fees of Rs.10,000/- for each meeting of Board of Directors and Rs. 5,000/- for each meeting of the Audit Committee. Details of the Sitting fees paid during the year 2009-10 are as under:

Name of the Non-Executive Director	Sitting Fees paid (Rs.)	
	Board Meeting	Audit Committee
Mr. Atul Ruia	10,000	5,000
Mr. Rajneesh Agarwal	40,000	20,000
Mr. Kishore Biyani	-	-
Ms. Udit Jhunjhunwala	40,000	20,000
Mr. Shishir Baijal	30,000	-
Mr. Anil Harish	10,000	5,000
Mr. Ashok Ruia	10,000	-
Mr. Ajay Kejriwal	-	-
Total	1,40,000	50,000

The directors present at the meeting held on 4th April 2010 had waived the payment of sitting fees for the said meeting.

iii) Executive Directors :

Mr. Sanjay Seksaria, Whole-Time Director of the Company due to his other pre-occupations resigned with effect from 30th June 2009. The remuneration of the aforesaid Executive Director for the period commencing from 1st April 2009 to 30th June 2010 has been approved by the Remuneration Committee of the Board of Directors, the Board of Directors and the Shareholders in the General Meeting.

Details of remuneration paid to Executive Directors during year ended March 31, 2010 are given below:

(Amount in Rupees)

Name of the Executive Director	Designation	Salary & Allowances	Contribution to PF	Total
Mr. Sanjay Seksaria	Whole-Time Director	7,36,464	34,377	7,70,841

5. Shareholders' / Investors' Grievance Committee

a) Constitution and Composition of Shareholders' Grievance Committee:

The Shareholders'/Investors' Grievance 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. Atul Ruia, a Non-Executive Director.

Three Shareholders'/Investors' Grievance Committee Meetings were held during the financial year 2009-10. The present composition of the Shareholders'/Investors' Grievance Committee and the number of meeting attended were as under:

Name of Director	Designation	No. of Meetings Attended
Mr. Rajneesh Agarwal	Chairman	3
Mr. Sanjay Seksaria#	Member	Nil
Mr. Atul Ruia	Member	3

#ceased to be a Director with effect from 30th June 2009

- b) Mr. Arvind Agrawal, Chief Financial Officer is the Compliance Officer of the Company.
- c) During the year 2009-10, the Company has received Nil complaints from shareholders / investors. There were no complaints pending as at end of the year.
- d) Share Transfers in Physical Mode:
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 clear in all respects. The Shareholders'/Investors Grievance Committee of the Company meet as often as required.

6. 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	Location of the Meeting
2006-07	28/09/07	10:30 A.M.	Sports Bar, 17, C&D, High Street Phoenix, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400 013
2007-08	22/09/08	11:00 A.M.	Sports Bar, 17, C&D, High Street Phoenix, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400 013
2008-09	25/09/09	11:00 A.M.	Mayfair Banquets, North Hall, 254C, Dr. Annie Besant Road, Worli, Mumbai – 400 030.

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

Financial Year	Particulars of Special Resolutions Passed
2006-07	Nil
2007-08	Re-appointment of Mr. Sanjay Seksaria as Whole-Time Director for a period of 3 years with effect from 1 st August 2008.
2008-09	Nil

- iii) During the year 2009-10, no resolutions were been passed by Postal Ballot.
- iv) Resolutions if any passed by Postal Ballot shall be in accordance with the provisions of Section 192A of the Companies Act, 1956 read with Companies (Procedure for Passing of Postal Ballot) Rules, 2001.
- v) No Special resolution is proposed to be passed through Postal Ballot.

7. Means of Communication

- (i) The quarterly results of the Company are published in at least one English and one Regional language leading newspaper. The Company proposes that all quarterly, half-yearly and full year audited results be published at least in 2 newspapers. The quarterly results are further submitted to the Bombay Stock Exchange 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.

8. General Shareholder Information

i. Annual General Meeting:

Day, Date and Time : Wednesday, 15th September 2010 at 11.30 a.m.

Venue : Mayfair Banquets, North Hall,
254 C, Dr. Annie Besant Road,
Worli, Mumbai-400030

ii. Financial Year (Tentative and subject to change) : Reporting for Un-audited Financial Results for the quarter ending are as under.

June 30, 2010 : By 14th August, 2010
September 30, 2010 : By 14th November, 2010
December 31, 2010 : By 14th February, 2011
March 31, 2011 : By 15th May, 2011
Annual General Meeting for the year : By 30th September, 2011

iii. Dates of Book Closure : 13th September, 2010 to 15th September, 2010 (both days inclusive)

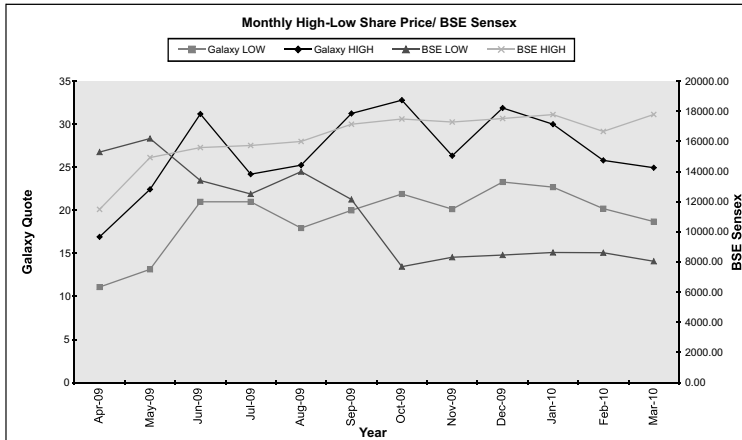
iv. Listing on Stock Exchanges : The Company's shares are listed on Bombay Stock Exchange Limited ("BSE") The Company has paid the listing fees to the Stock Exchange within the prescribed time

v. Stock Code/Symbol : BSE-506186

vi. Market Price Data : The monthly high and low quotations of shares traded on the Bombay Stock Exchange Limited is as follows:

Month	BSE	
	High (Rs.)	Low (Rs.)
April 2009	16.93	11.10
May 2009	22.45	13.15
June 2009	31.20	21.00
July 2009	24.20	21.00
August 2009	25.25	17.95
September 2009	31.25	20.00
October 2009	32.80	21.90
November 2009	26.35	20.15
December 2009	31.90	23.30
January 2010	30.00	22.70
February 2010	25.80	20.20
March 2010	24.95	18.70

vii. Performance in comparison to broad based indices of BSE Sensex is as under:



viii. Share Transfer System:

Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company. They attend to share transfer formalities at least once in 15 days.

Shares held in the dematerialized form are electronically traded in the Depository and the Registrars 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.

ix. Category wise Shareholding as at March 31, 2010:

Sr. No.	Category	No. of Shares held	%
1.	Promoter Group	91,69,163	58.59
2.	Foreign Institutional Investors	10,61,530	6.78
3.	Private Bodies Corporate	22,12,807	14.14
4.	Indian Public	32,06,435	20.49
	Total	1,56,49,935	100.00

x. Distribution of Shareholding as at March 31, 2010:

Shareholding of Nominal Value (Rs.)	No. of Shareholders	% of Total	Share Capital Amount (Rs.)	% of Total
1 - 5,000	2,753	77.53	43,95,670	2.81
5,001 - 10,000	318	8.95	26,35,060	1.68
10,001 - 20,000	197	5.55	29,61,430	1.89
20,001 - 30,000	83	2.34	21,92,390	1.40
30,001 - 40,000	39	1.10	13,84,730	0.89
40,001 - 50,000	23	0.65	11,00,040	0.70
50,001 - 100,000	74	2.08	54,03,870	3.45
100,001 and above	64	1.80	13,64,26,160	87.18
TOTAL	3,551	100.00	15,64,99,350	100.00

xi. Dematerialisation of Shares and Liquidity:

About 78.26 % of the shares have been dematerialized as on March 31, 2010. The equity shares of the Company are traded at Bombay Stock Exchange Ltd. (BSE).

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, 2010.

xiii. Registrar and Share Transfer Agents:

TSR Darashaw Limited

6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road,
Mahalaxmi, Mumbai 400 011

xiv. Unit Locations: Bangalore, Coimbatore, New Delhi, Hyderabad, Indore, Kanpur, Kalyan (Maharashtra), Mumbai, Mangalore, Nagpur, Noida, Siliguri, Surat.

xv. 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:

TSR Darashaw 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

xvi. For general correspondence:

Galaxy Entertainment Corporation Limited

304, Prathamesh Towers, B-wing
Raghuvanshi Mills Compound,
Senapati Bapat Marg,
Lower Parel-West, Mumbai - 400 013
Tel No. 022-6611 4141
Fax No. 022-6637 6145

9. Other Disclosures

a. 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 at March 31, 2010

b. Shareholdings of Non-Executive Directors as on 31st March 2010 is as under :

Name of the Director	No. of Shares held
Mr. Atul Ruia	50,000
Mr. Rajneesh Agarwal	Nil
Mr. Kishore Biyani	Nil
Ms. Udit Jhunjhunwala	Nil
Mr. Shishir Baijal	Nil
Mr. Ashok Ruia	Nil
Mr. Ajay Kejriwal	Nil

- c. 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.
- d. The Company has complied with the mandatory requirements of Corporate Governance. The Company has adopted non-mandatory requirements relating to Remuneration Committee.

10. Non-mandatory Requirements:

I. The Board

At present there is no policy fixing for the tenure of independent directors.

II. Remuneration Committee

Particulars of constitution of Remuneration Committee and terms of reference thereof has been detailed earlier.

III. Shareholders' Rights

Half yearly financial results including summary of the significant events in last six months are presently, not being sent to shareholders of the Company.

IV. Audit Qualifications

The financial accounts of the Company are unqualified.

V. Training of Board Members

There is no formal policy at present for training of the Board Members of the Company as the members of the Board are eminent and experienced professional persons.

VI. Mechanism for evaluating non-executive board members

There is no formal mechanism existing at present for performance evaluation of non-executive directors.

VII. Whistle Blower Policy

The Company has not implemented the whistle blower policy.

To
The Members
Galaxy Entertainment Corporation Limited

We have examined the compliance of conditions of Corporate Governance by Galaxy Entertainment Corporation Limited ("the Company") for the year ended March 31, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange 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 Rathi & Associates
Company Secretaries

Narayan Rathi
Partner
CP No. 1104
Dated : May 28,2010

CODE OF CONDUCT DECLARATION

Pursuant to Clause 49 I (D) of the Listing Agreement entered into with the Bombay Stock Exchange 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.

Rohinton Rabady
Manager

Place : Mumbai
Date : May 28,2010

INDUSTRY STRUCTURE & DEVELOPMENTS:

Entertainment and Food & Beverage services is in a phase of cautious steady growth, ably supported by good economic indices. There are 10 million households in India with average income of USD 1000 per month and 2 million households with income of USD 2500 per month.

In India, in purchasing parity terms, USD 2500 is equivalent to USD 12,500. Therefore, with more and more consumers upgrading to middle-class and upper middle-class segments, Entertainment and Food & Beverage industries are well-suited to tap into these households.

There will be 68 cities in India that will have more than one million people creating significant opportunities to collectively capture demand and create the right entertainment environment.

“White Paper on the Indian Bar & Restaurant Industry 2010” put up by Techno Pack and Mindscape with inputs from National Restaurants Association of India outlines key drivers for growth such as India’s changing demographics, the evolution of a younger and thus more eating-out oriented population, increasing prosperity, growth of tourism and significant investments by international chains.

Consumer trends will include rising popularities of ordering food in and eating out will gradually become the entertainment oriented habit. Therefore the Entertainment and Food Industries are projected to be significant players over the next few years.

The percentage of share of wallet on eating out has gradually increased from 8% in 2006 to 10% currently and two out of every five households in this group eat out at least once a month.

The new trends of health foods, organic foods, fusion concepts and usage of fresh and authentic ingredients have been accepted in not just tier I cities but also tier II cities, ensuring that the outlook for this industry is cautiously optimistic.

OUTLOOK:

Post the recession and the concurrent slowdown across almost all sectors, the Restaurant & Bar Industry is again angled at a steady growth rate of 6% per annum. The relatively new organized segment of the industry is estimated at between Rs.7,000/- to Rs.8,500/- crores.

Also, with the increase in disposable income of the average Indian consumer, the market size and potential of Bars as well as Family Entertainment Centres is only expected to rapidly grow in the future. A marked segment of the Indian consumer has experienced options around the globe and this makes him more ready to try out our options at our rates. The newer generation has tasted the Wii and computer-related games increasing their thirst to experience the same in our gaming formats.

OPPORTUNITIES & THREATS

One of the most significant opportunities available to Galaxy Entertainment Corporation Limited (GECL) is the capability to address and identify with customers with a high propensity to consume (within the age group of 6 to 60), through its various well-positioned brands. As a diversified entertainment company, GECL is looking forward to providing a complete entertainment experience ranging from the mid-market segment comprising of family entertainment centres and Sports Bars, to high end concepts. As the travel/ tourism industry grows, the clear beneficiaries would be the Restaurant and Bar Chains .

RISK & CONCERNS

Risk is intrinsic to any business. In the high growth E & M sector, the industry needs solid and firm support from government policies.

The risks and uncertainties include (but are not limited to):

- Intense competition in the F&B industry and unorganized entertainment sector, including those factors which

may affect our cost advantage,

- Our ability to manage domestic marketing and sales operations,
- Legal restrictions and
- General economic conditions such as high rate of inflation and interest affecting our industry.

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.

SEGEMENTWISE OR PRODUCTWISE PERFORMANCE

The Company operates only in a single business segment of leisure and entertainment services

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Discussion on financial performance with respect to operational performance forms part of Annual Report.

HUMAN RESOURCES

Human Resource Management (HRM) has to change as the business environment changes. It has to do this as a mixture of responding to changes in that environment and if predicting such changes and making proactive decisions about the nature of HRM. Even in the midst of high attrition rates suffered by the Indian Service Industry, GECL has evolved a unique opportunity for its members to protect attrition and strengthen its intellectual capital. The Company encourages its workforce to acquire knowledge across diverse verticals leading to multi-tasking and their all-round growth. As a result, GECL has been successfully able to create an excellent strong pool of intellectual talent.

The Company's focus on human resource development is also reflected in the fact that its people are always exposed to new and diverse training modules to enhance their skills, acquire proficiency, increase knowledge and thereby discover new talents. The training provided by the Company varies from customer/people management, communication skills, leadership & team building, self-improvement, interpersonal skills, stress management, emotional management, et al. Apart from the training and development, the Company offers performance based incentives to its people thereby boosting and motivating the morale of its people to perform even better.

The Central HR team has systemized and decentralized most of the HR systems and activities to make it easier for the Units to function independently. The company has been constantly trying to focus on improvement and enhancement of skills and capabilities. The Company encourages regular work breaks and a congenial and fun working environment.

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

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

For Haribhakti & Co.
Chartered Accountants
Firm Regn. No. 103523W

Chetan Desai
Partner
Membership No. 17000
Place : Mumbai
Date : 28th May, 2010

REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF GALAXY ENTERTAINMENT CORPORATION LIMITED.

I. Fixed Assets:

1. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. We are informed that management at reasonable intervals has physically verified all the fixed assets of the company. The discrepancies found during the year were not material and the same have been properly dealt with in the books of account.
2. In our opinion and according to the information and explanations given to us, the Company has not disposed off a substantial part of its fixed assets during the year thereby affecting the going concern.

II. Inventories:

3. The management has physically verified stock of supplies and consumables. In our opinion the frequency of verification is reasonable.
4. In our opinion and according to information and explanations given to us, the procedures and method of physical verification of stock followed by the management are reasonable and adequate in relation to size of the company and the nature of its business.
5. In our opinion and according to information and explanations given to us, the company has maintained proper records of inventory and the discrepancies between the physical stock and the book stock noticed on physical verification are not material and have been properly dealt with in the books of account.

III. Internal Controls:

6. In our opinion and according to information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

IV. Transaction with parties under section 301 of the Companies Act 1956:

7. On the basis of our examination of relevant records and on the basis of representation received from the management, transaction that need to be entered in the register pursuant of section 301 of the Act have been so far entered.
8. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

V. Loans and Advances:

9. The Company has not granted any loan to companies, firms or other parties covered in the register maintained under section 301 of the Act except for loan granted to its subsidiary company. The amount involved is Rs. 41.13 lacs and the year end balance is Rs. 175.73 lacs. In our opinion and according to the information and explanations given to us, the terms and conditions of the same are prima facie not prejudicial to the interest of the company.

10. As explained to us the loans granted are repayable on demand and there is no default in repayment of principal and interest on the same.
11. According to the information and explanation given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act 1956.
12. As per the information and explanations given to us, the Company has not granted any loans and advances on the basis of securities by way of pledge of shares, debentures and other securities.

VI. Deposits:

13. According to information and explanations given to us, during the year the company has not accepted any deposits within the meaning of Section 58A or Section 58AA of the Companies Act or any other relevant provisions of the Act and the rules framed thereunder.

VII. Internal Audit:

14. In our opinion, the Company's Internal Audit system is commensurate with its size and nature of the business.

VIII. Statutory Payments:

15. According to the books and records as produced and examined by us in accordance with generally accepted auditing practices in India and also based on the management representations, undisputed Statutory Dues in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other Statutory dues have generally been regularly deposited by Company during the year with appropriate authorities in India.
16. According to the information and explanations given to us, there were no undisputed dues as at the last day of the financial year which were outstanding for a period of more than six months from the date they became due.
17. According to the information and explanations given to us, there were no disputed dues as at the last day of the financial year which have not been deposited on account of any dispute except the following:

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	40,42,964	AY 2001-2002	CIT(Appeals)
Maharashtra Sales Tax Act	Sales Tax	16,68,376	2003-2004	Sales Tax Commissioner

18. According to the records of the Company, it has not defaulted in payment of its dues to any financial institution or Banks or Debenture Holders.

IX. Losses:

19. The accumulated losses as at the last date of the financial year exceed fifty percent of the net worth of the Company. The Company has incurred cash losses during the financial year and in the immediately preceding financial year.

X. Guarantees:

20. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from the banks or financial institutions.

XI. Utilization of Funds:

21. The Company has not accepted any term loans during the year.
22. On the basis of review of utilization of funds, which is based on overall examination of the Balance Sheet of the company, related information made available to us and as represented to us by the management, funds raised on short term basis amounting to Rs. 766.62 lacs have not been used for long-term purposes.

XII. Preferential Allotment:

23. During the year the company has not made any preferential allotment of shares to parties or companies covered under Section 301 of the Act.

XIII. Miscellaneous:

24. Central Government have not prescribed any maintenance of cost records under Section 209(1)(d) of the Companies Act for the business in which the Company operates.
25. The Company is not a mutual benefit or a nidhi company.
26. The Company has not issued any debentures during the year.
27. The Company has not raised any money by way of public issues during the year.
28. The Company has not dealt or traded in shares, securities, debentures or other investments during the year except as shown in Schedule E of the Balance Sheet as at March 31, 2010.
29. As per information and explanation given to us and on the basis of examination of records, no material fraud on or by the company was noticed or reported during the year.

For Haribhakti & Co.

Chartered Accountants
Firm Regn. No. 103523W

Chetan Desai

Partner
Membership No. 17000
Place : Mumbai
Date : 28th May, 2010

Balance Sheet

as at March 31, 2010

galaxy
ENTERTAINMENT CORPORATION LIMITED

	Schedule	Rupees	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SOURCE OF FUNDS				
Shareholders' Funds				
Share Capital	A	156,499,350		156,499,350
Reserves & Surplus	B	<u>336,560,432</u>	493,059,782	<u>336,560,432</u>
				493,059,782
Loan Funds				
Secured Loans	C		217,872,714	236,039,612
Unsecured Loan	D		<u>40,251,507</u>	-
TOTAL			<u><u>751,184,003</u></u>	<u><u>729,099,394</u></u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	E	673,970,808		660,868,918
Less : Depreciation / Amortisation / Impairment		<u>264,801,103</u>		<u>216,362,433</u>
Net Block		409,169,705		444,506,485
Less : Provision for Assets written off		28,659,273		20,000,000
Add: Capital Work-in-Progress / Advances		<u>26,351,620</u>	406,862,052	<u>90,514,564</u>
				515,021,049
Investments	F		160,000	884,694
Deferred Tax Assets			-	2,682,499
Current Assets, Loans and Advances				
Inventories	G	8,152,801		7,530,372
Sundry Debtors	H	6,486,826		5,210,144
Cash and Bank Balances	I	15,361,067		52,705,593
Other Current Assets	J	-		12,966,688
Loans and Advances	k	<u>56,453,298</u>		<u>108,253,280</u>
		<u>86,453,992</u>		<u>186,666,077</u>
Less: Current Liabilities and Provisions	L			
Current Liabilities		113,463,055		144,352,412
Provisions		<u>7,990,434</u>		<u>10,971,519</u>
		<u>121,453,489</u>		<u>155,323,931</u>
Net Current Assets			(34,999,497)	31,342,146
Profit and Loss Account	M		<u>379,161,448</u>	<u>179,169,006</u>
TOTAL			<u><u>751,184,003</u></u>	<u><u>729,099,394</u></u>
Significant Accounting Policies and Notes to Accounts				
	T			

Schedules referred to above form an integral part of the Balance Sheet

As per our report attached of even date

For Haribhakti & Co.

Chartered Accountants

Chetan Desai

Partner

Membership No. 17000

Place : Mumbai

Dated: May 28, 2010

For and on behalf of the Board

Ashok Ruia

Director

Place : Mumbai

Dated: May 28, 2010

Arvind Agrawal

Alternate Director
to Mr. Shishir Baijal

Rohinton Rabady

Manager

Profit and Loss Account

for the year ended March 31, 2010



	Schedule	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
INCOME:			
Revenue from Services / Sale of Rights	N	335,180,082	366,119,343
Other Income	O	<u>8,378,077</u>	<u>5,702,438</u>
TOTAL		<u>343,558,159</u>	<u>371,821,781</u>
EXPENDITURE:			
Employee Expense	P	74,149,991	86,763,572
Operating and Administrative Expenses	Q	353,600,748	407,692,735
Interest and Finance Charges	R	30,883,726	15,740,800
Depreciation / Amortization / Impairment		<u>72,405,413</u>	<u>58,698,666</u>
TOTAL		<u>531,039,878</u>	<u>568,895,773</u>
Profit/(Loss) before Exceptional items and Taxation for the year		(187,481,719)	(197,073,992)
Exceptional Items :	S	(12,510,723)	-
Prior Period Items		-	4,122,975
Profit/(Loss) before Taxation for the year		(199,992,442)	(192,951,017)
Provision for Tax			
- Current		-	-
- Earlier year		-	-
- Deferred Tax		-	-
- Fringe Benefit		-	(1,100,000)
Profit/(Loss) after Taxation for the year		<u>(199,992,442)</u>	<u>(194,051,017)</u>
Balance brought forward from previous year		<u>(179,169,006)</u>	<u>14,882,011</u>
Balance of Profit/(Loss) carried forward to the Balance Sheet		<u><u>(379,161,448)</u></u>	<u><u>(179,169,006)</u></u>
Basic & diluted earnings per share (Face Value Rs.10 each) (Refer Note 16 of Schedule 'T')		(12.78)	(12.40)
Significant Accounting Policies and Notes to Accounts	T		

Schedules referred to above form an integral part of the Profit & Loss Account

As per our report attached of even date

For Haribhakti & Co.
Chartered Accountants

Chetan Desai
Partner
Membership No. 17000
Place : Mumbai
Dated: May 28, 2010

For and on behalf of the Board

Ashok Ruia **Arvind Agrawal** **Rohinton Rabady**
Director Alternate Director Manager
to Mr. Shishir Baijal
Place : Mumbai
Dated: May 28, 2010



Cash Flow Statement

Annual Report 2009-2010

for the year ended March 31, 2010

	2009-10		2008-09	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit / (loss) Before Tax And Extraordinary Items		(199,992,442)		(192,951,017)
Adjustment for :				
Depreciation (Current Year)	72,405,413		58,698,666	
Loss on closure of centre	12,510,723		-	
Interest expense	30,843,784		15,740,800	
Dividend income	-		(30,002)	
Interest income	(1,170,614)		(4,732,594)	
(Gain)/Loss on foreign exchange fluctuation	(4,748,723)		12,289,316	
Profit/Loss on Sale /Redemption of Investments (Net)	49,213		6,633,596	
Deferred Tax Assets W/off	2,682,499		-	
Prior Period Items	-		(4,122,975)	
Bad Debts Written Off	171,904		846,124	
Loss on sale of Fixed Assets	967,626		-	
Sundry Assets W/off	34,427,577		13,147,531	
Provision for diminution in Investments in Subsidiaries	12,501,121		40,700,000	
Provision for Fixed Assets Written Off	28,659,273		20,000,000	
Interest accrued	-	189,299,796	-	159,170,462
Operating Profit Before Working Capital Changes		(10,692,646)		(33,780,555)
(Increase)/ decrease in working capital:				
Inventories	(622,429)		246,300	
Trade and other receivables	36,985,562		9,047,264	
Trade and other payables	(14,383,205)		(3,837,451)	
Other Current Assets	12,966,690		3,573,795	
Net Current Assets acquired pursuant to merger		34,946,618		9,029,908
CASH USED IN OPERATIONS		24,253,972		(24,750,647)
Payment of Taxes		2,502,097		(3,216,600)
NET CASH GENERATED (USED IN)/FROM OPERATING ACTIVITIES	(A)	26,756,069		(27,967,247)
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets/Capital Advances paid		(40,811,614)		(138,026,220)
Investment in subsidiaries		-		-
(Increase in) / Redemption of Investments		675,481		14,902,107
Dividend received		-		30,002
Interest received		1,387,233		4,592,087
Fixed Assets / Investments Acquired pursuant to merger		-		-
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(B)	(38,748,900)		(118,502,024)
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Loans (given)/repaid by subsidiaries		(1,928,364)		(8,060,833)
Proceeds from / (Repayment of) borrowings		22,084,609		119,107,269
Loans taken over pursuant to merger		-		-
Accrued Interest on Custom Duty		-		-
Interest Paid		(30,843,784)		(16,058,449)
NET CASH GENERATED FROM /(USED IN) FINANCING ACTIVITIES	(C)	(10,687,539)		94,987,987
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(A+B+C)	(22,680,370)		(51,481,284)
CASH AND CASH EQUIVALENTS - AT START OF THE YEAR		38,041,437		89,522,721
CASH AND CASH EQUIVALENTS - AT END OF THE YEAR		15,361,067		38,041,437
Cash and cash equivalents comprise of :				
Cash & Bank Balances (Schedule I)		15,361,067		52,705,593
Book Overdraft (Schedule L)		-		(14,664,156)
Total		15,361,067		38,041,437

Note: Previous year's figures are regrouped, where necessary, to confirm the current year's classification

As per our report attached of even date

For Haribhakti & Co.

Chartered Accountants

Chetan Desai

Partner

Membership No. 17000

Place : Mumbai

Dated: May 28, 2010

For and on behalf of the Board

Ashok Ruia

Director

Place : Mumbai

Dated: May 28, 2010

Arvind Agrawal

Alternate Director

to Mr. Shishir Bajjal

Rohinton Rabady

Manager

Annexed to and forming part of the Balance Sheet as at March 31, 2010

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 'A' : SHARE CAPITAL		
Authorised		
20000000 Equity Shares of Rs. 10 each	200,000,000	200,000,000
	<u>200,000,000</u>	<u>200,000,000</u>
Issued, Subscribed and Paid-Up		
15649935 Equity Shares of Rs. 10 each, fully paid-up	156,499,350	156,499,350
	<u>156,499,350</u>	<u>156,499,350</u>
SCHEDULE 'B' : RESERVES & SURPLUS		
Securities Premium Account:	318,497,460	318,497,460
General Reserve	18,062,972	18,062,972
	<u>336,560,432</u>	<u>336,560,432</u>
SCHEDULE 'C' : SECURED LOANS		
Cash Credit	1,463,777	-
Term Loan*	214,163,198	236,039,612
Interest Accrued & Due	2,245,739	-
	<u>217,872,714</u>	<u>236,039,612</u>
*(Secured against charge on entire present and future movable fixed/current assets of the Company and personal guarantee of one of the directors)		
SCHEDULE 'D' : UNSECURED LOANS		
Inter Corporate Deposit	40,251,507	-
	<u>40,251,507</u>	<u>-</u>

SCHEDULE 'E' : FIXED ASSETS

(at cost less depreciation / amortisation / impairment)

(Amount in Rupees)

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	As at 01.04.2009	Addition	Deductions	As at 31.03.2010	As at 01.04.2009	For the year	Deductions	31.03.2010	31.03.2010	As at 31.03.2009
Improvements to Licensed Premises	77,332,464	34,773,138	22,451,100	89,654,502	11,890,330	10,831,073	4,141,103	18,580,300	71,074,201	65,442,134
Plant and Machinery	393,471,409	51,212,735	22,651,126	422,033,018	86,451,653	42,858,507	5,299,831	124,010,329	298,022,689	307,019,756
Furniture and Fixtures	63,276,602	11,183,092	10,043,186	64,416,508	19,374,722	13,443,637	3,639,596	29,178,763	35,237,745	43,901,880
Computer Software	3,574,757	-	30,000	3,544,757	1,442,617	708,807	9,747	2,141,677	1,403,080	2,132,140
Motor Car	1,719,943	-	291,663	1,428,280	1,129,816	427,189	249,711	1,307,294	120,986	590,127
Intangibles										
Rights of Film Khel /Brand	115,112,743	-	28,600,000	86,512,743	94,279,498	2,860,000	10,626,755	86,512,743	-	20,833,245
Liquor License Fee	6,381,000	-	-	6,381,000	1,793,797	1,276,200	-	3,069,997	3,311,003	4,587,203
SUB TOTAL	660,868,918	97,168,965	84,067,075	673,970,808	216,362,433	72,405,413	23,966,743	264,801,103	409,169,705	444,506,485
Capital Work in Progress (1)									26,351,620	
GRAND TOTAL	660,868,918	97,168,965	84,067,075	673,970,808	216,362,433	72,405,413	23,966,743	264,801,103	435,521,325	444,506,485
Previous Year	563,622,045	112,705,332	15,458,459	660,868,918	159,344,818	58,698,666	1,681,051	216,362,433	444,506,485	

1. Includes Pre-Operative expenses of Rs. Nil (Previous Year Rs.25,328,757)

Annexed to and forming part of the Balance Sheet as at March 31, 2010

			As at		As at	
			31.03.2010		31.03.2009	
			Rupees		Rupees	
SCHEDULE 'F' : INVESTMENTS						
(Unquoted unless otherwise stated)						
Trade Investments						
National Savings Certificate (under lien)				60,000		60,000
Total Trade Investments				<u>60,000</u>		<u>60,000</u>
In Equity Shares:						
	No.of units/shares		Face	Value		
	<u>31.03.2010</u>	<u>31.03.2009</u>	(Rs.)			
Subsidiary Companies :						
Galaxy Rain Restaurants Private Limited, fully paid up	10,000	10,000	10	100,000		100,000
Rain Fruits & More Private Limited, fully paid up	1,252,142	1,252,142	10	35,491,840		35,491,840
Provision for diminution in Investments in Subsidiaries				(35,491,840)		(35,491,840)
In units of Mutual Funds:						
Reliance Vision Fund (Dividend)*	-	15,000	10	-		724,694
				<u>100,000</u>		<u>824,694</u>
Total Investments				<u>160,000</u>		<u>884,694</u>

* Units of mutual fund lien against loan

Note:

- Aggregate net asset value of Investments in Mutual funds as at March 31, 2010 is Rs.Nil (Previous Year Rs. 396,597)
Aggregate cost of investment in Mutual Fund is Rs.Nil (Previous year Rs. 7,24,694).
- Aggregate cost of Unquoted Investments is Rs. 35,591,840 (Previous year Rs. 35,591,840).
- Refer Note 11 of Schedule 'T' for details regarding investments purchased and redeemed /sold during the year.

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Annexed to and forming part of the Balance Sheet as at March 31, 2010

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 'G' : INVENTORIES (Lower of Cost and Market Value)		
Restaurants supplies and consumables	3,709,343	3,595,902
Video Games consumables	4,443,458	3,934,470
	<u>8,152,801</u>	<u>7,530,372</u>
 SCHEDULE 'H' : DEBTORS		
Sundry Debtors (Unsecured)		
Debts outstanding for a period exceeding six months		
- Considered Good	1,144,386	2,404,745
- Considered Doubtful	293,319	293,319
	<u>1,437,705</u>	<u>2,698,064</u>
Other Debts		
- Considered Good	5,342,440	2,805,399
- Considered Doubtful	-	-
	<u>5,342,440</u>	<u>2,805,399</u>
Less: Provision for Doubtful Debts	293,319	293,319
	<u>6,486,826</u>	<u>5,210,144</u>
 SCHEDULE 'I' : CASH AND BANK BALANCES		
Cash on hand	877,924	2,235,551
Balances with Scheduled Banks:		
(i) in Current Accounts	1,611,157	38,692,382
(ii) in Term Deposits	12,871,986	11,777,660
	<u>15,361,067</u>	<u>52,705,593</u>
 SCHEDULE 'J' : Other Current Assets		
Foreign currency Receivables & Deferred Premiums	-	12,966,688
Total Other Current Assets	<u>-</u>	<u>12,966,688</u>

Annexed to and forming part of the Balance Sheet as at March 31, 2010

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 'K' : LOANS AND ADVANCES		
(Unsecured, considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	17,203,027	31,260,883
Deposits for Premises and Others	27,669,944	52,262,855
Due from subsidiary companies (Refer Note 18 of Schedule 'T')	18,005,523	15,652,133
Due from companies under same management (Refer Note 18 of Schedule T)	1,620,703	2,045,730
Advance payment of Taxes	9,663,382	12,239,839
	<u>74,162,579</u>	<u>113,461,440</u>
Less: Provision for Diminution in Loans & Advances	17,709,281	5,208,160
	<u>56,453,298</u>	<u>108,253,280</u>
Note:		
Out of the Above:		
Considered good	56,453,298	108,253,280
Considered doubtful	-	-
	<u>56,453,298</u>	<u>108,253,280</u>
SCHEDULE 'L': CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES:		
Sundry Creditors (Refer Note 20 of Schedule 'T')	91,571,563	97,026,865
Book Overdraft	-	14,664,156
Other Liabilities	21,891,492	32,661,391
	<u>113,463,055</u>	<u>144,352,412</u>
PROVISIONS:		
Fringe Benefit Tax	3,289,297	3,363,657
Gratuity	2,345,902	3,544,751
Leave Encashment	2,155,235	4,063,111
Others	200,000	-
	<u>7,990,434</u>	<u>10,971,519</u>
SCHEDULE 'M': PROFIT AND LOSS ACCOUNT		
Profit and loss Account	379,161,448	179,169,006
	<u>379,161,448</u>	<u>179,169,006</u>

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Annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2010

	For the Year Ended 31.03.2010	For the Year Ended 31.03.2009
	Rupees	Rupees
SCHEDULE 'N' : REVENUE FROM SERVICES / SALE OF RIGHTS		
Games	157,008,099	209,703,419
Restaurants		
Wines, Liquor and Tobacco	88,268,314	76,141,876
Food, Beverage etc.	<u>74,799,408</u>	<u>69,223,674</u>
	163,067,722	145,365,550
Sponsorships	2,022,378	2,630,354
Sale of Film Rights	-	3,286,634
Income from Machine hire charges	12,201,783	3,776,468
Miscellaneous Receipts	880,100	1,356,917
	<u>335,180,082</u>	<u>366,119,343</u>
SCHEDULE 'O' : OTHER INCOME		
Dividend Income	-	30,002
Interest on Inter Company Deposits	-	1,552,429
[Tax deducted at source Rs. Nil (Previous year Rs.3,59,007)]		
Interest on Fixed Deposit	1,168,364	2,953,026
[Tax deducted at source Rs.144,634 (Previous year Rs.114,143)]		
Provision no longer required, written back (net)	4,329,675	43,573
Interest - Others	2,250	227,139
Miscellaneous Income	2,877,788	896,269
	<u>8,378,077</u>	<u>5,702,438</u>
SCHEDULE 'P' : EMPLOYEE EXPENSES		
Salaries, Wages, Gratuity and Bonus etc.	68,953,565	78,153,206
Contribution to Provident and Other Funds	3,994,732	6,387,530
Staff Welfare Expenses	1,201,694	2,222,836
	<u>74,149,991</u>	<u>86,763,572</u>

Annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2010

		For the Year Ended 31.03.2010	For the Year Ended 31.03.2009
	Rupees	Rupees	Rupees
SCHEDULE 'Q' : OPERATING AND ADMINISTRATIVE EXPENSES			
Restaurant Consumables			
Wines, Liquor, Beverage & Tobacco	29,766,852		27,975,219
Food consumables, etc.	<u>27,440,466</u>		<u>29,892,953</u>
		57,207,318	57,868,172
Games Expenses		10,984,696	13,589,409
Other Operating and Administrative Expenses:			
Fuel, Power and Light		26,302,939	36,321,272
Repairs and Maintenance			
- Building	640,135		978,830
- Machinery	5,144,882		4,947,426
- Others	<u>3,912,824</u>		<u>5,889,434</u>
		9,697,841	11,815,690
Rent		105,754,642	135,644,649
Rates and Taxes		18,639,609	19,623,937
Insurance		2,690,977	2,761,494
Advertisement and Publicity		6,152,835	8,832,481
Printing & Stationery		1,192,314	2,243,230
Traveling		8,721,756	6,347,565
Telephone		2,689,913	3,414,331
Payments To Auditors			
- Audit Fees		551,500	500,000
- Tax Audit Fees		110,300	100,000
- Others		320,144	335,530
Legal and Professional Fees		5,375,989	6,481,881
Security Charges		3,195,958	3,495,401
Directors Sitting Fees		190,000	225,000
Bad Debts Written off	171,904		552,805
Provision for Doubtful Debts	<u>-</u>		<u>293,319</u>
		171,904	846,124
Commission on credit cards		1,294,897	1,200,228
Sundry Assets W/off		34,427,577	13,147,531
(Gain)/Loss on foreign exchange fluctuation in respect of Foreign Currency		(4,748,723)	12,289,316
(Profit)/Loss on sale of Short Term Investment		47,520	7,485,488
(Profit)/Loss on sale of Long Term Investment		1,693	(851,892)
Miscellaneous Expenses		21,466,755	3,275,898
Provision for dimunition in Investments/Loan & advances in Subsidiaries		12,501,121	40,700,000
Provision for Fixed Assets write Off		28,659,273	20,000,000
		<u>353,600,748</u>	<u>407,692,735</u>

Schedules

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Annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2010

	For the Year Ended 31.03.2010 Rupees	For the Year Ended 31.03.2009 Rupees
SCHEDULE 'R' : INTEREST AND FINANCE CHARGES		
Bank Charges	113,791	778,080
Forward Cover Premium	197,642	235,862
Interest on ICD / Overdrawn	1,739,725	-
Interest on Term Loans	28,055,652	13,781,956
Interest on Cash Credit	736,974	471,953
Interest on Others	39,942	472,949
	<u>30,883,726</u>	<u>15,740,800</u>
SCHEDULE 'S' :EXCEPTIONAL ITEMS		
Loss on closure of centre	<u>12,510,723</u>	-
	<u>12,510,723</u>	-

Schedules annexed to and forming part of Accounts for the year ended March 31, 2010**SCHEDULE 'T': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****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 **23** centers offering a variety of facilities such as bowling, pool and video games, restaurant services, etc.

2. Significant accounting policies**a. Basis for preparation of financial statements**

The accompanying financial statements have been prepared under the historical cost convention and comply in all material aspects with the provisions of the Companies Act, 1956 and applicable accounting standards and pronouncements issued by the Institute of Chartered Accountants of India (ICAI).

b. Use of estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made, that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of the revenues and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognized in the periods in which they arise.

c. Fixed assets and depreciation

Fixed 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.

Depreciation charging at the rates prescribed in Schedule XIV to the Companies Act, 1956 to the Straight Line Method (SLM) at the following rates based on management's estimates of useful life of assets (keeping in view the nature of operations)

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

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

d. Intangible Assets

The Company accounts for costs incurred in making of 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.

e. Investments

Investments are classified as current or long term in accordance with Accounting Standard 13 on "Accounting for Investments" issued by the ICAI. Current investments are stated at lower of cost and market value. Any reduction in the carrying amount of investments and any reversals of such reductions are charged or credited to the profit and loss account. Long term investments are stated at cost. Provision is made to recognize a decline, other than temporary, in the value of long term investments.

f. Inventories

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

g. Revenue recognition

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 centre, for a negotiated price, which is billed to customers on completion of the event.

Sponsorship income is recognized over the period of the sponsorship contracts.

Dividend income is accounted for when the right to receive dividend is established.

h. 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 at year-end made by independent actuaries.

i. Taxes on income

Provision for tax is made for both current and deferred tax. Provision for current tax is made, at the current rate of tax, based on assessable income. Deferred tax resulting from timing differences between taxable incomes and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets on unabsorbed tax depreciation and unabsorbed tax losses are recognized only to the extent that there is virtual certainty of their realization supported by convincing evidence.

j. Foreign Currency Transactions

Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Monetary foreign currency assets and liabilities outstanding at the year end are translated at the year end exchange rates. Resultant gains and losses on settlement/restatement of foreign currency transactions are recognized in the profit and loss account.

Premium or discount on forward exchange contracts and currency option contracts are amortized and recognized in profit and loss account over the period of the contract. Forward exchange contract and currency option contracts outstanding at the balance sheet date, other than designated cash flow hedge, are stated at fair values and any gains or losses are recognized in profit & loss account.

3. **Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs Nil (Previous year Rs.20,097,830).

4. a) Contingent liabilities not provided for in respect of guarantees given by banks of Rs. 10,937,600 (Previous Year Rs. 11,902,559).
 - b) 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 Rs.529,663,942 outstanding as at balance sheet date (Previous Year Rs. 529,663,942).
 - c) Claims on accounts of Service Tax on rental premises consequent to retrospective charge of service on renting activity by Finance Act 2010. Amount not ascertained.
5. Improvements to Leasehold Premises at Lower Parel and Colaba are depreciated at 5%, being the written down value rate applicable to Buildings as per Schedule XIV of the Companies Act, 1956. The lease agreement in respect of these premises is for 12 and 9 years respectively. The Company has, however, decided to depreciate the asset in accordance with the rates laid down in Schedule XIV, since the Company considers this to be, effectively, a long term arrangement, and expects to renew the agreement for longer periods after the expiry of the agreement. In case of other centers, company has decided to depreciate the assets over a period of 9 years which is based on primary lease term.

6. Auditor's Remuneration

Particulars	2009-2010 Rupees	2008-2009 Rupees
For Services as Auditor	500,000	500,000
For Tax Audit	100,000	100,000
For Other Service including quarterly review	300,000	300,000
Reimbursement of out of pocket expenses	7,058	35,530
For service tax	74,886	183,704*

* Service tax credit has been /will be availed.

7. The Department of Company Affairs has vide its order no. 46/80/2010-CL/III dated April 30, 2010 granted exemption for the financial year ending on March 31, 2010 from disclosing the quantitative details required by paragraph 3(i)(a) [in respect of turnover] subject to income from wine and liquor to be shown under separate sub-head under the head income and 3(ii)(d) [in respect of opening and closing stock, purchases, sales and consumption of raw material] subject to consumption of provisions, wine and smokes to be shown under the following two sub-heads respectively of Part II of Schedule VI to the Companies Act, 1956 in respect of the Company:

Particulars	2009-2010 Rupees	2008-2009 Rupees
Sales		
Wines and Liquor	87,209,211	74,180,814
Provisions, Beverages and Smokes	75,858,511	71,184,736
Consumption: Wine and Liquor		
Opening Stock	2,107,153	1,774,515
Add: Purchases	26,517,956	23,707,779
Less: Closing Stock	2,727,145	2,107,153
Consumption	25,897,964	23,375,141
Consumption: Provisions, Beverages and Smokes		
Opening Stock	1,488,749	975,515
Add: Purchases	31,100,353	34,562,820
Less: Closing Stock	982,198	1,488,749
Consumption	31,606,904	34,049,586

8. **Managerial Remuneration under Section 198 of the Companies Act, 1956**

Particulars	2009-2010 Rupees	2008-2009 Rupees
Salaries and other Benefit	770,841*	3,525,893
Total	770,841	3,525,893

* Resigned with effect from June 30, 2009

9. **Expenditure in Foreign Currency**

Particulars	2009-2010 Rupees	2008-2009 Rupees
Travel Expenses	-	269,009
Capital Goods and Spare Parts	10,480,986	44,365,692
Membership Fees	-	15,099
Total	10,480,986	44,649,800

10. **Earnings in Foreign Currency**

Particulars	2009-2010 Rupees	2008-2009 Rupees
Leisure and Entertainment Income	938,565	1,577,070
Total	938,565	1,577,070

11. **Particulars of investments sold / redeemed during the year referred to in Schedule 'F'**

Name of the Mutual Fund	Units
Reliance Vision Fund (Dividend)	15,000

12. The Company operates in a single business segment of Leisure and Entertainment services. Further, the Company operates in a single reportable geographical segment.

13. **Contingent Liabilities**

Particulars	2009-2010 Rupees	2008-2009 Rupees
Income Tax Demand	4,042,964	4,042,964
Indirect Tax Demand	2,168,316	2,168,316

14. **Related Party Disclosures**

In accordance with the Accounting Standard 18 on "Related Party Disclosure" issued by the ICAI, the relevant information for the year ended March 31, 2010 is as under:

Names of related parties and description of relationship:

- I. Entities where control exists - Subsidiaries:
 - Rain Fruits & More Pvt. Ltd. ("RFMPL")
 - Galaxy Rain Restaurants Pvt. Ltd. ("GRRPL")
- II. Entity where control exists through substantial equity interest:
 - Pantaloon Retail (India) Ltd. ("PRIL")

III. Key Managerial Personnel

Mr. Sanjay Seksaria (Whole Time Director)

The following are the volume of transactions with related parties during the year and outstanding balances as at the year end disclosed in aggregate by type of related party:

Nature of transaction		Entities where control exists Rupees	Key Management Personnel Rupees	Total Rupees
Salaries and Allowances - Mr. Sanjay Seksaria		-	770,841	770,841
		(-)	(3,525,893)	(3,525,893)
Loans given:	GRRPL	4,109	-	4,109
		(3,970)	-	(3,970)
	RFMPL	4,113,188	-	4,113,188
		(8,010,000)	(-)	(8,010,000)
Loans Repaid By:	RFMPL	1,200,000	-	1,200,000
		(-)	-	(-)
Loan Received from PRIL		40,000,000	-	40,000,000
		(-)	(-)	(-)
Loan Repaid to PRIL		40,000,000	-	40,000,000
		(-)	-	(-)
Purchases from:	RFMPL	-	-	-
		(1,303,409)	-	(1,303,409)
	PRIL	6,180,531	-	6,180,531
		(2,320,299)	(-)	(2,320,299)
Sales to:	RFMPL	-	-	-
		(615,329)	-	(615,329)
	PRIL	20,823,152	-	20,823,152
		(4,727,667)	-	(4,727,667)
Commission from:	RFMPL	-	-	-
		(267,467)	-	(267,467)
Royalty Paid	RFMPL	109,729	-	109,729
		(81,786)	-	(81,786)
Rent Paid:	RFMPL	-	-	-
		(76,781)	-	(76,781)
	PRIL	18,684,967	-	18,684,967
		(23,979,262)	-	(23,979,262)
Interest from:	RFMPL	-	-	-
		(1,552,429)	-	(1,552,429)
Interest Paid:	PRIL	65,735	-	65,735
		(-)	-	(-)
Reimbursement of Expenses - RFMPL		106,649	-	106,649
		(12,619)	-	(12,619)
	PRIL	1,308,007	-	1,308,007
		(1,684,619)	-	(1,684,619)
Outstanding at the year end:				
Sundry Debtors-RFMPL		152,312	-	152,312
		(2,230,505)	-	(2,230,505)
Investment in subsidiary-RFMPL/GRRPL		35,591,840	-	35,591,840
		(35,591,840)	-	(35,591,840)
Loans Receivable-RFMPL/GRRPL		17,853,211	-	17,853,211
		(15,652,133)	-	(15,652,133)
Sundry Creditors & Other Liabilities	PRIL	5,909,409	-	5,909,409
		(5,878,213)	-	(5,878,213)

Figures in bracket are with respect to previous year

15. Properties which are under Operating Agreements

Particulars	2009-2010 Rupees	2008-2009 Rupees
Business conducting / License charges recognized in the statement of profit and loss during the year	30,225,651	34,754,783
Total of future minimum lease payments under non-cancelable operating agreements:		
- Not later than 1 year	14,499,123	30,101,578
- Later than 1 year and not later than 5 years	1,790,001	44,554,230
- Later than 5 years	-	-
Total of future minimum lease payments payable under operating agreements	16,289,124	74,655,808

16. Earnings per share- Basic and Diluted

Particulars	2009-2010 Rupees	2008-2009 Rupees
Net Profit / (Loss) for the year as per profit and loss account considered as numerator for calculating earnings per share	(199,992,442)	(194,051,017)
Weighted average number of equity shares outstanding during the year	15,649,935	15,649,935
Nominal value per share	10	10
Earning/(Loss) per share	(12.78)	(12.40)

17. Units capitalized also includes the following expenses, some of which are based in the estimates of the management:

Particulars	Pre- operative expenses capitalized (Rs.) (2009 - 2010)	Pre- operative expenses capitalized (Rs.) (2008 - 2009)
Salary, Wages and Bonus	8,270,287	11,355,413
Project Traveling Expenses	1,194,506	2,832,655
License and Registration charges	1,325,150	1,192,812
Legal and Professional charges	153,400	1,205,082
Insurance	81,227	16,264
Rent	1,450,491	4,913,695
Miscellaneous Expenses	944,587	5,385,333
Total	13,419,648	26,901,254

18. Loans and Advances include amounts due from companies under the same management:

Name of the Company	Maximum Amount Outstanding during the year (Rs.)	Balance Outstanding as at March 31, 2010 (Rs.)
Rain Fruits & More Private Limited (Subsidiary)	17,556,969 (15,360,000)	17,556,969 (15,360,000)
Galaxy Rain Restaurants Private Limited (Subsidiary)	296,242 (292,133)	296,242 (292,133)
Galaxy Entertainment India Private Limited (Company under the same management)	1,620,703 (1,605,835)	1,620,703 (1,605,835)

Figures in bracket are with respect to previous year

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

I. Defined Contribution Plans

Provident Fund

The Company has recognized the following amounts in Profit and Loss Account:

	Year Ended March 31, 2010 (Rs.)
Employer's contribution to Provident Fund	2,539,048

II. Defined Benefit Plans

a. Contribution to Gratuity Fund (Non-Funded Scheme)

b. Leave Encashment (Non-Funded Scheme)

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

Discount Rate (per annum)	8%
Rate of increase in compensation levels (per annum)	10%

The actuarial valuations have been done without giving effect to the enhanced limit of Gratuity payable from Rs. 350,000 to Rs. 1,000,000, the resulting effect of which is not quantifiable.

A. Change in the Present Value of Obligation

	Year Ended March 31, 2010	
	Gratuity (Rs.)	Leave Encashment (Rs.)
Present Value of Defined Benefit Obligation as at beginning of the period	3,544,750	4,063,111
Interest Cost	308,397	363,321
Current Service Cost	1,048,376	1,543,215
Benefits Paid	(374,925)	(832,062)
Actuarial (gain) / loss on Obligations	(2,180,696)	(2,982,350)
Present Value of Defined Benefit Obligation as at the end of the period	2,345,902	2,155,235

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

	Year Ended March 31, 2010	
	Gratuity (Rs.)	Leave Encashment (Rs.)
Present Value of Funded Obligation as at end of the period	2,345,902	2,155,235
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	2,345,902	2,155,235
Included in provision (Schedule)	2,345,902	2,155,235

C. Amount recognized in the Balance Sheet

	Year Ended March 31, 2010	
	Gratuity (Rs.)	Leave Encashment (Rs.)
Present Value of Defined Benefit Obligation as at the end of the period	2,345,902	2,155,235
Fair Value of Plan Assets as at end of the period	Nil	Nil
Liability / (Net Asset) recognized in the Balance Sheet	2,345,902	2,155,235

D. Expenses recognized in Profit and Loss Account

	Year Ended March 31, 2010	
	Gratuity (Rs.)	Leave Encashment (Rs.)
Current Service Cost	1,048,376	1,543,215
Past Service Cost	Nil	Nil
Interest Cost	308,397	363,321
Expected Return on Plan Assets	Nil	Nil
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Net Actuarial (Gain) / Loss recognized in the period	(2,180,696)	(2,982,350)
Total Expenses recognized in the Profit and Loss Account	(823,923)	(1,075,814)

20. Based on the available information with the management, the Company does not owe any sum to a small scale industrial undertaking as defined in clause (j) to section 3 of the Industries (Development and Regulation) Act, 1951 and there are no suppliers who are registered as Micro, Small, Medium Enterprise as at March 31, 2010 in terms of the provisions of "The Micro, Small, Medium Enterprise Development Act, 2006".

21. In the opinion of the management, the current assets, loans and advances and current liabilities are of the value stated, if realized/paid in the ordinary course of business. The provision for depreciation on fixed assets and provision for all known liabilities is adequate and is not in excess of amounts considered reasonably necessary.
22. Previous year's figures have been regrouped where necessary, to conform to current year's classification.

For and on behalf of the Board

Ashok Ruia
Director

Arvind Agrawal
Alternate Director
to Mr. Shishir Baijal

Rohinton Rabady
Manager

Place: Mumbai
Dated: May 28, 2010

GALAXY ENTERTAINMENT CORPORATION LIMITED

Information Pursuant to the provision of Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

1. Registration Details

Registration No.

L	5	1	9	0	0	M	H	1	9	8	1	P	L	C	0	2	4	9	8	8
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 State code :

1	1
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 Balance Sheet Date

3	1
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 /

0	3
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 /

2	0	1	0
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 Date Month Year

2. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L	Rights Issue <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L
						N	I	L											
						N	I	L											
Bonus Issue <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L	Private Placement (Amalgamation) <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L
						N	I	L											
						N	I	L											

3. Position of Mobilization and Deployment of funds (Amount in Rs. Thousands)

Total Liabilities <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>7</td><td>5</td><td>1</td><td>1</td><td>8</td><td>4</td></tr></table>			7	5	1	1	8	4	Total Assets <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>7</td><td>5</td><td>1</td><td>1</td><td>8</td><td>4</td></tr></table>			7	5	1	1	8	4
		7	5	1	1	8	4										
		7	5	1	1	8	4										

Sources of Funds

Paid-up capital <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>5</td><td>6</td><td>4</td><td>9</td><td>9</td></tr></table>			1	5	6	4	9	9	Reserves & Surplus <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>3</td><td>3</td><td>6</td><td>5</td><td>6</td><td>0</td></tr></table>			3	3	6	5	6	0	
		1	5	6	4	9	9											
		3	3	6	5	6	0											
Secured Loans <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>1</td><td>7</td><td>8</td><td>7</td><td>3</td></tr></table>			2	1	7	8	7	3	Unsecured Loans <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>4</td><td>0</td><td>2</td><td>5</td><td>2</td></tr></table>					4	0	2	5	2
		2	1	7	8	7	3											
				4	0	2	5	2										

Application of Funds

Net Fixed Assets (incl. Capital work in progress) <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>4</td><td>0</td><td>6</td><td>8</td><td>6</td><td>2</td></tr></table>			4	0	6	8	6	2	Investments <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>1</td><td>6</td><td>0</td></tr></table>							1	6	0	
		4	0	6	8	6	2												
						1	6	0											
Net Current Assets <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>(</td><td>3</td><td>4</td><td>9</td><td>9</td><td>9</td><td>)</td></tr></table>			(3	4	9	9	9)	Miscellaneous Expenditure <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L
		(3	4	9	9	9)											
						N	I	L											
Accumulated Losses <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>3</td><td>7</td><td>9</td><td>1</td><td>6</td><td>1</td></tr></table>			3	7	9	1	6	1	Deferred tax <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L	
		3	7	9	1	6	1												
						N	I	L											

4. Performance of Company (Amount in Rs. Thousands)

Turnover (Total income) <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>3</td><td>4</td><td>3</td><td>5</td><td>5</td><td>8</td></tr></table>			3	4	3	5	5	8	Total Expenditure <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>5</td><td>4</td><td>3</td><td>5</td><td>5</td><td>1</td></tr></table>			5	4	3	5	5	1		
		3	4	3	5	5	8												
		5	4	3	5	5	1												
Profit / (Loss) before Tax <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>(</td><td>1</td><td>9</td><td>9</td><td>9</td><td>3</td><td>)</td></tr></table>			(1	9	9	9	3)	Profit / (Loss) after Tax <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>(</td><td>1</td><td>9</td><td>9</td><td>9</td><td>3</td><td>)</td></tr></table>			(1	9	9	9	3)
		(1	9	9	9	3)											
		(1	9	9	9	3)											
Earnings per Share (Rs.) (on profit after taxes) <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>(</td><td>1</td><td>2</td><td>.</td><td>7</td><td>8</td><td>)</td></tr></table>			(1	2	.	7	8)	Dividend Rate % <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L
		(1	2	.	7	8)											
						N	I	L											

5. Generic names of Principal Product/services of the Company (as per monetary terms)

Item Code No. (ITC Code) : <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>5</td><td>5</td><td>2</td><td>0</td><td>1</td></tr><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>-</td></tr><tr><td>8</td><td>5</td><td>2</td><td>4</td><td>9</td><td>0</td><td>0</td><td>1</td></tr></table>				5	5	2	0	1								-	8	5	2	4	9	0	0	1	Product Description : <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>Restaurant with bar</td></tr><tr><td>Games & Leisure Activities</td></tr><tr><td>Films</td></tr></table>	Restaurant with bar	Games & Leisure Activities	Films
			5	5	2	0	1																					
							-																					
8	5	2	4	9	0	0	1																					
Restaurant with bar																												
Games & Leisure Activities																												
Films																												

For and on behalf of the Board

Ashok Ruia Director	Arvind Agrawal Alternate Director to Mr. Shishir Bajjal	Rohinton Rabady Manager
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Place : Mumbai
Dated: May 28, 2010

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Sr. No.	Name of Subsidiary Company	Galaxy Rain Restaurants Private Limited	Rain Fruits & More Private Limited
1	Financial year of the Subsidiary ended on	March 31, 2010	March 31, 2010
2	Extend of holding: Shares of the Subsidiary held by Galaxy Entertainment Corporation Ltd. on the above dates Equity Shares of Rs. 10 each a) Number of Equity Shares b) Percentage Holding	 10,000 100.00%	 1,252,142 72.19%
3	Net aggregate amount of Profit/(Loss) of the subsidiary, so far as they concern members of the Holding Company. For the Financial Year of the Subsidiary a) Dealt with in the accounts of the Holding Company. b) Not dealt with in the accounts of the Holding Company.	 Nil (Rs.4,109)	 Nil (Rs.9,066,851)
4	Net aggregate amount of Profit/(Loss) of the Subsidiary for the previous financial years so far as the concern members of the Holding Company a) Dealt with in the accounts of the Holding Company. b) Not dealt with in the accounts of the Holding Company.	 Not Applicable (Rs.342,049)	 Not Applicable (Rs. 36,447,582)

For and on behalf of the Board

Place : Mumbai
Dated: May 28, 2010

Ashok Ruia
Director

Arvind Agrawal
Alternate Director
to Mr. Shishir Baijal

Rohinton Rabady
Manager

The Members,

The Directors of Galaxy Rain Restaurants Private Limited have pleasure in presenting 10th Annual Report on the business and operations of the company, together with the audited accounts for the year ended March 31, 2010.

Financial Results

Particulars	Rs. in Lacs	
	Current Year 2009-10	Previous Year 2008-09
Income	0.00	0.00
Expenses	0.04	0.05
Profit/(Loss) before Tax	(0.04)	(0.05)
Balance brought forward	(3.42)	(3.37)
Balance carried to Balance Sheet	(3.46)	(3.42)

Year and Period under review

During the year under review, your company has not undertaken any business activities, the net loss of Rs. 0.04 Lacs is on account of operating and general expenses incurred during the year.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Rajneesh Agarwal, Director of the Company, shall retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

During the period under review, Mr. Rohinton Rabady was appointed as an Additional Director on the Board of Directors. Mr. Rabady would vacate his office on the date of the ensuing Annual General Meeting of the Company. The Company has received Notice under Section 257 of the said act from a shareholder proposing the candidature of Mr. Rabady for the offices of Director of the Company. Accordingly, resolution has been proposed in the Notice of the forthcoming Annual General Meeting of the Company for the appointment of Mr. Rohinton Rabady as a Director of the Company.

Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

- In the preparation of the accounts for the financial year ended March 31, 2010, the applicable accounting standards have been followed and that there are no material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2010 and the loss of the company for that period.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- The Directors have prepared the Annual Accounts of the Company on a going concern basis.

Fixed Deposits

During the year under review, the company had neither accepted nor renewed any deposit from public within the meaning of Section 58A of the Companies Act, 1956 and rules made there under.

Auditors

M/s. Viren Gandhi & Co., Chartered Accountants, the Statutory Auditors of the Company retiring at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. They have furnished a certificate stating that their appointment, if made, will be within the limits laid under section 224(1B) of the Companies Act, 1956.

Auditors' Comments

The observations made by the Auditors in their Report read with relevant notes as given in the Notes on Accounts annexed to the Accounts, are self explanatory and therefore do not call for any further comments under Section 217 (3) of the Companies Act, 1956.

Conservation of Energy, Research & Development, Technology absorption, Foreign exchange Earnings and Outgo:**(A) Conservation of Energy and Technology Absorption**

Considering the Company's business activities, the Directors have nothing to state in connection with Conservation of Energy and Technology Absorption.

(B) Foreign Exchange Earnings and Outgo

The Company has not earned or used any foreign exchange during the year under review.

Particulars as per section 217(2A) of Companies Act, 1956

Statement containing particulars of employees as required under Section 217(2A) of the Companies Act, 1956, is not given as none of the employees of the Company is covered under the provisions of the said section.

Acknowledgement

The Directors place on record its grateful thanks to Company's Bankers, Statutory Authorities and all organizations connected with the Company.

For and on behalf of the Board

Place : Mumbai
Dated : 28th May 2010

Rohinton Rabady
Director

Rajneesh Agarwal
Director

To,
The Members
GALAXY RAIN RESTAURANTS PRIVATE LIMITED
Mumbai.

We have audited the attached Balance Sheet and Profit & Loss Account of **GALAXY RAIN RESTAURANTS PRIVATE LIMITED**, as at 31st March 2010. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

- 1) We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides reasonable basis for our opinion.
- 2) The Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 are not applicable to the company as the company is a private limited company with paid up share capital and reserves less than 50Lacs.
- 3) Subject to above we report that:
 - a. We have obtained all the information & explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, the company has kept proper books of accounts as required by law so far as appears from our examination of the books.
 - c. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
 - d. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e. On the basis of written representations received from the directors as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f. In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with the notes there on, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i. In case of Balance Sheet, of the state of affairs of the Company, as at 31st March 2010
 - ii. In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - iii. In the case of the cash flow statement, of the cash flows of the company for the year ended on that date

For Viren Gandhi & Co.
Chartered Accountants
Firm Regn. No. 111558W

Viren Gandhi
Proprietor
Membership No.34618
Place: Mumbai,
Date: 28th May, 2010

Balance Sheet

as at March 31, 2010

Galaxy Rain Restaurants Private Ltd.

Annual Report 2009-2010

	Schedule	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
SOURCE OF FUNDS			
Shareholders' Funds			
Share Capital	A	100,000	100,000
Loan Funds			
Unsecured Loan	B	296,242	292,133
TOTAL		<u>396,242</u>	<u>392,133</u>
APPLICATION OF FUNDS			
Current Assets, Loans & Advances			
Cash & Bank Balances	C	56,993	56,993
Less : Current Liabilities & Provisions			
Current Liabilities	D	6,909	6,909
Net Current Assets		<u>50,084</u>	<u>50,084</u>
Profit & Loss Account		<u>346,158</u>	<u>342,049</u>
TOTAL		<u>396,242</u>	<u>392,133</u>
Notes to Account	F		

As per our Report attached of even date

For Viren Gandhi & Co.

Chartered Accountants
Firm Regn. NO. 111558W

Viren Gandhi

Proprietor
Membership No. : 34618

Place : Mumbai
Date : 28th May, 2010.

For and on behalf of the Board

Rajneesh Agarwal
Director

Rohinton Rabady
Director

Place : Mumbai
Date : 28th May, 2010.

Profit and Loss Account

for the year ended March 31, 2010

Galaxy Rain Restaurants Private Ltd.

Annual Report 2009-2010

	Schedule	For the year ended 31-03-2010 Rupees	For the year ended 31-03-2009 Rupees
INCOME:			
Other Income		-	-
		<u>-</u>	<u>-</u>
EXPENDITURE:			
Operating and General Expenses	E	4,109	5,021
		<u>4,109</u>	<u>5,021</u>
TOTAL		<u>4,109</u>	<u>5,021</u>
Net Profit/(Loss) of the year		(4,109)	(5,021)
Loss Brought Forward from Previous year		(342,049)	(337,028)
Balance of loss carried to the Balance Sheet		<u>346,158</u>	<u>342,049</u>
(Loss) / Earnings per Share-Basic and Diluted (Face Value Rs.10 each) [Refer Note No. 7 to Schedule 'F']		(0.41)	(0.50)
Notes to Account	F		

As per our Report attached of even date

For Viren Gandhi & Co.

Chartered Accountants
Firm Regn. NO. 111558W

Viren Gandhi

Proprietor
Membership No. : 34618

Place : Mumbai
Date : 28th May, 2010.

For and on behalf of the Board

Rajneesh Agarwal
Director

Rohinton Rabady
Director

Place : Mumbai
Date : 28th May, 2010.

Cash Flow Statement

Galaxy Rain Restaurants Private Ltd.

for the year ended March 31, 2010

Annual Report 2009-2010

	2009 -2010 Rupees	2008-2009 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT/(LOSS) BEFORE TAX	(4,109)	(5,021)
Adjustment for :		
Depreciation	-	-
Misc expenses written off	-	-
Interest/Dividend	-	-
Profit on Sale of Investments	-	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>(4,109)</u>	<u>(5,021)</u>
Trade and other receivables	-	-
Inventories	-	-
Trade and other Payables	-	939
CASH GENERATED FROM /(USED IN) OPERATIONS	<u>(4,109)</u>	<u>(4,082)</u>
Interest paid	-	-
Direct Taxes	-	-
Misc.Expenditure	-	-
Cash flow before Extraordinary Items	-	-
Income/Exp/relating to earlier year	-	-
NET CASH FROM OPERATING ACTIVITIES I	<u><u>(4,109)</u></u>	<u><u>(4,082)</u></u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	-	-
Purchase of Investments	-	-
Sale of Investments	-	-
Interest received	-	-
Profit on Sale of Investment	-	-
Dividend received	-	-
NET CASH USED INVESTING ACTIVITIES II	<u><u>-</u></u>	<u><u>-</u></u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Issue of Share Capital	-	-
Proceeds from Issue of Share Application Money	-	-
Increase In Reserves	-	-
Proceeds From Unsecured Loan	4,109	3,970
Increase & (decrease) in Bank Borrowing	-	-
Dividend Paid	-	-
NET CASH GENERATED FROM /(USED IN) FINANCING ACTIVITIES III	<u><u>4,109</u></u>	<u><u>3,970</u></u>
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS (I+II+III)	-	(112)
Cash & Cash Equivalents as at 01.04.2009 (Opening Balance)	56,993	57,105
Cash & Cash Equivalents as at 31.03.2010 (Closing Balance)	56,993	56,993
Cash and cash equivalents comprise of :		
Cash on hand	100	100
Balances with Scheduled Banks :		
- in Current accounts	56,893	56,893
- in Term Deposits	-	-
Total	<u><u>56,993</u></u>	<u><u>56,993</u></u>

For Viren Gandhi & Co.

Chartered Accountants
Firm Regn. NO. 111558W

Viren Gandhi

Proprietor
Membership No. : 34618
Place : Mumbai
Date : 28th May, 2010.

For and on behalf of the Board

Rajneesh Agarwal

Director

Rohinton Rabady

Director

Place : Mumbai

Date : 28th May, 2010.

	As at 31.03.2010 Rupees	As at 31.3.2009 Rupees
SCHEDULE 'A' : SHARE CAPITAL		
Authorised		
10,000 Equity Shares of Rs. 10 each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
Issued, Subscribed and Paid-up		
10,000 (Previous year 10000) Equity Shares of Rs.10 each, fully paid-up All the above shares are held by Galaxy Entertainment Corporation Limited, the holding company & its nominees	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
SCHEDULE 'B' : UNSECURED LOAN		
Loan from the holding company	296,242	292,133
	<u>296,242</u>	<u>292,133</u>
SCHEDULE 'C' : CASH AND BANK BALANCES		
Cash on hand	100	100
Balances with Scheduled Banks :		
- in Current Accounts	56,893	56,893
	<u>56,993</u>	<u>56,993</u>
SCHEDULE 'D' : CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Other Liabilities	6,309	6,309
Sundry Creditors	600	600
	<u>6,909</u>	<u>6,909</u>

Note :

There are no amounts to small scale undertakings as identified by the management

Annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2010

	For the Year ended 31.03.2010 Rupees	For the Year ended 31.3.2009 Rupees
SCHEDULE 'E' : OPERATING AND GENERAL EXPENSES		
Payments to Auditors		
- Audit Fees	3,309	3,309
- Others	-	1,000
	<u>3,309</u>	<u>4,309</u>
Filing Fees	800	600
Bank Charges	-	112
	<u>4,109</u>	<u>5,021</u>

SCHEDULE 'F': NOTES TO ACCOUNT**1. Background**

Galaxy Rain Restaurants Private Limited ('GRRPL' or 'the Company') was incorporated on April 12, 2000.

2. Significant accounting policies**a. Basis of Preparation of financial statements:**

The accompanying financial statements have been prepared under the historical cost convention, and comply in material aspects, with the provisions of the Companies Act, 1956; applicable Accounting Standards issued by the Institute of Chartered Accountants of India, and generally accepted accounting principles in India.

b. Use of estimate

The presentation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of the revenues and expenses during the reporting period. Actual results could differ from those estimates and difference between actual results and estimates are recognized in periods in which they arise.

c. Taxes on Income

Provision for current tax is made, at the current rate of tax, based on assessable income. Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets, other than on unabsorbed tax depreciation and unabsorbed tax losses, are recognized only to the extent that there is a reasonable certainty of their realization. Deferred tax assets on unabsorbed tax depreciation and unabsorbed tax losses are recognized only to the extent that there is virtual certainty of their realization supported by convincing evidence.

3. Since the Company has not carried out any other business activities, the particulars of paragraph 3, 4, 4A, 4C & 4D of Part II of the Schedule VI of the Companies Act, 1956 are either NIL or are Not Applicable.

4. During the year the Company has no taxable income and accordingly, no provision has been made for current taxes. Deferred tax asset on carried forward losses has not been created in absence of virtual certainty regarding its realization.

5. In the opinion of the Board of Directors, the current assets and current liabilities are approximately of the value stated, if realized / paid in the ordinary course of business. The provision for all known liabilities is adequate and is not in excess of amounts considered reasonably necessary.

6. Related Party Disclosures

In accordance with the Accounting Standard 18 on "Related party disclosure" issued by the ICAI, the relevant information for the year ended March 31, 2010 is as under:

Name of related party and description of relationship:

Holding company :

Galaxy Entertainment Corporation Limited

Fellow Subsidiary:

Rain Fruits & More Private Limited

The following are the volume of transaction with related parties during this year and outstanding balances as at the year end disclosed in aggregate by type of related party:

Nature of transaction	Holding Company (Rupees)
Loan received	4,109 (3,970)
Outstanding as at year-end Loans payable	2,96,242 (2,92,133)

Note : Figures in bracket are with respect to previous year

7. Earning per share

Particulars	2009-2010 Rupees	2008-2009 Rupees
Net Profit/(Loss) for the year as per Profit & Loss account considered as numerator for calculating earnings per share	(4,109)	(5,021)
Weighted average number of equity shares outstanding during the year	10,000	10,000
Nominal value per share	10	10
(Loss) / earning per share Basic & diluted	(0.41)	(0.50)

Note : There is no diluted EPS as there are no outstanding dilutive potential equity shares

8. Previous year's figures have been regrouped where necessary, to confirm to current year's classification

Signatures to Schedules 'A' to 'F'

For Viren Gandhi & Co.

Chartered Accountants
Firm Regn. No. 111558W

Viren Gandhi

Proprietor
Membership No. 34618

Place : Mumbai
Date : 28th May, 2010

For and on behalf of the Board

Rajneesh Agarwal
Director

Rohinton Rabady
Director

Place : Mumbai
Date : 28th May, 2010

GALAXY RAIN RESTAURANTS PRIVATE LIMITED

Statement pursuant Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

1. Registration Details

Registration No.

State code :

Balance Sheet Date
Date Month Year

2. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue

Bonus Issue

Rights Issue

Private Placement

3. Position of Mobilization and Deployment of funds (Amount in Rs. Thousands)

Total Liabilities

Total Assets

Sources of Funds

Paid-up capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Application of Funds

Net Fixed Assets
(incl. Capital work in progress)

Investments

Net Current Assets

Miscellaneous Expenditure

Accumulated Losses

Deferred tax

4. Performance of Company (Amount in Rs. Thousands)

Turnover (Total income)

Total Expenditure

Profit / (Loss) before Tax

Profit / (Loss) after Tax

Earnings per Share (Rs.)
(on profit after taxes)

Dividend Rate %

5. Generic names of three Principal Products/Services of the Company (as per monetary terms)

Item Code No. (ITC Code) :

Product Description :

For and on behalf of the Board

Rajneesh Agrawal

Director

Place : Mumbai

Dated: May 28, 2010

Rohinton Rabady

Director

The Members

The Directors of Rain Fruits & More Private Limited take pleasure in presenting the Fifth Annual Report on the operations of the company, together with the audited accounts for the period ended March 31, 2010.

Financial Results

Particulars	(Rs. In Lacs)	
	Current Year 2009-10	Previous Year 2008-09
Income from operations	26.06	313.68
Profit/(Loss) before Depreciation	(31.71)	(173.56)
Less: Depreciation	91.33	37.88
Profit/(Loss) before Tax	(123.04)	(211.44)

Year and Period under review

The turnover of the company decreased substantially from Rs.313.68 lacs in previous year to Rs.26.06 lacs. The significant decrease in revenue is due to closure of existing business operations.

Your Directors are exploring the available alternatives for creating new streams of revenue.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Ms. Udita Jhunjhunwala, Director of the Company, shall retire by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment. The Board of Directors recommends her re-appointment.

During the year under review, Mr. Sanjay Seksaria had due to his other pre-occupations tendered resignation as a Director of the Company.

During the period under review, Mr. Rohinton Rabady was appointed as an Additional Director on the Board of Directors. Mr. Rabady would vacate his office on the date of the ensuing Annual General Meeting of the Company. The Company has received Notice under Section 257 of the said act from a shareholder proposing the candidature of Mr. Rabady for the offices of Director of the Company. Accordingly, resolution has been proposed in the Notice of the forthcoming Annual General Meeting of the Company for the appointment of Mr. Rohinton Rabady as a Director of the Company.

Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

- The applicable standards have been followed in the preparation of the annual accounts and there are no material departure;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2010 and the Loss of the company for the year ended on that date.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- The Directors have prepared the Annual Accounts of the Company on a going concern basis.

Compliance Certificate

Pursuant to the proviso to Section 383A (1) of the Companies Act, 1956 read with the Companies (Compliance Certificate) Rules 2001, Secretarial Compliance Certificate from M/s Rathi & Associates, Company Secretaries in Whole Time Practice, is attached to the Report.

Fixed Deposits

During the period under review, the company had neither accepted nor renewed any deposit from public within the meaning of Section 58 A of the Companies Act, 1956.

Auditors

M/s. Manoj Prabhu & Associates., Chartered Accountants, the Statutory Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment. The retiring Auditors have furnished a certificate of their eligibility for re-appointment under section 224(1B) of the Companies Act, 1956 and have indicated their willingness to continue in the said office.

Auditors' Comments

The observations made by the Auditors in their Report read with relevant notes as given in the Notes on Accounts annexed to the Accounts, are self explanatory and therefore do not call for any further comments under Section 217 (3) of the Companies Act, 1956.

Conservation of Energy, Research & Development, Technology absorption, Foreign exchange Earnings and Outgo:

(A) Conservation of Energy and Technology Absorption

Considering the Company's business activities, the Directors have nothing to state in connection with Conservation of Energy and Technology Absorption.

(B) Foreign Exchange Earnings And Outgo

During the period under review, the Company did not have any Foreign Exchange Earnings or Outgo.

Particulars as per section 217(2A) of Companies Act, 1956

Statement containing particulars of employees as required under Section 217(2A) of the Companies Act, 1956, is not given as none of the employees of the Company is covered under the provisions of the said section.

Acknowledgements

The Directors also take pleasure in commending the valuable contributions made by the Company's employees at all levels during the period under review.

For and on behalf of the Board

Rohinton Rabady
Director

Udita Jhunjunwala
Director

Place: Mumbai
Dated: 20th May 2010

Registration No: U15130MH2005PTC156326

Nominal Capital: Rs. 2,50,00,000/-

To

The Members,

Rain Fruits & More Private Limited

304, 3rd Floor, Prathmesh Tower, B-Wing,

Raghuvanshi Mills Compound,

Senapati Bapat Marg,

Lower Parel, Mumbai -400 013.

We have examined the registers, records, books and papers of **Rain Fruits & More Private Limited** ("the Company") as required to be maintained under the Companies Act, 1956, ("the Act") and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March 2010** ("financial year"). In our opinion and to the best of our information and accordingly to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, We certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in "**Annexure A**" to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in "**Annexure B**" to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company being a private limited Company has the minimum prescribed paid up capital and its maximum number of members during the said financial year was **7** excluding its present and past employees and the Company during the year under scrutiny:
 - (i) has not invited public to subscribe for its shares or debentures; and
 - (ii) has not invited or accepted any deposits from persons other than its members, directors or their relative.
4. The Board of Directors duly met **Four** times during the year on **26th June 2009, 30th July 2009, 28th October 2009 and 29th January 2010** in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the financial year.
6. The annual general meeting for the financial year ended on **31st March 2009** was held on **25th September 2009** after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. **No** Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has duly complied with the provision of section 297 of the Act in respect of contract specified in that section.
10. As Informed to us, the Company has maintained Register under Section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificate during the financial year.
13. The Company:
 - (i) was not required to deliver any securities as there was no allotment of securities and/or transfer/transmission of shares.
 - (ii) has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - (iii) was not required to post warrants to any member of the company as no dividend was declared during the financial year.

- (iv) was not required to transfer any amount to Investor Education and Protection Fund.
- (v) has duly complied with the requirements of section 217 of the Act.
14. The Board of directors of the company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
 15. The Company has not appointed any Managing Director/ Whole time Director/ Manager during the financial year.
 16. The Company has not appointed any sole selling agent during the financial year.
 17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provision of the Act during the financial year.
 18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
 19. The Company has not issued any shares, debenture or other securities during the financial year.
 20. The Company has not bought back any shares during the financial year.
 21. There was no redemption of preference shares or debentures during the financial year.
 22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
 23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
 24. The amount borrowed by the Company from Directors, members, public, financial institutions, banks and others during the financial year ended 31st March 2010 is within the borrowing limits of the company and that necessary resolutions as per section 293(1)(d) of the Act have been passed in a duly convened extra-ordinary general meeting.
 25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
 26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
 27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
 28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
 29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
 30. The Company has not altered its Articles of Association during the financial year.
 31. There was no prosecution initiated against or show cause notice received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year for offences under the Act.
 32. The Company has not received any money as security from its employees during the financial year.
 33. The Company has deposited both employees and employers contribution to Provident Fund during the financial year, pursuant to Section 418 of the Act.

For Rathi & Associates

Company Secretaries

Narayan Rathi

Partner

C.P.No.: 1104

Place : Mumbai

Date : 20th May 2010

“Annexure A”

Registers as maintained by the Company

Statutory Registers:

1. Register of Members u/s.150
2. Register of Directors, Managing Director, Manager and Secretary u/s.303
3. Register of Directors Shareholdings u/s.307
4. Register of Disclosures u/s 301(3)
5. Minutes Books of all the Board Meetings and General Meetings u/s. 193
6. Register of Contracts u/s 301

Other Registers:

1. Register of Transfers

“Annexure B”

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March 2010.

Sr. No.	Form No./ Return	Filed under Section	For	Date of Filing	Whether filed within Prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
1.	Form 23AC & Form 23ACA	220	Annual Requirement	22-10-2009	Yes	No
2.	Form 66	383A	Secretarial Compliance Certificate	21-10-2009	Yes	No
3.	Form 20B	159	Annual Requirement	09-12-2009	No	Yes

To the Members of
Rain Fruits & More Private Limited

We have audited the attached Balance Sheet of **Rain Fruits & More Private Limited** as at 31st March 2010, the Profit and Loss Account and also Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account, as required by law, have been kept by the company, so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act 1956 ;
 - e) In our opinion, and based on information and explanation given to us, none of Directors are disqualified as on 31st March 2010 from being appointed as Directors in term of section 274(1)(g) of The Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In so far as it relates to Balance Sheet, of the state of affairs of the company as at 31st March 2010;
 - (ii) In so far as it relates to the Profit & Loss Account, the **Loss** of the company for the year ended on that date; and
 - (iii) In so far as it relates to the cash flow statement, of the cash flow of the company for the year ended on that date.

For Manoj Prabhu & Associates

Chartered Accountants
Firm Reg No. 010448

Manoj K. Sharma

Partner
Membership No. 079903
Place: Mumbai
Date : May 20,2010

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITOR'S REPORT ON THE ACCOUNTS OF Rain Fruits & More Private Limited FOR THE YEAR ENDING 31st March 2010

As required by the Companies (Auditor's report) Order, 2003 issued by the Central Government of India in terms of section 227(4-A) of the Companies Act, 1956, we report that:

- 1 In respect of fixed assets:
 - (A) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (B) We are informed that, all the fixed assets have been physically verified by the management during the year at reasonable intervals, which in our opinion, is reasonable having regard to the size of the company and the nature of assets. No material discrepancies were noticed on such physical verification.
 - (C) We have been informed that during the year, a substantial part amounting to Rs. 9,721,712/- have been discarded/impaired and entire business operations have been closed. In our opinion and according to the information and explanation given to us, there is affect on the going concern status of the company from discarding/impairment of the substantial part of the fixed assets.
- 2 In respect of its inventories:

Due to non trading/manufacturing activities during the year, clause no. (ii) (a) to (ii) (c) in respect of inventories of the Order are not applicable.
- 3 In respect of loans, secured or 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.
 - (B) According to the information and explanation given to us, the Company has taken unsecured loan of Rs. 2,196,969/- from the company covered in the register maintained under section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the company. The payment of principal and interest is regular. The maximum amount involved during the year was Rs. 17,556,969/-.
- 4 In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the company and nature of its business with regard to purchase of inventory and fixed assets and with regard for the sale of goods and services. In our opinion and according to the information and explanation given to us, there is no continuing failure to correct major weakness in internal control procedure.
- 5 In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
 - (A) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - (B) In our opinion and explanation given to us, the transactions exceeding the value of 5 lakh in respect of any party during the year have been made at prices which are prima-facie reasonable having regard to prevailing market prices at the relevant time where such prices are available.
- 6 In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public and therefore, the provisions of Section 58A and 58AA of the Companies Act, 1956 and Rules made there under are not applicable to the Company.
- 7 Clause no. (vii) in respect of internal audit system is not applicable.

- 8 To the best of our knowledge the Central Government has not prescribed the maintenance of cost records U/s 209(1) (d) of the company act, 1956 for any of the products of the company.
- 9 In respect of statutory dues:
- (A) According to the information and explanations given to us, the company was generally regular in depositing dues in respect of Employees Provident Fund, Employees State Insurance Fund, Income Tax, and other statutory dues with the appropriate authority during the year.
- (B) According to the records examined by us and the information and explanations given to us, there are disputed amount of Rs. 2,193,128/- in respect of Sales Tax With UP Government at the end of the year.
- 10 The Company has **Rs. 63,048,113/- accumulated losses** as at the end of the year and the Company has incurred **cash losses of Rs. 716,786/-** during current and Rs. 12,309,428/- during the immediately preceding financial year.
- 11 Based on our audit procedures and on the basis of information and explanations given by the management, Clause (xi) of paragraph 4 of the Order is not applicable to the company.
- 12 In our opinion and according to information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other security.
- 13 In our opinion the company is not a Chit Fund, Nidhi or Mutual Benefit Fund/Society. Therefore, the provisions of clause 4(XIII) of the CARO,2003 are not applicable to the company.
- 14 The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the order are not applicable.
- 15 In our opinion, the terms and conditions on which the company has not given guarantees for loans taken by other from banks and financial institutions, the terms and conditions whereof are prima facie prejudicial to the interest of the company.
- 16 In our opinion and according to information and explanation given to us, the Company has not availed of any term loans during the year. Accordingly, the clause (xvi) of paragraph 4 of the order is not applicable.
- 17 According to the information and explanations given to us and on examination of balance sheet, funds raised on short term basis have, prima facie, not been used during the year for long term investment and vice versa.
- 18 The company has made any preferential allotment to parties and companies covered under register maintained under Section 301 of the Companies Act, 1956, during the year. The price at which the shares have been issued is not prejudicial to the interest of the Company.
- 19 The Clause (xix) of the order is not applicable, as the company has not issued any debentures during the year.
- 20 The Company has not raised money by any public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.
- 21 In our opinion and according to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For Manoj Prabhu & Associates

Chartered Accountants
Firm Reg No. 010448

Manoj K. Sharma

Partner
Membership No. 079903
Place: Mumbai
Date : May 20,2010

Balance Sheet

as at March 31, 2010

Rain Fruits & More Private Ltd.

Annual Report 2009-2010

	Schedule		As at 31.03.10 Rupees	As at 31.3.2009 Rupees
SOURCE OF FUNDS				
Shareholders' Funds				
Share Capital	A	17,345,920	17,345,920	
Reserves & Surplus	B	<u>27,745,920</u>	45,091,840	<u>27,745,920</u> 45,091,840
Loan Funds				
Unsecured Loan	C	<u>17,556,969</u>		<u>15,360,000</u>
TOTAL		<u>62,648,809</u>		<u>60,451,840</u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	D	16,785,723	22,836,118	
Less : Depreciation/ Impairment		<u>15,966,344</u>	<u>10,093,820</u>	
Net Block		819,379	12,742,298	
Capital Work-in-Progress		<u>-</u>	819,379	<u>-</u> 12,742,298
Current Assets, Loans and Advances				
Inventories	E	-	-	
Sundry Debtors	F	-	1,340,222	
Cash and Bank Balances	G	434,269	322,818	
Loans and Advances	H	<u>198,042</u>	<u>3,734,700</u>	
		<u>632,311</u>	<u>5,397,740</u>	
Less: Current Liabilities and Provisions				
Current Liabilities	I	1,850,994	8,201,262	
Provisions		<u>-</u>	<u>104,481</u>	
		<u>1,850,994</u>	<u>8,305,743</u>	
Net Current Assets			(1,218,683)	(2,908,003)
Miscellaneous Expenditure (To the extent not written off or adjusted)	J		-	129,138
Profit and Loss Account		<u>63,048,113</u>		<u>50,488,407</u>
TOTAL		<u>62,648,809</u>		<u>60,451,840</u>
Significant Accounting Policies and Notes to Accounts				
	O			

Schedules referred to above form an integral part of the Balance Sheet

As per our Report attached of even date

For Manoj Prabhu & Associates

Chartered Accountants

Manoj K Sharma

Partner

M. No. 079903

Place: Mumbai

Dated: May 20, 2010

For and on behalf of the Board

Rohinton Rabady

Director

Place: Mumbai

Dated: May 20, 2010

Udita Jhunjhunwala

Director

Profit and Loss Account

for the year ended March 31, 2010

Rain Fruits & More Private Ltd.

Annual Report 2009-2010

	Schedule	For the year ended 31.03.2010 Rupees	For the year ended 31.3.2009 Rupees
INCOME:			
Revenue from Food & Beverage Sale	K	-	31,026,402
Other Income	L	<u>2,606,042</u>	<u>341,561</u>
TOTAL		<u>2,606,042</u>	<u>31,367,963</u>
EXPENDITURE:			
Employee Expenses	M	-	7,859,904
Operating and General Expenses	N	2,938,436	34,071,063
Amortisation of Misc. Expenditure		129,137	67,938
Financial Expenses		-	1,552,429
Depreciation/Impairment		9,132,755	3,788,298
Loss on Sale/Discarding of Fixed Assets		<u>2,710,165</u>	<u>5,172,952</u>
TOTAL		<u>14,910,493</u>	<u>52,512,584</u>
Profit /(Loss) before Taxation for the year		(12,304,451)	(21,144,621)
Provision for Tax - Current		-	-
- Deferred		-	-
- Fringe Benefit		-	114,337
Profit/(Loss) after Taxation for the year		<u>(12,304,451)</u>	<u>(21,258,958)</u>
Prior Period / Extra Ordinary Items		(255,254)	(79,658)
Balance brought forward		<u>(50,488,408)</u>	<u>(29,149,791)</u>
Balance of Profit carried forward to the Balance Sheet		<u><u>(63,048,113)</u></u>	<u><u>(50,488,407)</u></u>
Earnings per Share Basic and Diluted (Face Value Rs.10 each)		(9.49)	(16.39)

Significant Accounting Policies and Notes to Accounts O

Schedules referred to above form an integral part of the Profit & Loss Account

As per our attached report of even date

For Manoj Prabhu & Associates
Chartered Accountants

Manoj K. Sharma
Partner
M . No. 079903

Place: Mumbai
Dated: May 20, 2010

For and on behalf of the Board

Rohinton Rabady
Director

Udita Jhunjhunwala
Director

Place: Mumbai
Dated: May 20,2010

Cash Flow Statement

Rain Fruits & More Private Ltd.

Annual Report 2009-2010

	2009-10		2008-09	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT / (LOSS) BEFORE TAX		(12,304,451)		(21,144,621)
Adjustment for :				
Depreciation / Impairment (Current Year)	9,132,755		3,788,298	
Interest expense (Net)	-		1,552,429	
Amortisation of Expenses	129,137		67,938	
Loss on Sale/Discard of Assets	2,710,165		5,172,952	
Prior Period & Extraordinary Items	(255,254)	11,716,803	(79,658)	10,501,959
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(587,648)		(10,642,662)
(Increase)/ decrease in working capital:				
Inventories	-		1,167,498	
Trade and other receivables	4,876,880		2,191,297	
Trade and other payables	(6,454,750)		804,813	
		(1,577,870)		4,163,608
CASH USED IN OPERATIONS		(2,165,518)		(6,479,054)
Payment of Taxes		-		(114,337)
NET CASH GENERATED (USED IN)/FROM OPERATING ACTIVITIES	(A)	(2,165,518)		(6,593,391)
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets/Capital Advances paid		-		(1,099,024)
Sale of Fixed Assets		80,000		1,204,193
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(B)	80,000		105,169
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from Unsecured Loan		2,196,969		8,010,000
Interest Paid		-		(1,552,429)
NET CASH GENERATED FROM /(USED IN) FINANCING ACTIVITIES	(C)	2,196,969		6,457,571
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		111,451		(30,651)
CASH AND CASH EQUIVALENTS - AT START OF THE YEAR		322,818		353,469
CASH AND CASH EQUIVALENTS - AT END OF THE YEAR		434,269		322,818
Cash and cash equivalents comprise of :				
Cash & Bank Balances (Schedule G)		434,269		322,818
Total		434,269		322,818

Note: Previous year's figures are regrouped, where necessary, to confirm the current year's classification

As per our report attached of even date

For Manoj Prabhu & Associates

Chartered Accountants

Manoj K. Sharma

Partner

M . No. 079903

Place: Mumbai

Dated: May 20, 2010

For and on behalf of the Board

Rohinton Rabady

Director

Udita Jhunjunwala

Director

Place: Mumbai

Dated: May 20, 2010

Schedules

Rain Fruits & More Private Ltd.

Annexed to and forming part of the Balance Sheet as at March 31, 2010

Annual Report 2009-2010

	As at 31.03.2010 Rupees	As at 31.3.2009 Rupees
SCHEDULE 'A' : SHARE CAPITAL		
Authorised		
2,500,000 Equity Shares of Rs. 10 each (Previous Year 1000000 Equity Shares of Rs. 10/- Each)	25,000,000	25,000,000
	<u>25,000,000</u>	<u>25,000,000</u>
Issued & Subscribed		
1,734,592 Equity Shares of Rs. 10 each, Fully Paid	17,345,920	17,345,920
	<u>17,345,920</u>	<u>17,345,920</u>
SCHEDULE 'B' : RESERVES & SURPLUS		
Securities Premium Account	<u>27,745,920</u>	<u>27,745,920</u>
	<u>27,745,920</u>	<u>27,745,920</u>
SCHEDULE 'C' : UNSECURED LOAN		
From the Holding Company	17,556,969	15,360,000
	<u>17,556,969</u>	<u>15,360,000</u>

SCHEDULE 'D': FIXED ASSETS [at cost less depreciation/amortisation/impairment]

Amount in Rupees

Particulars	Gross Block				Depreciation / Amortisation					Net Block	
	As at 01.04.2009	Addition	Deductions/ Adjustments	As at 31.03.2010	As at 01.04.2009	For the year	Deductions/ Adjustments/	Provision for impairment	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Plant and Machinery	16,202,963	-	-	16,202,963	6,949,822	1,618,969	-	6,843,386	15,412,177	790,786	9,253,141
Computers	582,760	-	-	582,760	407,099	58,906	-	88,162	554,167	28,593	175,661
Electric Installation	1,008,176	-	1,008,176	-	580,917	74,754	655,671	-	-	-	427,259
Furniture and Fixtures	4,816,751	-	4,816,751	-	2,060,517	418,240	2,478,757	-	-	-	2,756,234
Vehicles	225,468	-	225,468	-	95,465	30,338	125,803	-	-	-	130,003
SUB TOTAL	22,836,118	-	6,050,395	16,785,723	10,093,820	2,201,207	3,260,231	6,931,548	15,966,344	819,379	12,742,298
Capital work in progress	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL	22,836,118	-	6,050,395	16,785,723	10,093,820	2,201,207	3,260,231	6,931,548	15,966,344	819,379	12,742,298
Previous year	30,469,913	1,099,024	8,732,819	22,836,118	8,661,193	3,788,298	2,355,671	-	10,093,820	12,742,298	

Schedules

Rain Fruits & More Private Ltd.

Annexed to and forming part of the Balance Sheet as at March 31, 2010

Annual Report 2009-2010

	As at 31.03.2010 Rupees	As at 31.3.2009 Rupees
SCHEDULE 'E' : INVENTORIES (Lower of Cost or Market Value)		
Outlet Supplies & Other Consumables	-	-
	<u>-</u>	<u>-</u>
SCHEDULE 'F' : DEBTORS		
Sundry Debtors (Unsecured)		
Debts outstanding for a period exceeding six months		
- Considered Good	-	
- Considered Doubtful	<u>1,062,644</u>	
	1,062,644	1,590,222
Other Debts		
- Considered Good		
- Considered Doubtful	<u>-</u>	<u>-</u>
	-	-
	1,062,644	1,590,222
Less: Provision for Doubtful Debts	<u>1,062,644</u>	<u>250,000</u>
	<u>-</u>	<u>1,340,222</u>
SCHEDULE 'G' : CASH AND BANK BALANCES		
(a) Cash on hand	576	-
(b) Balances with Scheduled Banks:		
(i) in Current Accounts	115,906	11,665
(ii) in Term Deposits including accrued interest (Pledged with Sales Tax authorities)	317,787	311,153
	<u>434,269</u>	<u>322,818</u>
SCHEDULE 'H' : LOANS AND ADVANCES (Unsecured, considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	-	2,194,489
Security Deposits	1,375,143	1,433,160
Advance payment of Direct Taxes	<u>140,042</u>	<u>107,051</u>
	1,515,185	3,734,700
Less : provision for doubtful security deposit	<u>1,317,143</u>	<u>-</u>
	<u>198,042</u>	<u>3,734,700</u>
Note:		
Out of the Above:		
Considered good	198,042	3,734,700
Considered doubtful	<u>-</u>	<u>-</u>
	<u>198,042</u>	<u>3,734,700</u>

	As at 31.03.2010 Rupees		As at 31.3.2009 Rupees
SCHEDULE 'I': LIABILITIES AND PROVISIONS			
CURRENT LIABILITIES:			
Sundry Creditors	1,723,242		6,802,130
Book Overdraft	-		43,351
Other Liabilities	<u>127,752</u>		<u>1,355,781</u>
	<u><u>1,850,994</u></u>		<u><u>8,201,262</u></u>
PROVISIONS:			
Fringe Benefit Tax	-		104,481
	<u>-</u>		<u>104,481</u>
SCHEDULE 'J': MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)			
Preliminary Expenses			
Opening Balance	37,940	75,880	
Less:- Amount written off during the year	<u>37,940</u>	-	<u>37,940</u>
	<u>-</u>		<u>37,940</u>
Capital Issue Expenditure			
Opening Balance	91,198	121,196	
Less:- Amount written off during the year	<u>91,198</u>	-	<u>29,998</u>
	<u>-</u>		<u>91,198</u>
	<u>-</u>		<u>129,138</u>

	For the Year Ended 31.03.2010 Rupees	For the Year Ended 31.3.2009 Rupees
SCHEDULE 'K' : REVENUE FROM FOOD & BEVERAGE SALE		
Sales	-	31,026,402
	<u>-</u>	<u>31,026,402</u>
	<u><u>-</u></u>	<u><u>31,026,402</u></u>
SCHEDULE 'L' : OTHER INCOME		
Interest on fixed deposit	6,634	6,634
Liabilities written Back	2,489,679	253,141
Royalty Fee	109,729	81,786
	<u>2,606,042</u>	<u>341,561</u>
	<u><u>2,606,042</u></u>	<u><u>341,561</u></u>
SCHEDULE 'M' : EMPLOYEE EXPENSES		
Salaries and Wages	-	7,086,542
Contribution to Provident and Other Funds	-	636,382
Staff Welfare Expenses	-	136,980
	<u>-</u>	<u>7,859,904</u>
	<u><u>-</u></u>	<u><u>7,859,904</u></u>
SCHEDULE 'N' : OPERATING AND ADMINISTRATIVE EXPENSES		
Outlets Consumables		
Food ,Beverage,Corn & Others (Food consumables, etc.)	-	18,894,498
Other Operating and Administrative Expenses:		
Fuel, Power and Light	-	1,960,488
Repairs and Maintainance		
- Machinery	-	369,234
Rent (Net)	-	7,324,080
Rates and Taxes	-	32,537
Insurance	-	89,229
Printing & Stationery	45	91,964
Travelling	38,519	573,603
Telephone	-	452,537
Directors Ramuneration	-	604,800
Payments To Auditors		
- Audit Fees (including tax audit fees)	22,060	119,124
Legal and Professional Fees	24,823	311,947
Bank Charges	31	19,471
Other Expenses	723,172	2,977,551
Provision for doubtful debts/Security Deposit	<u>2,129,787</u>	<u>250,000</u>
	<u><u>2,938,436</u></u>	<u><u>34,071,063</u></u>

SCHEDULE 'O': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNT**A. Significant Accounting Policies****1. Background**

The company was incorporated on 26.09.2005 with the object of selling of food and beverage items through kiosks and retail outlets.

2. Basis of Preparation of Financial Statements and Use of Estimates

The Financial Statements are prepared in accordance with the Indian Generally accepted accounting principals under the historical cost Convention on the accrual basis of accounting and comply with the mandatory accounting standards and statement issued by the Institute of Chartered Accountants of India and the provisions of the companies Act, 1956.

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumption that affect the reported amount of assets and liabilities. The disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenue and expenses during the reporting year, Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

3. Fixed Assets And Depreciation

Fixed Assets are stated at cost of acquisition/ construction less accumulated depreciation. Cost includes all costs incurred to bring the assets to their present condition and location.

Depreciation has been provided on written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on assets added during the period has been provided on pro-rata basis. Depreciation on assets, whose actual cost does not exceed, Rs. 5000, has been provided depreciation at the rate of 100% in the year in which purchases were made.

4. Inventories

Inventories are carried at lower of cost or net realizable value. Cost is determined on basis of first in first out method (FIFO)

5. Revenue Recognition

Revenue from sale of goods is recognized when the significant risk and rewards of the ownership of the goods are transferred to the customers.

6. Retirement Benefits

Company's contributions to defined contribution schemes such as provident fund contributions and family pension funds and gratuity are charged to the profit & loss account on accrual basis. Gratuity liability is provided for, according to rules of these benefit schemes, on the basis of actuarial valuation at the year-end made by the independent actuaries.

7. Accounting for Taxes on Income

The provision for current taxes is made based on the Tax Payable for the year under the Income Tax Act, 1961. Deferred Tax on timing difference between taxable income and accounting income is accounted for using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date.

Deferred tax assets, other than on unabsorbed tax depreciation and unabsorbed tax losses are recognized only the extent that there is a reasonable certainty of their realization Deferred tax assets on unabsorbed tax depreciation and unabsorbed tax losses are recognized only to the extent that there is virtual certainty

of their realisation supported by convincing evidences.

8. Preliminary Expenses

Preliminary expenses are amortized over a period of five years

B. Notes to Accounts

1. The Company is dealing in only one segment of food and Beverage items. Further the company operates in a single reportable geographical segment viz in India. Since all its customers and assets are located in India.
2. All the existing business operations of the company have been discontinued w.e.f. 01.02.2010 and all the assets and liabilities of the companies have been stated in the balance sheet at their realizable /payable value. The provision for depreciation on fixed assets and provision for all known liabilities is adequate and is not in excess of amounts considered reasonably necessary.
3. In the opinion of management, the assets under the head Furniture and Fixtures, Electric installation is of no use, hence discarded from the active use and the carrying amount of the assets under the head plant and machinery are exceeding the recoverable amount, hence the impairment loss to the extent of 95% value of plant and machinery have been accounted for.
4. Balances of sundry debtors, creditors, loans and advances are subject to confirmation.
5. In the opinion of the management, the current assets, loans and advances and current liabilities are of the value stated, if realized/paid in the ordinary course of business.
6. No Provision for the retirement benefits has been made for the year as there is no employee in the company at the year end.
7. Contingent liability:

Sales Tax Assessments with various Sales Tax Authorities for the previous years are pending. In absence of the information, the amount could not be quantified for the year 2009-10.

8. Related party disclosures under Accounting Standard:

In accordance with the Accounting Standard 18 as "Related Party Disclosure" issued by the ICAI, the relevant information for the year ended 31st March 2010 is as under:

A. List of Related party.

(i) Company

Galaxy Entertainment Corporation Ltd. (Holding company)

(ii) Key Management personnel

Mr. Nivesh Khandelwal, Director

(iii) Other parties related to key personnel.

Dr. Chander Prakash Khandelwal (Relative of Director)

Dr. M. Gouri Devi. (Relative of Director)

M/s Gouri Hospital Pvt. Ltd. (Relatives of Director are having Substantial interest)

B. Transactions with Related Parties

Nature Of Transactions	Name of Party	Amount (In Rs.)
Office Rent	Dr. Chander Prakash Khandelwal	- (1,75,000)
Office Rent	Dr. M. Gouri Devi	- (1,75,000)
Rent & Electricity Exp.	Gouri Hospital Pvt. Ltd.	- (75,000)
Director's Remuneration	Nivesh Khandelwal	- (6,04,800)
Sales of Assets	Nivesh Khandelwal	- (14,52,095)
Rent Paid	Galaxy Entertainment Corporation Limited.	- (2,67,467)
Purchases	-do-	- (5,88,275)
Sales	-do-	- (12,96,795)
Royalty Received	-do-	1,09,729 (81,786)
Interest Payments	-do-	- (15,52,429)
Loan Received	-do-	41,13,188 (80,10,000)
Reimbursement of Expenses	-do-	1,06,649 (12,619)
Assets Purchase	-do-	- (27,054)
Assets Sold	-do-	- (6615)
Outstanding at Year end:		
Sundry Creditors	Galaxy Entertainment Corporation Ltd.	1,52,312 (22,30,505)
Capital Contribution	-do-	3,54,94,840 (3,54,91,840)
Loan Repayable	-do-	1,75,56,969 (1,53,6,0000)

Figures in bracket are with respect to previous year

9. Earning Per Share- Basic and Diluted:

Particular	2009-2010 Rupees	2008-2009 Rupees
Net Loss for the year as per profit and loss account considered as numerator for calculating earnings per share	1,23,04,451	(2,12,58,958)
Weighted averages number of equity shares outstanding during the year	12,97,092	12,97,092
Nominal Value per share	10	10
Earning per shares- Basic and Diluted	(9.49)	(16.39)

- 10.** Based on the available information with the Management, the company does not owe any sum to a small scale industrial undertaking as defined in Clause (i) of Section 3 of the Industries Development and Regulation Act, 1951 and there are no suppliers who are registered as Micro, Small Medium Enterprises as at March 31, 2010 in terms of the provisions of "The Micro Small Medium Enterprises Development Act, 2006".
- 11.** The Company has not accounted for the Sales Tax demand of Rs. 21,93,128/- for the financial year 2005-06 with U.P. Sales Tax Authorities raised on assessment due to file an appeal against such demand.
- 12.** No deferred tax assets have been recognized due to non virtual reasonable certainty of its realization.
- 13.** Managerial remuneration has been paid to Mr. Nivesh Khandelwal, Whole time director under section 198 of the Companies Act, 1956 is as under:

Particulars	2009-2010 Rupees	2008-2009 Rupees
Salaries and other benefits	----	5,79,398
Contribution in employees Provident Fund	----	25,402
Total	----	6,04,800

- 14.** Expenditure in Foreign currency : Rs. Nil (Previous year Rs. Nil)
- 15.** Earning in Foreign Currency : Rs. Nil (Previous year Rs. Nil)
- 16.** The figures have been rounded to nearest Rupees.
- 17.** Figures of previous year have been regrouped and rearranged wherever necessary.

For Manoj Prabhu & Associates
Chartered Accountants

For and on behalf of the Board

Manoj K. Sharma
Partner
M. No. 079903

Rohinton Rabady
Director

Udita Jhunjunwala
Director

Place: Mumbai
Dated: May 20, 2010

Place: Mumbai
Dated: May 20, 2010

on consolidated financial statements

TO THE BOARD OF DIRECTORS OF GALAXY ENTERTAINMENT CORPORATION LIMITED

We have examined the attached consolidated Balance Sheet of Galaxy Entertainment Corporation Limited and its subsidiaries as at 31st March, 2010 and the consolidated Profit and Loss Account for the year ended on that date and Cash Flow statement annexed thereto.

These financial statements are the responsibility of Galaxy Entertainment Corporation Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statement of the two subsidiaries, whose financial statements reflect total assets of Rs. 15.02 lacs as at 31st March, 2010, total revenues of Rs. 26.06 lacs and net cash flows of Rs. 1.11 lacs for the year ended. These financial statements have been audited by other auditors whose report has been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of subsidiaries, are based solely on the report of the other auditors.

We report as under:

- 1) The consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, on "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Galaxy Entertainment Corporation Limited and its subsidiaries included in the consolidated financial statements.
- 2) The Balance Sheet and Profit and Loss Account dealt with by this report are prepared in compliance of the applicable accounting standards referred to under Section 211(3C) of the Companies Act, 1956.
- 3) On the basis of the information and explanation given to us and on consideration of the separate audit reports on individual audited financial statements of Galaxy Entertainment Corporation Limited and its Subsidiaries, we are of the opinion that that the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in so far it relates to the consolidated Balance Sheet, of the consolidated state of affairs of Galaxy Entertainment Corporation Limited and its subsidiaries as at 31st March, 2010; and
 - b) in so far it relates to the consolidated Profit and Loss Account, consolidated results of operations of Galaxy Entertainment Corporation Limited and its subsidiaries for the year then ended.
 - c) in case of consolidated Cash Flow Statement, of the consolidated cash flows of Galaxy Entertainment Corporation Limited and its subsidiaries for the year ended on that date.

For Haribhakti & Co.
Chartered Accountants
Firm Regn. No. 103523W

Chetan Desai
Partner
Membership No: 17000

Place : Mumbai
Date : 28th May, 2010

Consolidated Balance Sheet

as at March 31, 2010

galaxy
ENTERTAINMENT CORPORATION LIMITED

	Schedule	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
SOURCE OF FUNDS			
Shareholders' Funds			
Share Capital	A	156,499,350	156,499,350
Reserves & Surplus	B	<u>336,560,432</u>	<u>336,560,432</u>
		493,059,782	493,059,782
Minority Interest (Refer Note 15 of Schedule 'T')		-	-
Loan Funds			
Secured Loans	C	217,872,714	236,039,612
Unsecured Loans	D	<u>40,251,507</u>	-
TOTAL		<u><u>751,184,003</u></u>	<u><u>729,099,394</u></u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	703,689,009	696,637,515
Less : Depreciation / Amortisation / Impairment		<u>293,896,994</u>	<u>239,585,800</u>
Net Block		409,792,015	457,051,715
Less: Provision for Fixed Assets written Off		28,659,274	20,000,000
Add: Capital Work-in-Progress		<u>26,351,620</u>	<u>90,514,564</u>
		407,484,361	527,566,279
Investments	F	60,000	784,694
Deferred Tax Asset (Net)		-	2,682,499
Current Assets, Loans and Advances			
Inventories	G	8,152,801	7,530,372
Sundry Debtors	H	6,486,826	3,901,094
Cash and Bank Balances	I	15,852,330	53,085,404
Other Current Assets	J	-	12,966,688
Loans and Advances	K	<u>56,355,096</u>	<u>101,544,006</u>
		<u>86,847,053</u>	<u>179,027,564</u>
Less: Current Liabilities and Provisions	L		
Current Liabilities		115,168,644	149,911,313
Provisions		<u>7,990,434</u>	<u>11,076,000</u>
		<u>123,159,078</u>	<u>160,987,313</u>
Net Current Assets		(36,312,025)	18,040,251
Profit & Loss Account	M	<u>379,951,667</u>	<u>180,025,671</u>
TOTAL		<u><u>751,184,003</u></u>	<u><u>729,099,394</u></u>
Significant Accounting Policies and Notes to Accounts			
	T		

Schedules referred to above form an integral part of the Balance Sheet

As per our report attached of even date

For Haribhakti & Co.

Chartered Accountants

For and on behalf of the Board

Chetan Desai

Partner

Membership No. 17000

Place : Mumbai

Dated: May 28, 2010

Ashok Ruia

Director

Place : Mumbai

Dated: May 28, 2010

Arvind Agrawal

Alternate Director

to Mr. Shishir Bajjal

Rohinton Rabady

Manager

galaxy
ENTERTAINMENT CORPORATION LIMITED

Consolidated Cash Flow Statement Annual Report 2009-2010

for the year ended March 31, 2010

	2009-10		2008-09	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
PROFIT/(LOSS) BEFORE TAX AFTER EXCEPTIONAL ITEMS		(199,670,742)		(190,836,617)
Adjustment for :				
Depreciation and Goodwill written off	81,538,168		75,867,886	
Loss on closure of centre	12,510,722		-	
Interest Expense	30,843,455		15,760,383	
Dividend Income	-		(30,002)	
Interest Income	(1,177,248)		(3,186,799)	
(Gain)/Loss on Foreign Exchange Fluctuation	(4,748,723)		12,289,316	
(Profit)/Loss on Sale /Redemption of Investments (Net)	49,213		6,633,596	
Loss on Sale/Discarding of Assets	3,677,791		5,172,952	
Prior Period and Extra ordinary items	-		4,043,317	
Deferred Tax Assets written off	2,682,499		-	
Provision for Fixed Assets written Off	28,659,273		20,000,000	
Sundry Assets Written Off	34,427,577		13,492,883	
Bad Debts Written off	171,904		1,096,124	
Miscellaneous Expenses written off	129,137	188,763,768	-	151,139,656
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(10,906,974)		(39,696,961)
(Increase)/ decrease in working capital :				
Trade and other receivables	40,707,028		13,385,618	
Inventories	(622,429)		1,413,798	
Trade and other Payables	(17,937,910)		(6,768,014)	
Other Current Assets	12,966,688		3,573,795	
		<u>35,113,377</u>		<u>11,605,197</u>
CASH GENERATED IN OPERATIONS		24,206,403		(28,091,764)
Payment of Taxes		2,424,910		(3,312,259)
NET CASH GENERATED IN OPERATING ACTIVITIES	(A)	26,631,313		(31,404,023)
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets/Capital Advances paid		(50,710,420)		(139,755,130)
(Increase in) / Redemption of Investments		675,481		14,902,107
Sale of Fixed Assets		7,763,801		1,488,733
Dividend Received		-		30,002
Interest Received		1,873,103		3,046,291
NET CASH USED IN INVESTING ACTIVITIES	(B)	(40,398,035)		(120,287,997)
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Net change in borrowings (outflow) / inflow		22,084,609		119,107,269
Interest paid		(30,843,455)		(16,078,032)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	(C)	(8,758,846)		103,029,237
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		(22,525,568)		(48,662,783)
CASH AND CASH EQUIVALENTS - AT START OF THE YEAR		38,377,897		87,040,680
CASH AND CASH EQUIVALENTS - AT END OF THE YEAR		15,852,329		38,377,897
Composition of Cash & Cash equivalents:				
Cash & Bank Balance (Refer Schedule 'I')		15,852,329		53,085,404
Less: Book Overdraft (Refer Schedule 'L')		-		(14,707,507)
Total		15,852,329		38,377,897

Note : Previous year's figures have been regrouped, wherever necessary, to confirm to current year's classification.

As per our report attached of even date

For Haribhakti & Co.
Chartered Accountants

Chetan Desai
Partner
Membership No. 17000

Place : Mumbai
Dated: May 28, 2010

For and on behalf of the Board

Ashok Ruia **Arvind Agrawal**
Director Alternate Director
to Mr. Shishir Bajjal

Rohinton Rabady
Manager

Place : Mumbai
Dated: May 28, 2010

Annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2010

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 'A' : SHARE CAPITAL		
Authorised		
20,000,000 Equity Shares of Rs. 10 each	200,000,000	200,000,000
	<u>200,000,000</u>	<u>200,000,000</u>
Issued, Subscribed and Paid-Up		
15,649,935 Equity Shares of Rs. 10 each, fully paid-up	156,499,350	156,499,350
	<u>156,499,350</u>	<u>156,499,350</u>
SCHEDULE 'B' : RESERVES & SURPLUS		
Securities Premium Account:	318,497,460	318,497,460
General Reserve	18,062,972	18,062,972
	<u>336,560,432</u>	<u>336,560,432</u>
SCHEDULE 'C' : SECURED LOANS		
Cash Credit	1,463,777	-
Term Loan*	214,163,198	236,039,612
Interest Accrued & Due	2,245,739	-
	<u>217,872,714</u>	<u>236,039,612</u>
*(Secured against charge on entire present and future movable fixed/current assets of the Company and personal guarantee of one of Directors)		
SCHEDULE 'D' : UNSECURED LOANS		
Inter Corporate Deposit	40,251,507	-
	<u>40,251,507</u>	<u>-</u>
SCHEDULE 'E': FIXED ASSETS [at cost less Depreciation/Amortisation/Impairment]		

Amount in Rupees

Particulars	Gross Block				Depreciation / Amortisation					Net Block	
	As at 01.04.2009	Addition	Deductions/ Adjustments	As at 31.03.2010	As at 01.04.2009	For the year	Deductions/ Adjustments	Provision for Impairment	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Goodwill on consolidation	13,380,922	-	-	13,380,922	13,380,922	-	-	-	13,380,922	-	-
Improvements to Licensed Premises [Refer Note No. 6 to Schedule 'T']	77,332,464	34,773,138	22,451,100	89,654,502	11,890,330	10,831,073	4,141,103	-	18,580,300	71,074,202	65,442,134
Plant and Machinery	409,787,198	51,212,735	23,659,302	437,340,631	93,585,312	44,552,230	5,955,502	6,843,386	139,025,426	298,315,205	316,201,886
Furniture and Fixtures	68,540,260	11,183,091	14,859,937	64,863,414	21,580,995	13,861,877	6,118,353	-	29,324,519	35,538,895	46,959,265
Computer Software	4,157,517	-	30,000	4,127,517	1,849,716	767,713	9,747	88,162	2,695,844	1,431,673	2,307,801
Vehicles	1,945,411	-	517,131	1,428,280	1,225,230	457,527	375,514	-	1,307,243	121,037	720,181
Intangibles											
Intangible - Rights/Brands	115,112,743	-	28,600,000	86,512,743	94,279,498	2,860,000	10,626,755	-	86,512,743	-	20,833,245
Liquor License Cost	6,381,000	-	-	6,381,000	1,793,797	1,276,200	-	-	3,069,997	3,311,003	4,587,203
SUB TOTAL	696,637,515	97,168,964	90,117,470	703,689,009	239,585,800	74,606,620	27,226,974	6,931,548	293,896,994	409,792,015	457,051,715
Capital Work in Progress (1)	-	-	-	-	-	-	-	-	-	26,351,620	90,514,564
GRAND TOTAL	696,637,515	97,168,964	90,117,470	703,689,009	239,585,800	74,606,620	27,226,974	6,931,548	293,896,994	436,143,635	547,566,279
Previous Year	607,024,428	113,804,365	24,191,278	696,637,515	167,754,634	75,867,886	4,036,720	-	239,585,800	547,566,279	

Note :

1. Includes Pre-Operative expenses Rs Nil (Previous year Rs. 25,328,757).

Annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2010

		As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 'F' : INVESTMENTS (Unquoted unless otherwise stated)			
Trade Investments:			
National Savings Certificate (under lien)		60,000	60,000
Total Trade Investment		<u>60,000</u>	<u>60,000</u>
In Equity Shares:	No.of units/shares		Face Value
	31.03.2010	31.03.2009	(Rs)
In units of Mutual Funds:			
Reliance Vision Fund (Dividend)*	-	15,000	10
			-
			724,694
			<u>60,000</u>
			<u>784,694</u>
Less: Excess of Cost over Fair Value of Current Investments		-	-
Total Investments		<u><u>60,000</u></u>	<u><u>784,694</u></u>

* Units of mutual fund lien against loan

Note:

- Aggregate net asset value of Investments in Mutual funds as at March 31, 2010 is Rs. Nil
(Previous Year Rs.396,597) Aggregate cost of investment in Mutual Fund is Rs. Nil (Previous year Rs. 724,694).
- Refer Note 8 of Schedule 'T' for details regarding investments purchased and redeemed /sold during the year.

Schedules

Annual Report 2009-2010

Annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2010

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 'G' : INVENTORIES (Lower of Cost or Market Value)		
Restaurant supplies and consumables	3,709,343	3,595,902
Video Games cosumables	4,443,458	3,934,470
	<u>8,152,801</u>	<u>7,530,372</u>
 SCHEDULE 'H' : SUNDRY DEBTORS (Unsecured)		
Debts outstanding for a period exceeding six months		
- Considered Good	1,144,386	1,340,222
- Considered Doubtful	1,355,963	543,319
Other Debts		
- Considered Good	5,342,440	2,560,872
- Considered Doubtful	-	-
	<u>7,842,789</u>	<u>4,444,413</u>
Less: Provision for Doubtful Debts	<u>(1,355,963)</u>	<u>(543,319)</u>
	<u>6,486,826</u>	<u>3,901,094</u>
 SCHEDULE 'I' : CASH AND BANK BALANCES		
Cash on hand	878,600	2,235,651
Balances with Scheduled Banks:		
(i) in Current Accounts	1,783,957	38,760,940
(ii) in Term Deposits	<u>13,189,773</u>	<u>12,088,813</u>
	<u>15,852,330</u>	<u>53,085,404</u>
 SCHEDULE 'J' : OTHER CURRENT ASSETS		
Foreign currency Receivables & Deferred Premiums	-	12,966,688
	<u>-</u>	<u>12,966,688</u>

Annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2010

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 'K' : LOANS AND ADVANCES		
(Unsecured, Considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	17,203,026	33,834,981
Deposits for Premises	29,045,087	53,696,015
Due from companies under same management (Refer Note 17 of Schedule 'T')	1,620,703	1,605,835
Advance payment of Taxes	9,803,424	12,407,175
	<u>57,672,240</u>	<u>101,544,006</u>
Less: Provision for Doubtful Advances	<u>1,317,144</u>	-
	<u><u>56,355,096</u></u>	<u><u>101,544,006</u></u>
 SCHEDULE 'L': CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES:		
Sundry Creditors (Refer Note 19 of Schedule 'T')	93,143,091	101,180,325
Book Overdraft	-	14,707,507
Other Liabilities	<u>22,025,553</u>	<u>34,023,481</u>
	<u><u>115,168,644</u></u>	<u><u>149,911,313</u></u>
 PROVISIONS:		
Fringe Benefit Tax	3,289,297	3,468,138
Gratuity	2,345,902	3,544,751
Leave Encashment	2,155,235	4,063,111
Others	<u>200,000</u>	-
	<u><u>7,990,434</u></u>	<u><u>11,076,000</u></u>
 SCHEDULE 'M': PROFIT AND LOSS ACCOUNT		
Profit and loss Account	379,951,667	18,025,671
	<u><u>379,951,667</u></u>	<u><u>18,025,671</u></u>

Schedules

Annual Report 2009-2010

Annexed to and forming part of the Consolidated Profit & Loss Account for the year ended March 31, 2010

	Rupees	Rupees	Rupees
		For the year ended 31.03.2010	For the year ended 31.03.2009
SCHEDULE 'N' : REVENUE FROM SERVICES / SALE OF RIGHTS			
Games		157,008,099	209,703,419
Restaurants			
Wines, Liquor and Tobacco	88,268,314		76,141,877
Food, Beverage etc.	<u>74,799,408</u>		<u>98,869,886</u>
		163,067,722	175,011,763
Sponsorships		2,022,378	2,630,354
Sale of Film Rights		-	3,286,634
Income from Machine hire charge		12,201,783	3,776,468
Miscellaneous Receipts		<u>880,100</u>	<u>1,195,697</u>
		<u><u>335,180,082</u></u>	<u><u>395,604,335</u></u>
SCHEDULE 'O' : OTHER INCOME			
Dividend Income		-	30,002
Interest on Fixed Deposit		1,174,998	2,959,660
[Tax deducted at source Rs. 144,634/- (Previous year Rs. 114,143)]			
Provision no longer required, written back (net)		4,329,675	43,573
Miscellaneous Income		5,367,467	881,943
Interest-others		2,250	227,139
Royalty Income		-	-
		<u><u>10,874,390</u></u>	<u><u>4,142,317</u></u>
SCHEDULE 'P' : EMPLOYEE EXPENSES			
Salaries, Wages, Gratuity and Bonus etc.		68,953,565	85,844,548
Contribution to Provident and Other Funds		3,994,732	7,023,912
Staff Welfare Expenses		<u>1,201,694</u>	<u>2,359,816</u>
		<u><u>74,149,991</u></u>	<u><u>95,228,276</u></u>
SCHEDULE 'Q' : OPERATING AND GENERAL EXPENSES			
Restaurant Consumables			
Wines, Liquor, Beverage & Tobacco	29,766,852		27,975,219
Food consumables, etc.	<u>27,440,466</u>		<u>47,246,040</u>
		57,207,318	75,221,259
Games Expenses		10,984,696	13,589,409
Other Operating and Administrative Expenses:			
Fuel, Power and Light		26,302,939	38,281,760
Repairs and Maintenance			
- Building	640,135		978,830
- Machinery	5,144,882		5,316,660
- Others	<u>3,912,824</u>		<u>5,889,434</u>
		9,697,841	12,184,924

Annexed to and forming part of the Consolidated Profit & Loss Account for the year ended March 31, 2010

	For the year ended 31.03.2010	For the year ended 31.03.2009
Rupees	Rupees	Rupees
SCHEDULE 'Q' : (Continue)		
Rent	105,754,642	142,968,729
Rates and Taxes	18,529,880	19,574,688
Insurance	2,690,977	2,850,723
Advertisement and Publicity	6,152,835	8,832,481
Printing & Stationery	1,192,359	2,335,194
Travelling	8,760,275	6,921,168
Telephone	2,689,913	3,866,868
Payments To Auditors		
- Audit Fees	576,869	622,433
- Tax Audit Fees	110,300	100,000
- Others	<u>320,144</u>	<u>336,530</u>
	1,007,313	1,058,963
Legal and Professional Fees	5,400,812	6,793,828
Security Charges	3,195,958	3,495,401
Directors Sitting Fees	190,000	225,000
Bad Debts Written off	171,904	552,805
Provision for Doubtful Debts	<u>2,129,788</u>	<u>543,319</u>
	2,301,692	1,096,124
Commission on Credit Cards	1,294,897	1,200,228
Sundry Assets written off	34,427,577	13,147,531
(Gain) /loss on foreign exchange fluctuation in respect of foreign currency	(4,748,723)	12,289,316
(Profit)/loss on sale of short term investment	47,520	7,485,488
(Profit)/loss on sale of long term investment	1,693	(851,892)
Miscellaneous Expenses	22,190,724	5,986,582
Provision for Fixed Assets write Off	28,659,273	20,000,000
Loss on Sale/Discarding of Fixed Assets	<u>2,710,165</u>	<u>5,172,952</u>
	<u>346,642,576</u>	<u>403,726,724</u>
SCHEDULE 'R' : INTEREST AND FINANCE CHARGES		
Bank Charges	113,822	797,663
Interest on ICD / Overdrawn	1,739,725	-
Forward Cover Premium	197,642	235,862
Interest on Term Loans	28,055,652	13,781,956
Interest on Cash Credit	736,974	471,953
Interst on Others	<u>39,942</u>	<u>472,949</u>
	<u>30,883,757</u>	<u>15,760,383</u>
SCHEDULE 'S' :EXCEPTIONAL ITEMS		
Loss on closure of centre	<u>12,510,722</u>	-
Total	<u>12,510,722</u>	-

Annexed to and forming part of the Consolidated Accounts for the year ended March 31, 2010

SCHEDULE 'T': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

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 23 centers offering a variety of facilities such as bowling, pool and video games, restaurant services, etc. 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) and pronouncements issued by the Institute of Chartered Accountants of India (ICAI).

b. Use of estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of the revenues and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognized in the periods in which they arise.

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 principles and procedures required for the preparation and presentation of financial statements as laid down under the Accounting Standard (AS-21) 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.

d. Fixed assets and depreciation

Fixed 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.

Depreciation charging at the rates prescribed in Schedule XIV to the Companies Act, 1956 to the Straight Line Method (SLM) at the following rates based on management's estimates of useful life of assets (keeping in view the nature of operations)-

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

Annexed to and forming part of the Consolidated Accounts for the year ended March 31, 2010

In case of the 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 cost does not exceed Rs 5,000.

Improvements to leasehold premises are amortized over the period of the lease.

e. Intangible asset

The Company accounts for costs incurred in making of 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.

f. Investments

Investments are classified as current or long term in accordance with Accounting Standard 13 on "Accounting for Investments" issued by the ICAI. Current investments are stated 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 profit and loss account. Long term investments are stated at cost. Provision is made to recognize a decline, other than temporary, in the value of long term investments.

g. Inventories

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

h. Revenue recognition

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 collectibility 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 centre, for a negotiated price, which is billed to customers on completion of the event.

Sponsorship income is recognized over the period of the sponsorship contracts.

Dividend income is accounted for when the right to receive dividend is established.

i. 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 at year-end made by independent actuaries.

j. Taxes on income

Provision for tax is made for both current and deferred tax. Provision for current tax is made, at the current rate of tax, based on assessable income. Deferred tax resulting from timing differences between taxable incomes and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets, other than on unabsorbed tax depreciation and unabsorbed tax losses, are recognized only to the extent that there is a reasonable certainty of their realization. Deferred tax assets on unabsorbed tax depreciation and unabsorbed tax losses are recognized only to the extent that there is virtual certainty of their realization supported by convincing evidence.

Annexed to and forming part of the Consolidated Accounts for the year ended March 31, 2010

k. Foreign Currency Transactions

Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Monetary foreign currency assets and liabilities outstanding at the year end are translated at the year end exchange rates. Resultant gains and losses on settlement/restatement of foreign currency transactions are recognized in the profit and loss account.

Premium or discount on forward exchange contracts and currency option contracts are amortized and recognized in profit and loss account over the period of the contract. Forward exchange contract and currency option contracts outstanding at the balance sheet date, other than designated cash flow hedge, are stated at fair values and any gains or losses are recognized in profit & loss account.

3. 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
Rain Fruits & More Private Limited	India	72.18

4. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs Nil (Previous year Rs.20,097,830).

5. a) Contingent liabilities not provided for in respect of guarantees given by banks Rs. 11,937,600 (Previous Year Rs. 11,902,559).

b) 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 Rs.529,663,942 outstanding as at balance sheet date (Previous Year Rs. 529,663,942).

c) Claims on accounts of service Tax on rental premises consequent to retrospective charge of service on renting activity by Finance Act 2010. Amount not ascertained.

6. Improvements to Leasehold Premises at Lower Parel and Colaba are depreciated at 5%, being the written down value rate applicable to Buildings as per Schedule XIV of the Companies Act, 1956. The lease agreement in respect of these premises is for 12 and 9 years respectively. The Company has, however, decided to depreciate the asset in accordance with the rates laid down in Schedule XIV, since the Company considers this to be, effectively, a long term arrangement, and expects to renew the agreement for longer periods after the expiry of the agreement. In case of other centers company has decided to depreciate the assets over a period of 9 years which is based on primary lease term.

7. Contingent Liabilities

Particulars	2009-2010 Rupees	2008-2009 Rupees
Income tax Demands	4,042,964	4,042,964
Indirect tax Demand	2,168,316	2,168,316

8. Particulars of investments sold/redeemed during the year referred to in Schedule 'F'

Name of the Mutual Fund	Units
Reliance Vision Fund (Dividend)	15,000

Annexed to and forming part of the Consolidated Accounts for the year ended March 31, 2010

9. Expenditure in Foreign Currency

Particulars	2009-2010 Rupees	2008-2009 Rupees
Travel Expenses	-	269,009
Capital Goods and Spare Parts	10,480,986	44,365,692
Membership Fees	-	15,099
Total	10,480,986	44,649,800

10. Earnings in Foreign Currency

Particulars	2009-2010 Rupees	2008-2009 Rupees
Leisure and Entertainment Income	938,565	1,577,070
Total	938,565	1,577,070

11. Related Party Disclosures

In accordance with the Accounting Standard 18 on "Related Party Disclosure" issued by the ICAI, the relevant information for the year ended March 31, 2010 is as under:

Names of related parties and description of relationship:

I. Key Managerial Personnel

Mr. Sanjay Seksaria (Whole Time Director)

Mr. Nivesh Khandelwal (Director)

II. Other Entities where control exists

Pantaloon Retail (India) Ltd. (Entity having substantial interest)

Dr. Chander Prakash Khandelwal (Relative of Director)

Dr. M. Gouri Devi. (Relative of Director)

M/s Gouri Hospital Pvt. Ltd. (Entity in which relatives of Director have Substantial interest)

The following are the volume of transactions with related parties during the year and outstanding balances as at the year end disclosed in aggregate by type of related party:

Nature of transaction	Key Management Personnel Rupees	Other Related Parties Rupees	Total Rupees
Salaries and Allowances			
- Mr. Sanjay Seksaria	770,841		770,841
- Mr. Nivesh Khandelwal	(3,525,893)	(-)	(3,525,893)
	-	-	-
	(604,800)	(-)	(604,800)
Loan Received from PRIL	-	40,000,000	40,000,000
		(-)	(-)
Loan Repaid to PRIL	-	40,000,000	40,000,000
		(-)	(-)

Annexed to and forming part of the Consolidated Accounts for the year ended March 31, 2010

Nature of transaction	Key Management Personnel Rupees	Other Related Parties Rupees	Total Rupees
Purchase from PRIL	-	6,180,531 (2,320,299)	6,180,531 (2,320,299)
Sales to PRIL	-	20,823,152 (4,727,667)	20,823,152 (4,727,667)
Office Rent			
- Dr. Chander Prakash Khandelwal		- (175,000)	- (175,000)
- Dr. M. Gouri		- (175,000)	- (175,000)
- PRIL		18,684,967 (23,979,262)	18,684,967 (23,979,262)
Rent & Electricity Exps. Gouri Hospital Pvt. Ltd.		- (75,000)	- (75,000)
Reimbursement of Expenses to PRIL		1,308,007 (1,684,619)	1,308,007 (1,684,619)
Outstanding at year-end:			
Sundry Creditors - PRIL		5,909,409 (5,385,143)	5,909,409 (5,385,143)

Figures in bracket are with respect to previous year

12. Properties which are under Operating Agreements

Particulars	2009-2010 Rupees	2008-2009 Rupees
Business conducting / License charges recognized in the statement of profit and loss during the year	30,225,651	34,754,783
Total of future minimum lease payments under non-cancelable operating agreements:		
- Not later than 1 year	14,499,123	30,101,578
- Later than 1 year and not later than 5 years	1,790,001	44,554,230
- Later than 5 years	-	-
Total of future minimum lease payments payable under operating agreements	16,289,124	74,655,808

Annexed to and forming part of the Consolidated Accounts for the year ended March 31, 2010

13. Earnings per share- Basic and Diluted

Particulars	2009-2010 Rupees	2008-2009 Rupees
Net Profit/(Loss) for the year before exceptional item after tax as per profit and loss account considered as numerator for calculating earnings per share (A)	(187,415,274)	(185,114,605)
Net Profit/(Loss) for the year after exceptional items as per profit and loss account considered as numerator for calculating Earnings per share (B)	(199,925,996)	(185,114,605)
Weighted average number of equity shares outstanding during the year (C)	15,649,935	15,649,935
Nominal value per share	10	10
Earning per share before exceptional item (A)/(C)	(11.98)	(11.83)
Earning after exceptional items per share (B)/(C)	(12.77)	(11.83)

14. Units capitalized also includes the following expenses, some of which are based in the estimates of the management:

Particulars	Pre- operative expenses capitalized (Rs.) (2009 - 2010)	Pre- operative expenses capitalized (Rs.) (2008 - 2009)
Salary, Wages and Bonus	8,270,287	11,355,413
Project Traveling Expenses	1,194,506	2,832,655
License and Registration charges	1,325,150	1,192,812
Legal and Professional charges	153,400	1,205,082
Insurance	81,227	16,264
Rent	1,450,491	4,913,695
Miscellaneous Expenses	944,587	5,385,333
Total	13,419,648	26,901,254

15. Minority Interest

Particulars	Amount (Rs.)
Share of Equity	12,544,549
Share in Losses of a Subsidiary	(12,544,549)
Total	Nil

Share in loss of subsidiary for the year relating to minority interest of Rs. 3,457,371 is debited to consolidated profit & loss account. Aggregate of losses applicable to minority interest debited to consolidated Profit & Loss Account as on 31st March, 2010 amounts to Rs. 6,499,346/-.

16. In the opinion of the management, the current assets, loans and advances and current liabilities are of the value stated, if realized/ paid in the ordinary course of business. The provision for depreciation on fixed assets and provision for all known liabilities is adequate and is not in excess of amounts considered reasonably necessary.

Annexed to and forming part of the Consolidated Accounts for the year ended March 31, 2010

17. Loans and Advances includes amounts due from companies under the same management

Name of the Company	Maximum Amount Outstanding during the year (Rs.)	Balance Outstanding as at March 31, 2010 (Rs.)
Galaxy Entertainment India Private Limited	1,620,703 (1,605,835)	1,620,703 (1,605,835)

Figures in bracket are with respect to previous year

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

I. Defined Contribution Plans

Provident Fund

The Company has recognized the following amounts in Profit and Loss Account:

	Year Ended March 31, 2010 (Rs.)
Employer's contribution to Provident Fund	2,539,048

II. Defined Benefit Plans

a. Contribution to Gratuity Fund (Non-Funded Scheme)

b. Leave Encashment (Non Funded Scheme)

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

Discount Rate (per annum)	8%
Rate of increase in compensation levels (per annum)	10%

The actuarial valuations have been done without giving effect to the enhanced limit of Gratuity payable from Rs. 350,000 to Rs. 1,000,000, the resulting effect of which is not quantifiable.

A. Change in the Present Value of Obligation

	Year Ended March 31, 2010	
	Gratuity (Rs.)	Leave Encashment (Rs.)
Present Value of Defined Benefit Obligation as at beginning of the period	3,544,750	4,063,111
Interest Cost	308,397	363,321
Current Service Cost	1,048,376	1,543,215
Benefits Paid	(374,925)	(832,062)
Actuarial (gain) / loss on Obligations	(2,180,696)	(2,982,350)
Present Value of Defined Benefit Obligation as at the end of the period	2,345,902	2,155,235

Annexed to and forming part of the Consolidated Accounts for the year ended March 31, 2010

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

	Year Ended March 31, 2010	
	Gratuity (Rs.)	Leave Encashment (Rs.)
Present Value of Funded Obligation as at end of the period	2,345,902	2,155,235
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	2,345,902	2,155,235
Included in provision (Schedule)	2,345,902	2,155,235

C. Amount recognized in the Balance Sheet

	Year Ended March 31, 2010	
	Gratuity (Rs.)	Leave Encashment (Rs.)
Present Value of Defined Benefit Obligation as at the end of the period	2,345,902	2,155,235
Fair Value of Plan Assets as at end of the period	Nil	Nil
Liability / (Net Asset) recognized in the Balance Sheet	2,345,902	2,155,235

D. Expenses recognized in Profit and Loss Account

	Year Ended March 31, 2010	
	Gratuity (Rs.)	Leave Encashment (Rs.)
Current Service Cost	792,171	1,543,215
Past Service Cost	Nil	Nil
Interest Cost	308,397	363,321
Expected Return on Plan Assets	Nil	Nil
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Net Actuarial (Gain) / Loss recognized in the period	(2,180,696)	(2,982,350)
Total Expenses recognized in the Profit and Loss Account	(823,923)	(1,075,814)

19. Based on the available information with the management, the Company does not owe any sum to a small scale industrial undertaking as defined in clause (j) to section 3 of the Industries (Development and Regulation) Act, 1951 and there are no suppliers who are registered as Micro, Small, Medium Enterprise as at March 31, 2010 in terms of the provisions of "The Micro, Small, Medium Enterprise Development Act, 2006".
20. Previous year's figures have been regrouped where necessary, to conform to current year's classification.

For and on behalf of the Board

Ashok Ruia
Director

Arvind Agrawal
Alternate Director
to Mr. Shishir Bajjal

Rohinton Rabady
Manager

Place: Mumbai
Dated: May 28, 2010